Igniting HOPE

LAUGFS GAS

LAUGFS GAS PLC | Annual Report 2020/21

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Igniting HOPE

Hope is being able to see that there is light despite the darkness....

As LAUGFS Gas, we have become a ray of hope and a source of trust for millions of Sri Lankans who regard us as a pioneer in the power and energy sector. Our astute vision driven by innovative thinking has allowed us to empower our communities even during uncertain times, igniting their hopes for a better tomorrow.

Even as our resilience was put to test the past year, our tribe emerged stronger, backed by the confidence of our sustainable business model. The agility of our people and processes allowed us to deliver enduring value across the nation. Moving into the future, we will continue to ignite hope and let our lion-hearted spirit drive us towards realising our vision of becoming the most preferred Sri Lankan conglomerate.

LAUGFS GAS

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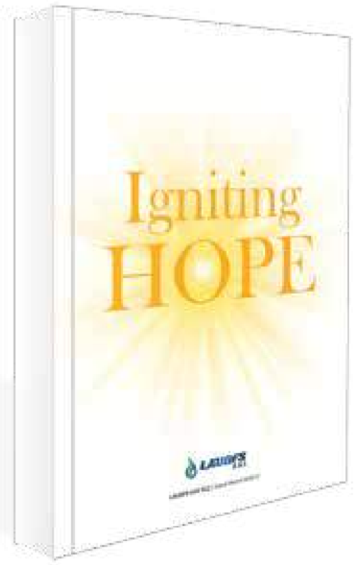


We present to you the eighth integrated annual report prepared in accordance to the guidelines of the International Integrated Reporting Council (IIRC). We aim to provide a concise overview of our value creation and ability to deliver sustainable value to all our stakeholders.

Reporting period:
1 April 2020 to 31 March 2021

Reporting cycle: Annual

Date of the most recent report:
1 April 2019 to 31 March 2020

OPERATING BUSINESSES

The report covers the operations of LAUGFS Gas PLC and its subsidiaries as disclosed on page 05. There were no restatements of information or changes to reporting during the year.

There were also no significant changes to the organisation during the year.

FRAMEWORKS AND STANDARDS

Regulatory Framework Applied

- Companies Act No.7 of 2007
- Continued Listing Requirements of the Colombo Stock Exchange
- Sri Lanka Accounting & Auditing Standards Act No.15 of 2015
- Sri Lanka Financial Reporting Standards.

Voluntary Frameworks Applied

- Integrated Reporting Framework issued by the International Integrated Reporting Council.
- Standards issued by the Global Reporting Initiative (GRI). This report has been prepared in accordance with the GRI Standards: "Core option".
- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants. The Securities and Exchange Commission of Sri Lanka and The Colombo Stock Exchange.
- Communicating Sustainability issued by the Colombo Stock Exchange.

Voluntary Frameworks Applied

- World LPG Association
- LPG Operator's Association of Bangladesh.

KEY CONCEPTS USED

Materiality

The report focuses on the opportunities, challenges and issues that materially influence our value creation. These topics are disclosed on pages 28 and 35.

The emergence of COVID-19 pandemic had a significant impact on our business. We discuss the COVID-19 impact and our responses throughout the report.

Connectivity

Navigating icons are used to denote the elements of the corporate strategy and the capitals used by the Group.

Completeness

We present both financial and non-financial performance indicators.

For any queries on the report, please contact

Legal Officer
LAUGFS Gas PLC
101, Maya Avenue
Colombo 06.
Contact No. 011 556 8236

The Management of LAUGFS Gas PLC has prepared and reviewed the contents of all reports and recommended the report to the Board for its approval.
The Board acknowledges its responsibility to ensure that the Annual Integrated Report provides a balanced overview of performance.

Vision, Mission and Values

LAUGFS Group Vision

To be the most preferred and trusted Sri Lankan multinational that touches the day-to-day lives of people in Sri Lanka and beyond, through a diverse Group of companies.

LAUGFS Group Mission

Be the leader in the market segments we operate in.

Introduce latest innovations, technology and solutions to add value to the consumer.

Promote a 'Safety' culture, encompassing People, Products and Processes.

Ensure fair returns to all our stakeholders.

Lead by example as an exemplary Sri Lankan entity.

LAUGFS Group Values

Customer centricity

Integrity

Responsible corporate citizen

Innovativeness

Teamwork

About Us

LAUGFS Gas PLC was formed in 2001 to provide every consumer in our homeland, access to affordable LPG solutions. We laid a strong foundation through investments in procurement, transportation, and logistics to create a reliable and effective downstream LPG business with an outspread distributor network carrying our products and services to consumers in the peripheries of the island. The commercialisation of the LAUGFS Terminals in 2019/20 was a significant milestone as it completed the midstream supply chain of the Group.

KEY NUMBERS

Revenue
Rs. 35.5Bn

Assets
Rs. 42Bn

Profit/(Loss) After tax
Rs. (658Mn)

Liabilities
Rs. 41.5Bn

Number of employees
404

With our entry to Bangladesh in 2015, the LAUGFS Group caters to an extensive consumer network in both Sri Lanka and Bangladesh maximising our trading and logistic expertise to acquire new customers from other regions.

OUR GROUP

LAUGFS GAS PLC

The holding company of the Group and specialises in marketing and distribution of LPG.

→ 31 Distributors and 10,507 Dealers

LAUGFS GAS (BANGLADESH) LTD

Marketing and distribution of LPG and related consultancy services.

→ 175 Distributors and 13,000 Dealers

LAUGFS MARITIME SERVICES (PVT) LTD

Provides logistic services by owning and operating three LPG vessels. Provides vessel chartering services as per Group requirements.

LAUGFS TERMINALS LTD

The largest LPG terminal in South Asia with 30,000 MT of storage capacity located at the Hambantota International Port.

SLOGAL ENERGY DMCC

Specialises in procurement and trading of LPG.

Based in Dubai.

LAUGFS PROPERTY DEVELOPERS (PVT) LTD

Owns and manages 88,082 square feet of office space.

About Us

Our contributions to the Economy, Environment, and Societies

Employment

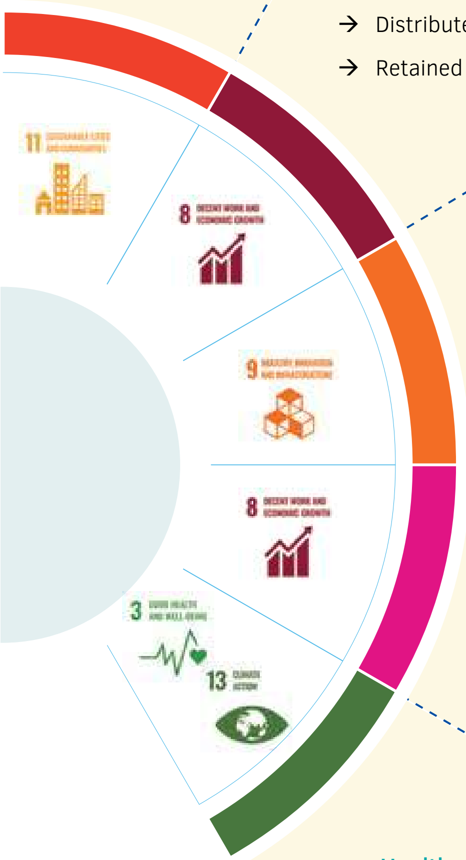
- 404 Direct employment
- 361 Indirect employment

Economic value addition

- Economic value added Rs. 4,482Mn
- Distributed Rs. 3,450Mn
- Retained Rs. 1,032Mn

Infrastructure

- We are the only private sector operator in Sri Lanka
- We serve 27% of the LPG demand in Sri Lanka
- Own the largest storage terminal in South Asia
- Own and charter three LPG Vessels



Taxes

- Direct Taxes Rs. 73.1Mn

Health and Safety

- LPG is considered a cleaner energy fuel due to high energy efficiency and low CO_2 emissions.

Our Strategic Timeline

1994
Established Gas Auto Lanka (Pvt) Ltd. and entered auto gas conversion business.

1998
Obtained World LPG Association Membership.

2000
Obtained BOI approval and signed agreement for LAUGFS Gas. Incorporated LAUGFS Gas (Pvt) Ltd.

2001
Entered the LPG domestic industry.

Tripartite Agreement signed between CPC, Ministry of Finance and LAUGFS Gas for the purchase of CPC produced LPG.

2002
The first LPG vessel - LAUGFS Wega - was registered under the flag of Sri Lanka.

2007
Agreement signed between Consumer Affairs Authority and LAUGFS Gas for the price formula.

2010
Listed in the Colombo Stock Exchange.

2014
LAUGFS Maritime Services (Pvt) Ltd. acquired LPG vessel 'Gas Challenger'.

2015
Acquired the LPG vessel 'Gas Success', further strengthening the vessel fleet of LAUGFS Maritime.

LAUGFS became the first Sri Lankan energy brand to become a multinational with the acquisition of Petredec Elpiji Ltd., and established LAUGFS Gas (Bangladesh) Ltd.

Commenced construction of LAUGFS LPG Terminal.

2017
LAUGFS Maritime expanded LPG vessel fleet with another addition, 'Gas Courage'.

2018
Completed construction of LAUGFS Terminal in Sri Lanka.

Signed agreement with TOTAL Gas Bangladesh on cylinder filling.

Installed a cylinder re-qualification plant in Bangladesh.

2019
South Asia's largest LPG Transhipment Terminal by LAUGFS officially commenced operations in Hambantota International Port.

2020
Commenced the Filling and Distribution Plant operation at Hambantota Terminal Facility.

LOCATION OF HEADQUARTERS

LAUGFS Gas PLC

Corporate Office – Colombo 06
Bottling Plant – Mabima and Hambantota

LAUGFS Gas (Bangladesh) Ltd.

Corporate office - Gulshan, Dhaka, Bangladesh
Terminal – Mongla Port, Mongla, Bangladesh

LAUGFS Property Developers (Pvt) Ltd.

Colombo 06

LAUGFS Maritime Services (Pvt) Ltd.

Colombo 06

SLOGAL Energy DMCC

Dubai, UAE

LAUGFS Terminals Ltd.

Head Office – Colombo 06
Terminal - Hambantota

Financial Highlights

	Group			Company		
	2021 Rs.'000	2020 Rs.'000	Change	**2021 Rs.'000**	2020 Rs.'000	Change
Summary of Operations						
Revenue	35,533,768	27,202,064	31%	13,711,824	15,903,144	-14%
Gross Profit/(Loss)	3,734,582	2,822,858	32%	(153,561)	1,220,511	-113%
Profit/(Loss) from Operations	1,195,977	286,804	317%	(389,165)	421,141	-192%
Other Operating Income	703,048	806,138	-13%	976,137	501,658	95%
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	3,010,745	1,975,613	52%	266,701	1,171,804	-77%
Finance Cost	(2,234,921)	(2,447,498)	-9%	(1,531,306)	(1,988,742)	-23%
Loss Before Tax	(914,726)	(1,841,849)	-50%	(1,880,553)	(1,386,124)	36%
Income Tax Expense	256,440	151,480	69%	386,295	422,680	-9%
Loss for the Year	(658,286)	(1,690,369)	-61%	(1,494,258)	(963,444)	55%
Total Comprehensive Loss for the Year Net of Tax	(242,515)	(368,512)	-34%	(170,691)	(1,486,944)	-89%
Summary of Financial Position						
Property, Plant and Equipment	27,110,241	26,790,343	1%	8,376,320	8,263,242	1%
Right of Use Assets	983,770	587,357	67%	79,935	53,577	49%
Investment Properties	2,877,707	2,759,607	4%	900,200	862,700	4%
Investments in Subsidiaries	-	-	-	32,966,188	31,580,885	4%
Other Non-Current Financial Assets	10,458	88,330	-88%	10,458	88,330	-88%
Current Assets	8,175,502	6,643,220	23%	3,097,575	3,240,316	-4%
Total Assets	42,046,148	39,716,090	6%	45,430,727	44,089,194	3%
Non Current Liabilities	17,675,202	18,111,824	-10%	8,310,682	9,241,143	-10%
Current Liabilities	23,825,309	20,816,114	21%	16,144,518	13,701,832	18%
Total Liabilities	41,500,511	38,927,938	7%	24,455,200	22,942,976	7%
Shareholders' Interest						
Stated Capital	1,000,000	1,000,000	0%	1,000,000	1,000,000	0%
Fair Value Reserve of Financial Assets at FVTOCI	(22,730)	(353,245)	-94%	22,670,768	21,093,480	7%
Revaluation Reserve	804,479	863,476	-7%	38,451	38,451	-
Foreign Currency Translation Reserve	1,477,139	1,162,068	27%	-	-	-
Accumulated Losses	(3,191,949)	(2,335,606)	37%	(2,733,692)	(985,713)	177%
Equity attributable to Equity Holders of the Parent	66,939	336,693	-80%	20,975,527	21,146,218	-1%
Return on Equity (%)	-1024%	-511%	100%	-7%	-5%	56%
Net Assets Value per Share (Rs.)	0.17	0.87	-80%	54.20	54.64	-1%
Leverage						
Interest Cover (Times)	0.59	0.25	139%	(0.23)	0.30	-175%
Financial Ratio						
Gross Profit Margin	11%	10%	1%	-1%	8%	-115%
EBITDA Margin	8%	7%	17%	2%	7%	-74%
Net Profit Margin	-2%	-6%	-70%	-11%	-6%	80%
Loss Per Share (Rs.)	(1.77)	(4.44)	-60%	(3.86)	(2.49)	55%
Dividend Payout (%)	-	-	-	-	-	-
Assets Turnover (Times)	0.85	0.68	23%	0.30	0.36	-16%
Equity to Assets (Times)	0.01	0.02	-35%	0.46	0.48	-4%
Current Ratio (Times)	0.34	0.32	8%	0.19	0.24	-19%
Quick Ratio (Times)	0.22	0.24	-10%	0.16	0.22	-25%

Non-Financial Highlights

ECONOMIC PERFORMANCE

Customers

- Rs. 35,533Mn of revenue generated
- Widespread presence in the number of regions catered by LAUGFS

Suppliers

- Rs. 31,879Mn payments to suppliers

Business Partners

- 23,713 number of channel partners

Employees

- 404 number of employees on payroll
- 11% female representation
- 55 new recruits
- 08 workplace injuries

Community Engagement

- Rs. 7.5Mn Investment in CSR
- 55 employees from local communities

SOCIAL PERFORMANCE

Indirect employment

- Total jobs created was 361 of which jobs created outside the Western province was 187

Value addition

- Rs. 4,482Mn

Capacity building

- We are the only private sector operator in the LPG industry

ENVIRONMENTAL PERFORMANCE

Materials consumed

181,291 MT

Energy consumed

255,556,350 MJ

Water consumed

82,834 M3

Group Chairman's Message

"When I review our journey, I know that it is the people at LAUGFS who made the Group what it is today – a Group with interests in 5 highly specialised sectors with operations spanning over 3 countries. This year the team at LAUGFS has demonstrated their creativity, agility and ability as they adapted to compete in a new norm with a positive attitude that makes this team bigger than the sum of the parts. The experiences gained this year have strengthened the Group and supported their personal growth with the confidence of tasks and jobs well done.

W.K.H. Wegapitiya
Group Chairman

Dear Shareholders,

The year under review has been the most challenging as we continue to deal with the continuing impact of a global pandemic since its onset and initial lockdown in March 2020. The continued efforts to balance the health and economic crises have resulted in widespread business disruption across the globe and a change in lifestyles and workplace norms. LAUGFS Gas remained operational throughout the lockdown ensuring that our loyal customers had access to a commodity that is an essential part of their daily lifestyle as we adapted our supply chains to support door to door delivery for customers under lockdown.

STRENGTHENING OUR VALUE CHAIN

LAUGFS Gas PLC has a broad presence along the LPG value chain that is a key strength for the Group, supporting growth in lucrative areas along the value chain, leveraging its capabilities. SLOGAL Energy is the Group's LPG trading arm and has also extended its capabilities to cover bulk sales. SLOGAL also manages the transportation and bulk storage of gas using 3 vessels owned by LAUGFS Maritime and LAUGFS Storage Terminals, maximising capacity utilisation of these capital intensive operations. Downstream operations in Sri Lanka and Bangladesh are responsible for market development and distribution of LPG cylinders in respective countries which have contrasting market dynamics. In Sri Lanka it is a duopoly with price regulating mechanism in place while in Bangladesh we are one of the largest players nearly 30 competitors with pricing determined by market forces. As at present LAUGFS Property owns the Group's Head Office building which is a modern commercial space.

Mr. P. Kudabalage was appointed as the Group Managing Director/Group Chief Executive Officer in May and he brings with him a wealth of experience in this highly specialised industry together with the financial acumen required. The strategic business units are all headed by competent CEOs who are responsible for implementing strategy. We have also strengthened the central support to enable these businesses to function effectively with sound internal controls and optimal resource management.

Activity in Trading, Maritime and Terminals was primarily a derived demand from the downstream operations in Sri Lanka and Bangladesh. Implementation of new business plans and new leadership enabled greater focus on expansion of trading activities with bulk sales to other countries. Accordingly, the bulk sales operations in Bangladesh have been transferred to the SLOGAL who is also making inroads in to other countries. SLOGAL was also able to extend its sourcing capabilities with the maritime and storage operations, gaining significant pricing efficiencies with higher volume trading with the Gulf markets.

VOLATILITY & UNCERTAINTY

The previous year Sri Lanka coped with the Easter Sunday terror attacks with the onset of the pandemic towards mid-March. Fast forward a year and we see the scarring left by the pandemic on the economy and the lives of people. 2020 saw World output contracting by 3.3% with the Sri Lankan economy following suit with a contraction of 3.6%. The Government adopted a supporting monetary policy stance reducing policy rates sharply and extending moratoria to a wide range of businesses that were affected by the pandemic through the banks. Sri Lanka's economic stress worsened during the year and wide-ranging import restrictions were imposed to defend the currency and the balance of payments. While the currency depreciation was held at 2.5% during 2020, it declined by 6.5% in the 1st

Rs. 35.5Bn Group Revenue

Rs. 42Bn Total Assets

quarter of 2021 exacerbating stresses on margins for importers.
Sri Lanka is forecast to grow by 4% in 2021 as vaccines are rolled out and the economic activity stabilises.

Encouragingly Bangladesh economic growth remained positive at 3.8% and is expected to regain growth momentum with a forecast growth rate of 5% for 2021. The opportunities for growth are attractive although the influx of new entrants to the market pose a significant challenge.

Propane and butane prices declined sharply in April 2020 as countries across the world imposed mobility restrictions and demand dipped sharply. However, this respite was short lived as prices moved up from May 2020 onwards, reaching pre-pandemic levels by January 2021. Margins which reached comfortable levels for a brief period during the year, narrowing from the 3rd quarter onwards as prices climbed with profitability of the Group following a similar path.

PERFORMANCE

LAUGFS Group recorded a loss of Rs. 658Mn compared with a loss of Rs.1,690Mn in the previous year. The loss is due to the Sri Lankan operations stemming from the price regulations in place which have not been revised since October 2019 when LPG prices were much lower. Additionally, the impact of the exchange rate depreciation is also significant, adding to the costs. Recent import restrictions also have added extra costs for importers and while tariffs changes exerted further pressure.

Group Chairman's Message

Bangladesh operations recorded a profit declined of 65% recording Rs.110Mn as profit after tax overcoming significant challenges in the market stemming from the COVID-19 pandemic which caused significant disruption throughout downstream supply chain. Our positioning as the fifth largest player in a market with over 20 players reflects the success of our efforts in this high growth market. We are focusing our efforts on strengthening distribution and building brand loyalty and visibility in an extremely competitive market which is expected to yield higher returns as the LPG market expands. With all these challenges LAUGFS Gas Bangladesh was able to record net profit of Rs. 109Mn in the year under review.

SLOGAL Energy's new strategy supported growth and efficiencies driving revenue growth of 147% to Rs. 29Bn and profit growth of 166% to Rs. 647Mn. It was the sole customer for both LAUGFS Maritime and LAUGFS Terminals which saw enhanced capacity utilisation driving revenue and profit growth. High utilisation levels led to the chartering of another vessel towards the latter part of the year to support Bangladesh operations. This cluster focused on maintaining a safe and efficient operation as they were subject to even more stringent health and safety protocols due to the nature of the their work.

OUR PEOPLE

When I review our journey, I know that it is the people at LAUGFS who made the Group what it is today – a Group with interests in 5 highly specialised sectors with operations spanning over 3 countries. This year the team at LAUGFS has demonstrated their creativity, agility and ability as they adapted to compete in a new norm with a positive attitude that makes this team bigger than the sum of the parts. The experiences gained this year have strengthened the Group and supported their personal growth with the confidence of tasks and jobs well done.

Their safety has always been a key priority due to the risks associated with LPG. Extending it to cover the preventive measures for the pandemic was a relatively easy task due to a culture of safety first that has been part of the Group's DNA. We remain committed to providing a safe and inspiring workplace for our staff with opportunities for growth that enable them to realise their career aspirations.

OUR PROSPECTS

It is noteworthy that LPG volume growth was 3.7% in 2020 despite the contraction in the global economy indicating the potential of this lower carbon fuel. We believe that the downstream demand has the potential to growth at a faster rate than the economy with market development. In Sri Lanka, the current price regulations are a deterrent to growing the market as we incur a loss on each cylinder that we sell at present. We continue to engage with the Government to resolve the disconnect to world market prices for LPG and the exchange rate as this has the potential to steer the Group towards sustainable profitability. Bangladesh is on track for growth in 2021/2022 despite the resurgence of the pandemic.

SLOGAL Energy will continue to develop its operations as a bulk seller into countries in the region and even further afield. SLOGAL is also expected to facilitate the high levels of capacity utilisation of the Terminals and Maritime assets. These will be key to subsidising the potential losses from the Sri Lankan operations.

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EBITDA of Rs. 3,011Mn for the year provides some head room for cashflow management. The low interest regime also supports finance costs. While leverage remains high, we believe that we will be able to repay some of the borrowings as the major capital expenditure has been completed. Financial discipline will be key to navigating the year successfully and we are committed to strengthening the balance sheet of this Group.

APPRECIATIONS

The Group has weathered one of the most difficult years in our history as we all struggled with personal and workplace challenges due to the pandemic and the risks associated with simply coming to work. The drive and initiative displayed by the team as they overcame multiple challenges on a daily basis to get the jobs done is indeed commendable. On behalf of the Board, I thank all the employees for their commitment to ensuring we upheld our customer promise. I also thank their families for their support amidst the anxiety that prevailed for most of the year.

I wish to thank the Directors for their diligence and foresight during the year and thank Mr. H.A. Ariyaratne, Mr. Dilshan Perera, Mr. Tissa Bandaranayake and Mr. Chaminda Ediriwickrama for their valuable contributions as they resigned in February 2021, April 2021, June 2021 and July 2021 respectively.

The Board joins me in thanking the Government officials who helped us throughout the year on numerous matters including advice on COVID-19 health and safety at our business locations and numerous other arrangements required to provide the essential supply of gas to households. I wish to thank our Bankers who have been partners in our growth journey through the years. In closing, I wish to thank our shareholders for their confidence during the year and seek their continued support in the year ahead as we look to deliver increased shareholder value.

Deshabandu W.K.H. Wegapitiya
Group Chairman

30th June 2021

Group Deputy Chairman's Message

The Group's strategy adopted to integrate the value chain of LP Gas mid and downstream activities brought some comfort despite the setback experienced in the local downstream industry. The key element of the value chain, the Trading (buying and selling) operations of LP Gas undertaken by the fully-owned subsidiary of the Company, SLOGAL Energy DMCC Dubai performed extremely well during the period under review and it was able to cushion to certain extent the financial losses of the parent company.

U.K. Thilak De Silva
Group Deputy Chairman

Dear Shareholders,

The onset of the COVID-19 pandemic in mid-March 2020 made the financial year 2020/21 one of the most difficult periods experienced by the Group as a whole as safety of our people across countries remained a key concern while ensuring that there was a steady supply of this essential fuel to our customers. I am pleased to report that LAUGFS Gas PLC was able to make their critical delivery operations under very trying conditions throughout curfews, lockdowns and other mobility restrictions. We commend the efforts of our staff and supply chain partners who overcame multiple challenges to meet the requirements of the consumers.

A PLAN TO UNLOCK VALUE

The Directors and the respective CEOs deliberated over a 3 month period to develop comprehensive business plan for the year 2020/21 for each of the subsidiaries within the Group to be implemented from 1st April 2020. This was operationalised and supported with the appointment of Mr. P. Kudabalage as the Group Managing Director/Group Chief Executive Officer who brings a wealth of experience and market insights to the Group's operations during the year. Accordingly, our businesses have been aligned to seize opportunities to create and unlock value for stakeholders, particularly in our midstream operations.

THE POTENTIAL OF LPG

A low carbon, low-polluting fuel, LPG is widely recognised as an attractive energy option for minimising emissions of GHG and particulate matter, contributing towards improved air quality and reduced greenhouse gas emissions. It is also a versatile fuel, used for a growing number of applications although it is primarily used for cooking and industrial applications in Sri Lanka. Other applications include power generation, use as a marine fuel, as an Autogas, heating and industrial applications. With 91% of the population living in places where air quality levels exceed World Health Organisation limits, expanding LPG applications can significantly support improvements in air quality. According to the World LPG Association, Autogas vehicles emit upto 74% NOX and 81% particulate matter than diesel vehicles. In marine applications, it supports compliance with the low sulphur fuel requirement that came into operation in January 2020. Supply of LPG is also stabilising as production increased by Global LPG production grew 5.75% exceeding 300 MN T/Year which support growth of applications. While current applications in Sri Lanka focus on domestic supply for cooking, there is significant headroom to broaden the LPG applications, supporting the country's transition to a low carbon economy.

A SUPPORTIVE POLICY FRAMEWORK

A supportive and stable policy framework is a sine qua non for the country's transition to a low carbon economy and for broadening the applications and deepening market penetration in the current domestic and industrial applications. Current price controls in place in Sri Lanka for domestic LPG deter investment in growing the market as players in the market continue to incur heavy losses as LPG prices in the world market prices which was at USD 237/MT in the month of April 2020 escalated up to USD 604/MT which is a two-and-a-half-fold increase over April 2020. Additionally, the Sri Lankan rupee also depreciated by 6.44% during the financial year. The last LPG price revision for cylinders below 12.5 Kg was in October 2019 at a time when the Saudi Aramco prices for propane and butane were US$ 420 and US$ 435 per metric tonne and the US$ was trading at Rs.181.45. Since then, the prices for propane and butane moved up to US$ 625 and US$ 595 by march 2021 while the exchange rate moved up to Rs.196.98 per US$. In percentage terms, the prices have increased by 49%, 37% and 8.5% for propane, butane and the exchange rate since the last price increase. Consequently, the Group has incurred heavy losses as the pricing formula agreed upon has not been implemented effectively although there was short lived relief for a few months as prices declined sharply in the immediate aftermath of the pandemic.

Rs.1.2Bn Group Operating Profit

Rs.29Bn Trading Segment Revenue

DOWNSTREAM OPERATIONS

Downstream operation in Sri Lanka incurred heavy losses during the entire period as the Consumer Affairs Authority has not given approval for upward revision of LP Gas consumer prices since October 2019 despite the operation of a pricing formula agreement entered with CAA. As the operations in Sri Lanka account for over 39% of Group revenue, this has a significant impact on the performance of the Company.

As the shareholders are aware, Bangladesh was flooded with entrants to LP Gas market and almost fifty new licenses have been granted to operate in the market of which at least 20-25 players have already entered. The competition and rivalry developed into a situation not seen ever before and numerous ways of undercutting has ruined the market, threatening the operations of ethical players in the market. However, LAUGFS Gas (Bangladesh) was strong enough to withstand the intense competition and maintain its position among the sixth player out of 27 players in the market.

MIDSTREAM OPERATIONS

The Group's strategy adopted to integrate the value chain of LP Gas mid and downstream activities brought some comfort despite the setback experienced in the local downstream industry. The key element of the value chain, the Trading (buying and selling) operations of LP Gas undertaken by the

Group Deputy Chairman's Message

fully-owned subsidiary of the Company, SLOGAL Energy DMCC Dubai performed extremely well during the period under review and it was able to cushion to certain extent the financial losses of the Parent Company. Commissioning of the terminal bottling plant adjacent to the storage terminal in Hambantota has improved supply chain logistics reducing costs as we are now able to supply Southern, Eastern, Uva and Sabaragamuwa Provinces from this plant. Efficiencies were further enhanced by the subsequent commissioning of a bowser loading facility at the plant, enabling transport of LPG by sea and road.

The ocean transportation arm of the Group, LAUGFS Maritime Services (Pvt) Ltd has also reported better performances and were able to reduce their costs due to efficient utilisation of LP Gas vessels with minimum number of idle days and while also optimising vessel operating expenses. This was possible despite operational challenges caused by COVID-19 outbreak resulting serious restrictions to full deployment and repatriation of crew, delays in procurement of spare parts, dry-docking arrangements and strict quarantine issues in some major ports.

We fully endorse the work of the international and multilateral organisations including IMO and the rest of the industry associations to unlock the global log jam on safe crew transfers and are grateful to our dedicated entire vessel crew for their forbearance.

LEADERSHIP MATTERS

The Board of Directors took a decision in the right direction to re-structure the management of the Group at the beginning of the financial year with the appointment of a Group Managing Director/Group CEO in order to professionalise the management of the entire Group. With Chief Executive Officers in charge of the operations of each business segment, the Board is able to play an oversight role, viewing objectively as we seek to unlock value from the Group's broad presence across the LPG value chain.

WAY FORWARD

As the world looks forward eagerly to a return to normalcy as vaccinations roll out, it is evident that the demand for energy is set to increase rapidly to levels surpassing those that prevailed prior to the pandemic. Concerns that emissions will rise as rapidly are increasing focus on low carbon fuels and renewable energy sources. LPG is a strong contender to play a key role in the energy transition, driving demand and growth of the LPG industry. Demand for LPG is expected to increase by 4% in 2021 according to the Global Energy Review 2021 and the fact that it is a low carbon fuel that has low levels of emissions of particulate matter makes it an environmentally and socially responsible solution across a wide range of potential applications.

Sri Lanka is expected to grow by 4% in 2021 although new variants and waves and resultant disruptions may diminish the forecast. As reiterated above, it needs a favourable policy environment for growth and the implementation of a variable pricing formula for LPG that provides an equitable solution for all stakeholders has been a long felt need in the market. We continue our advocacy role in this regard due to our belief that this is the responsible way forward for the sustainable growth of this industry in Sri Lanka.

We continue to expand our operations in Bangladesh where we are well established as the sixth largest player. Restructuring of the Group's midstream operations support our aspirations for this market, particularly in the bulk sales segment which has been now brought under the umbrella of our midstream operations. Although challenges remain, our positioning on safety and quality has been a key strength that has supported our growth. We will continue to focus on these key aspects while enhancing

The Board of Directors took a decision in the right direction to re-structure the management of the Group at the beginning of the financial year with the appointment of a Group Managing Director/ Group CEO in order to professionalise the management of the entire Group. With Chief Executive Officers in charge of the operations of each business segment, the Board is able to play an oversight role, viewing operations more strategically and objectively as we seek to unlock value from the Group's broad presence across the LPG value chain.

Growth of our midstream operations are driven by SLOGAL and we are encouraged by the expansion of activities and geographies which will support a levelling up in operations enhancing opportunities for unlocking further value across the supply chain. Increased asset utilisation is the key to profitability and our leadership team is focused on driving this key metrics to optimal levels.

APPRECIATIONS

It is pertinent to recall that we were exposed to an exciting business expedition for well over two decades that most others wouldn't have dreamt of. A business operating across three countries to support the use of a clean fuel is in place and how we operate this moving forward is critical to realising the value of what we have built. We have learnt decisive lessons in this mission and some of which are so profound that

All these expeditions were possible due to our dedicated employees who had been with us during the past two decades and I thank them for their services throughout. I also thank the Chairman and fellow Board members for their insights and contributions. Finally, I thank all our stakeholders and shareholders who have shared our expedition and look forward to the next phase of our journey with them.

U.K. Thilak De Silva
Group Deputy Chairman

30th June 2021

Group Managing Director/ Group Chief Executive Officer's Message

"The year under review has been as volatile as the substance we handle, requiring agility and foresight to navigate the converging challenges. Taking up office in May 2020 as the country was easing the mobility restrictions imposed to curtail the COVID-19 pandemic, it was a deep dive into activities across the Group's considerable presence across the LPG value chain as we needed to deal with extremely fluid variables and constraints.

Piyadasa Kudabalage
Group Managing Director/
Chief Executive Officer

Dear Shareholders,

The year under review has been as volatile as the substance we handle, requiring agility and foresight to navigate the converging challenges. Taking up office in May 2020 as the country was easing the mobility restrictions imposed to curtail the COVID-19 pandemic, it was a deep dive into activities across the Group's considerable presence across the LPG value chain as we needed to deal with extremely fluid variables and constraints.

A BROAD PRESENCE ACROSS THE VALUE CHAIN

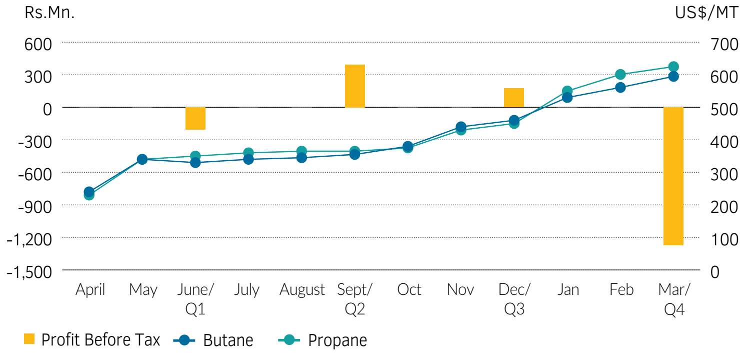
LAUGFS Gas has a broad presence across the LPG supply chain and a strong reputation for quality and safety in both Sri Lanka and Bangladesh with a strong franchise in both markets. These downstream bottling and distribution operations are supported by a sourcing arm, our own fleet of gas tankers for transportation of LPG and the largest LPG storage and transhipment terminal in South Asia. The Group has in place a hub and spoke operation supporting cost efficiencies in the transportation of LPG to South Asian countries.

The LAUGFS Gas Group was repositioned after lockdown to realise value from the presence along the value chain. As downstream operations continue to be constrained by regulated retail prices in Sri Lanka, there is a clear need to strengthen midstream operations to harness synergies with the downstream operations. We also focused on improving the financial discipline of the Company in relation to corporate structure, undertaking a financial restructuring and instilling the discipline to see it through.

PERFORMANCE

The Group recorded a loss after tax of Rs. 658Mn for the year ended 31st March 2021 after two quarters of profits during the year as set out in the Quarterly performance chart. The impact of increasing Propane and Butane prices on profitability of the Group is clearly depicted with a slight lag effect. Propane and Butane prices dipped sharply from a pre-pandemic level of US$ 565 and US$ 590 in January 2020 to a low of US$ 230 and US$ 240 in April 2020 as the world went into lockdown in the wake of the pandemic. However, global prices recovered quickly surpassing pre-pandemic levels to reach US$ 625 for Propane and US$ 595 for Butane by March 2021. Additionally, the cost of freight, insurance and other levies have also increased during the year adding further pressure on margins. The Group's recorded an operational profit of Rs. 1,196Mn for the year due to improved margins and due to low prices at the beginning of the year. EBITDA was Rs. 3,011Mn, a growth of 52% over the previous year. Finance costs amounted to Rs. 2,235Mn for the year which is 9% less than the previous year which is due to the decrease in interest rates as part of the accommodative stance adopted by the Government. Consequently, the Group halved the loss before tax to Rs. 915Mn in the reporting year compared to Rs. 1,842Mn in the previous year. A tax reversal of Rs. 256Mn enabled the Group to record a loss after tax of Rs. 658Mn for the year, a 61% decrease over the previous year's loss of Rs. 1,690Mn.

Quarterly Performance



Rs. 22.2Bn Energy sector revenue

30,000MT Terminal Storage Capacity

ENERGY SECTOR: SRI LANKA

The Sri Lankan market is a duopoly with a State-Owned Enterprise as our main competitor. The price of gas of the State-owned competitor is also controlled by the Consumer Affairs Authority for cylinders weighing 12.5 kg and below with the price varying by weight and district. The price of gas has not been revised since 5th October 2019 at a time when Propane and Butane were around US$350 – 360 exerting significant pressure on margins and profitability of the operations. Consequently, Sri Lanka's price of LPG remains well below the world average price of LPG of US$ 0.67[1] per litre at US$ 0.36 per litre at the time of writing.

The Sri Lankan operation is the highest contributor to Group revenue accounting for 39% of the total for the Group. It is also the only loss making sector within the Group with losses amounting to Rs. 1,494Mn due to controlling of prices by the Consumer Affairs Authority despite the existence of a pricing mechanism agreed with them which considers movement in world market prices. At the close of the year, we incurred a loss of approximately Rs. 793 per 12.5 kg cylinder of gas sold, discouraging growth of the operations in the domestic market due to disconnect with fluctuating world market prices.

1 LPG prices around the world, 17-May-2021 | GlobalPetrolPrices.com

Group Managing Director/ Group Chief Executive Officer's Message

ENERGY SECTOR: BANGLADESH

Bangladesh accounted for 24% of Group revenue supported by volume growth in domestic, auto gas and industrial market segments. Additionally, bulk sales were shifted to SLOGAL Energy as part of the Group restructuring to enable focused growth in bulk sales operations as the increasing number of competitors in the market make it a lucrative opportunity for growth.

The market offers opportunities for growth as it remained resilient as one of the few countries in the world with positive, albeit moderated, economic growth in 2020. A growing middle class, a country converting from Natural Gas to LPG as the country's natural gas reserves deplete, a growing Autogas infrastructure, untapped rural markets and a culture of eating out make this a market with high growth potential for LPG. This is tempered by the issue of a number of licenses and the presence of nearly 27 competitors in the market which has led to intense price competition. Geographic expansion within the country also poses challenges due to limitation within the infrastructure and non-exclusivity of dealers. LAUGFS Gas has built a reputation for safety and continues to strengthen this branding linking safety while also increasing availability by strengthening is downstream supply chains.

TRADING: SLOGAL

The procurement arm of the Group, SLOGAL was refocused to develop new markets and increase capacity utilisation and optimisation of the operations to enhance results. This included geographic expansion of bulk trading operations including the Bangladesh market where the Group had already made successful inroads. The volume growth in Bangladesh has been encouraging and we have increased capacity by chartering an additional gas carrier. This has supported capacity utilisation at the Group's storage terminals in Hambantota. SLOGAL also expanded procurement operations to the Gulf as purchasing volumes increased supporting price efficiencies as larger volumes attract better pricing and higher frequency of shipping. SLOGAL is also making inroads into the Maldivian market and other markets around the world. The story is about productivity, efficiency and pricing advantages as SLOGAL became the highest contributor to the Group's bottom line, minimising the losses from Sri Lanka operations.

TRANSPORTATION & LOGISTICS: STORAGE TERMINALS

Storage Terminals also had an excellent year recording growth of 101% in turnover and 168% in profitability which was supported by increased capacity utilisation and operation al efficiencies. Safety was a key priority from both an infrastructure perspective as well as the pandemic. We are in the process of applying for ISO 45000 standards for occupational health and safety benchmarking our processes to international standards. COVID-19 safety necessitated additional precautions as there were staff boarding the vessels who needed PCR testing. All staff at the terminal have been vaccinated as they are front liners. Terminal operations were expanded with the commissioning of a gas cylinder bottling plant adjacent to the terminals enabling distribution efficiencies as we were able to service the requirements of the Southern, Eastern, Uva and Sabaragamuwa Provinces from this plant. A bowser loading facility was also commissioned enabling the transport of LPG by sea and road. Port tariffs increased by 66% during the year which was an unexpected cost and a 5 year agreement has been put in place with the Hambantota International Port Group (HIPG) to maintain stability of tariffs has been put in place to manage the risks in this regard.

TRANSPORTATION & LOGISTICS: MARITIME

LAUGFS Maritime also turned in a strong performance with revenue growth of 28% to Rs. 1,671Mn and profit growth from Rs. 5Mn for the previous year to Rs. 318Mn in 2020/21 despite significant challenges due to the pandemic. Our safety record is a key imperative and LAUGFS Safety Management System was operationalised swiftly with the onset of the pandemic and proved adequate to safeguard our crews and external stakeholders.

PEOPLE FOCUS

Safety of our teams was a key priority and this was managed at the highest levels of the Group as our employees worked throughout the lockdown either at home or with passes as we were an essential service. Moving forward, we will prioritise competency development of employees aligning their personal aspirations with the growing demands of a dynamic Group. Structured knowledge sharing programmes with a balance of in-house and external resources will be key to the successful launch of these initiatives.

SUSTAINABILITY

LAUGFS Group is committed to the responsible production of this lower carbon fuel which is versatile enough to reach the most rural communities, impacting the lifestyles of families and the environment. We upheld our commitment to our customers during the most challenging times by setting up call centres to facilitate access to this essential commodity overnight and maintained an sufficient supply despite logistic challenges and the loss incurred on each cylinder as the world market prices increased rapidly.

A key initiative that supported reduced energy consumption was the commissioning of the bottling plant in Hambantota. This has reduced the length of road travel to the Southern, Eastern, Uva and Sabaragamuwa areas which are now serviced from Hambantota. As sustainability and long term cost efficiencies are two sides of the same coin, we continue to explore further areas for positive change for the planet.

OUTLOOK

The Group's operations are highly dependent on the fiscal policies of the Government of Sri Lanka as discussed above. We continue to make representations to the Government and the Consumer Affairs Authority in this regard to make the connect between the global market prices for LPG and the consumer prices. This will encourage further investment in increasing market penetration into rural communities, changing lifestyles. Current monetary policy has also had an impact resulting in additional costs to confirm LC's due to low credit rating of country while currency depreciation exacerbates the woes of the disconnect with world market prices. Other concerns include the ability of the Hambantota Port operators to determine tariffs which has been mitigated to an extent with the 5 year agreement signed with the Hambantota International Ports Group for a variable formula with reference to volumes.

LAUGFS Group will focus on maximising capacity utilisation of its midstream operations and seize lucrative opportunities for growth in Bangladesh while maintaining the Sri Lankan market, upholding our customer trust.

ACKNOWLEDGEMENTS

I wish to thank the Chairman, Deputy Chairman and the Board for their counsel and guidance in a challenging year. I thank all the people in the LAUGFS Gas Group who worked throughout the lockdowns and other mobility restrictions to ensure that our customers have a continuous supply of this essential commodity. In conclusion I thank our customers, supply chain partners and shareholders for their continued support and confidence.

Piyadasa Kudabalage
Group Managing Director/GCEO

30th June 2021

Focus on Strategy

How we create value

INPUTS TO OUR BUSINESS MODEL

FINANCIAL
- Total Assets - **Rs. 42Bn**
- Total Liabilities - **Rs. 41.5Bn**

HUMAN
- **404** employees

MANUFACTURED
- Value of PPE: **Rs. 27.1Bn**

RELATIONSHIPS
- Customers, channel partners, suppliers and communities

INTELLECTUAL
- Brand equity
- Certifications
- Health and Safety

NATURAL
- Materials, Energy and Water resources

OUR BUSINESS MODEL

We create value by ensuring our products are easily accessible, affordable, and impactful to our consumers. The Group has invested in building its own supply chain from sourcing to transportation, logistics and distribution to ensure our products are available at arm's reach to consumers.

PRIMARY ACTIVITIES

Energy	Transportation and logistics	Trading	Property
Distribution and marketing of LPG in Sri Lanka and Bangladesh	Own and charter LPG vessels Own and operate LPG storage terminals	Procurement and trading of LPG	Manage rentable space of **88,082** square feet

SUPPORT ACTIVITIES

STRONG INFRASTRUCTURE

RESOURCE MANAGEMENT
Talent management, corporate planning to optimise resource allocations

TECHNOLOGY DEVELOPMENT
Integrated IT systems

GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT

VALUE CREATION

OUTPUTS

ENERGY

- **Rs. 22,229Mn** Revenue
- **4%** increase in LPG cylinders sold compared to last year

TRANSPORTATION AND LOGISTICS

- **Rs. 2,727Mn** Revenue
- **03** vessels utilised
- **30,000 MT** of storage and filling capacity.

TRADING

- **Rs. 28,838Mn** Revenue

PROPERTY

- **Rs. 98.5Mn** Revenue

VALUE TO STAKEHOLDERS

SHAREHOLDERS

- **Rs. 1,196Mn** Operating profit
- **31%** revenue growth

CONSUMERS

- Convenient access
- Affordable and clean energy solutions.
- Value added services

BUSINESS PARTNERS

- Payments to suppliers of **Rs. 31,879Mn**

EMPLOYEES

- **Rs. 1,471Mn** salaries and benefits
- Healthy and safe workplaces

COMMUNITY ENGAGEMENT

- **Rs. 7.5Mn** CSR

IMPACTS

CARBON FOOTPRINT

(MT)MTCO2E

- Direct (Scope 1) **4,462,235**
- Indirect (Scope 2) **531,962**
- Other Indirect (Scope 3) **4,193,057**

WATER DISCHARGE

- **9,275 M3**

EFFLUENTS AND WASTE

- Non-hazardous waste **6,603 Kg**
- No hazardous waste disposed

Delivering Value To All Our Stakeholders

Partnering with stakeholders is key to drive sustainable value. Despite a year of challenges, we focused on being together with our stakeholders including consumers, suppliers, channel partners, employees, and communities to adapt fast and ensure we create value for all stakeholders.

CONSUMERS

We network with consumers across various regions in both Sri Lanka and Bangladesh. Our priority is to ensure products are reachable to consumers at any given time.

We connected with consumers through Distributors, Dealers, Distribution Centres and other platforms such as meetings and surveys.

What we did

Health and safety

- High quality products
- Compliance to quality standards.
- Safety precautions indicated in product labels.

Affordability

- Easy payment schemes

Convenient access

- Island wide dealer network
- Home delivery options
- Ramp up distribution capacity

COVID-19 response

- Innovative distribution methods to cater market demand.
- Strengthened home delivery to consumers by hiring three wheelers and other local transporters.
- Back-office staff supported sales staff to cater demand.
- Distributors, sales, and other employees worked 24/7.
- Operated special customer service hotlines and customer service centre.

SUPPLIERS

We network with local and international suppliers to ensure reliable supply of goods and services.

We automated our processes to ensure a smooth supply chain function.

What we did

Ensure reliable supply

- Identified critical suppliers
- Evaluated supplier compliance and capabilities
- Enhanced supplier relationship

COVID-19 response

- Created flexible supply chains.
  - Converted fixed costs to variable costs.
  - Effectively managed fluctuations in demand.
  - Negotiate with suppliers.
- Managed cash flows effectively by
  - Reducing inventory levels
  - Increasing credit period
  - Streamlining policies and procedures

EMPLOYEES

We work with 404 employees. We connect through monthly HR meetings, welfare events and performance appraisals.

What we did

Healthy and safe workplace

- Strict health and safety protocols
- Health and safety policies

Skill Development

- Inhouse training programmes
- Set and monitor performance standards

Compensation

- Salaries and benefit schemes
- Opportunities for career progression

CHANNEL PARTNERS

Our channel partners include distributors, dealers and Retail Chain stores. We connect with them through workshops, awareness programmes and on site inspections.

What we did

- Ensured all dealer locations comply with safety protocols.
- Increased product availability at dealer locations.
- Improved visibility of dealers by promoting brand image.
- Visibility enhancements such as upgrading gas cages of 350 dealers.
- Displaying and promoting of products in Abans Elite Showrooms.

COVID-19 response

- Strengthened dealers with financial assistance to purchase motorbikes to encourage home delivery in urban areas.
- Maintained sound health and safety standards and dealers were provided disinfectants to disinfect cylinders.

OTHER STAKEHOLDERS

Communities

We maintained close contact with our local communities by providing employment opportunities and supporting community development through CSR projects.

Shareholders

Our mediums of engagement include annual general meetings, press releases, reports and fillings.

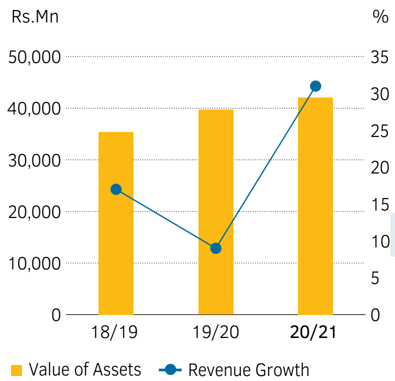
Matters such as corporate strategy, road map for next year and earnings growth were discussed during the year.

Government

We maintain close contact with policy makers. During the year, we continued to discuss amendments to LPG pricing formula, laws and regulations and health and safety standards.

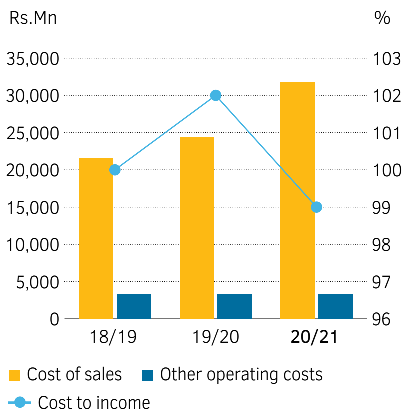
Our Corporate Strategy

We focused on the four key pillars of Growth, Efficiency, Stability and Responsible Growth to ensure we remain a trusted partner to our stakeholders throughout 2020.



FUEL GROWTH

- → Acquire new customers.
- → Promote a second cylinder to households.
- → Strengthen and expand distribution channel.
- → Uninterrupted supply during COVID-19.
- → Nurture a trusted brand by focusing on quality, reliability and excellence.
- → Service excellence.

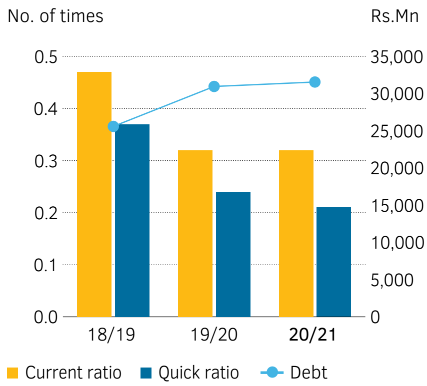


DRIVE EFFICIENCY

- → Automation.
- → Streamline work processes.
- → Cost savings by locating refilling centres closer to ports.
- → Improve productivity.
- → In-house cylinder re-qualification facility.

FINANCIAL STABILITY

- Manage working capital.
- Manage financial leverage.



DELIVER GROWTH IN A RESPONSIBLE MANNER

- Minimise environmental impacts.
- Comply to environmental regulations.
- Caring for our people and communities.

- Electricity consumption reduced by 35.6% to 4,272,403 MJ.
- Eight workplace injuries reported during the year.
- 55 jobs offered to local communities.

Managing Risks and Materiality

OUR APPROACH

During the year, the unprecedented changes to the LAUGFS risk management strategy was given higher prominence due to the emerging risks and opportunities from COVID-19. Regular discussions, enhanced monitoring and assessment of principal risk indicators was important to drive a sustainable and value creating business model. Mobility restrictions and lockdowns had a severe impact to our workplaces and restricted physical access to consumers, employees, and business partners. However, we were able to adapt to online working arrangements, activate digital channels and online ordering platforms. We also extended our dealer and distributor base by connecting with several small -scale transporters from various localities to work on home deliveries.

RISK GOVERNANCE

The Board of Directors are supported by the Audit Committee and the LAUGFS ERM Process in this key area. The Audit Committee assists the Board by reviewing risk registers, review of Internal Audit reports, recommend corrective actions and perform bi-annual evaluation of the Group risk profile. The Board of Directors holds the overall responsibility for the risk management framework of the Group and defines the risk appetite and reviews the effectiveness of the mitigative actions and systems through the Audit Committee.

Board of Directors

↓

Audit Committee

↓

Risk and Control Division

↑ **Internal Audit** | ↑ **Risk Management** | ↑ **Safety, Compliance and System Certification**

BOARD OF DIRECTORS

- Manage through policies and internal controls.
- Strict oversight of risk indicators.

CORPORATE MANAGEMENT TEAM

- Monitor risk landscape and internal controls.
- Assess key performance indicators.

AUDIT COMMITTEE

- Assess the adequacy of internal controls by reviewing risk register and internal audit reports.
- Evaluation of Group risk profile.

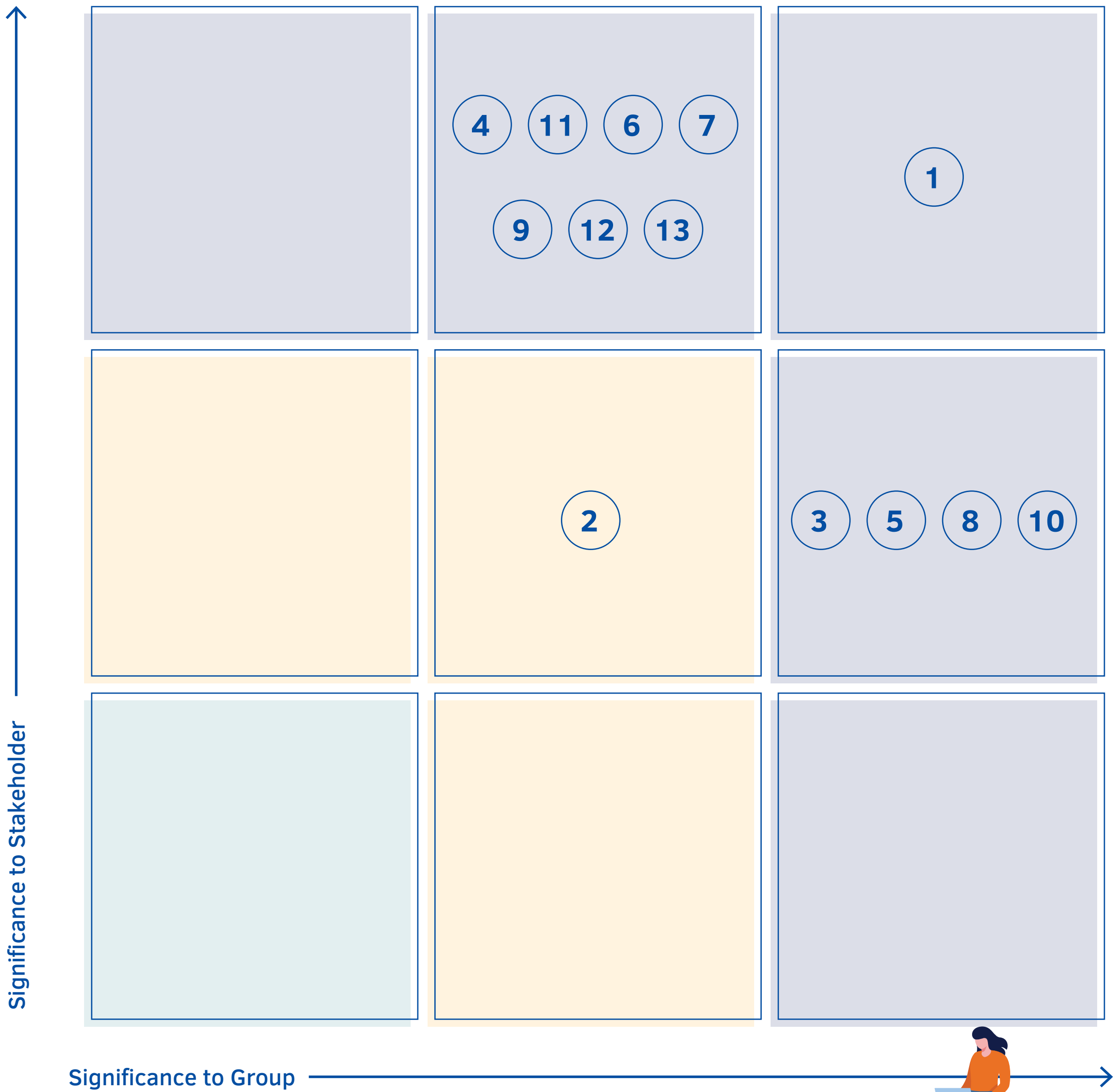
KEY DEVELOPMENTS DURING THE YEAR -

- The Group Risk and Control Division conducted a comprehensive risk evaluation with the input of a Risk Register created specifically for LAUGFS Gas, from which an annual audit plan was designed upon.
- The increased use of digital transformation, requirement for secured data has become vital. Thus, the GRC manage its cyber risk in collaboration with Group IT division to improve controls.
- The Group Top Management actively lobbying over a fair and decisive pricing methodology to be used on an ongoing basis with authorities in concern.
- Further strengthen the Group credit process with more stringent credit management.
- Operations were made more efficient through new strategies.
- GRC continue to support and enable LAUGFS in their HSE compliance functions by expanding internal audits in HSE.

MATERIAL TOPICS AND PRINCIPAL RISKS

We assess material issues annually to understand and manage the risks and opportunities that have a significant impact on our business, society, and environment or influence stakeholder decisions. During the year, we engaged with our stakeholders and the management team of the Group to identify and rank material risks and opportunities. The COVID-19 pandemic impacted both our Group and stakeholders, pushing up the prioritisation of matters such as health and safety and employee well-being.

OUR MATERIALITY MATRIX



There are no changes to the list of material topics, topic boundaries and restatement of information from the previous report other than the below.

→ Global Pandemic

Managing Risks and Materiality

<table>
<tr><th>Material topics and principal risks</th><th>Management approach</th><th>Reporting standards followed</th></tr>
<tr><td>1 Health and safety
→ BLEVE fire
→ Accidents
→ Injuries
→ Fatalities
→ Oil spills and leaks</td><td>→ Our extensive Group Health, Safety, Security and Environment (GHSSE) culture is supported by proactive and comprehensive policies, frameworks and initiatives.
→ LAUGFS practices and maintains a safety embedded culture across the Group by absorbing the principles of Sustainable & Development with the highest concern.
B2C –Domestic
→ We ensure safety by procuring our cylinders only from certified global suppliers.
→ Installation of requalification plants in Sri Lanka and Bangladesh.
→ All LAUGFS products comply with ISO 9001, the first in the industry to do so.
→ Constant awareness on safety instructions are being circulated through internal communications and meetings
B2C- Commercial & Bulk Customers
→ We conduct ‘On-premises’ HSE audits in quarterly manner.
→ Proper maintenance of customer pipe-lines.
→ Our Incident Investigation Team is prepared to address any emergency or crisis relating to our assets that may affect our business partners.
→ Conducting certificate course on safety training for Commercial and Bulk customer representatives.
B2B- Distributors
→ Safety officers conducting routine HSE audits covering all distributor locations.
→ Group Risk & Control Division conducts routine and follow-up OHS audits on a periodic manner.
Employees & Premises
→ Robust gas leak detection monitors are in place.
→ Stringent adherence to the ISO 450001:2018 accreditation.
→ We conduct fire drills to gauge overall preparedness, carry out analyses of our evacuation procedures and have implemented a new headcount management system that uses Radio-Frequency Identification (RFID).
Transportation & Logistics
Sea cargo
→ LAUGFS Maritime Services (Pvt) Ltd strictly adheres to the Zero Tolerance Policy.
→ All our vessels comply with the International Safety Management Code (ISM).
→ LAUGFS vessels and storage terminals are certified by Lloyds Register.
Land transportation
→ We conduct continuous road safety training along with defensive driving training sessions for all our truck drivers.
→ We ensure that all our trucks leaving and entering our plants are scrutinised by a well-defined checklist.
→ Fleet audits are conducted and reviewed quarterly.</td><td>GRI: 403, 416, 417</td></tr>
</table>

Material topics and principal risks	Management approach	Reporting standards followed
2 **Supply chain** Consistent product supply is key to meet the needs of our downstream business.	→ Our Procurement Policy ensures a robust structure for a sustainable vendor management and product safety. → LAUGFS undertake an intensive details from new suppliers via KYC (Know-Your-Customer) forms. → Sourcing and negotiation with the LPG suppliers are only conducted by experienced professionals and an independent supply chain department has been established to improve the supply chain processes and minimise any risks. → Availability of well-balanced procurement committee. → Engage with expertise LPG traders around the World. → Nurture long-term relationships with suppliers through strategic alliances.	
3 **Financial stability** → Liquidity risks → Interest rate risk → Foreign currency risks → Market risk	→ To manage its finance risk exposures, the Group has established supporting guidelines, which include counterparty risk, liquidity risk, foreign exchange risk, and interest rate risk. → LAUGFS Gas and its subsidiaries comply with the Group Finance Policy and other relevant policies and further the Group has established a Group Finance Committee and Group Investment Committee to govern the relevant areas. → Effective credit management carried out during the year. → Set liquidity risk limits approved by the Board of Directors. → Effective working capital management. → Maintain adequate liquidity by using robust inventory management systems, centralising credit management and continuously monitoring the liquidity requirements of the Group. → Negotiate terms with debt providers. → Managing foreign exchange/interest rate exposures with positive negotiations with banks and applying financial risk management techniques. → Group Treasury Division continuously negotiates with banks to secure best potential rates for the Group deposits and borrowings.	GRI: 201, 207
4 **Credit risk**	→ The Company's credit risk management processes are aligned with the Group credit assessment process. The system is designed to identify and evaluate the credit worthiness of its external customers. → Trade and non-trade receivables are also deliberated at the monthly debtor meeting. If any are highlighted, immediate actions were taken. → Strong Standard Operation Procedures which govern processes in credit management.	

Managing Risks and Materiality

Material topics and principal risks	Management approach	Reporting standards followed
5 **Customer satisfaction**	→ Products compliance with international quality standards. → Focus on innovation. → Providing of value added services. → Convenient product access through widespread and multiple distribution channels that reach the outskirts of the country. → Conduct and review customer feedback review/survey for high levels of customer engagement and understand areas of concern. → Customer inquiry system with a sound technical support system. → Customer reach-out initiatives to strengthen dealers and distributors by providing bikes for home delivery. → Zero customer complaints over customer data breaches.	GRI: 418
6 Compliance	→ Compliance with pricing formula and all applicable laws and regulations. → Periodic reviews on ISO certification compliance. → Monitoring quality of effluents to ensure conformity with CEA requirements. → Regular review of 'Statement of Compliance' through the Audit Committee. → Effective functioning of RPTR committee and contently reviewing of annual recurrent transaction thresholds.	GRI: 307, 419
7 Expertise	→ Availability of a competent Learning and Development Policy. → Skills are developed through continuous and well-crafted training and development programmes. → Hiring the right expertise and skill set for technical positions.	
8 Environmental commitments	→ HSE Policy and continuous compliance. → Zero tolerance on the breach of any environment compliance. → Ensure compliance with environmental regulations. → Discharge of waste-water through a treatment plant.	GRI: 301, 302, 303, 304, 305, 306
9 Competitor action risks	**Following actions were carried out by management** → Invested in channel visibility activities. → Enhanced marketing activities through social media platforms. → Expanded regional presence by appointing more than 2,000 new dealers. → Strengthened the home delivery process by entering into alliances with 3rd party delivery partners. → Introduced the country's 1st ever mobile retail gas store during the lockdown season. → Launched a web-based platform for convenient gas ordering.	

Material topics and principal risks	Management approach	Reporting standards followed
10 BP/disaster recovery due to natural disasters, explosions, data breaches, etc.	→ Standby carousel at the Hambantota Terminal premises to be used in emergency situations. → Developed necessary contingency and evacuation plans especially for floods and other types of emergencies. → All our cylinders circulated through an internally-developed disinfection machine prior to reaching its customers. → Detail strategy and plan on managing COVID-19 pandemic on page no 45 and 49.	
11 Pandemics are stifling global trade and the economy	**Dynamic operating environment.** The impacts of COVID-19 were severe, leading to several changes in our operating environment, including mobility restrictions and lockdowns. LAUGFS Group was able to take meaningful and timely measures to minimise the impact of COVID-19 on its day-to-day operations, continue to service the customer with minimal disruptions and maintain asset quality and viability of its operations We drove an agile business model for; Business → Activation of the business continuity and contingency plans. → Exploring technological solutions. → Introducing new channels to connect with consumers. Employees → Employees are kept informed on a regular basis. → Adherence of health and safety regulations, with alternative work environments, i.e. Working From Home (WFH), divided work sites, flexible working arrangements.	
12 External environment	→ Strong relationships with stakeholders who influence the socio-economic stability within the country. → Represent industry forums/meetings together with peers, the Chamber of Commerce and other industry associations and global forums related to LPG. → Consumer Affairs Authority (CAA) proposed a common formula which is under discussion.	
13 Stakeholder relationships	→ Compliance with the Code of Corporate Governance → Disciplinary Policy → LAUGFS Code of Conduct → Strengthened HR policies	GRI: 202, 205, 206, 401, 404, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415

Managing Risks and Materiality

In addition to the above principal risks, the Group also faces the below risks which at present have a medium to low likelihood of occurrence and severity of impact.

STRATEGIC RISKS

Reputation
- Brand image
- Stakeholder confidence
- Business ethics

High gearing
- Financial distress

MITIGATE ACTIONS

Reputation
- Maintaining high ethical standards.
- LAUGFS Code of Conduct.
- Stakeholder engagement process and active stakeholder engagements.
- Continuous assessment of customer satisfaction and prompt follow-up actions on complaints and/or suggestions.
- Proper adherence to the statutory and environmental regulations.

High gearing
- Maintain a good rapport with financial institutions.
- Enhance rapport with existing and potential investors.

OPERATIONAL RISKS

Product availability
- Widen access points through new channels such as home deliveries and online ordering.
- Appointment of new distributors and new dealers covering every region.
- 'Top of Mind' awareness projects such as POS displays, cylinder displays and distributor and dealer branding.
- Introducing innovation based customer reach programmes *i.e.* mobile retail stores and web-based LPG cylinder ordering.

Plant efficiency
- Nearly 30% increase in Mabima plant carousel efficiency compared to the previous year
- Launching & adding the output of 2nd carousel plant at Hambantota, into the production flow
- Embedding state-of-the-art technology into the plant operations
- Enhanced filling bay to facilitate additional loading arms to reduce tailor loading time

Productivity
- Training and development
- Establishing a multi tasking labour force
- Measure performance and reward key performers

People Risks
- Employee recognition programmes
- Ensure health and safety of the work place
- Broad base skills through diverse training programmes
- Career and succession planning
- Cordial relationships with 3rd party manpower suppliers

GEOPOLITICAL RISKS

- Geo location
- Transfer pricing

MITIGATE ACTIONS

- → All Related Party Transactions are being reviewed by the Committee as per CSE section 09 guidelines.
- → Compliance with other relevant regulations.
- → Maintain a good rapport with the Government officials of Bangladesh.
- → Building up image as regional LPG player.

COMPLIANCE RISKS

We adhere to –

- → MRP set-out by the Consumer Affairs Authority (CAA) and Securities and Exchange Commission (SEC).
- → CSE listing rules and other applicable accounting standards.
- → Environmental rules and regulations.
- → Corporate Governance Code of Best Practices.

A Review of the LPG Market

GLOBAL VIEW

LPG being considered a cleaner and low carbon fuel is extensively used in several applications including cooking, heating and auto gas. Today, LPG is available in the remotest of communities with both LPG supply and demand increasing by more than 25% since 2012.

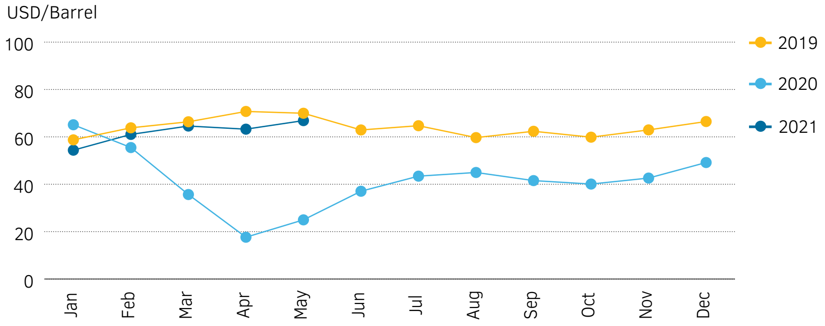
GLOBAL LPG PRICES

OIL PRICES

Average OPEC oil prices declined by 35% to USD 41.33 per barrel compared to last year. The sharpest decline was witnessed in April 2020 with oil prices reaching historical lows of USD 17.64 per barrel as the spread of the pandemic affected economic activity and demand for transportation fuel.

The Organisation of the Petroleum Exporting Countries (OPEC) announced several supply cuts throughout the year to increase oil prices. However, oil prices continued to be volatile and ended the year at USD 49.17 per barrel, 26% lower than December 2019.

Oil Prices - OPEC Reference Basket

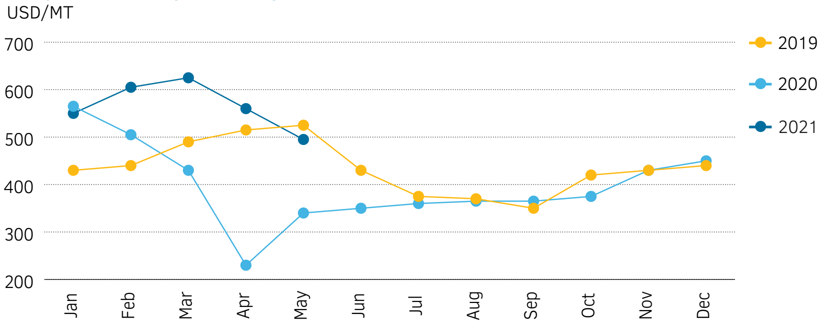


PROPANE PRICES

Saudi Aramco propane prices is the benchmark price for global LPG. During the year, propane prices averaged USD 397 per MT, 9% lower than last year. The prices fluctuated throughout the year in line with the trends in the global oil market as propane is extracted during the process of oil refining. Other factors including changes in weather conditions and the setback in economic activities due to the pandemic also affected the propane prices.

Propane prices continued to slide down throughout the year with the largest drop witnessed in April and May 2020. However, propane prices rebounded in 2021 and reached USD 495 per MT in May 2021, 46% higher than the comparable period last year.

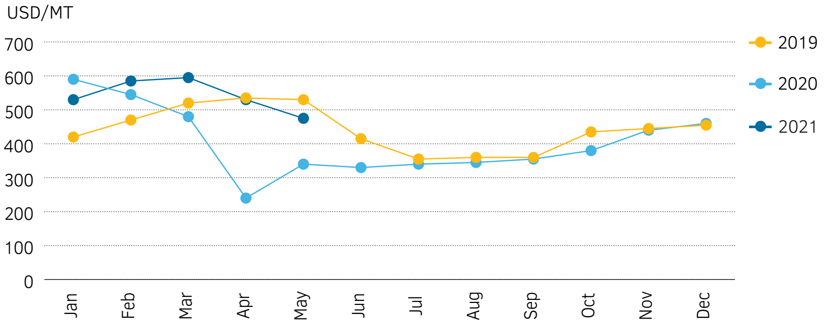
Propane Price (USD/MT) - Saudi Aramco Prices



BUTANE PRICES

Global Butane prices dropped during the first quarter of the year in line with global oil prices. However, with cold weather conditions primarily in the European countries, Butane prices gradually increased ending the year at prices similar to last year and contract prices in 2021 was higher with Saudi Aramco, a major producer of Propane and Butane setting contract prices at USD 24.97 per MT in May 2021, 48% higher than May 2020.

Butane Price Saudi Aramco Prices



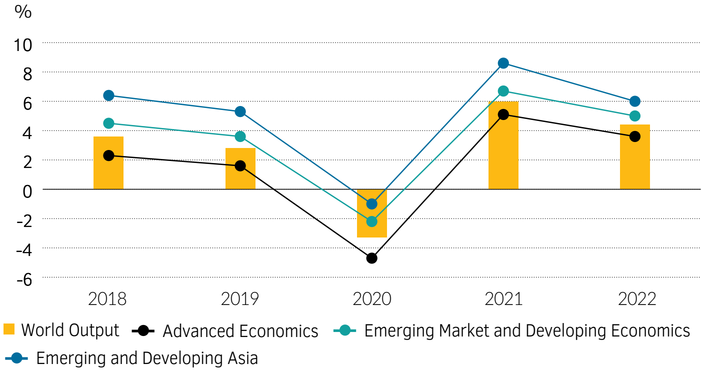
KEY INFLUENCING FACTORS

GLOBAL ECONOMIC GROWTH

Global growth contracted by 3.3% during the year as the emergence of the pandemic affected demand, manufacturing, and trade activities across the world.

→ Advanced economies contracted by 4.7% while emerging markets and developing economies contracted by 2.2% during the year.

Global Economic Growth



GLOBAL LPG PRODUCTION INCREASED BY 3.7% DURING 2020 TO 331MN TONNES.

Production increased by over 11% in the US while production in the Middle East dropped by 3% during the year.

LPG CONSUMPTION

The pandemic adversely impacted global demand, especially in the commercial sector. However, the increase in residential demand such as household cooking led to an overall increase in LPG demand.

→ Demand in Asia Pacific grew by more than 6.2% led by China, India, and Bangladesh.

→ US auto gas demand increased by 20%

GLOBAL SEABORNE LPG TRADE

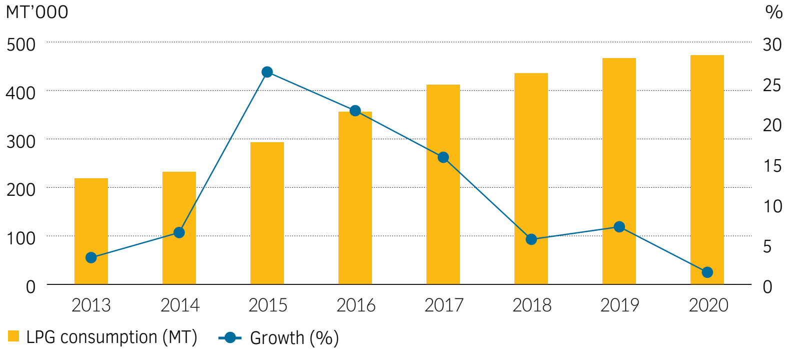
As per Drewry Maritime financial insights, overall LPG trade is expected to increase at a slower pace of 0.8% in 2020 due to lower demand.

A Review of the LPG Market

DOMESTIC LPG INDUSTRY

LPG consumption moderated during the year as the commercial and industrial sectors of the economy were severely affected by the lockdowns and mobility restrictions due to the pandemic. Consumption of LPG remained almost in line with last year at 473,000 MT.

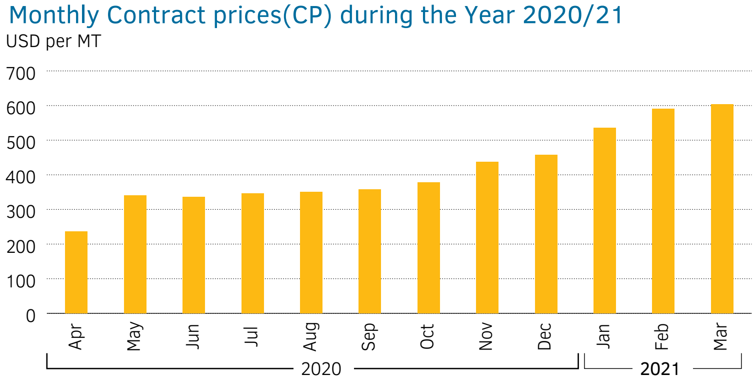
LPG Consumption



RETAIL LPG PRICES

Domestic prices of petroleum products remained in line with last year despite the volatilities in the global oil prices. Retail prices of LPG remained at Rs. 1,493 per 12.5 kg refill cylinder.

Monthly Contract prices(CP) during the Year 2020/21



Monthly Contract prices (CP) during the year 2020/21

	USD per MT
April 2020	237
May 2020	340
June 2020	336
July 2020	346
August 2020	351
September 2020	358
October 2020	378
November 2020	437
December 2020	457
January 2021	536
February 2021	591
March 2021	604

Key economic variables affecting the LPG industry

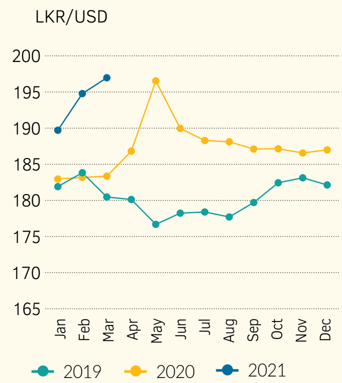
Subdued economic growth impacted LPG demand.

Domestic economic growth contracted by 3.6% during the year with a significant slowdown in construction and manufacturing activities.

	2019	2020
Economic growth	2.3%	(3.6%)
Agriculture	1.0%	(2.4%)
Industries	2.6%	(6.9%)
Services	2.2%	(1.5%)

Exchange rate depreciation

During the year, the LKR depreciated by 4% against the USD, at a slower pace to last year depreciation of 10%.



THE KEY CHALLENGE FACED BY DOMESTIC LPG OPERATORS WAS THE LACK OF A COST REFLECTIVE PRICING FORMULA

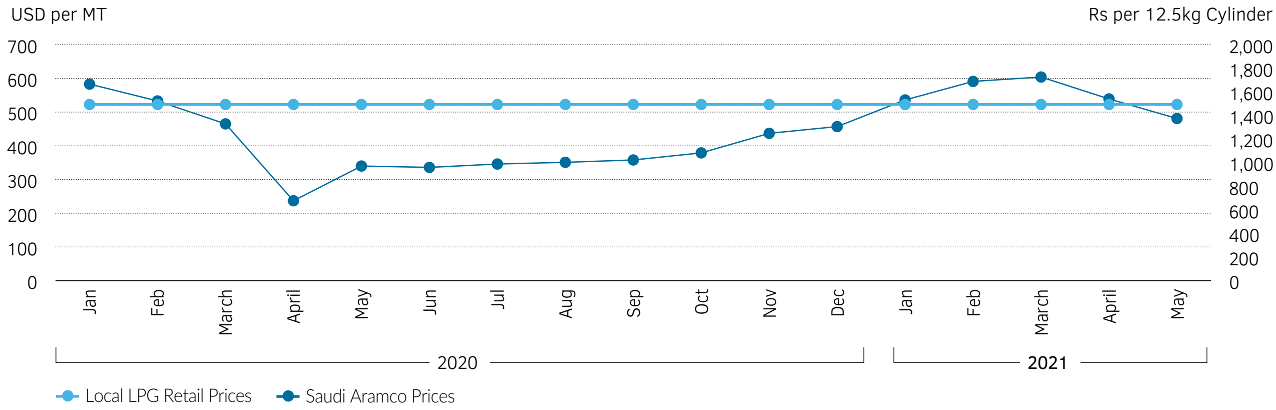
During the first quarter of 2021, the contract prices of LPG continued to increase and reached the highest in two and half years of USD 604 per MT in March 2021. The trend continued and the highest year-on-year increase of 155% was witnessed in April 2021 compared to the same period last year. Within this period, exchange rates too increased by 5% compared to last year in addition to rising shipping and insurance levies.

Despite these challenges, the local LPG operators were unable to adjust prices based on global LPG price movements. This had a severe impact on the operational profits of our business.

The financial impact

In 2019, the Government of Sri Lanka reduced the price of refill 12.5kg cylinder by 13% to Rs. 1,493. At this time, the world market contract prices remained at USD357 per MT as depicted in the graph.

However, the contract prices significantly increased by the end of the financial year and in March 2021 reached USD 604 per MT which is a USD 247 increase per metric ton compared to the price when domestic retail prices were reduced in 2019. This significantly impacted the financial performance of the Group. The Company (LAUGFS Gas) incurred a loss of Rs. 770/- per 12.5kg refill cylinder sold to the market.



OUR RESPONSES

The management team, with the co-operation of an agile and committed workforce, navigated through these challenging times by driving growth, efficiency, and productivity. Together, we transformed our business model to cater consumer needs in new ways such as home deliveries, third party transporters and an extended dealer network. Several cost management initiatives improved operational efficiency and yielded cost savings.

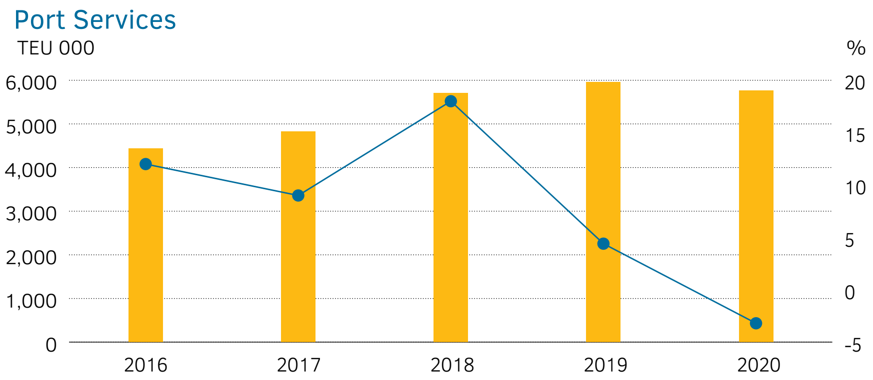
However, the lack of a pricing formula continued to have a substantial impact on our performance. The Company has been lobbying to obtain a price adjustment for domestic segment in line with the world market price and rise in exchange rates over the last one-and-a-half years, which has not been successful.

A Review of the LPG Market

DOMESTIC LPG INDUSTRY

DOMESTIC DEMAND FOR MARITIME SERVICES

The setback in port services was primarily due to the impact of the pandemic on international trade activities. The transhipment containers handled during the year declined by 3.2% compared to last year.



Achieving GOALS

Management Discussion and Analysis

Business line Reviews

Our business lines

LAUGFS Terminals

LAUGFS Maritime Services

SLOGAL Energy

LAUGFS Gas Sri Lanka

LAUGFS Gas Bangladesh

Business Line Reviews

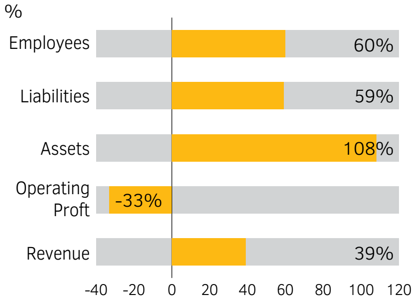
Energy - Sri Lanka

LAUGFS GAS (SRI LANKA)

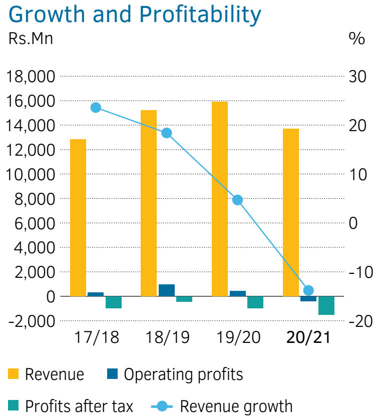
We are a leading provider of high quality, trusted LPG solutions to domestic, commercial, industrial, and bulk sectors in Sri Lanka with

- Multiple touchpoints island wide including dealers, supermarkets, retail stores, home deliveries and mobile stores to reach consumers in the most convenient manner.
- A strong midstream supply chain through subsidiaries catering to procurement, transportation and logistics needs of our downstream operations.
- Expertise in supply chain and inventory management.

Relevance to Group



Growth and Profitability



WE CONTRIBUTE TO OUR ECONOMY

Revenue	Donations
Rs. 13,712Mn	Rs. 7.5Mn

WE SUPPORT

Employees	Distributors	Dealers	
243	31	10,507	Outsourcing deliveries to third party three wheelers and small scale transporters.

PLANET

+ We promote the use of clean energy sources in various applications including cooking, industrial and auto fuel.

− Consumed 783,292Kwh electricity

OUR DISTRIBUTION CAPABILITIES

Distributors	Prime Movers	Distribution Trucks	Island-wide dealer network
31	50	144	10,507

Remote operational model through online orders, customer hotlines and mobile gas retail concept.

738 LAUGFS Gas home delivery network

Business Line Reviews

Energy - Sri Lanka

PERFORMANCE

Growth, Profitability and Efficiency

The sector performance was impacted by several factors including subdued demand, the price ceiling set by the Government on LPG used for domestic use and the outcomes of the pandemic including three months of lockdown and mobility restrictions which limited availability of manpower. Despite the challenging times, we activated a remote operational model within 12 hours of the island-wide curfew announced in March 2020. Home deliveries, online ordering systems and extraordinary support of our employees with back-office staff, sales staff and distributors working 24/7 enabled LAUGFS Gas (Sri Lanka) to deliver uninterrupted LPG supply to consumers.

Despite the challenges, residential LPG demand increased during the year. However, the setback in industrial, bulk and commercial markets due to lockdowns and the closure of hotels and restaurants impacted overall LPG demand during the year. Revenue of LAUGFS Gas (Sri Lanka) dropped by 14% to Rs. 13,712Mn. The impact exacerbated with the lack of a cost reflective pricing formula.

The Consumer Affairs Authority maintained domestic LPG prices in line with last year although global LPG prices increased during the year. The severe impact of fluctuating LPG prices led to operating losses of Rs. 389Mn during the year.

Finance costs declined by 23% to Rs. 1,531Mn. However, the operating loss impacted overall performance and loss before tax of LAUGFS Gas (Sri Lanka) increased to Rs. 1,881Mn compared to Rs. 1,386Mn last year. Loss after tax increased by 55% to Rs. 1,494Mn.

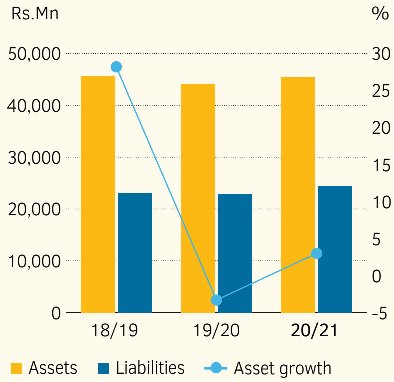
Asset Management

Assets increased by 3% to Rs. 45,431Mn. Non-current assets amounted to Rs. 42,333Mn, 4% higher than last year. Current assets amounted to Rs. 3,098 Mn, 4% lower than last year. We also emphasised on effective working capital management by focusing on strategic inventory management, centralised credit management and up-to-date credit policies.

Liabilities

Sector Non-current liabilities declined by 10% to Rs. 8,311Mn while current liabilities increased by 18% to Rs. 16,145Mn.

Assets and Liabilities



KEY RISKS

- Health and safety risks due to COVID-19.
- Price ceiling imposed by the Government and the lack of cost reflective pricing formula.
- Increasing global LPG prices.
- Intense competition
- Subdued economic growth and industrial activities.

OUTLOOK

We strive to be a leading delivery partner bringing LPG to the doorstep of consumers. A new business model was implemented in 2020 to be more agile, flexible, and efficient in meeting client needs and we will continue to adapt to this model. We will continue to nurture a cost-conscious culture and as a financial precautionary measure; capital expenditures will be deferred, and debt moratorium was requested from the banks in line with CBSL guidelines.

COVID-19 IMPACTS

People	Demand	Supply chain	Distribution
Challengers in sourcing manpower at filling plants and distributor locations due to mobility restrictions and lockdowns.	Setback in economic activity, lockdowns and closure of restaurants and hotels affected commercial and industrial sector demand. However, domestic use of LPG increased compared to last year.	Fluctuations in LPG contract prices and exchange rate depreciation impacted import costs.	Closure of LPG retail shops due to tight health guidelines. Costs of domestic distribution increased as additional manpower was required to serve consumers in line with health precautions given by the health officials.

OUR RESPONSES

While 2020 was a challenging year, we realised our strengths, resilience, and capacity to grow and improve. Protecting our people and communities, maintaining our supply to consumers, and ensuring business continuity were our priorities. The extraordinary efforts of our people and coordination of business partners enabled us to swiftly adapt a new business model with digital platforms, home delivery dedicated dealers, special delivery fleets and mobile gas stores operating in high density areas.

Cost savings from

- Automation of production processes.
- Opening of Hambantota refilling and distribution centre.
- Managing cylinder requalification plant.

Flexible Distribution model

As lockdowns and mobility restrictions forced people to spend more time in their homes, we changed our distribution model to serve their needs through new ways such as the home delivery and online ordering concepts. The LAUGFS Gas home delivery system was a successful concept during the year and enabled us cater consumers in any locality.

During the year, we partnered with home delivery dealers and connected with third party distributors such as YOGO to expand our presence in various communities. We also operated a new retail model - the mobile gas store to cater to consumers in high density areas.

Our e-commerce platforms include:

→ Online ordering and payment platforms
→ Customer Service Centre
→ WhatsApp Order platform

We enhanced the capabilities of our employees through

- Streamlined processes.
- Internal training and development programmes.
- Multi-tasking.
- Engaging and motivating workforce through rewards and recognition.

Business Line Reviews

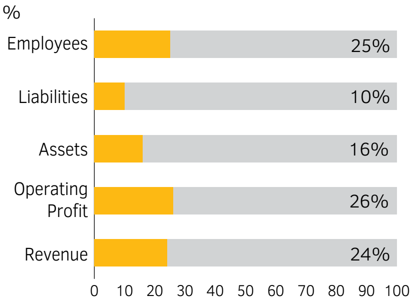
Energy - Bangladesh

LAUGFS GAS (Bangladesh)

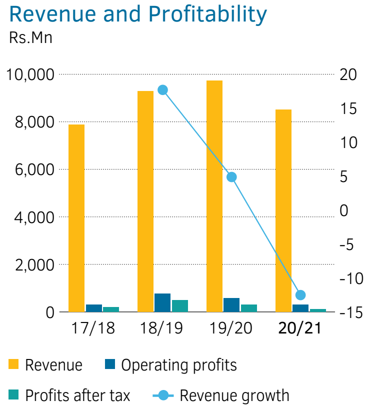
With a 6% market share, we are the sixth largest LPG distributor in Bangladesh with 80% of our LPG sales to households. Our brand is renowned for high quality, reliability, and safety.

Our multiple touchpoints extend to the entire country to serve consumers both in rural and urban areas.

Relevance to Group



Revenue and Profitability



WE CONTRIBUTE TO OUR ECONOMY

Revenue	Operating profits
Rs. 8,517Mn	Rs. 310Mn

WE SUPPORT

Employees	Distributors	Dealers
99	175	13,000

PLANET

- We enable over 1 Mn consumers use clean energy sources in various applications including cooking, industrial and auto fuel.

OUR DISTRIBUTION CAPABILITIES

Regional depots
13

13,000 Dealers and **175** Distributors cover the entire country

5,000 MT storage facility, own jetty, cylinder re-qualification plant

PERFORMANCE

Growth, Profitability and Efficiency

During the year, revenue of LAUGFS Gas Bangladesh (LGBL) decreased by 12.5% to Rs. 8,517Mn. Growth subdued as industrial activity declined and LGBL bulk sales segment was transferred to SLOGAL, the trading arm of the Group.

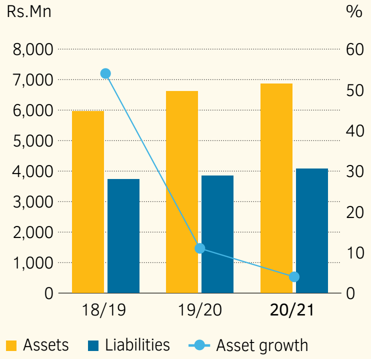
In addition to subdued revenue growth, cost pressures due to volatile global LPG prices, affected profitability. With all those challenges LGBL was able to record an operating profit of Rs. 310Mn with a 4% margin.

Profits before tax amounted to Rs. 201Mn and profits after tax amounted to Rs. 110Mn compared to Rs. 315Mn last year.

Asset Management

Assets increased by 4% to Rs. 6,862Mn. Liabilities increased by 6% to Rs. 4,073Mn.

Assets and Liabilities



KEY INITIATIVES

Initiatives to drive revenue growth

- Acquired new customers particularly in newly developing markets and rural areas
- Introduced innovative ways to supply households through reticular systems.
- Introduce new channels such as online platforms.
- Expanded distributor network to cater emerging markets.
- Tie ups with NGOs and rural financial banks to reach untapped rural customer base.

Cost reduction initiatives

- Reduced refilling costs through process re-engineering
- Renegotiated vendor contracts
- Streamline work flows and improvements to plants to enhance efficiency and quality of output.

Productivity enhancement through

- On the job training
- Mentoring programmes
- Career progression opportunities

Responsible production

- Collected and reused rain water
- Minimised material usage by introducing a very effective caps and shrink sealing
- Zero demurrage/loading delays through better planning

KEY RISKS

- Increasing competition
- Threat from substitutes such as LNG and other alternative fuels.
- Customers switch brands easily.
- Price sensitive market
- Possibilities of price controls imposed by the Government.

OPPORTUNITIES

- Domestic switch from pipeline supplied natural gas to LPG.
- Use of LPG as an industrial fuel by many small and medium sized industries.
- Increasing use of LPG as auto gas.
- Untapped rural markets
- Export opportunities
- Rapid growth in overall industrialisation in the country.
- Urbanisation

OUTLOOK

We will continue to drive revenue growth by innovating high quality cylinders, undertaking contract filling for competitor brands and forming strategic partnerships with other operators. We also expect to invest in auto gas and industrial channels.

Business Line Reviews

Transportation and Logistics

LAUGFS Terminals and LAUGFS Maritime Services provide transportation and logistics services to the Group and external partners in the region. Our vision is to be the leading service provider of sustainable shipping solutions.

- We own and charter three LPG vessels, namely MT Gas Challenger, MT Gas Success and MT Gas Courage.
- Our LPG transhipment terminal with 30,000 MT capacity located at the Hambantota International port which is the largest of its kind in South Asia.
- Commenced operations last year, the LPG transhipment terminal is a key part of our vision to become an integrated regional LPG player by operating as a central hub for LPG importing, re-exporting, and catering to the needs of LPG retailers.

FINANCIAL PERFORMANCE OF THE SECTOR

Revenue	Assets	PAT	Liabilities
Rs. 2,727Mn	Rs. 16,727Mn	Rs. 427Mn	Rs. 11,491Mn

WE CONTRIBUTE TO OUR ECONOMY

Revenue
Rs. 2,727Mn

Infrastructure development
LPG Storage Facility
30,000MT

WE SUPPORT

Employees
54

Crew staff
60

PLANET

- We nurture a zero tolerance culture by ensuring no oil spills and no marine and atmospheric pollutions.

OUR DISTRIBUTION CAPABILITIES

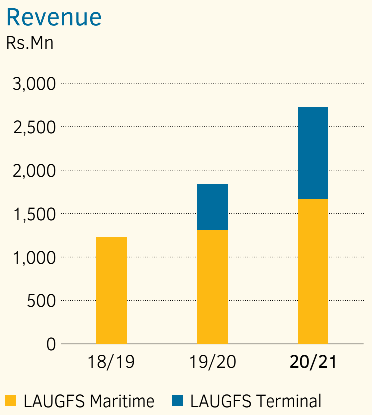
Ship management services covering ship and equipment maintenance, technical support and services.

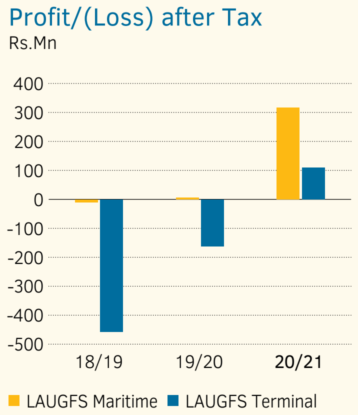
High quality LPG filling and bottling plants conforming to international standards.

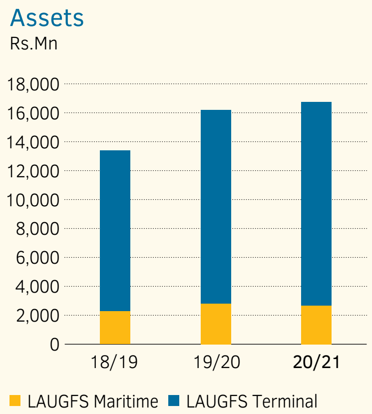
We nurture a zero tolerance culture with no accidents, health related incidents, etc. Dedicated health and safety committees and LAUGFS Maritime safety management systems ensure the health and safety standards of our assets, work spaces and people.

PERFORMANCE

The sector performed commendably despite the tough operating environment with significant growth in revenue to Rs. 2,727Mn from Rs. 1,834Mn last year, with the commissioning of LAUGFS Terminals. The Group focused on commercialising its midstream supply chain by reaching global clients through our trading arm, SLOGAL. The revenue of both LAUGFS Maritime Services and LAUGFS Terminals significantly increased by 28% and 101% respectively. The sector profit after tax amounting to Rs. 427Mn compared to a loss of Rs. 157Mn last year.







COVID-19 IMPACTS

- Strict safety and operational standards in line with international protocols.
- Lockdown periods and quarantine measures increased operating costs.
- Continuous professional development of fleet and office staff had to be curtailed.
- Time frame for surveys, dry docking and renewal of ship/ crew certificates were extended by the Director General of Merchant Shipping during COVID-19.

RESPONSES

- We operated our fleet without interruptions, breakdowns or lost time incidents.
- Contract periods of on-board staff had to be extended in order to comply with quarantine regulations
- On-line planned maintenance system and digitalised management network adopted by LAUGFS Maritime Services enabled smooth and uninterrupted operation of fleet vessels during COVID-19 lockdown period.
- Hosted virtual training programmes.
- COVID-19 vaccinations arranged for employees at LAUGFS Terminals and LAUGFS Maritime services.
- Periodic PCR testing measures for office and floating staff.

KEY RISKS

- Unpredictable charter markets
- Increasing health and safety risks due to COVID-19
- Regulatory changes
- Scarcity of qualified competent seafarers.
- Increase in port tariffs.
- Declining LPG demand in both Sri Lanka and Bangladesh.
- Decline in exports.

OUR PLANS FOR 2021/2022

- LAUGFS Maritime Services plans to restructure its fleet to improve operational efficiency, expand fleet capacity and reduce the average age of the fleet. Smaller sized vessels will be replaced with larger sized vessels.
- Introduce state-of-the-art fleet management systems to improve the efficiency of crew management, reduce maintenance and operational costs of fleet.
- The management expects to enter the stock market as a listed entity through an Initial Public Offering (IPO) in 2021/2022.
- Exploring the international spot market to attract new clients.

Business Line Reviews

Transportation and Logistics

LAUGFS Maritime Services

GROWTH

Revenue increased by 28% to Rs. 1,671Mn with all three vessels chartered for internal use. The full year of operations of LAUGFS Terminals increased internal demand for maritime services enabling all three vessels to operate at full capacity. Revenue from external chartering of vessels amounted to Rs. 51Mn compared to Rs. 391Mn last year.

PROFITABILITY

With the increase in revenue and cost management measures, LAUGFS Maritime Services reported a profit after tax of Rs. 317Mn compared to Rs. 5.6Mn last year.

ASSETS

Assets declined by 5% to Rs. 2,668Mn with depreciation amounting to Rs. 316Mn.

LIABILITIES

Liabilities amounted to Rs. 838Mn compared to Rs. 1,119Mn, 25% decline to last year.

SUSTAINABILITY

Careful evaluation of regional/global market trends and formulate fleet expansion plans in line with business forecasts and statistics on LPG market growth.

Strict safety and operational standards in compliance with highest international and industry norms. Strict compliance with flag state and classification society statutory requirements.

Developing Sri Lankan seafarers into experienced and competent trained professionals who will be bestowed upon the responsibility of safe and efficient handling of present and future LPG Tanker fleets.

Conforming with international and industry standards in preserving the marine environment by maintaining Company's zero pollution track record.

The Company intends to further fulfil its unwavering obligation of reducing its carbon footprint and in the process, encouraging reduction of greenhouse gases and to assist in curtailing the upward trend in global warming.

COST REDUCTION INITIATIVES

→ Improve efficiency by focusing on vessel maintenance, crew management, procurement and shore based services.

GROWTH

→ Explore external chartering opportunities by venturing into spot markets in Singapore and Far East.

LAUGFS Terminals

GROWTH

Revenue significantly increased by 101% to Rs. 1,056Mn with the increasing demand from SLOGAL, our sole inhouse customer. During the year, Terminals handled 270,112MT of LPG 112% higher than last year.

PROFITABILITY

With the increase in revenue, the operating profits of LAUGFS Terminals increased by 712% to Rs. 468Mn. However, the high finance costs of Rs. 358Mn continued to weigh on profitability. Profit after tax amounted to Rs. 110Mn compared to loss of Rs. 162Mn last year.

Our initiatives during the year,

- Commissioned the bowser loading facility which enabled overland bulk transportation of LPG
- Revising cost structures and re-negotiating terms with suppliers
- On-the job trainings and internal training programmes
- Evaluate the prospects of installing water purification plants

ASSETS

Assets increased by 5% to Rs. 14,058Mn compared to last year.

LIABILITIES

Liabilities amounted to Rs. 10,652Mn compared to Rs. 10,245Mn, 4% increase to last year.

Business Line Reviews

Trading

SLOGAL Energy DMCC

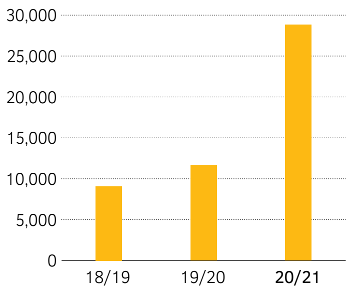
SLOGAL Energy DMCC provides logistic services by chartering LPG carriers for energy trading. The trading operation provides multiple benefits to the Group including:

- Expanding global presence
- Efficient trading platforms
- Access to competitive LPG prices
- Sourcing LPG by connecting to a broad supplier base in Middle East and South East Asian regions.

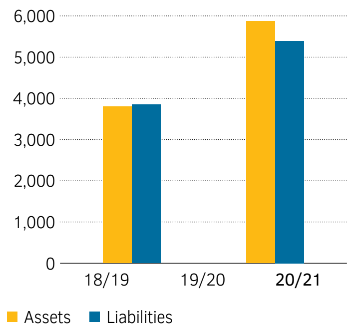
FINANCIAL PERFORMANCE OF THE SECTOR

Revenue	Assets	PAT
Rs. 29Bn	Rs. 5.9Bn	Rs. 647Mn

Revenue
Rs.Mn



Asset vs Liability
Rs.Mn



Revenue from trading operations significantly increased during the year to Rs. 28,838Mn compared to Rs. 11,672Mn last year primarily driven by external customers.

During the year, SLOGAL focused on acquiring new customers in addition to catering to the needs of Sri Lanka and Bangladesh captive market. With five new international customers, SLOGAL trading volume doubled in quantity. Revenue from external clients increased to Rs. 13,184Mn compared to Rs. 1,050Mn last year. This was a commendable achievement that strengthened the Group financial performance.

With the increase in revenue, the trading sector profit after tax amounted to Rs. 647Mn compared to loss Rs. 986Mn last year.

Assets increased by 55% driven by higher current assets. Liabilities increased by 40% to Rs. 5,393Mn primarily driven by current liabilities.

OUTLOOK

SLOGAL will play a prominent role in commercialising the upstream supply chain of the Group. We will continue to support the downstream needs of the Group while venturing into new regions to expand our external client base.

Business Line Reviews

Property

LAUGFS Property Developers (Pvt) Ltd.

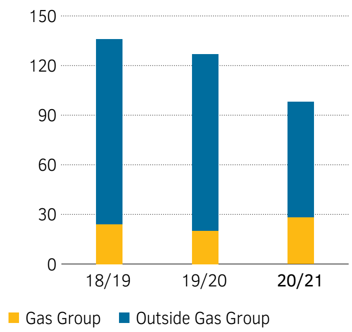
The investment property of the Group located at one of the prime locations in Colombo – Havelock Town has 88,082 square feet of rentable space

The value of the investment property as at 31 March 2021 was Rs. 2.1Bn.

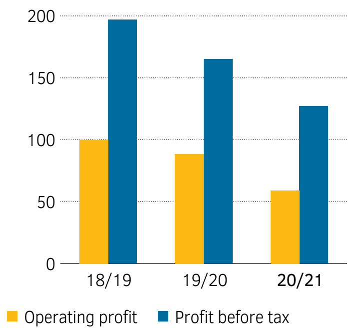
FINANCIAL PERFORMANCE OF THE SECTOR

Revenue	Assets	PAT
Rs. 98Mn	Rs. 2.5Bn	Rs. 109Mn

Revenue
Rs.Mn



Profitability
Rs.Mn



Revenue from the property segment declined by 23% to Rs. 98Mn with the dip in rental income from external parties.

→ Rental income from outside the gas group declined by 35% to Rs. 70Mn.

→ Rental income from within the group increased by 41% to Rs. 28Mn.

With the drop in external rental income, the operating profits of the property segment declined by 33% to Rs. 59Mn.

Finance costs decreased by 51% compared to last year. Profit before tax declined by 23% to Rs. 127Mn.

Profit after tax amounted to Rs. 109Mn compared to Rs. 118Mn last year. Fair value gain of Rs. 85Mn was recognised during the year.

Assets increased by 3% to Rs. 2,539Mn with the value of the investment property increased by 4% to Rs. 2,118Mn.

Capitals Report

The six capitals that drive our business model.

Financial Capital

Social & Relationship Capital

Manufactured Capital

Intellectual Capital

Human Capital

Natural Capital

The Capitals Report

Financial Capital

Performance

Revenue
Rs. 35,534Mn
(Rs. 27,202Mn - 2019/20)

Gross profits
Rs. 3,735Mn
(Rs. 2,823Mn - 2019/20)

Operating Profit
Rs. 1,196Mn
(Rs. 287Mn - 2019/20)

Earnings before interest and tax
Rs. 1,320Mn
(Rs. 606Mn - 2019/20)

Loss before tax
Rs. 915Mn
(Rs. 1,842Mn - 2019/20)

31%
Revenue growth

Margins

Gross margins
11%
(10% - 2019/20)

EBITDA margins
8%
(7% - 2019/20)

EBIT margins
4%
(2% - 2019/20)

Rs. 41.5Bn
Group Liabilities

Liquidity

Cash and short term deposits
Rs. 312Mn

Current ratio of 0.34
(0.32 - 2019/20)

Rs. 42Bn
Group Assets

6% Increase

The Capitals Report

Financial Capital

FINANCIAL PERFORMANCE

REVENUE

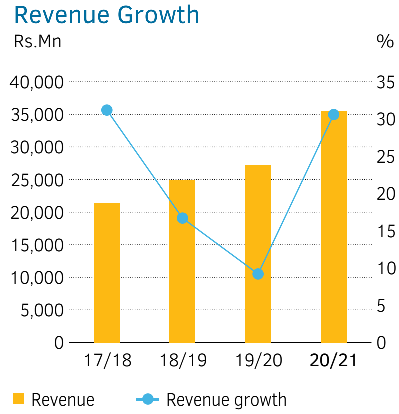
The Group revenue increased by 31% to Rs. 35,534Mn compared to last year despite a challenging operating environment. Demand especially in the commercial and industrial sector was affected by the lockdown, closure of hotels and restaurants and mobility restrictions. However, the demand for domestic use increased during the year and volume of LPG sold for domestic use increased by 4% and 6% in Sri Lanka and Bangladesh.

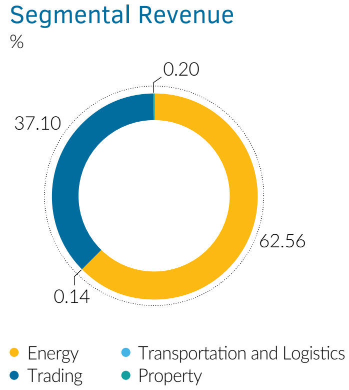
Maintaining an uninterrupted supply of LPG was a priority to the LAUGFS Group and we transformed our business model by activating multiple channels including home deliveries and online ordering to consistently serve consumers during the pandemic.

The Energy sector continued to be the backbone of the Group and accounted for 63% of the Group revenue. However, the initiative to commercialise the midstream activities of the group drove significant increase in revenue of the trading segment.

With this, the trading operations of the Group contributed 37% to Group revenue compared to 4% last year. External revenue from trading operations significantly expanded during the year to Rs. 13,184Mn compared to Rs. 1,050Mn last year.

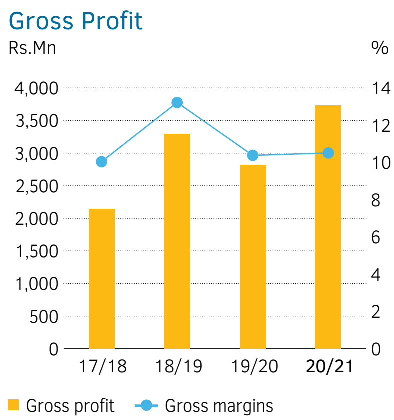
- → Revenue from the energy sector declined by 13% to Rs. 22,229Mn. Revenue from LAUGFS Gas (Sri Lanka) declined by 14% to Rs. 13,712Mn and LAUGFS GAS (Bangladesh) by 12.5% to Rs. 8,517Mn.
- → External revenue from the transportation and logistics declined to Rs. 51Mn compared to Rs. 391Mn last year.





GROSS PROFITS

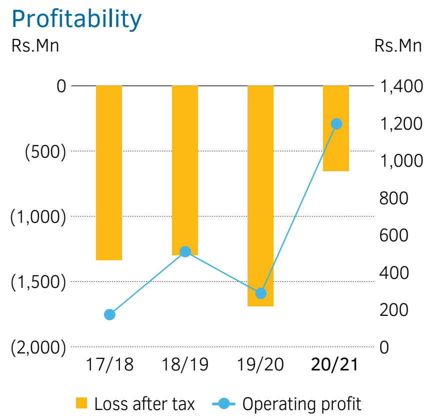
Group gross profits increased by 32% to Rs. 3,735Mn and Group gross margins marginally increased to 11%. Several factors continued to impact the costs of the Group including the currency depreciation and fluctuating contract prices in the world market. Although propane contract prices set by Saudi Aramco continued to decline during 2020, the prices surged during the first quarter of 2021 reaching the highest in two and half years of USD 604 per MT in March 2021. This had a significant impact on the Group as retail prices of LPG used for domestic use in Sri Lanka is set by the Consumer Affairs Authority. Despite volatile contract prices, the retail price of a 12.5 kg refill cylinder was maintained in line with last year at Rs. 1,493. The lack of a cost reflective pricing formula in the industry severely affected profitability and margins and during the last quarter of the financial year, gross margins dropped to (29%) compared to (4%) in the comparable period last year in LAUGFS Gas (Sri Lanka).



OPERATING PROFITS

Earnings before interest and taxes (EBIT) increased to Rs. 1,320Mn compared to Rs. 606Mn last year supported by the revenue growth. Operating margins improved to 3% in 2020/21 compared to 1% last year.

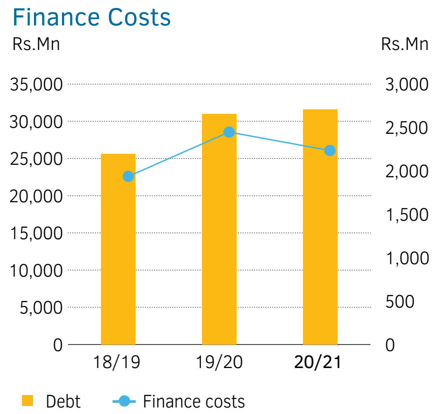
- → Other operating income declined by 13% to Rs. 703Mn.
- → Selling and distribution costs increased by 5% to Rs. 2,210Mn with the changes in the distribution model as discussed on page no 45.
- → Administration costs declined by 9% to Rs. 1,065Mn.
- → Exchange gain amounted Rs. 33Mn and reversed the exchange loss of Rs. 62Mn reported last year.



BORROWINGS AND FINANCE COSTS

Total debt marginally increased to Rs. 31,562Mn. However, finance costs declined by 9% to Rs. 2,235Mn as market interest rates significantly declined during the year. As short-term borrowings formed 43% of total debt, the group benefitted from the fluctuations in market interest rates.

- → Net finance costs remained in line with last year at Rs. 2,228Mn.

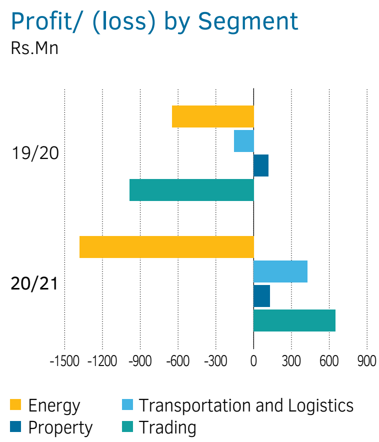


PRE-TAX AND POST TAX PROFIT

The commendable revenue growth strengthened the financial performance of the group despite several pressures faced during the year. Losses before tax significantly reduced to Rs. 915Mn compared to Rs. 1,842Mn last year.

Loss after tax was 61% lower than last year and amounted to Rs. 658Mn. Loss after tax attributable to equity holders amounted to Rs. 686Mn. Loss per share amounted to Rs. 1.77 compared to Rs. 4.44 last year.

- → Loss after tax of the energy sector increased by 113% to Rs. 1,384Mn.
- → The trading sector recovered from the losses reported in the previous year, with profit after tax amounting to Rs. 647Mn supported by the commercialisation of the trading services.
- → The transportation and logistics segment reported a profit after tax of Rs. 427Mn compared to loss Rs. 157Mn last year.



The Capitals Report

Financial Capital

FINANCIAL POSITION

ASSETS

Total assets of the group increased by 6% to Rs. 42,046Mn. Non-current assets, forming 81% of group assets marginally increased to Rs. 33,871Mn.

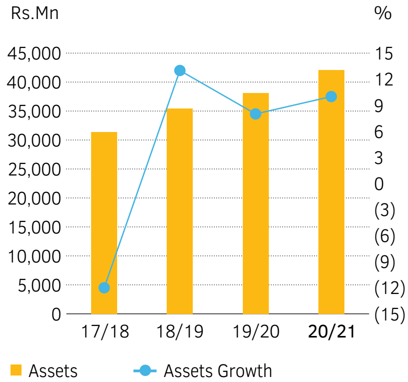
The net book value of property, plant and equipment amounted to Rs. 27,110Mn in line with last year. Capital investments amounted to Rs. 1,194Mn and was primarily incurred on cylinders in hand and in circulation Rs. 629Mn, Fire Water Storage Project Rs. 210Mn and Dry Docking Cost of Vessels Rs. 151Mn. Depreciation increased by 24% to Rs. 1,586Mn.

Other non-current assets

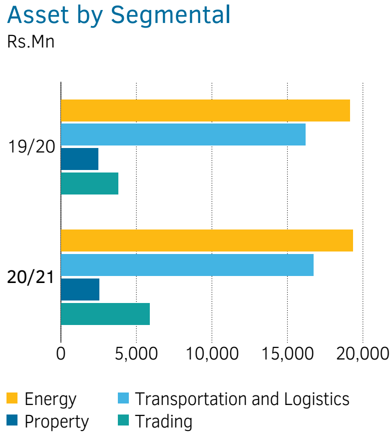
- → Value of Investment property increased by 4% to Rs. 2,878Mn.
- → Intangible assets increased by 2% to Rs. 2,888Mn.

Current assets primarily driven by inventories, increased by 23% to Rs. 8,175Mn. Value of inventory significantly increased to Rs. 2,956Mn compared to Rs. 1,578Mn. Trade and other receivables increased by 10% to Rs. 4,482Mn.

Asset Growth



Asset by Segmental



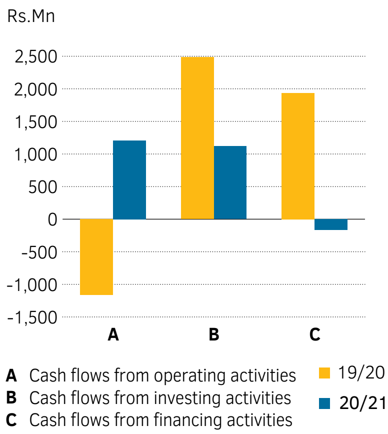
CASH FLOW AND WORKING CAPITAL MANAGEMENT

Cash and short-term deposits of the Group declined by 54% to Rs. 312Mn.

Cash flows from operating activities improved to Rs. 1,207Mn with the increase in revenue and effective working capital management. However, cash outflows from investing and financing activities of Rs. 1,119Mn and Rs. 162Mn impacted overall cash flows leading to net cash outflow of Rs. 75Mn during the year.

The current ratio of the Group increased to 0.34 times. The quick assets ratio of the Group declined to 0.22 times compared to 0.24 times last year.

Cash Flows



CAPITAL STRUCTURE

Total liabilities of the Group increased by 7% to Rs. 41,501Mn.
Non- current liabilities accounting for 43% of total liabilities declined by 2% to Rs. 17,675Mn as long-term borrowings were repaid during the year.

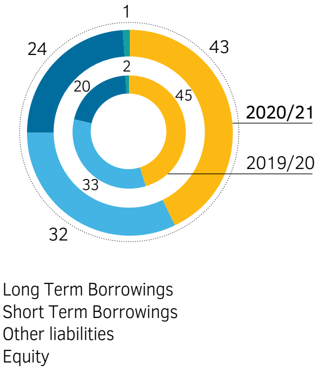
Current liabilities increased by 14% to Rs. 23,825Mn as trade payables and short-term borrowings increased during the financial year.

Total interest-bearing debt marginally increased to Rs. 31,562Mn. During the year, the proportion of short-term debt increased to 43% of Group debt.

Equity declined by 31% to Rs. 546Mn as retained losses amounted to Rs. 3,192Mn compared to Rs. 2,336Mn last year.

Funding Mix - Group

%



The Capitals Report

Social & Relationship Capital

At LAUGFS, we advocate the principle of Growing Together. We support our stakeholders by caring for our people, serving our communities, and nurturing the trust of consumers with high quality, safe and reliable LPG solutions.

Supporting Our Consumers

Quality

Branded and quality certified cylinders (SLS 1178:2013)

Products comply with international quality standards

Technical teams to serve consumers and handle complaints.

Storage, Filling and Distribution Process standards (SLS 1196 / SLS 1178/NFPA 58 / ISO 9001:2015 / ISO 45001-2018)

Convenience

Activated home delivery options

Mobile gas stores visited high density areas to serve consumers.

Centralised customer hotline 1345

Online ordering and payment options

Availability

Island-wide presence

A strong supply chain ensure product availability.

Corporate alliances with leading retail chains. (Elite ABANS showrooms)

Consistent product supply despite quarantine and lockdown periods.

Health and safety

Clear safety instructions in labels in all three languages.

We take several measures to assess the health and safety of our products and service. Purchase of branded cylinders, routine health and safety audits, clear safety instructions are some of the measures taken by the Group.

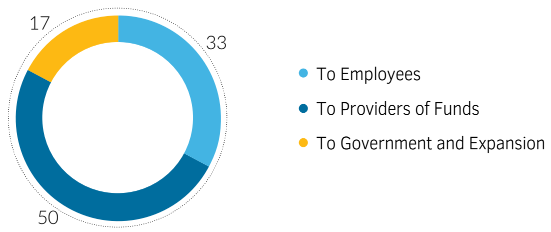
A TRUSTED BRAND

Despite the challenges of COVID-19, lockdowns, and mobility restrictions, which affected our ways of working with our people, partners, and communities, we continued uninterrupted throughout the year with health and safety being our priority.

BUSINESS PARTNERS

- Financial assistance to purchase motorbikes for home deliveries
- 2,526 new dealers joined our network
- Safety audits of dealer premises

Economic Value Distribution
%



SUPPLIERS

- We network with approximately 4,776 suppliers.

COMMUNITIES

- Offered opportunities to small scale distributors in various localities by outsourcing deliveries to third party three wheelers and small-scale transporters.
- Rs. 7.5Mn CSR investments.
- 68 safety awareness sessions.

100% of crew for vessels recruited from Sri Lanka	**94%** of senior management from local communities

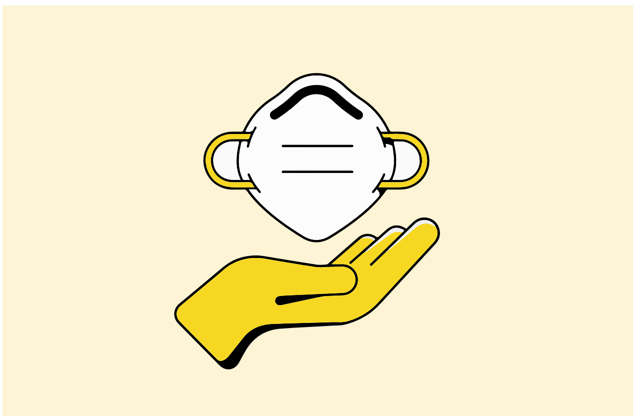
The Capitals Report

Social & Relationship Capital

We continued to work together with communities…

Donated gas cylinders, regulator packs, gas cookers and sanitisers to the Biyagama Hospital and Sapugaskanda police station.

Digital platforms improved customer connectivity and convenience.



Donated face masks to Hambantota Hospital, Police, Navy and Army.

During the year, we also ensured compliance with the following GRI standards which are voluntarily adopted by the Group.

CUSTOMER

416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None
417-2	Incidents of non-compliance concerning product and service information and labelling	None
417-3	Incidents of non-compliance concerning marketing communications	None

SUPPLIERS

407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	None
408-1	Operations and suppliers at significant risk for incidents of child labour	None
409-1	Operations and suppliers at significant risk for incidents of forced labour	None
414-2	Negative social impacts in the supply chain and actions taken	None

COMMUNITIES

411-1	Incidents of violations involving rights of indigenous peoples	None
413-2	Operations with significant actual and potential negative impacts on local communities	None

OTHER

205-3	Confirmed incidents of corruption and actions taken	None
206-1	Legal actions for anti-competitive behaviours	None
410-1	Security personnel trained in human rights policies and procedures	None
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	All
415-1	Political contributions	None
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	None
419-1	Non-compliance with laws and regulations in the social and economic area	None

The Capitals Report

Manufactured Capital

The assets that make us a leading integrated LPG player in Sri Lanka and Bangladesh in addition to reaching global clients.

MONETISED VALUE OF OUR MIDSTREAM BUSINESS

LAUGFS Maritime Services	LAUGFS Terminals	SLOGAL
Rs. 2,668Mn	Rs. 14,058Mn	Rs. 5,870Mn

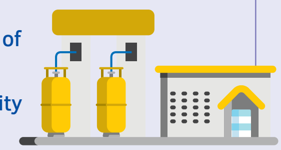
MIDSTREAM

Transportation

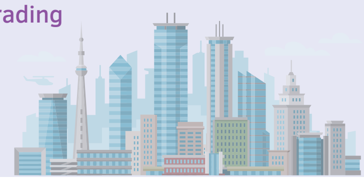
Three LPG tankers

Storage

38,150 MT of bottling and filling capacity



Trading



MONETISED VALUE OF OUR DOWNSTREAM BUSINESS

LAUGFS GAS (Bangladesh)	LAUGFS GAS (Sri Lanka)
Rs. 6,862Mn	Rs. 45,431Mn

DOWNSTREAM

Distribution centres

31 Sri Lanka

175 Bangladesh

Delivery vehicles

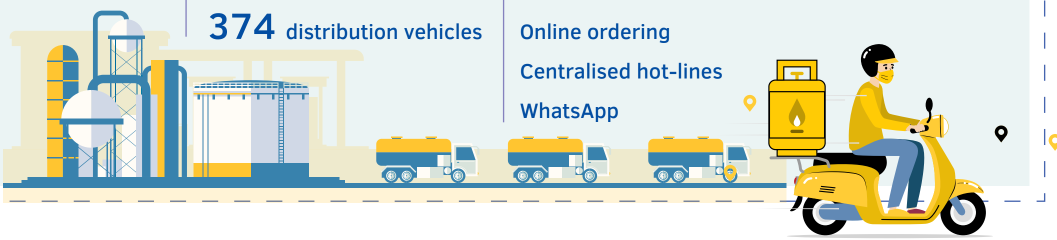
374 distribution vehicles

Ordering platforms

Online ordering

Centralised hot-lines

WhatsApp



ASSETS BY TYPE

Investment properties

Rs. 2,878Mn

88,082 square feet rentable space

Land and Building

Rs. 2,230Mn

Plant and machinery

Rs. 14,529Mn

Other

Cylinders in hand and in circulation - Rs. 7,737Mn

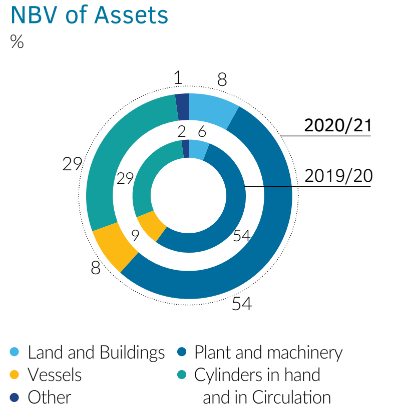
Vessels - Rs. 2,111Mn

NBV OF PPE BY TYPE

The net book value of the Group property, plant, and equipment (PPE) marginally increased to Rs. 27,110Mn.

The key factors influencing value of PPE.

- → Investments amounted to Rs. 1,194Mn.
- → Disposals of PPE of Rs. 143Mn.
- → Depreciation increased by 24% to Rs. 1,586Mn.
- → Other adjustments such as transfers and exchange differences.

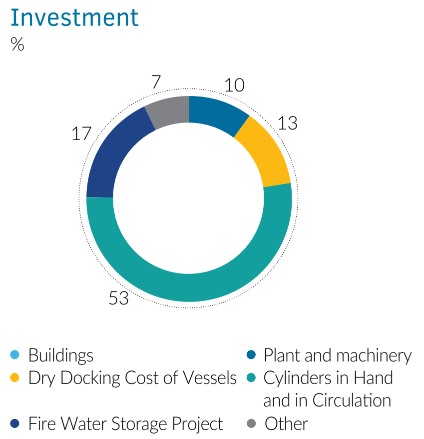


INVESTMENTS

Capital expenditure

The Group invested Rs. 629Mn during the year primarily on building up the inventory of cylinders in hand and in circulation.

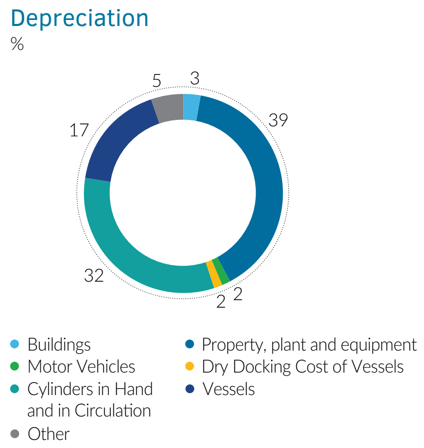
- → A predominant part of the capital expenditure was incurred by the energy sector amounting to Rs. 1,035Mn.



DEPRECIATION

The total depreciation of the Property, plant and equipment increased by 24% to Rs. 1,586Mn.

- → The energy sector accounted for 59% of the Group depreciation charge followed by the transportation and logistics segment.



The Capitals Report

Intellectual Capital

Annual Report Awards 2019 (Gold Award in Power and Energy Sector)

Our brand, reputation, strategic partnerships, know-how, distribution channels, value chain synergies and digital investments differentiate our Group and drives the competitive edge in the industry.

INITIATIVES

NUMBER ONE

BRAND AND REPUTATION

The LAUGFS brand is renowned in Sri Lanka and Bangladesh for delivering trusted LPG solutions for over 27 years. Our brand is backed by firm corporate values, governance policies and a company culture that embraces change and challenges.

STRATEGIC RELATIONSHIPS

Partnering with communities, distributors, dealers, and suppliers has always been a core part of our business. These relationships and networks were established over several years. Our initiatives to grow these networks are discussed on pages 60 to 63.

AN AGILE BUSINESS MODEL

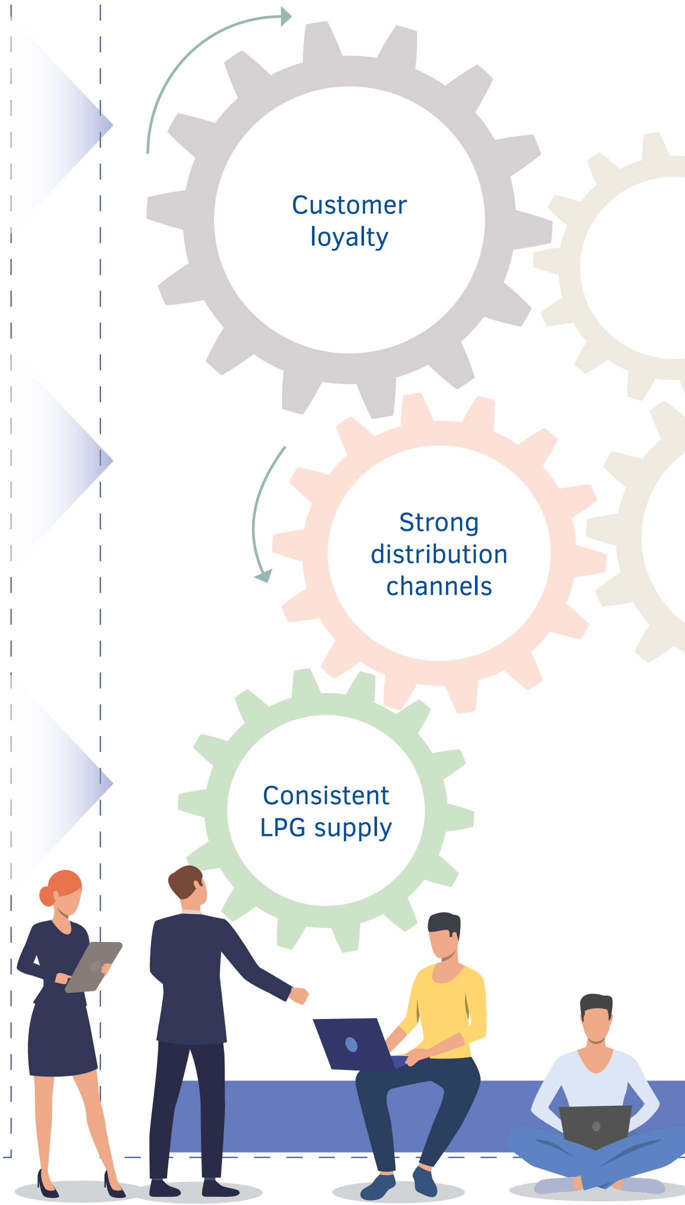
We introduce value added services and new ways of reaching consumers. During the year, the changes to our business model was pivotal in the face of a challenging environment.

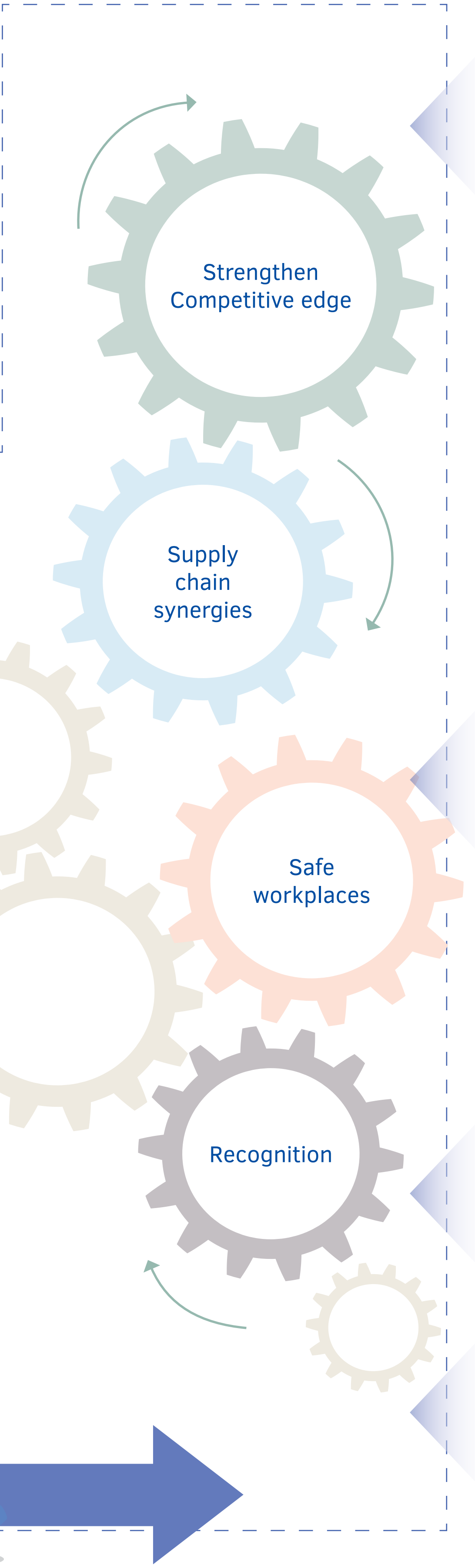
We embraced a remote operational model with

- → Investment in technology
- → Outsourcing of distribution
- → Home deliveries

The commitment of our people and business partners played a key role in driving the changes to our business model.

BENEFITS TO THE GROUP





INDUSTRY KNOW-HOW

We have in place a fully-fledged business model with world class assets including the LAUGFS terminal which is one of its kind in South Asia. As a specialised LPG operator, we strive to be efficient. Our operational excellence is driven through:

- Capacity enhancement
- Up-to-date technology and systems to manage customer relationships, supply chain and employee performance. The Group SAP ERP system integrates the supply chain activities of the Group.
- Training and development of staff
- Quality improvement projects
- Compliance with international standards.

GROUP LINKAGES

The five subsidiaries of the Group specialise in various parts of our value chain covering procurement, transportation, logistics and distribution. These services are also extended to external clients. During the year, cumulative value of in-house services was Rs. 18,358Mn, 52% change to last year. Services delivered to external customers amounted to Rs. 35,534Mn, 31% change to last year.

These Group interconnections enable the Group to benefit from supply chain synergies and minimises supply chain risks. During the year, the significant changes in our supply chain include:

1. Process improvements
2. Commercialisation of the midstream supply chain of the Group.

HEALTH AND SAFETY

Adopting a strong health and safety framework is a priority to us, and in order to implement this:

- We initiated safety trainings and awareness sessions for our employees.
- Emergency evacuation plans and periodic emergency drills were carried out in compliance with all national and international safety and health standards.
- Providing vaccinations to all employees working at LAUGFS terminals.

CERTIFICATIONS AND STANDARDS

We conform to several international standards covering health & safety and quality. Our certifications cover OSHAS, ISO 45001 and Lloyds Registry including:

- International Safety Management Code (ISM)
- Safety of Life at Sea (SOLAS) regulations
- Marine Pollution Regulations (MARPOL)
- Standards of training certification and watch keeping (STCW)

The Capitals Report

Intellectual Capital

HEALTH AND SAFETY

We adopt a comprehensive health and safety framework given the combustible nature of our product. These health and safety standards extend beyond our organisation to distribution centres and retailers. The Group Health, Safety and Environment Policy statement describes the commitment of the Group to prevent injuries, health issues and damage to property and the environment.

Downstream business

- Products and product packaging comply with national/ international quality standards and industry best practises.
- Cylinders are purchased from certified suppliers and cylinder requalification plant installed close to the filling plant premises.
- Storage tanks, pipelines and cylinders are designed, constructed, installed, operated and maintained at own premises and customer premises complying with national and international standards.
- Safety audits
  During the year, we conducted 86 safety audits for distributors; 142 at Dealer premises and 58 audits for Bulk customers and 149 audits for Commercial customers.

Midstream business

- Zero tolerance policies of LAUGFS Maritime.
- Safety of vessels by complying with International Safety Management code (ISM) and Lloyd's Register standards.
- State-of-the-art fully automated storage terminals which are rated by Lloyds Register.
- World Class Safety Health and environmental Management systems.
- Zero accident concept
- Environment protection and emission control measures maintained as per national and international standards set up by IMO-Marine Pollution Regulations (MARPOL).

Other initiatives

- Safety trainings and awareness sessions
- Periodic maintenance of plant and equipment
- Emergency evacuation plans and periodic emergency drills comply with all national and international safety and health standards.
- Safety guidelines and gas leak detecting equipment maintained as per industry best practices and international requirements
- Safety awareness programmes for local communities

The changes to our health and safety frameworks due to COVID-19:

- Extended contract periods of crew members to cover quarantine period.
- Vaccinations provided to all employees working at LAUGFS terminals.

CERTIFICATIONS AND STANDARDS

Technical

- NFPA; ASME; ASTM; API; ADR; BS
- SLS; Factories Ordinance

Health and safety

- OSHAS quality certifications
- ISO 45001
- Certifications from Lloyds Registry
  - International Safety Management Code (ISM)
  - Safety of Life at Sea (SOLAS) regulations
  - Marine Pollution Regulations (MARPOL)
  - Standards of Training Certification and Watch keeping (STCW)

Product/Service Quality

- ISO 9001
- SLS

Memberships

- Member of World Liquid Petroleum Gas Association (WLPGA)
- Member of LPG Operators Association of Bangladesh (LOAB)
- Member of Sri Lanka Bangladesh Chamber of Commerce

Health and safety incidents

Accidents

LG PLC	2020/21
LTA	0
MTC	06
Transporter vehicle accident	03

Zero

Oil spills, accidents, and other pollution incidents

Incidents at dealer premises

LG PLC	2020/21
Distributor-Vehicle accident	03
Dealer fire incident	01

The Capitals Report

Human Capital

A committed workforce contributed materially to our ability to deliver value during the year. A specialised and agile team together with efficient work processes enabled us to swiftly move towards a remote business model in the wake of the pandemic which led to lockdowns, quarantine periods and mobility restrictions.

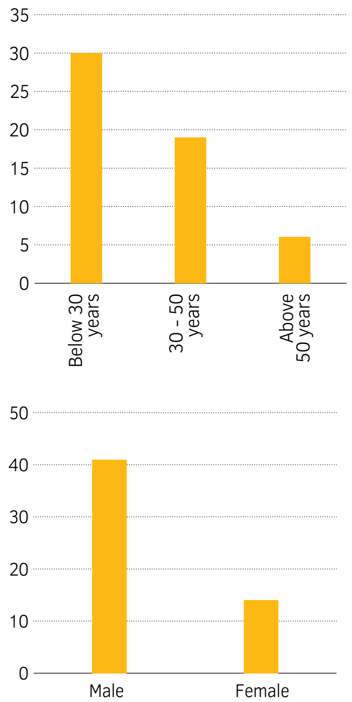
OUR WORK FORCE

Permanent	Probation	Contract wise	By geography	By activity
332 Male	14 Male	14 Male	305 Sri Lanka	342 Downstream
35 Female	01 Female	08 Female	99 Bangladesh	55 Midstream
				07 Services

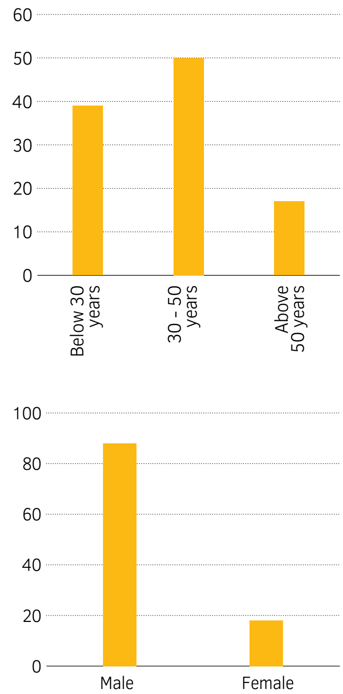
There are no part-time employees in our cadre.

MOVEMENTS IN OUR CADRE

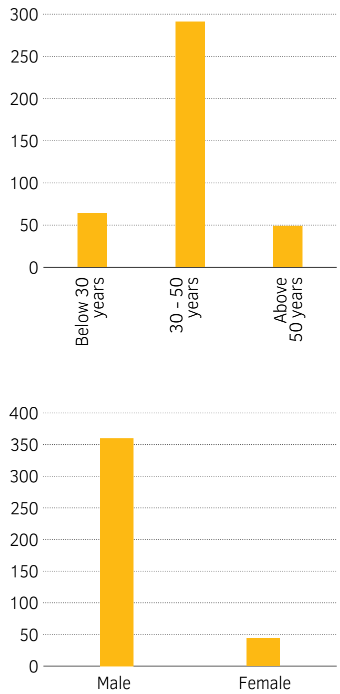
Recruitments
55



Attrition
106



Total workforce
404



Currently, region-wise data are not tracked.

A DIVERSE AND INCLUSIVE STAFF PROFILE

MEETING THE NEEDS AND EXPECTATIONS OF OUR EMPLOYEES

A WORK ENVIRONMENT THAT EMBRACES DIVERSITY AND AN ETHICAL CULTURE

STRONG GOVERNANCE AND POLICIES

We adopt the HR framework of LAUGFS Holdings. Human resource management of LAUGFS Gas is overseen by the Director/Group Chief Human Resource Officer (DCHRO) and four HR partners who head the five subsidiaries of the Group. Monthly HR review meetings are chaired by the DCHRO and the HR business partners.

Policy Framework

A total of 17 policies are part of our strong policy framework which cover all key aspects of human resource management including recognition, health and safety and ethics. Our framework also includes the Employee Code of Conduct and the underlying principles of the Group including:

- Disclosure Agreement

We also recognise the human rights and freedom of association of employees. During the year, there were no collective bargaining agreements and no instances of child labour, forced or compulsory labour and no incidents related to corruption and discrimination reported during the year.

Ethics

- Disciplinary Policy
- Grievance Policy
- LAUGFS Code of Conduct
- Social Media Policy

Talent development and recognition

- Learning and Development Policy
- Internal Job Posting Policy

Health and Safety

- Health and Safety Policy
- Medical Insurance Policy

Remuneration and benefits

- Retirement Policy
- Leave Policy
- Attendance Policy
- Recruitment and Selection Policy
- Onboarding Policy
- Fuel Allowance Policy
- Policy on Payment and Reimbursement of Expenses

Group Managing Director

Senior Management

- Director/CEO - Gas Sri Lanka & Bangladesh (Chaminda Ediriwickrama)
- Director/CEO - Terminals (Ananda Premachandra Resigned on 20th November 2020)
- Director/CEO – SLOGAL Energy (Moiz Rehmanjee Resigned on 31st July 2020)
- Director/CEO - Maritime Services (Leslie Hemachandra)
- Head of Group Security & Administration - Property (Devinda Perera)
- Director/Group CHRO (Sajith Wickramaarachchi)
- Group GM HR (Priyanka Kumarage)

SBU HR Partners

- Head of HR (Noran Kapuge)
- Assistant Manager - HR (Samantha Gayan)
- Executive Talent Development (Dinithi Perera - Resigned on 14th March 2021)
- Manager Talent Engagement and Development (Roshani Fernando)

The Capitals Report

Human Capital

A WORK ENVIRONMENT THAT MAXIMISES EMPLOYEE PRODUCTIVITY

FAIR REMUNERATION AND BENEFIT SCHEMES

During the year, we paid Rs. 1,471Mn as employee salaries and benefits. All our subsidiaries were on par with the minimum age requirements of the Wages Boards Ordinance and we ensured our minimum wages are on par. We also facilitated flexible working hours for executive staff members due to the outbreak of COVID-19.

Benefits for permanent employees include the following:

- Gas coupons and free meals for employees working for LAUGFS Gas (Sri Lanka).
- Comprehensive health insurance schemes.
- Educational aid and professional membership claims.
- Gift vouchers for achievers.
- Special risk allowance for essential services.
- Free uniforms.
- Birthday gift.
- Festival advance.
- Death donation.
- Gift for new child-birth.
- Book donation for employee's children and scholarship programme for higher education.

Three days of paternity leave and 84 working days of maternity leave.

Parental leave	2020/21
Employees entitled to parental leave	404
Employees on parental leave	6
Employees who returned to work during the period after parental leave	6
Return to work rate of employees on parental leave	100%

RECOGNITION

During the year, we continued to use the online performance management systems (PMS) to monitor employee performance and the key performance indicators and 100% of our workforce was covered by the PMS.

We also continued with the following initiatives:

- Performance moderations
- Promotion moderations
- Compensation and benefits linked to performance

PRODUCTIVITY ENHANCEMENTS

With the ongoing challenges of COVID-19 and limited availability of labour, we focused extensively on enhancing productivity and operational efficiency through:

- Multi-tasking
- Inhouse training and development programmes
- Streamlined work processes
- Work from Home process

HEALTH AND SAFETY

Ensuring strict health and safety standards is imperative in our business. We have in place several measures to ensure a health and safe environment for stakeholders across the value chain. Policies, procedures, and guidelines are communicated to employees in both geographic locations including Sri Lanka and Bangladesh.

Our joint management worker health and safety committees included:

- HSE team – **30** members of which steering committee is **31** members and joint safety committee is **05** members.
- Emergency response team - **48** members
- Fire- fighting team - **67** members.
- First aid team – **53** members

We spent **1,522** training hours on health and safety in addition to safety audits every quarter.

- **357** participants

Average training hours by gender

Male training hours is **345**

Female training hours is **12**

Reported injuries	2020/21
First aid injuries	7
Rate of injuries	8
Work related injuries	1
Absentee rate	0.019
Lost day rate	0.1% <
Work related fatalities	1
Injury rate (No of injuries per 100 people) was 1%	

Training workshops

- 457 toolbox trainings
- Safety week
- First aid and other emergency trainings
- Induction trainings

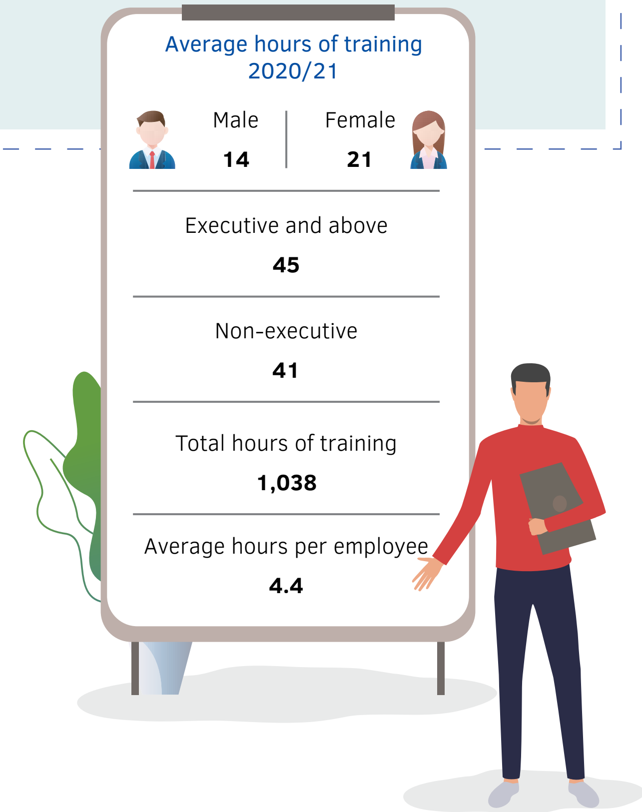
TRAINING AND DEVELOPMENT

Despite the challenges during the year, we have successfully launched the very first internally designed and facilitated Management Development Programme – LAUGFS Top Gun Programme. This special talent development initiative was developed to strengthen the required levels of LAUGFS Leadership competencies. This initiative have fostered a positive learning and development culture with shared ownership. Continuous awareness and guidance programmes enabled employees swiftly move towards the new business model implemented by the Group with the outbreak of COVID-19.

A total of **1,038** training hours was attended by **234** employees.

Types of programmes included;

- Leadership programmes
- Soft-skills programmes
- Technical programmes



The Capitals Report

Human Capital

Connecting with our workforce despite the outbreak of the pandemic.

LAUGFS Mastermind Quiz Competition won by LAUGFS Gas PLC

Toastmaster International - Area 05 Division E - LAUGFS Toastmaster was placed as Second Runner Up at the Table Topics and Prepared Speech contest.

Top Gun Management Development Programme.

We take pride in mentioning the creativity of our employees who designed and fabricated COVID-19 related safety items internally including:

Table separators made of natural items.

Foot operated washbasins made of damaged cylinders.

COVID-19 Quiz competition winners.

The Capitals Report

Natural Capital

We power the energy needs of households, industries, and commercial businesses with sustainable and low carbon LPG solutions.

LPG is considered an affordable and clean energy source by the World LPG Association

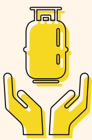
Goal 7

Affordable and Clean Energy

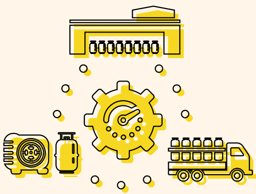
Ensure access to affordable, reliable, sustainable and modern energy for all.

7 AFFORDABLE AND CLEAN ENERGY

The positive environmental impacts of using LPG compared to other fossil fuels

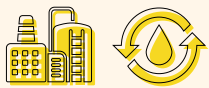


Easy and safe handling



High efficiency

Improves air quality and reduces emissions as LPG produces comparatively less CO_2 emissions when burnt



Low carbon and clean burning.

Compared to other fossil fuels, LPG is relatively low carbon. It also has no black carbon (or PM) emissions

At LAUGFS, we are committed to deliver a positive impact to our environment. We propagate an environmentally-conscious culture across the Group and strictly adhere to environmental regulations.

The Group Sustainability Committee nurtures an environmentally-conscious culture through awareness and implementation of sound health, safety and environmental (HSE) policies.

WE MEASURE AND REPORT OUR ENVIRONMENTAL IMPACTS.

Energy consumed	Water consumed	Waste water discharged	Oil spills	Carbon emissions
255,556,350 MJ	82,834 m^3	9,275 m^3	None	Direct emissions declined by 15% to 4,462,235 MT

The Capitals Report

Natural Capital

OUR INPUTS

MATERIALS

During the year we used 162,409 MT of renewable materials and 181,291 MT of non- renewable materials. Steel, being our main raw material is fully reusable and during the year, recycled input materials formed 31% of our material consumption.

We also minimised the use of non-renewable materials by 8.1% during the year.

MT	2020/21	2019/20
Material used by weight - Renewable	162,409	162,079
Materials used by weight - Non-Renewable	181,291	197,406
Recycled input materials used by weight	160,251	159,458
% reclaimed products and their packaging materials	None	None

WATER

Interactions with water

The Group water requirements are primarily sourced from the National Water Supply Board. During the year, the water consumed by the Group increased by 11% to 82,834 m3 and was primarily consumed in the day-to-day operations of the business.

We measure both our water footprint and water related impacted such as the disposal of waste- water.

During the year, the Group continued the water recycling initiatives, and a significant part of the water consumption was met through recycled water which increased by 54% to 64,500 m3.

In addition, we minimised any water impacts by ensuring the safe disposal of waste-water and the installation of water treatment plants.

Water consumed (m3)	2020/21	2019/20
Water withdrawn by source		
Surface water	2,171	5,306
Municipal water	12,338	23,656
Other	3,825	3,922
Water recycled and reused	64,500	42,001
Water consumed	82,834	74,885

ENERGY

During the year, the Group energy consumption reduced by 36% to 4,272,403 MJ as the pandemic and lockdown measures led to a decline in the production activities.

Our primary energy source continued to be electricity and diesel with a minimal part of energy sourced from renewable sources such as solar energy.

We improved energy efficiency by eliminating processes such as fork-lifting and prime mover shunting at our filling plants in Mabima.

We also measure the energy consumed outside the organisation which increased by 3% during the year to 56,168,183 MJ.

Energy consumed by the Group	2020/21	2019/20
Energy consumed within the organisation		
Electricity (MJ)	4,272,403	6,636,046
Fuel (MJ)	251,274,681	192,692,127
Non-renewable energy consumed	255,556,350	199,333,927
Energy consumed outside the organisation (Ltrs).	56,168,183	54,669,595
Energy intensity Only calculated for LAUGFS Gas (Company) (Energy consumed (MJ)/ materials consumed (MT).	314	554.5

BIODIVERSITY

We own 30 acres of landscape of which 50% was dedicated for inland waters with bio-diversity.

Our leased land include:

- 5 HA of surface land from the Hambantota Port Authority (HIPG).
- 4.244.24 HA of surface land from the Port Authority in Bangladesh.

Our initiatives to protect biodiversity.

- Our operational sites do not fall into the zone of protected areas and are located within a safe distance of high biodiversity values.
- LAUGFS Gas Sri Lanka dedicated 50% of its 12.14 hectares of land for inland waters with biodiversity.
- No significant impacts on biodiversity reported.
- No negative impacts on IUCN Red list species and national conservation list species in the areas we operate in.

ENVIRONMENTAL COMPLIANCE

Ensuring strict environmental compliance is a priority to us and we comply with all mandatory environmental laws and regulations in addition to adopting voluntary practices and installing treatment plants to minimise environment risks.

We complied with all relevant environmental laws, certifications, standards and guidelines as described below. There were no significant fines or monetary sanctions for non-compliance with environmental laws or regulations during the year.

LAUGFS Maritime

- Garbage management plan
- Ballast water management plan
- Ship energy efficiency plan
- MARPOL compliance
- Environmental management system
- IMO regulation on sulphur cap
- Implementation of global emission standards

LAUGFS Gas (Sri Lanka)

- Central Environmental Authority and all environmental regulations from local bodies.

LAUGFS GAS (Bangladesh)

- Environmental Authority and Bangladeshi environmental regulatory requirements.

Other initiatives

- Impact assessments and feasibility studies undertaken on new projects to identify any environmental risks.
- Ballast water treatment plant installed in Gas Challenger and will be installed to other vessels in near future.

The Capitals Report

Natural Capital

ENVIRONMENTAL IMPACTS

We work on several initiatives to minimise our environmental impact such as waste, effluents, and emissions.

Management approach

Waste management

The Group monitors the different types of waste discharge including both solid waste and wastewater. Water treatment plants are installed at filling and bottling plants and LPG vessels to ensure any water discharge is treated prior to disposal. In addition, solid waste is safely disposed through registered suppliers.

EVALUATING THE IMPACT OF CLIMATE CHANGE

Climate change has a significant impact on the operations of our business as we depend on natural resources such as oil and gas.

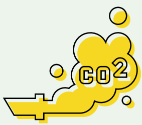
We strive to contribute positively to our environment.

We evaluate the environmental impacts of using firewood and conventional fuels in cooking and industrial applications.

We help mitigate the climate risks by supplying low carbon burning fuel as a substitute for conventional energy sources.

OUR ENVIRONMENTAL IMPACTS / INITIATIVES TO MINIMISE THE IMPACTS

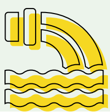
Emissions



We strive to reduce green house gas emissions (GHG) through :

- Supplying clean and low carbon LPG solutions to consumers.
- Complying with environmental laws and regulations and emission guidelines.
- Conforming to strict safety policies across the value chain. The zero tolerance policy of LAUGFS Maritime ensures the safety of our LPG tankers and minimises the likelihood of spill and leakages.
- Periodic assessment, audits and gas leak detecting equipment prevent any risks of gas leaks at plants and distributor locations.
- We ensure no ozone-depleting substances and other significant air emissions from our activities.
- During the year, the direct emissions (scope 1) of the Group reduced by 15% to 4,462,235MT.
- Indirect emissions (scope 2) reduced by 36% to 531,962 MT

Effluents and waste

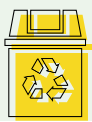


- Waste is treated prior and safely disposed or recycled and reused.
- Ballast water treatment plants are installed in LPG vessels.

Waste water

- Waste water treatment plants installed in filling and bottling plants ensured water is treated prior to being discharged to water bodies. During the year, no water bodies were affected by the discharge of water and waste water discharge reduced by 36% to 9,275 m3.

Solid waste



- Paper, plastic and food was safely disposed through registered suppliers
- No hazardous waste generated or transported during the year
- No incidents of oil spill

Effluents and waste	2020/21
Non-Hazardous waste (Kg)	6,603
Hazardous waste (Kg)	0
Waste-water (M3)	9,275

Emissions (MT) $MTCo_2e$	2020/21
Direct (scope 1)	4,462,235
Indirect (scope 2)	531,962
Other indirect (scope 3)	4,193,057

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Independent Assurance Report

Building a better working world

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Independent Assurance Report to LAUGFS Gas PLC on the Sustainability Reporting Criteria Presented in the Integrated Annual Report- 2020/21

Introduction and scope of the engagement

The management of LAUGFS Gas PLC ("the Company") engaged us to provide an independent assurance on the following elements of the sustainability reporting criteria presented in the annual report- 2020/21("the Report").

- Reasonable assurance on the information on financial performance as specified on page 6 of the Report.
- Limited assurance on other information presented in the Report, prepared in accordance with the requirements of the Global Reporting Initiative GRI Standards: 'In accordance' – Core guidelines.

Basis of our work and level of assurance

We performed our procedures to provide limited assurance in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE 3000): 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information', issued by the Institute of Chartered Accountants of Sri Lanka ("CASL").

The evaluation criteria used for this limited assurance engagement are based on the Sustainability Reporting Guidelines ("GRI Guidelines") and related information in particular, the requirements to achieve GRI Standards 'In accordance' - Core guideline publication, publicly available at GRI's global website at "www.globalreporting.org".

Our engagement provides limited assurance as well as reasonable assurance. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with SLSAE-3000 and consequently does not enable to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an opinion providing reasonable assurance.

Management of the Company's responsibility for the Report

The management of the Company is responsible for the preparation of the self-declaration, the information and statements contained within the Report, and for maintaining adequate records and internal controls that are designed to support the sustainability reporting process in line with the GRI Sustainability Reporting Guidelines.

Ernst & Young's responsibility

Our responsibility is to express a conclusion as to whether we have become aware of any matter that causes us to believe that the Report is not prepared in accordance with the requirements of the Global Reporting Initiative, GRI Standards: 'In accordance' - Core guidelines. This report is made solely to the Company in accordance with our engagement letter dated 27 May 2021. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Company or for any purpose other than that for which it was prepared. In conducting our engagement, we have complied with the independence requirements of the Code for Ethics for Professional Accountants issued by the CASL.

Key assurance procedures

We planned and performed our procedures to obtain the information and explanations considered necessary to provide sufficient evidence to support our limited assurance conclusions. Key assurance procedures included:

- Interviewing relevant company personnel to understand the process for collection, analysis, aggregation and presentation of data.
- Reviewing and validation of the information contained in the Report.
- Checking the calculations performed by the Company on a sample basis through recalculation.
- Reconciling and agreeing the data on financial performance are properly derived from the Company's audited financial statements for the year ended 31 March 2021.
- Comparison of the content of the Report against the criteria for a Global Reporting Initiative, GRI Standards: 'In accordance' – Core guidelines.

Our procedures did not include testing electronic systems used to collect and aggregate the information.

Independent Assurance Report

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Limitations and considerations

Environmental and social performance data are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

Conclusion

Based on the procedures performed, as described above, we conclude that;

- The information on financial performance as specified on page 6 of the Report are properly derived from the audited financial statements of the Company for the year ended 31 March 2021.
- Nothing has come to our attention that causes us to believe that other information presented in the Report are not fairly presented, in all material respects, in accordance with the Company's sustainability practices and policies some of which are derived from Sustainability Reporting Guideline, GRI Standards-'In accordance' Core.

Ernst + Young

Ernst & Young

30 June 2021
Colombo

Propelling PROGRESS

Stewardship

Statutory Reports

Board of Directors

1 **Deshabandu W. K. H. Wegapitiya**
Group Chairman

2 **Mr. U. K. Thilak De Silva**
Group Deputy Chairman

5 **Mr. Dilshan Perera**
Group Finance Director

6 **Mr. Tissa Bandaranayake**
Independent Non-Executive Director

9 **Mr. Anil Tittawella**
Independent Non-Executive Director

3 Mr. Piyadasa Kudabalage
Group Managing Director/GCEO

4 Mr. Chaminda Ediriwickrama
Director/CEO

7 Mr. Murali Prakash
Independent Non-Executive Director

8 Prof. Sampath Amaratunge
Independent Non-Executive Director

10 Mr. Lalith Withana
Independent Non-Executive Director

Board of Directors

1

DESHABANDU W. K. H. WEGAPITIYA
Group Chairman

Mr. W. K. H. Wegapitiya is the founder Chairman of LAUGFS Holdings Limited, the Parent Company of LAUGFS Gas PLC, one of the highly-diversified business groups in Sri Lanka, having its presence in a wide business spectrum, such as LPG distribution, petroleum, lubricants, power generation, property development, shipping, heavy engineering, automobile services, leisure and restaurants, consumer retailing, manufacturing of salt, and manufacturing of industrial solid tyres. He functioned as the Executive Chairman and the Group CEO of LAUGFS Gas PLC at the time it was listed in the Colombo Stock Exchange in 2011, and as a part of the Group management succession plan, handed over the role of Group CEO to the newly-appointed Group MD, and currently functions as Group Chairman. He holds a degree in (B.Sc) Business Administration from the University of Sri Jayewardenepura, and obtained his MBA from the Post Graduate Institute of Management (PIM). Currently, he is reading for his PhD at the Post Graduate Institute of Management (PIM).

In 1995 he was instrumental in creating Gas Auto Lanka (Pvt) Limited, the initial enterprise of the now diversified LAUGFS Holdings Limited. The visionary leadership, remarkable entrepreneurship and his extra ordinary personal traits to withstand and overcome all adversities thrown in his way, enabled him to succeed in all his endeavours to create the business conglomerate “LAUGFS”, during a comparatively short period of time. A popular figure in the local entrepreneurial community in Sri Lanka as a success story, he was recognised as the best entrepreneur of the country many times. He is a frequent speaker, presenter and a panellist on topics such as “Business Excellence”, “Leadership” and “Entrepreneurship” organised by a variety of organisations. He is a well-known personality in the global LP gas and energy circles and also a regular participant and a speaker at international forums on LP gas and energy management. Presently he serves as a Board member of Sri Lanka Telecom PLC. He served on many public and private sector institutes as a honorary member of the management. He was a Board member of Mobitel (Pvt) Limited, past Chairman of the Chamber of Young Lankan Entrepreneurs (COYLE), former Senior Vice President of FCCISL, Executive Council member of FCCISL, Executive Committee member of Ceylon Chamber of Commerce, member of National Pay Commission, and Council member of University of Sri Jayewardenepura.

2

MR. U. K. THILAK DE SILVA
Group Deputy Chairman

Mr. Thilak De Silva served as the Group Managing Director of LAUGFS Holdings Ltd. and all its subsidiaries from the inception in the year 1995, until the new Group MD was appointed as a result of the Group management succession plan. Thereafter, he is presently serving as the Group Deputy Chairman of this highly-diversified business conglomerate. The Group is engaged with the widest landscape in business in the country, consisting of LP Gas downstream operations, petroleum fuel distribution, blending, storage distribution and sale of lubricants, maritime services including ownership and management of gas carriers, heavy engineering, vehicle emission testing, property development, leisure and hospitality with ownership and management of star class hotels, consumer retail chains, fast food chains, manufacture and export of solid tyres, manufacture and export of pharmaceuticals and IV solutions, hydro, solar and other types of renewable energy generation.

He was instrumental in the phenomenal growth of “LAUGFS”, one of the household brands, in Sri Lanka with over 50,000 customers across the country looking forward for its products and services on a daily basis for their varying needs. Mr. De Silva’s untiring efforts, business acumen and industry knowledge amply supplemented by his undisputed and amazing charisma have driven the business operations to greater heights and also made an indelible imprint in the glorious story of growth and development of the Group.

Mr. Thilak De Silva hails from a widely known, well-respected family with business interests from southern Sri Lanka, having had its lucrative operations in the south and in the central highlands. He had his primary and secondary education in the country and moved to the United Kingdom for his undergraduate studies in the sphere of engineering technology in the first instance, followed by a study in operations management. Having qualified from the prestigious institutions in the United Kingdom in both disciplines he returned to Sri Lanka to take up the mantle of the family business as its Executive Director. However in the year 1995 he was compelled to leave the business in the able hands of the rest of the family to join with his erstwhile colleague to commence the ground-breaking initiative of “LAUGFS” to convert vehicles driven by traditional fuels into LPG driven ones. This initiative proved to be the turning point that laid the foundation for the creation of a massive business conglomerate, and the rest is history.

Mr. De Silva has been a member, mover and a participant of number of entrepreneur and management development programmes conducted in the country and overseas. He was a recipient of a scholarship from the Association for Overseas Technical (AOTS) programmes in Japan in the year 2003. He is a regular participant in many LP Gas business forums conducted at various parts of the world over the years and widely connected to the industry personalities in the energy sector.

3

MR. PIYADASA KUDABALAGE

Group Managing Director/ GCEO

Mr. Piyadasa Kudabalage was appointed as the Group Managing Director and Group Chief Executive Officer of LAUGFS Holdings Limited and all its subsidiary companies with effect from 21st May 2020. He performs the overall provision of supervisory and leading the management of all the subsidiary companies under LAUGFS Holdings Limited.

Mr. Kudabalage has an extensive and impressive career spanning well over 35 years, both in the leading and reputable public and private sector organisations in a diverse landscape of businesses across, plantation management, insurance, banking and finance, leisure and hospitality, power and energy and industrial manufacture.

Mr. Kudabalage had occupied the top-rung positions in all sectors he was engaged with. He was the Managing Director/Chief Executive Officer of Sri Lanka Insurance Corporation Ltd, Litro Gas Lanka Ltd. and Canwill Holdings (Pvt.) Ltd. (Hyatt Hotel Group); former Director of People's Bank and all its subsidiaries, People's Leasing & Finance PLC and all its subsidiaries, Seylan Bank PLC, Ceybank Asset Management Limited and Colombo Dockyard PLC; and was also the former Chairman of Merchant Bank of Sri Lanka, Ceylon Asset Management PLC and E-Channeling PLC. Presently, Mr. Kudabalage serves as the Chairman of Alerics Dairy Product (Pvt.) Limited and Piccadilly Cafe Limited. He is also carrying out a reputable audit firm as a sole proprietorship under his name. He is a well-qualified and experienced professional and also an alumni of the University of Kelaniya from where he graduated in Business Administration and Management. Besides, he is a Fellow member of the Institute of Chartered Accountants of Sri Lanka and also a Fellow member of the Institute of Certified Management Accountants and the Institute of Chartered Professional Managers of Sri Lanka.

In consideration of his outstanding career achievements, the "Professional Excellence Award" was awarded to Mr. Kudabalage by the Institute of Chartered Management Accountants of Sri Lanka in year 2014 and also "Prasada Sambawana" award was granted to him by the University of Kelaniya in year 2014 for the excellent service rendered to the Government of Sri Lanka.

4

MR. CHAMINDA EDIRIWICKRAMA

CEO

(Resigned as a director w.e.f. 01st July 2021)

Mr. Ediriwickrama is a Management Specialist with hands-on experience in marketing, business development, portfolio management, business process re-engineering and general management. He has over 25 years' experience as practitioner, consultant and facilitator in the given fields. Mr. Ediriwickrama possesses a Diploma in Marketing, a MBA, a MSc and has extensive training both locally and internationally on marketing, BPR and general management. Mr. Ediriwickrama has been a dynamic change agent and catalyst contributing strategic BD and BPR initiatives for number of large organisations.

He possesses experience in trading, business and market development, high end project initiatives, manufacturing/ assembly, agribusiness, industrial selling, construction and retailing businesses and involved in handling marketing management, channel management, business development, branding and marketing communication, general management and commercial management including supply chain management.

Mr. Ediriwickrama earlier held the position of Director - Sales and Marketing/Corporate Affairs at Litro Gas Lanka Limited and Litro Gas Terminal Lanka Limited (formerly SHELL Gas Lanka Ltd.) and Senior Vice President of Brown & Company PLC. He was the Chairman and Board Member at the State Development and Construction Corporation under the Ministry of Housing and Construction. In addition, he has held many Board positions and senior management positions at various corporate entities. Mr. Ediriwickrama is a Fellow Member of the Sri Lanka Institute of Marketing and he is also a Fellow Member Charted Management Institute (CMI UK).

5

MR. DILSHAN PERERA

Group Finance Director

(Resigned as a director w.e.f. 20th April 2021)

Mr. Dilshan Perera joined the Group to give leadership to the finance function transformation. He is a senior finance professional with almost 20 years of experience. He brings forth extensive expertise on a broad spectrum of finance functions, including strategy, business transformations, mergers and acquisitions, treasury management, credit, taxation and outsourced processors in different business/ industrial environments. He was the Finance Director of Hela Clothing Group, where he led the Finance, Commercial and IT functions which gave leadership for business transformation. He has also served as the Chief Financial Officer of the Hirdaramani Group, and has held senior positions in a number of blue chip companies including John Keells Group and KPMG.

Mr. Dilshan Perera is currently a Director of the LAUGFS Gas PLC and LAUGFS Gas (Bangladesh) Limited. He holds a BSc degree in Business Administration and is an Associate Member of CA Sri Lanka as well as the Chartered Institute of Management Accountants of the UK. He is also a Member of Sri Lanka Institute of Directors (SLID).

Board of Directors

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MR. TISSA BANDARANAYAKE

Independent Non-Executive Director

(Resigned as a director w.e.f. 30th June 2021)

Mr. Bandaranayake, a Fellow of the Institute of Chartered Accountants of Sri Lanka and a Bachelor of Science from the University of Ceylon, represents the Board of LAUGFS Gas PLC from September 2010 and serves as the Chairman of the Audit Committee. Mr. Bandaranayake possesses over 45 years of experience in the fields of accounting, auditing and finance and was a Senior Partner of Ernst & Young until his retirement from active practice.

At present, he serves as the Chairman of the Quality Assurance Board established by the Institute of Chartered Accountants of Sri Lanka. He was a former Chairman of the Audit Faculty of the Institute Chartered Accountants of Sri Lanka. He holds Directorships in Nawaloka Hospitals PLC, Harishchandra Mills PLC, Overseas Reality (Ceylon) PLC, Renuka Foods PLC, Renuka Holdings PLC, Micro Holdings Limited, Brown & Co. PLC and Samson International PLC in an independent Non-Executive capacity, while serving as a Consultant to the Board of Directors of Noritake Lanka Porcelain (Pvt) Ltd.

Mr. Bandaranayake has the honour of being inducted to the Hall of Fame of the Institute of Chartered Accountants of Sri Lanka in recognition of his contribution towards the development of the accountancy profession, the business world and the country.

7

MR. MURALI PRAKASH

Independent Non-Executive Director

Mr. Murali Prakash serves as a Non-Executive Director of several public quoted and private entities. He currently serves on the boards of LAUGFS Gas PLC, LAUGFS Power PLC, LAUGFS Leisure Limited, LAUGFS Eco Sri Limited, Dankotuwa Porcelain PLC, Colombo City Holdings PLC, Millennium I.T. E.S.P. (Pvt) Ltd and Millennium IT ESP Singapore (Pte) Limited.

With over 35 years of experience handling key management positions in the areas of general management, strategic restructuring, investments/credit management, manufacturing, marketing / sales and business consultancy, some of his previous roles include serving as Group Managing Director/Chief Executive Officer of Ambeon Holdings PLC/Ambeon Capital PLC, Executive Director of LAUGFS Holdings Group, Group Managing Director/CEO of Browns Group of Companies, Chairman of Galoya Holdings (Pvt) Ltd and Sales Director of Singer (Sri Lanka) PLC. He has also served on the Boards of Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC Ltd and Singer Finance (Lanka) PLC and several other public, private and quoted companies over the years.

Mr. Prakash holds an MBA from the University of Southern Queensland and is a Certified Professional Marketer (Asia Pacific) and a Certified Management Accountant (Australia). He additionally holds an Executive Diploma in Business Administration from the University of Colombo and is an Alumnus of the National University of Singapore and the Asian Institute of Management, Manila. He is also a Fellow Member of the Chartered Management Institute (London) and Certified Professional Managers, Sri Lanka.

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PROF. SAMPATH AMARATUNGE

Independent Non-Executive Director

Professor Sampath Amaratunge, a visionary and builder of organisations, astute university administrator, academic par-excellence, renowned business consultant and humanist is presently serving as the Chairman of the University Grants Commission. He served as the Vice Chancellor, University of Sri Jayewardenepura, and was also appointed as the Chairman of the Committee of Vice Chancellors and Directors Sri Lanka (CVCD) 2019.

Professor Amaratunge, BA (Hons.) in Economics from the University of Sri Jayewardenepura, MA in Economics from the University of Colombo, MSc. In Economics of Rural Development from Saga National University and Ph.D. from Kogoshima National University in Japan, counts over 27 years' service in the University of Sri Jayewardenepura. An authority in Rural Economic Development, Professor Amaratunge has won several awards including the prestigious Research Excellence Award (2002) of the Kyushu Society of Rural Economics, Japan. He has over 75 refereed publications to his credit, both locally and internationally.

Having provided yeoman service as Dean, Faculty of Management Studies and Commerce, University of Sri Jayewardenepura (2008-2014) in completing several important infrastructure development projects and setting up of specialty facility units for undergraduate and postgraduate level education, Professor Amaratunge continued his organisation building endeavours under his stewardship as Vice Chancellor (2014-2017) of the university. Thus, he spearheaded setting up of two new Faculties of Study, Engineering and Technology, to the existing cluster of five (Faculties of Arts and Humanities, Management Studies and Commerce, Applied Sciences, Medicine and Graduate Studies). He served with distinction as Chairman, Federation of University

Teachers Associations (FUTA) of Sri Lanka (2009 - 2012), a period studded with noteworthy achievements such as establishing sister unions, a research grant scheme for academics and a facility scheme for entry at grade one for their children. Professor Amaratunge had the honour of being the youngest appointed member of the University Grants Commission (2010), and held key positions in several State commissions of importance. In addition, not confining his services to the academia, he sits on Boards of Management of several prominent corporates as an Independent Director.

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MR. ANIL TITTAWELLA

Independent Non-Executive Director

Anil Tittawella is a lawyer in the field of civil law speculating in commercial and corporate law and has an extensive professional career. Previously, Mr. Tittawella was a member of the Ceylon Chamber of Commerce Committee on Company Reforms (1993) and a member of the Sri Lanka Swedish joint legal team to devise the new Arbitration Act of Sri Lanka (1994-1997). He was the Legal Consultant to the Airport and Civil Aviation Authority of Sri Lanka (1994-1997). Mr. Tittawella was also a commission member of the Securities and Exchange Commission of Sri Lanka from 2000 to 2002 and a Member of the Insurance Board of Sri Lanka from 2001 to 2002. Mr. Tittawella is an Attorney-at-Law of the Supreme Court of Sri Lanka admitted to the bar in 1985 and was appointed President's Counsel in 2005 and holds Solicitors (final) Examination of the Law Society of the United Kingdom. He also holds a Master in Law (Hons) from the University of Waikato, New Zealand. Tittawella currently holds board positions as an independent non-elective director with Ceylon Tobacco Company PLC and Orient Finance PLC (in which he serves as the Chairman of the board).

10

MR. LALITH WITHANA

Independent Non-Executive Director

Mr. Lalith Withana has held management positions in the corporate sector for over 25 years, during which he had held senior management positions in banking, manufacturing and trading for more than 25 years. He has worked with many organisations such as Brandix Group, Ernst & Young, Amsterdam Rotterdam (Amro) Bank, IBM World Trade, Corporation & Carson Cumberbatch, Ceylon Tea Services Limited and Yamaha Corporation in (USA).

Mr. Withana served as the Group Chief Finance and Administrative Officer for Sri Lankan Airlines and later as the Chief Executive Officer in its subsidiary Sri Lankan Catering till very recently. He is currently serving as the founder and Managing Director of Agility Consulting Services (Pvt) Ltd.

He has previously served as an Independent Director on the Boards of Bank of Ceylon, Dankotuwa Porcelain PLC, Merchant Bank of Sri Lanka PLC, Ceylease Limited and Seylan Bank. Mr. Withana has also been a Commissioner of the Telecommunication Regulatory Commission.

Mr. Withana holds a Master of Business Administration (MBA) Degree from the University of Sri Jayewardenepura, Colombo and a Bachelor of Arts (BA) Hons. Degree from the University of Manchester Metropolitan, UK. He is a Fellow member of the both Chartered Institute of Management Accountants (FCMA), UK, and the Institute of Chartered Accountants of Sri Lanka (FCA). He is also a Project Management Professional at the Project Management Institute (PMI), USA.

Corporate Management

Mr. Chaminda Ediriwickrama
Chief Executive Officer
LAUGFS Gas PLC

Mr. Ranjith Jayawardena
Chief Executive Officer
LAUGFS Gas (Bangladesh) Ltd.

Mr. Leslie Hemachandra
Director/CEO
LAUGFS Maritime Services (Pvt) Ltd.

Maj Gen Devinda Perera (Rtd.)
Head of Group Security and Administration
LAUGFS Property Developers (Pvt) Ltd.

Mr. Dilshan Perera
Group Finance Director

Mr. Sajith Wickramaarachchi
Director/
Group Chief Human Resource Officer

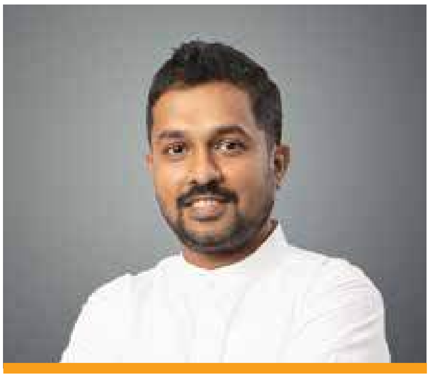
Mr. Dhammika Cabral
Director/
Group Head of Supply Chain

Mr. K. L. Lasantha Bandara
Group Chief Financial Officer

Ms. Samanthi Haddegoda
Head of Legal

Mr. Sanjeeva Wickramasinghe
Head of Group Risk & Control

Mr. Gayan Ranasinghe
Senior Manager - IT
Development, Data Centre & IT Projects



Dr. Mayura Neththikumarage
COO – LAUGFS Gas (Bangladesh) Ltd.
Country Manager – SLOGAL ENERGY DMCC

Mr. Kulamithra Bandara
General Manager
Operations

Mr. Damith Roshan Senerathmudali
General Manager - Finance
LAUGFS Gas Sri Lanka and Bangladesh

Mr. Noran Yasis Kapuge
Head of Human Resources
LAUGFS Gas Sri Lanka and Bangladesh

Corporate Governance

Leadership and sound corporate governance were key to navigating a year of uncertainty and converging challenges. The Board strengthened its oversight functions and aligned strategy and resource allocation to the dramatically changed operating environment. Balancing stakeholder concerns became an even higher priority as the pandemic gave rise to exigencies that needed to be managed.

LEGAL REQUIREMENTS

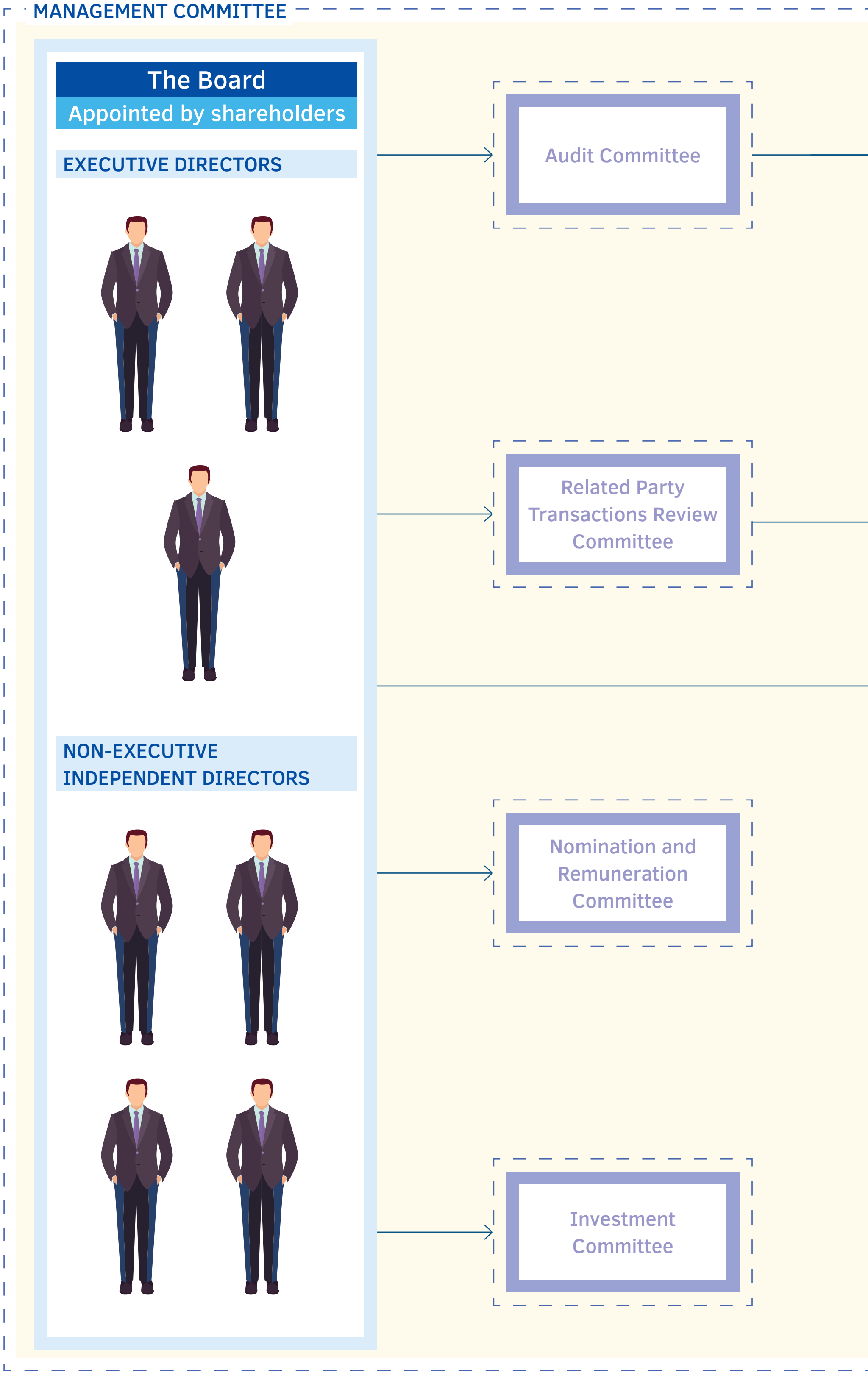
- Companies Act No.7 of 2007
- Shop & Office (Regulation of Employment & Remuneration) Act No.19 of 1954
- Colombo Stock Exchange Listing Rules
- Consumer Affairs Authority Act No.9 of 2003 and Orders and Directions issued by the Consumer Affairs Authority
- Inland Revenue Act No.24 of 2017

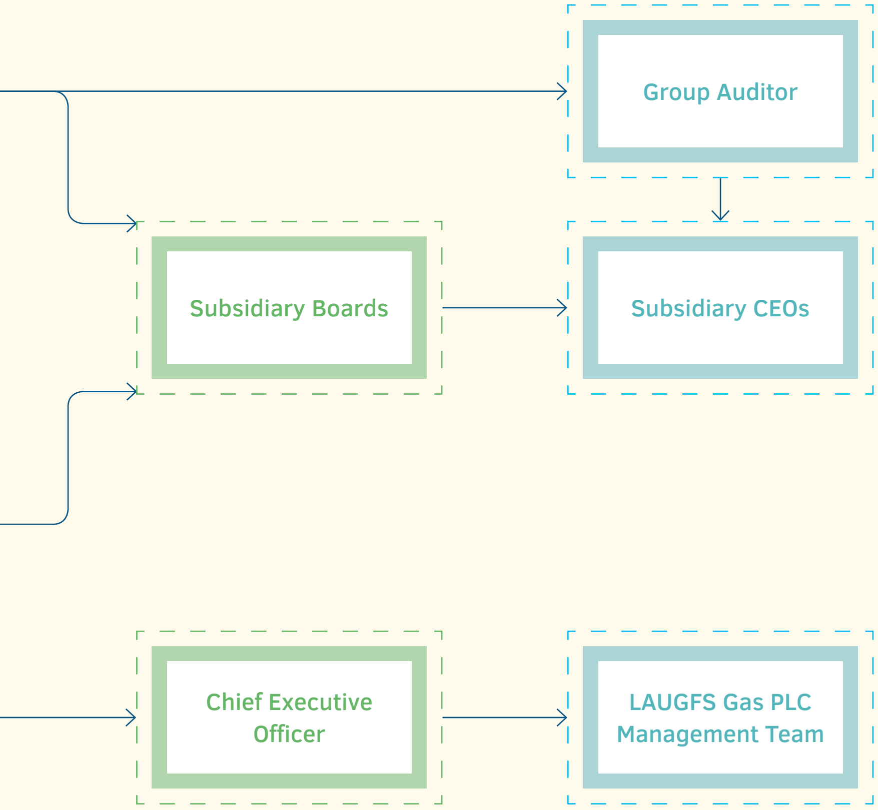
VOLUNTARY CODES ON GOVERNANCE

- Code of Best Practice on Corporate Governance

A SUSTAINABLE MINDSET

- Integrated Reporting Framework
- GRI Standards





2020/21 HIGHLIGHTS

- Appointment of Mr. Piyadasa Kudabalage as Group Managing Director/Chief Executive Officer effective from 21st May 2020
- Disclosure of COVID-19 impacts to shareholders in accordance with the requirements of the Colombo Stock Exchange
- First virtual Annual General Meeting of the Shareholders held on 29th October 2020
- Rebound of performance in the 1st half of the year 2020/21
- Increase in rigour of oversight by the Board in the wake of the COVID-19 pandemic
- Restructuring operations of the Group to maximise utilisation of assets
- Resignation of the following Directors:
  - Mr. H. A. Ariyaratne – effective from 13th February 2021
  - Mr. Dilshan Perera – effective from 20th April 2021
  - Mr. T.K. Bandaranayake – effective from 30th June 2021
  - Mr. C.D. Ediriwickrama – effective from 1st July 2021
- Appointment of the following Directors:
  - Mr. A. Tittawella – effective from 14th June 2021
  - Mr. L. Withana – effective from 14th June 2021

Corporate Governance

LAUGFS Gas has established a sound corporate governance framework to facilitate operations of the Group in line with the regulatory requirements and the Code of Best Practice on Corporate Governance (the Code) while other frameworks support the tone and alignment of priorities for the Board. Accordingly, we have structured the Corporate Governance report in line with the requirements of the Code.

Code of Best Practice on Corporate Governance

THE COMPANY

The Board
11 Principles

Directors' Remuneration
3 Principles

Relations with Shareholders
3 Principles

Accountability & Audit
5 Principles

SHAREHOLDERS

Institutional Investors
2 Principles

Other Investors
2 Principles

Internet of Things & Cyber Security
5 Principles

Sustainability Reporting

A. THE BOARD

- ☑ A.1 An Effective Board
- ☑ A.2 Chairman & Chief Executive Officer
- ☑ A.3 Role of Chairman
- ☑ A.4 Financial Acumen
- ☑ A.5 Board Balance
- ☑ A.6 Supply of Information
- ☑ A.7 Appointments to the Board
- ☑ A.8 Re-election
- ☑ A.9 Appraisal of Board Performance
- ☑ A.10 Disclosure of Information in Respect of Directors
- ☑ A.11 Appraisal of Chief Executive Officer

The LAUGFS Gas PLC Board consists of 8 Directors as at 31st March 2021 of whom three are Independent Non-Executive Directors. A sufficiency of financial acumen on a collective basis is established by the presence of two chartered accountants during the year. Corporate Advisory Services (Pvt) Ltd., serve as Company Secretaries while PW Corporate Secretarial (Pvt) Ltd. serve as the Registrars which are leading firms in the field. The Company Secretaries provide Secretarial input for Board proceedings, maintain Board minutes and other Board records.

Mr. W. K. H. Wegapitiya serves as the Chairman of the Group while Mr. Thilak De Silva serves as the Deputy Chairman of the Group and Mr. P. Kudabalage serves as the Group Managing Director/ Group Chief Executive Officer. The Chairman of the Company is responsible for the effective functioning of the Board with the active participation of both Executive and Non-Executive directors and due regard to their insights, opinions and exercise of professional judgement. The GCEO of the Group is accountable to the Board for implementation of strategic plans approved by the Board and for providing timely and sufficient information regarding the progress on agreed key performance indicators and compliance with regulatory requirements and Board approved policies and procedures.

The Board has sub-committees comprising a smaller number of directors assisting the Board in discharge of duties as follows:

	Board Committee & Composition	Mandate
Mandatory Committees	**Audit Committee**	
	Comprises Non-Executive, Independent Directors with at least one member having current membership of a reputed professional accountancy body. Current members are: → Mr. T.K. Bandaranayake (resigned w.e.f. 30th June 2021) → Mr. N.M. Prakash → Prof. Sampath Amaratunge → Mr. A. Tittawella (appointed w.e.f. 14th June 2021) → Mr. L. Withana (appointed w.e.f. 14th June 2021)	Oversight of → External financial reporting obligations of the Company, including its obligations under the Colombo Stock Exchange Listing Rules, Rules/ Regulations of the Securities and Exchange Commission and Companies Act No. 7 of 2007. → Review and evaluate the performance of the Company's internal audit function and risk management. → Preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards. → Maintaining an effective system of internal control, compliance with legal and regulatory requirements that may have a material impact on the Company and its Financial Statements. Compliance with Code of Best Practices on Corporate Governance jointly advocated by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). → Evaluating and reviewing the independence of the External Auditors. Making a recommendation to the Board on the appointment, reappointment, Dismissal, service period and audit fee of the External Auditor. → Pre-approve all auditing and non-audit services performed by the external audit firm.
	Nomination and Remuneration Committee	
	Comprises three Non-Executive Directors of whom are independent. Current members are: → Mr. T.K. Bandaranayake (resigned w.e.f. 30th June 2021) → Mr. N.M. Prakash → Prof. Sampath Amaratunge (Chairman) → Mr. A. Tittawella (appointed w.e.f. 14th June 2021)	→ Determine Remuneration Policy for the Group including incentives and equity options. → Ensure effective implementation of performance appraisal systems and their alignment with the Remuneration Policy. → Performance appraisal of the Chief Executive Officer, Managing Director and Chief Executive Officers of subsidiary companies. → Succession planning and appointment of Key Management Personnel → Determining compensation in the event of early retirement/resignation of executive directors.
	Related Party Transactions Review Committee	
	Comprises three Non-Executive Directors and the Chairman is a Non-Executive, Independent Director. Current members are: → Mr. N.M. Prakash (Chairman) → Mr. T.K. Bandaranayake (resigned w.e.f. 30th June 2021) → Mr. A. Tittawella (appointed w.e.f. 14th June 2021) → Mr. L. Withana (appointed w.e.f. 14th June 2021)	To monitor and regulate Related Party Transactions of the Group in line with the requirements under Section 09 of the CSE listing Rules in order to monitor and regulate Related Party Transactions in the best interests of the shareholders.
Voluntary Committees	**Investment Committee**	
	Comprises two Executive Directors and one Non-Executive Director: → Mr. U.K. Thilak De Silva (Chairman) → Mr. A. Tittawella (appointed w.e.f. 14th June 2021) → Mr. W.K.H. Wegapitiya → Mr. N.M. Prakash → Mr. P. Kudabalage	→ Meets weekly with effect from this year. → Evaluating potential investment opportunities. → Regular monitoring of return on investments of projects. → Overall direction of the Group. → Review of business operational results.
	Management Committees	
	Comprises of Executive Directors : → Mr. W.K.H. Wegapitiya (Chairman) → Mr. U.K. Thilak De Silva → Mr. P. Kudabalage	→ Making recommendations to the Board on the overall strategic direction of the Group. → Review of business operational results.

Corporate Governance

The Chairman of the Board and the respective committees provide inputs on the agenda which is compiled together with the secretaries of the committees who are responsible for convening the meetings and coordinating administrative matters relating to conduct of Board and Sub-Committee Meetings. The Chairman is also responsible for ensuring Directors have the Board papers at least one week prior to the Board meeting allowing sufficient time to prepare for the Board meetings. This is done via the in-house developed platform for secure conveyance of Board papers.

Attendance

Director	Board Meetings	Audit Committee	Related Party Transactions Review Committee
Mr. W.K.H. Wegapitiya	10/10	4/4	4/4
Mr. U.K. Thilak De Silva	10/10	3/4	3/4
Mr. H.A. Ariyaratne (resigned w.e.f. 13th February 2021)	8/10	4/4	4/4
Mr. T.K. Bandaranayake (resigned w.e.f. 30th June 2021)	9/10	4/4	4/4
Mr. N.M. Prakash	10/10	4/4	4/4
Mr. Dilshan Perera (resigned from the Board of directors w.e.f. 20th April 2021)	10/10	4/4	4/4
Prof. Sampath Amaratunge	10/10	4/4	4/4
Mr. P. Kudabalage	9/10	4/4	4/4
Mr. C. D. Ediriwickrama (resigned from the Board of directors w.e.f. 01st July 2021)	10/10	4/4	4/4
Mr. A. Tittawella (appointed w.e.f. 14th June 2021)	-	-	-
Mr. L. Withana (appointed w.e.f. 14th June 2021)	-	-	-

Role and Responsibilities of the Board

Roles and responsibilities of the Board and the Company Secretary are set out below. All Directors have access to the Company Secretaries for advice and clarification and their appointment and removal are a matter for the Board as a whole. Directors can seek independent professional advice at the expenses of the Company when deemed necessary, strengthening the quality of information considered in making decisions.

Authority has been delegated to the Group Managing Director/GCEO and Corporate Management on clearly defined aspects to enable implementation of strategies approved by the Board. A schedule of matters reserved for the Board is set out alongside.

Matters Reserved for the Board

- Investments, acquisitions and disposals of a significant nature
- Changes to the scope of the Group's activities
- Capital expenditure of a significant nature
- Appointment and dismissal of KMPs
- Appointment and removal of the Company Secretary
- Significant borrowings
- Performance review
- Appraisal of performance of the CEO

Role & Responsibilities of the Board

- Providing strategic direction for the Group, inputs strategic plans including resource allocation to enable accomplishment of corporate goals
- Setting in place robust governance structures and a sound policy framework to ensure compliance with applicable regulatory requirements of the countries we operate in and industry best practice
- Effective stewardship of the Company's resources through sufficiently robust systems of internal control and management of risk
- Ensuring that the corporate management team have the required skills, experience and knowledge for implementation of strategy
- Review and approval of major acquisitions, disposals and capital expenditure
- Effective shareholder communication and maintaining high standards of disclosure, reporting, ethics and integrity across the Group

Company Secretaries

- Corporate Advisory Services (Pvt) Ltd. have been appointed as Company Secretaries
- PW Corporate Secretarial (Pvt) Ltd. serve as Registrars

Determining Independence of Directors

Independent Directors have submitted signed declarations of independence which were used to determine their independence in accordance with the Continuing Listing Rules of the CSE.

Name of Director/Capacity	Shareholding	Management/ Director[1]	Material Business Relationship[2]	Employee of Company[3]	Family Member a Director or CEO	Nine Years of Continuous service
Executive Directors						
Mr. W.K.H. Wegapitiya	Yes	Yes	Yes	Yes	No	Yes
Mr. U.K. Thilak De Silva	Yes	Yes	Yes	Yes	No	Yes
Mr. Dilshan Perera (resigned from the Board of directors w.e.f. 20th April 2021)	No	Yes	No	Yes	No	No
Mr. C. D. Ediriwickrama (resigned from the Board of directors w.e.f. 01st July 2021)	No	Yes	No	Yes	No	No
Non-Executive Independent Directors						
Mr. T.K. Bandaranayake (resigned w.e.f. 30th June 2021)	No	No	No	No	No	Yes
Mr. N.M. Prakash	No	No	No	No	No	No
Prof. S. Amaratunga	No	No	No	No	No	No
Mr. A. Tittawella (appointed w.e.f. 14th June 2021)	No	No	No	No	No	No
Mr. L. Withana (appointed w.e.f. 14th June 2021)	No	No	No	No	No	No

1. Have shares of the Company
   Director of a listed Company in which they are employed, or having a significant shareholding with voting rights more than 10% of total or have a business connection where the transaction value is equivalent to or more than 10% of the turnover of the Company.
2. Income non-cash benefits derived from Company equivalent to 20% of annual income
3. Employed by Company two years immediately preceding appointment

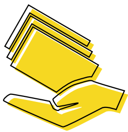
Appraisal of Board Performance

An annual self-assessment is carried out by the Board in line with the requirements of the Code and the summarised results are discussed with the Board at the first meeting of each financial year. Evaluations cover at a minimum:

- Clarity of roles and responsibilities
- Effectiveness of Board/Committee procedures
- Participation
- Areas for improvement

Corporate Governance

DIRECTORS' REMUNERATION



Directors' Remuneration

- ☑ B.1 Remuneration Procedures
- ☑ B.2 The Level and Makeup of Remuneration
- ☑ B.3 Disclosure of Remuneration

The role of the Remuneration Committee of the Group is to assist the Board in determining Group Remuneration policy and the Remuneration of the Directors. Remuneration of key management personnel is designed to attract and retain exceptional talent and motivate high levels of performance to drive growth of our business. Total remuneration of Executive Directors and executives have an appropriate balance between fixed and variable components, reflecting the risk appetite of the company. At present there are no employee share ownership schemes in operation.

Compensation of Non-Executive Directors is recommended by the Remuneration Committee to attract and retain Directors with sufficient experience and skills considering the time commitment expected in determining the fees. Fees received by NED/IDs are approved by the Board and reviewed annually by the Remuneration Committee to align with comparable entities. Total remuneration paid to Directors is disclosed on page 198 of this report.

SHAREHOLDER RELATIONS

Relations with Shareholders

- ☑ C.1 Constructive use of AGM and General Meetings
- ☑ C.2 Communication with shareholders
- ☑ C.3 Major and material transactions

We aim to provide reliable and accurate information to shareholders in a timely manner reflecting the quarterly and annual performance of the Company and Group in line with the requirements of the CSE. Concise explanations are provided on material matters to ensure adequate coverage of the subject. Announcements and price sensitive information about the Group are promptly communicated to the CSE and released to shareholders, press and employees as deemed appropriate.

The Annual General Meeting is a key mechanisms for constructive engagement with shareholders and the Group held its first virtual meeting in the year 2020 due to the pandemic. Notice of the AGM, its agenda and the Annual Report are circulated to shareholders 15 working days prior to the meeting and are also uploaded to the Company Investor Relations website http://www.laugfsgas.lk/investment-related. The Chairman ensures that Chairmen of the Board Committees including the Audit Committee are available to clarify any points that may be raised by shareholders. In the event that the net assets of the Company fall below a half of shareholders' funds, shareholders would be notified and an extraordinary resolution would be passed on the proposed way forward.

ACCOUNTABILITY & AUDIT

Accountability & Audit

- ☑ D.1 Financial Reporting
- ☑ D.2 Internal Control
- ☑ D.3 Audit Committee
- ☑ D.4 Code of Conduct & Ethics
- ☑ D.5 Corporate Governance Disclosures

Financial & Business Reporting

The Board is responsible for presenting a balanced assessment of the Group's financial position, performance and prospects in accordance with the requirements of the Companies Act No 07 of 2007 and the CSE Continuing listing requirements. Financial Statements included in this report are prepared and presented in accordance with the Sri Lanka Accounting Standards and have been audited by the External Auditors appointed by the Shareholders. The Annual Report also conforms to the GRI Standards on Sustainability Reporting. İn Accordance – Core option published by the Global Reporting Initiative and the Integrated Reporting Framework published by the International Integrated Reporting Council.

The following specialised information requirements are also included in this Annual Report:

- → The Annual Report of the Board of Directors on the Affairs of the Company given on pages 114 to 117 cover all areas of this section.
- → The "Statement of Directors' Responsibilities" is given on page 118.
- → The Directors' Statement on Internal Controls is given on page 115.
- → The "Independent Auditors' Report "on page 121 for the Auditor's responsibility.
- → The Capitals Report on pages 54 to 79.

Risk Management and Internal Control

The Board is responsible for establishing a robust system of internal controls and a sound risk management system for the Group's effective operation. The Audit Committee which comprises Non-Executive Independent members assists the Board in this regard by reviewing and recommendation of financial reports, review of internal and external audit reports, determining of appropriate audit programme and maintaining effective oversight of the finance function. The Internal Audit function of the Group provides assurance to the Audit Committee and Board on the effective operation of internal controls in line with the audit programme approved by the Audit Committee.

A Group-wide risk management framework has been implemented to identify, evaluate and manage significant risks in a structured manner. The Audit Committee assists the Board by reviewing the risk reports in detail prior to presentation to the Board. The detailed Risk Management report on pages 28 to 37 of the Annual Report describes the process of risk management as adopted by the Group and the key risks impacting the achievement of the Group's strategic business objectives.

The Directors' Report on page 114 contains a declaration on compliance with laws and regulations, declaration of material interests in contracts involving the Company and confirms refraining from voting on matters in which they were materially interested. Related party transactions are disclosed on page 195.

Audit Committee

The Board has established an Audit Committee comprising 3 Non-Executive Independent Directors as stated above and information regarding its activities are provided in the Audit Committee Report on page 110.

Related Party Transactions Review Committee

The Board has established a Related Party Transactions Review Committee in line with the requirements of SEC continues listing rules section 09, comprising three Non-Executive Directors. The Committee met quarterly during the year and reviewed the Related Party Transactions during each quarter and compliance with disclosure requirements in this regard. The Report of this mandatory committee is given on page 112.

Code of Business Conduct & Ethics

The Group has a Code of Conduct and Ethics and all employees and Directors are required to comply with the same. It requires employees and Directors to

- exercise honesty, objectivity and due diligence in performing their duties,
- maintain confidentiality of commercial and price sensitive information,
- work within applicable laws and regulations,
- safeguard Company's assets and
- avoid conduct which will badly reflect on them or company's image

It also addresses issues relating to

- conflict of interest situations,
- bribery and corruption,
- entertainment and gifts,
- accurate accounting and record keeping,
- corporate opportunities,
- confidentiality,
- fair dealing,
- protection and proper use of company assets,
- compliance with laws and regulations,
- encouraging the reporting of any illegal or unethical behaviour.

All Directors provides declarations of interest prior to appointment and on an annual basis thereafter and are aware of the continuing responsibility to determine whether he has a potential or actual conflict of interest arising from external associations, interests or personal relationships which may influence judgement in material matters, which are considered by the Board from time to time.

CORPORATE GOVERNANCE DISCLOSURES

The Board of Directors has taken reasonable measures to ensure that Financial Statements are prepared in accordance with the Companies Act No.7 of 2007, Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the ICASL and the requirements of the CSE and other applicable authorities.

The Company and its subsidiaries are compliant with all the mandatory rules and regulations stipulated by the Corporate Governance Listing Rules published by the CSE (revised in 2014). The Group has also given due consideration to the Best Practice on Corporate Governance Reporting guidelines set out by the ICASL complying with the relevant provisions as far as practicable.

Corporate Governance

E & F. SHAREHOLDERS (INSTITUTIONAL INVESTORS AND OTHER INVESTORS)

E. Institutional Shareholders

- ☑ E.1 Shareholder votings
- ☑ E.2 Evaluation of Governance Disclosures

F. Other investors

- ☑ F.1 Investing Divesting Decisions
- ☑ F.2 Shareholder voting

Shareholders are provided sufficient financial information and other relevant information on the website of the Company to support decisions with regard to their investments. Annual Reports and Interim Financial Statements are circulated to all registered shareholders within prescribed timelines and also released to the Colombo Stock Exchange. The Group's commitment to excellence in Annual Reporting is affirmed by a seven consecutive years of receiving the Gold awards for the sector at the country's premier Annual Report Awards programme conducted by the Institute of Chartered Accountants of Sri Lanka.

All shareholders are encouraged to participate at the Annual General Meeting and vote on matters set before the shareholders which are detailed on page 216.

G. INTERNET OF THINGS & CYBERSECURITY

Internet of Things & Cybersecurity

- ☑ G.1 Identify exposure to cyber risks
- ☑ G.2 Appointment of CISO
- ☑ G.3 Allocate time for discussion of cyber risk management
- ☑ G.4 Assess effectiveness of cyber risk management
- ☑ G.5 Disclose process to identify and manage cyber risk

G1. Identify exposure to Cyber risks

The IT Governance Framework at LAUGFS is based on the following standards providing an industry grade IT Governance Framework:

a. Information Security Management system,

b. Disaster recovery and business continuity,

c. PMBOK 5.1 for IT projects management

IT services are a centralised function which caters to the entire Group. Vulnerability and penetration testing are performed internally through a paid tool and corrective action is taken to improve the cyber resilience of the entire Group. The Board has identified the need for information security management which is the responsibility of the Group Senior Manager who reports to the Group Managing Director. Information Security is an agenda item of the weekly IT Steering committee and as well as the core topic of the weekly IT security meeting. The Group's IT & Cyber security is an agenda item of the Group's annual statutory audit of Financial Statements.

LAUGFS Gas PLC Group has a strong information security management system in compliance. LAUGFS computer network is protected by a layered security architecture in the likes of Virtual LANS, Active Directory based authentication to gain access to any computer connected to the network, credential based authentication for application with critical systems requiring two factor authentication. Access to LAUGFS wired network is restricted to known/ registered MAC addresses through PORT security through the use of CISCO layer 2 switches. Access to the network has also been provided through WIFI across all floors with network segregation and I - AAA (Identification, Authentication. Authorisation, Accountability). Further, separate SSIDs have been established to segregate staff and guests to restrict guest traffic from the corporate network. Guest access is facilitated via captive portal with the option of time, content and bandwidth restrictions. A Strong BYOD policy is also in effect to safeguard information through endpoint security and device encryption. Only authorised devices are able to access the network. The system Admin has the capability to restrict any device identified as unauthorised through regular monitoring by blocking device MAC address.

Appointment of a CISO

Currently the Senior Manger Group IT also plays the role of the CISO. A Security Operations Centre under his purview performs the Group's security operations and Security strategy setting to manage the Group's information security risk management. The risk identification, assessment methodology and risk treatment procedure is in compliance with Information Security Management system. Information security policies are being reviewed every year and any changes are approved by the Group IT Steering Committee.

For Group IT conduct Risk assessment, based on the assessed basis. A process based risk identification is performed. For asset based risk identification, we are assessing the financial impact, operational impact and CIA (Confidentiality, Integrity, availability) – based on which the criticality of the asset is determined followed by an appropriate risk treatment plan. For every asset the process identifies, a vulnerability assessment is done with a list of preventive controls. Based on the likelihood of occurrence and impact, overall risk rating is calculated. If the rating is 6 and above, it is decided whether to mitigate, accept, avoid or transfer the risk.

Allocate sufficient time for discussion of cyber risk management

The Board allocates time for discussion of cyber risk management and are briefed by the Group's IT steering committee on the progress on:

- Current and potential threats to IT Security, preventive and corrective actions and their implementations and progress.
- Business plan initiatives related to information security, status of their implementations.
- Information security related incidents, if any and related corrections, root cause and corrective actions.
- Software version and compatibility checklist and related patch updates.
- Change requests review and approvals.

Ensure effectiveness of cybersecurity risk management

The information security risk management is part and parcel of the information security management system in compliance with – the active status of which is only guaranteed through the periodic surveillance audit.

Disclose process to identify and manage cybersecurity risks

Complied with as stated above.

ENVIRONMENT, SOCIETY & GOVERNANCE REPORTING

LAUFGS Gas Annual Report contains information on Environmental, Social and Governance matters to enable stakeholders understand the impact of ESG factors on the Group operations. Additionally, the report has been prepared using the Integrated Reporting Framework of the IIRC and the GRI Standards on sustainability reporting.

The following address the specific concerns identified in this section of the Code:

- Environmental factors – Natural Capital Report on page 75
- Social factors – Social & Relationship Capital Report on page 60 and Human Capital Report on page 70
- Governance – Corporate Governance Report on page 94 together with the Committee reports on pages 106 to 113 and the Risk Management Report on page 28.

Corporate Governance

COMPLIANCE WITH CSE CONTINUING LISTING REQUIREMENTS

Rule No.	Subject	Applicable requirement	Compliance Status
7.10.1 (a)	Non-Executive Directors (NED)	2 or at least 1/3 of the total number of Directors should be NEDs	Complied
7.10.2 (a)	Independent Directors (ID)	2 or 1/3 of NEDs, whichever is higher, should be independent	Complied
7.10.2 (b)	Independent Directors (ID)	Each NED should submit a declaration of independence	Complied
7.10.3 (a)	Disclosure relating to Directors	→ The Board shall annually determine the independence or otherwise of the NEDs	Complied
		→ Names of IDs should be disclosed in the Annual Report (AR)	Complied
7.10.3 (b)	Disclosure relating to Directors	The basis for the Board's determination of ID, if criteria specified for independence is not met	Complied
7.10.3 (c)	Disclosure relating to Directors	A brief resume of each Director should be included in the AR including the Director's areas of expertise	Complied
7.10.3 (d)	Disclosure relating to Directors	Provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3(a), (b) and (c) to the CSE	Complied
7.10.4 (a-h)	Determination of Independence	Requirements for meeting criteria	Complied
7.10.5	Remuneration Committee (RC)	The RC of the listed parent company may function as the RC	Complied
7.10.5 (a)	Composition of Remuneration Committee	Shall comprise NEDs, a majority of whom will be independent	Complied
7.10.5 (b)	Functions of Remuneration Committee	The RC shall recommend the remuneration of the Chief Executive Officer (CEO) and NEDs	Complied
7.10.5 (c)	Disclosure in the Annual Report relating to Remuneration Committee	→ Names of Directors comprising the RC	Complied
		→ Statement of Remuneration Policy	Complied
		→ Aggregated remuneration paid to NED/NIDs and NED/IDs	Complied
7.10.6	Audit Committee (AC)	The Company shall have an AC	Complied
7.10.6 (a)	Composition of Audit Committee	→ Shall comprise NEDs, a majority of whom will be Independent	Complied
		→ A NED shall be appointed as the Chairman of the Committee	Complied
		→ CEO and Chief Financial Officer (CFO) should attend AC meetings	Complied
		→ The Chairman of the AC or one member should be a member of a professional accounting body	Complied

Rule No.	Subject	Applicable requirement	Compliance Status
7.10.6 (b)	Audit Committee Functions	Overseeing of the – → Preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards	Complied
		→ Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements	Complied
		→ Processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards	Complied
		→ Assessment of the independence and performance of the External Auditors	Complied
		→ Make recommendations to the Board pertaining to appointment, re-appointment and removal of External Auditors, and approve the remuneration and terms of engagement of the External Auditor	Complied
		→ Pre-approve all auditing and non-audit services performed by the external audit firm and internal audit service providers.	Complied
7.10.6 (c)	Disclosure in Annual Report relating to Audit Committee	→ Names of Directors comprising the AC	Complied
		→ The AC shall make a determination of the independence of the Auditors and disclose the basis for such determination	Complied
		→ The AR shall contain a Report of the AC setting out the manner of compliance with their functions	Complied
9	Related party transactions review committee	→ Names of Directors comprising the Committee	Complied
		→ Will monitor and approve recurrent and non-recurrent related party transactions as set out in the Group policy guidelines and applicable listing rules	Complied

Investment Committee Report

The Investment Committee comprised as at 31st March 2021 comprised Mr. U. K. Thilak De Silva (Chairman of the Investment Committee), Mr. W. K. H. Wegapitiya. Mr. Anil Tittawella, Mr. N. M. Prakash and Mr. P. Kudabalage were appointed w.e.f. 14th June 2021.

The purposes of the Investment Committee of the Board of Directors mainly are;

i. To provide oversight of the investment functions of LAUGFS Gas PLC.

ii. To assist the Board of Directors in evaluating investments, mergers and acquisitions, enterprise services, joint ventures, divestitures transactions, acquisition and dispose of high value assets in which the Company engages as part of its business and/or investment strategy from time to time.

iii. To bring about and maintain independent and unbiased feasibility driven investment culture.

iv. To ensure adherence of the investment decisions and recommendations of the Board on specific investment operations.

v. To review company plans and actions on management of investment financial risks.

vi. Review and recommend investment policies to the Group.

The Committee is well equipped with the required expertise, leadership of the members of the Committee in specially evaluating risk and investment management. Chief Executive Officers of Companies, Head of Group Risk and Control, Head of Legal and Head of Finances/Chief Financial Officers of Companies are invited to Committee meetings to consider their opinions and expertise in investment activities. The Committee very carefully considers the matters falling under Section 185 of the Companies Act No. 7 of 2007 as major transactions and other Related Party Transactions and investment in order to comply with the guidelines provided in prevailing accounting standards, Code of Best Practices on Corporate Governance and Listing Rules and to make necessary disclosures and/or market announcements as appropriate.

The Committee reviews and oversees significant treasury matters such as capital structure and allocation strategy, derivative policy, liquidity, fixed income investments, borrowings, currency exposure, dividend policy, share issuance and repurchase, and capital spending and expenditure. From time to time, the Committee reports to the Board of Directors and makes recommendations to the Board as to scope, direction, quality, investment levels and execution of the Company's investment activities, mergers and acquisition, acquisition and dispose of assets, enterprise services, joint venture and divestiture transactions. Further the Committee evaluates and concentrates on capitalisation of investments, risk and credit management, return on capital employed in different investment activities in the Group.

The Committee has the authority and obtains advice, guidance and expertise from independent professionals on certain investment activities as appropriate and when required. The Committee in discharging duties and responsibilities further focuses on formulation of investment strategies, evaluation of prospective investment opportunities, monitoring and evaluation of return on investments, the overall direction of the Group and review of business operational results.

The Committee has established a Group-wide Investment Policy in which stringent adherence is enforced during the year. The Committee continues to periodically review the effectiveness of investments set against the standards of the Policy whilst also planning to periodically review the effectiveness of the Policy in place. The ultimate objective of the Investment Committee is to bring about and maintain independent and unbiased feasibility-driven investment culture and recommend investments to minimise opportunity cost of capital.

U.K. Thilak De Silva
Chairman
Investment Committee

30th June 2021

Management Committee Report

The Management Committee of LAUGFS Gas PLC comprises Mr. W. K. H. Wegapitiya (Chairman of the Committee) Mr. U. K. Thilak De Silva and Mr. P. Kudabalage. The Committee assists the Board of Directors with its responsibilities to improve strategic and management direction in an efficient manner. Main responsibilities of the Management Committee include;

- Setting up of the Group vision and ensure that the business plan is in line in order to achieve the Group vision.
- Making recommendations to Board of Directors in the matters related to day-to-day management activities, key strategic business and corporate initiatives, key promotional campaigns and key annual strategic corporate planning activities.
- Assisting the management with directions, management guidelines, circulars, expertise to identify critical strategies and issues facing the company and its market environment in order to arrange alternative strategic options.
- Ensuring the management has implemented an effective and efficient strategic corporate planning process including development of annual corporate business plans and reviewing same.
- Monitor and evaluate trends and opportunities in the relevant industries and market places both local and international. Understanding the organisation's industry, market/community and core competencies.
- Discuss key investment opportunities and possible divestment opportunities. Discuss key Group restructuring initiatives in order to optimise the operations of the Group.
- Discuss the establishment and optimisation of key policies in relation to the operation of the Group in order to ensure corporate governance and regulatory compliance. Implementation of necessary best practices in the organisation.
- Discuss and decide on matters relating to Human Resources, talent acquisition and development in order to optimise the Human Resources of the Group.
- Advising the senior management and making recommendations to the Board of Directors on opportunities to improve the business scope, cost effectiveness and quality of services provided by the company and its subsidiaries.
- Assisting the management in development of strategic business dashboards and necessary performance indicators in order to make important business and management decisions in an accurate and efficient manner.
- Reviewing and monitoring Group budgets, evaluating of performance of individual companies in the Group and introduction of new management systems.
- Discuss on key administrative and legal matters relevant to the operation of the Group.

The Committee regularly meets to review and evaluate financial performance and to carry out its duties and responsibilities mentioned above. The Committee invites Chief Executive Officers of the individual companies and the members of the Senior Management team as appropriate, such as the Chief Human Resources Officer. Having evaluated the matters the Committee makes recommendations to the Board of Directors on various management related issues. In conclusion, I wish to thank my colleagues Mr. U. K. Thilak De Silva and Mr. P. Kudabalage the members of the management team for their valuable contribution and support to the work of the Committee.

W. K. H. Wegapitiya
Chairman
Management Committee

30th June 2021

Remuneration Committee Report

COMPOSITION

The committee comprises Non-Executive and Independent Non-Executive Directors and operates within agreed terms of reference. Composition of the committee;

1. Mr. Prof. Sampath Amarathunga (Chairman) – Independent/Non-Executive Director
2. Mr. Anil Tittawella - Member - Independent/Non-Executive Director
3. Mr. Lalith Vithana - Member Independent/Non-Executive Director
4. Mr. W.K.H. Wegapitiya - Member - Non Independent /Executive
5. Mr. Thilak De Silva - Member - Non Independent/Executive
6. Mr. P. Kudabalage - Member - Non Independent/Executive

Prof. Sampath Amarathunga was appointed as Chairman of the Committee w.e.f. 16th March 2021, replacing Mr. Ariyaratne due to his resignation w.e.f. 13th February 2021. Mr. T. K. Bandaranayake resigned from the committee w.e.f. 30th June 2021. Mr. Anil Tittawella Independent/Non-Executive Director Appointed w.e.f. 14th June 2021 and Mr Lalith Vithana Independent/Non-Executive Director Appointed w.e.f. 14th June 2021.

KEY RESPONSIBILITIES

- To make recommendations to the Board on Company's remuneration policy/structure and its specific application to the Board of Directors, Executive Directors and general application to the Key Management Personnel (KMP).
- To review and make recommendations on the remuneration and incentive framework, including any proposed equity incentive awards including terminal benefits/pension rights for the Executive Directors and KMPs.
- To evaluate the performance of the Group Chief Executive Officer and Chief Executive Officers and KMPs and to ensure that management development plans and succession plans are in place for Executive Directors and KMPs.
- Effective communication with shareholders on the remuneration policy and the committee's work on behalf of the Board through a Remuneration Committee Report.
- To make recommendations at the appropriate service contracts are available for Executive Directors.
- To review and approve compensation payable to Executive Directors and Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive.
- To ensure that no Director or any of his associates is involved in deciding his own remuneration.
- To review from time to time as appropriate the Terms of Reference and the effectiveness of the Remuneration Committee and recommend to the Board any necessary changes.

ACTIVITIES IN 2020/21

Considering the unpredictable Business contingencies faced due to the COVID-19 pandemic and subsequent financial impact, priorities took a shift from strategic level KMP deliverables to managing operational aspects with key focus on cost optimisation to support the business.

Emphasis was made to allocate high level attention towards convening periodic meetings to reorganise KMP deliverables/expectations with due attention commencing the new financial year along with the appointment of the new Chairman.

Identified Key Challenges

1. Cost optimisation and right sizing.
2. Annual Performance Evaluation across the Group including the Evaluations of all KMPs.
3. Talent Management and Development Initiatives.

1. Cost Optimisation and Right Sizing

- Aggressive drive on the right sizing initiative was further strengthened at Gas SL with continued VRS efforts in the transportation section. 38 more number of employees was made redundant with a cost saving of 52,457,278/- LKR. A total of 75 number of employees was made redundant as part of this initiative with a total cost saving of 68,541,022/- LKR to the business supporting to sustain operational profits of the business.
- Due to the uncertain volatility created due to the COVID-19 pandemic, salary reduction mechanisms was implemented as a measure of supporting the business to stay afloat.

2. Annual Performance Evaluation across the Group including the Evaluations of all KMPs

- Successful completion of the Annual Performance Evaluations of all employees across the Group.
- Successful completion of all KMP performance evaluations for the concluded financial year.
- Successful conclusion of LAUGFS Career Council with Performance & Promotion moderations and pay for performance.

3. Talent Management and Development Initiatives

- High level succession planning and talent mapping for key positions across the Group.
- Re-evaluation of Mission and functionally critical positions of all businesses.
- Launch of LAUGFS – Management Development Programme "Top Gun" designed and customised based on the LAUGFS Competency Framework. The programme targeting the talent development of Assistant Manager above across the Group is facilitated through pure in-house expertise.

Prof. Sampath Amarathunga
Chairman
Remuneration Committee

30th June 2021

Audit Committee Report

The Audit Committee is a formally constituted Sub-Committee of the Board of Directors which assists in monitoring the areas of financial reporting, internal audit, internal controls, external audit and corporate risk.

ROLE OF THE COMMITTEE

The Audit Committee's primary responsibility is to assist the Board in carrying out its oversight duties in areas such as the risk management process, effectiveness of the internal control system, regulatory and statutory compliance and the integrity of financial reporting of LAUGFS Gas PLC and its subsidiaries, in accordance with Sri Lanka Accounting Standards. The Audit Committee is also in charge of evaluating the quality of audit conducted by the External Auditor, as well as the independence and objectivity of the External Auditor, and make a recommendation to the Board on the External Auditor's appointment or reappointment. The Committee also assesses the adequacy and performance of the Internal Audit function established by the Company.

The terms of reference of the Committee are set out in the Audit Committee Charter. The Audit Committee Charter is periodically reviewed and revised with the concurrence of the Board of Directors to ensure that new developments relating to the function of the Committee are adopted.

MANDATE

To review and monitor:

- External financial reporting obligations of the Company, including its obligations under the Colombo Stock Exchange Listing Rules, Rules/Regulations of the Securities and Exchange Commission and Companies Act No. 7 of 2007.
- Review and evaluate the performance of the Company's internal audit function. Ensuring the efficiency, effectiveness and adequacy of the Company's internal controls and risk management measures.
- Maintaining an effective system of internal control, compliance with legal and regulatory requirements that may have a material impact on the Company and its Financial Statements.
- Ensuring that high standards of Corporate Governance are in place by adopting and adhering to policies and procedures of the Company which are in compliance with Code of Best Practices on Corporate Governance jointly advocated by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).
- Evaluating and reviewing the independence of the External Auditors. Making a recommendation to the Board on the appointment or re-appointment and audit fee of the External Auditor.
- Review and evaluate all auditing and non-audit services performed by the External Auditors to ensure that their independence is not impaired.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee comprised with the following Independent Non-Executive Directors:

Name of the KMP	Directorship status
T. K. Bandaranayake	Chairman/Non-Executive Director
N. Murali Prakash	Member/Non-Executive Director
Prof. Sampath Amarathunga	Member/Non-Executive Director

The profiles of these Directors appear on pages 88 to 91 of this Annual Report. The Head of Group Risk & Control Mr. Sanjeeva Wickramasinghe served as the Secretary to the committee.

The following Executive Directors and members of the senior management team attend Audit Committee meetings regularly by invitation:

W.K.H. Wegapitiya -
Group Chairman

Thilak De Silva -
Group Deputy Chairman

H.A. Ariyaratne -
Group Director
(Resigned w.e.f. 12.03.2021)

Piyadasa Kudabalage -
Group Managing Director/Group CEO

Chaminda Ediriwickrama -
Chief Executive Officer

Dilshan Perera -
Group Finance Director

Damith Roshan -
General Manager - Finance

Buddhika Mathew -
Head of Legal
(resigned w.e.f. 04.01.2021)

Samanthi Haddegoda -
Head of Legal
(Since 04.01.2021)

Other departmental heads attend meetings as and when required to do so.

MEETING ATTENDANCE

The Audit Committee met four times during the financial year with a mix of physical and virtual meetings as a result of the pandemic. The attendance at these meetings was as follows:

Member	Attendance
T. K. Bandaranayake	4/4
N. Murali Prakash	4/4
Prof. Sampath Amarathunga	4/4

The External Auditors also attended meetings, on invitation, to brief the Audit Committee on specific issues.

The activities and views of the Committee have been communicated to the Board of Directors quarterly through verbal briefings, and by tabling the minutes of the Committee meetings.

FINANCIAL REPORTING

The Audit Committee has reviewed and discussed the Group's quarterly and annual Financial Statements, with management prior to the recommendation of the same to the Board for adoption and release to be satisfied with their accuracy, completeness and compliance with statutes and other regulations. When annual Financial Statements are considered, the External Auditors are also invited to attend for discussions and to obtain clarifications. The review also included ascertaining the appropriateness and changes in accounting policies if any, and material judgmental matters.

The Committee obtained independent input from the External Auditors on the effects of any new Sri Lanka Accounting Standards that came into effect for the year under review and satisfied themselves that the necessary foundation was laid out, to enable the Company to comply with such new standards.

The Committee, in its evaluation of the financial reporting system also recognised the sufficiency of the content and quality of periodic management information reports forwarded to its members.

The Committee periodically continues to monitor compliance in accordance with the financial reporting standards of The Institute of Chartered Accountants of Sri Lanka, Companies Act No. 7 of 2007 and the Continuing Listing Rules of the Colombo Stock Exchange

INTERNAL AUDIT

The Internal Audit mandate was to monitor the implementation of the system of internal controls, risk management and governance practices, by evaluating the effectiveness and adequacy of such controls and practices, and compliance with laws & regulations and established procedures of the Company. The Committee reviewed the annual internal audit plan together with the senior management to ensure that it would provide reasonable assurance to the Directors that assets are safeguarded and that the financial reporting system can be relied upon in preparation and presentation of Financial Statements.

The audit committee reviewed the cadre of the internal audit division and instructions were given to strengthen the division. The committee introduced an updated version of compliance statements to be submitted to the committee on quarterly basis to further improve compliance and governance.

Head of Group Risk & Control through audit reports briefed on the efficacy of LAUGFS's risk management and internal control systems through outcomes of significant audits and control vulnerabilities, including possible developments and counter-measures with top management. Special emphasis was given to HSE and contingency planning this year. The Committee noted that Group operations have also adopted strong operational measures to cover the added HSE risks during the financial period.

The Audit Committee, having reviewed the reports, has endorsed additional controls and risk mitigation strategies where necessary in order to strengthen the existing internal control system. The Group Risk & Control select companies for review according to the annual plan, which was designed based on risk. Follow-up audits and reviews are scheduled to ascertain that audit recommendations are being acted upon.

EXTERNAL AUDIT

The External Auditors' Letter of Engagement, including the scope of the audit, was reviewed and discussed by the Committee with the External Auditors and management prior to the commencement of the audit.

The Committee also met the External Auditors, prior to the finalisation of the Financial Statements. The External Auditors' reports on the audit of the Company and Group Financial Statements for the year, were discussed with both Management and Auditors. The members of the Committee had a separate meeting with the auditors to discuss issues of a sensitive nature that may have arisen during the audit if any.

The Committee reviewed the management letter issued by them based on their audit and considered actions to be taken to rectify any weaknesses in internal controls based on their recommendations.

The Committee also reviewed the arrangements made by the Auditors to maintain their independence and confirmation has been received from the Auditors of their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka. The Committee is satisfied that the independence of the External Auditors has not been impaired by any non-audit services performed by them.

The performance of the External Auditors and the quality of their work has been evaluated and discussed with the senior management of the Company and the Committee has recommended to the Board that Messrs Ernst & Young be re-appointed as the auditors of the Group for the financial year ending 31st March 2022, subject to approval by the shareholders at the Annual General Meeting, at a remuneration to be decided by the Management.

APPRECIATION

The Audit Committee of LAUGFS Gas PLC thanked Mr. H.A. Ariyaratne for his contributions to the Audit Committee since its inception. The committee also values his expertise and insights, which have been a valuable addition.

Tissa Bandaranayake
Chairman
Audit Committee

30th June 2021

Report of the Related Party Transaction Review Committee

REPORT OF THE BOARD COMMITTEE

The Related Party Transactions Review Committee was formed by the Board of Directors of LAUGFS Gas PLC in December 2015 further to the provisions contained in Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE).

COMMITTEE COMPOSITION AND ATTENDANCE

The Committee comprises a combination of Executive and Non-Executive Directors; the majority of whom are independent and Non-Executive. The Chairman of the Committee is an Independent Non-Executive Director,

Name of the Board Committee Member	Directorship Status*	Membership Status
Mr. Murali Prakash	INED	Chairman
Mr. H.A. Ariyaratne **	NED	Member
Mr. Tissa Bandaranayake	INED	Member

* INED - Independent Non-Executive Director/
NED - Non-Independent Executive Director

** Resigned w.e.f. 13th February 2021

Regular attendees by invitation	
Group Chairman	Group Deputy Chairman
Group Managing Director/GCEO	Chief Executive Officer - LAUGFS Gas PLC
Group Director - Finance	Deputy General Manager - Group Treasury Division
General Manager (Finance) - LAUGFS Gas PLC	Head of Group Legal

Mr. Sanjeeva Wickramasinghe, Head of Group Risk & Control, served as the Secretary to the Committee.

The Committee met four (04) times during the financial year ended March 31, 2021, and the proceedings of the Committee meetings have been regularly reported through verbal briefings, and by tabling the minutes of the Committee's meetings.

The meeting attendance of the members is set out in the table below,

Name of the Board Committee member	Attended/ Eligibility
Mr. Murali Prakash	4/4
Mr. H.A. Ariyaratne**	4/4
Mr. Tissa Bandaranayake	4/4

** Resigned w.e.f. 13th February 2021

OBJECTIVES, RESPONSIBILITIES AND DUTIES

The objective of the Committee is to exercise oversight on behalf of the Board of LAUGFS Gas PLC and its listed Subsidiaries, to ensure compliance with the Code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka and with the Listing Rules of the Colombo Stock Exchange (CSE). The Committee has also adopted best practices as recommended by the Institute of Chartered Accountants of Sri Lanka and the CSE.

The Related Party Transactions Review Committee carries out the following duties and responsibilities:

- → Reviewing Related Party Transactions of the Company except those explicitly exempted under the Listing Rules;
- → Adopting policies and procedures to review Related Party Transactions of the Company and set out guidelines and methods for the capturing and reviewing of Related Party Transactions,
- → Assessing whether the Related Party Transactions are in the best interests of the Company and its shareholders as a whole;
- → Defining and establishing threshold values for listed companies as per the Code, which requires discussion in detail; RPTs which have to be pre-approved by the Board, those that require immediate market disclosure, those that require Shareholder approval and RPTs which require disclosure in the Annual Report.
- → To review all proposed Related Party Transactions of the Group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- → Providing guidelines which Senior Management must follow in dealing with Related Parties, including conformance with the Transfer Pricing regulations and the Code.
- → Where necessary, to escalate matters to the Board for review, prior to the execution of any Related Party Transaction.
- → To review and recommend the acquisition or disposal of substantial assets between related parties, including but not limited to, obtaining 'competent advice' from independent professional experts on valuations and related aspects as deemed required.

METHODOLOGY ADOPTED BY THE COMMITTEE

The Committee introduced policies and guidelines for the adoption of RPT for LAUGFS Gas PLC and its subsidiaries in complying with the Code of Best Practices & Section 09 of the Listing Rules. In doing so, transaction threshold values that required detailed discussion, prior approvals, recurrent RPTs requiring annual reviews, were established and reporting templates were approved by the Committee.

The Committee further updated the RPTR Policy within the financial year to provide more clarity and demarcate coverage. The Committee quarterly monitored the recurrent transactions and their compliance to the approved values and where required have directed to the relevant Boards for further directions. Training materials were shared with all KMPs and other functional heads to increase awareness of all regulations under the RPTR scope.

In accordance with the guiding principles, self-declarations are obtained from each Director and Key Management Personnel (KMP) of the Company to identify parties related to the Directors and KMPs. Hence the Company adopts a disclosure-based approach in identifying the related parties.

KEY FUNCTIONS PERFORMED DURING THE YEAR UNDER REVIEW

Continuous initiatives were taken by the committee in making awareness for strict compliance with Section 9 of the listing rules. During the year the Committee reviewed several related party transactions as below, with necessary recommendations on disclosures and other actions as required, in line with the mandate.

While no non-recurrent transactions that exceeded the threshold values, were brought to the notice of the Committee, listed below are recurrent transactions that exceeded the threshold values during the period under review, treated under section 9.5 and complied with section 9.3.2 (b).

Recurrent Transactions

Name of the Related Party	Relationship	Nature of the transaction	Aggregated Value of Related Party Transactions entered into during the Financial Year	Aggregated Value of Related Party Transactions as a % of Net Revenue/ Income	Terms and conditions of the Related Party Transactions
SLOGAL Energy DMCC	Subsidiary of LAUGFS Gas PLC	Purchase of LPG and Freight chargers	10,665,706,853	39%	Procuring of LPG from SLOGAL Energy DMCC at a negotiated rate (through a contract) based on the prevailing market rates at that time.

The Committee has put in the necessary processes in place to identify, review, disclose and monitor Related Party Transactions in accordance with the provisions in Section 09 of the Listing Rules and in so far as to the knowledge of the Committee, such transactions submitted for review has been verified for compliance.

APPRECIATION

The RPTR Committee of LAUGFS Gas PLC, places on record its appreciation to Mr. H.A. Ariyaratne for his valuable contribution to the committee as a member since the inception. His expertise, insights and advises have been of great value to the committee.

N. Murali Prakash,
Chairman
Related Party Transaction Review Committee

30th June 2021

Annual Report of the Board of Directors

The Board of Directors of LAUGFS Gas PLC has the pleasure in presenting the Annual Report and the Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31st March 2021. LAUGFS Gas PLC is a public limited company incorporated in Sri Lanka under the Companies Act No. 17 of 1982 and re-registered as required under the provisions of Companies Act No. 7 of 2007 and is listed on the Colombo Stock Exchange since December 2010.

PRINCIPAL ACTIVITIES

The principal activities of LAUGFS Gas PLC are downstream business of Liquefied Petroleum Gas (LPG) and other related products and services. The Company caters to domestic, commercial and industrial LPG markets. Its subsidiaries LAUGFS Maritime Services (Pvt) Ltd. provides maritime LPG logistic services, LAUGFS Gas (Bangladesh) Ltd. is engaged in LPG downstream business in Bangladesh, SLOGAL Energy DMCC, which is incorporated in the UAE, is engaged in energy trading business activities, LAUGFS Terminals Ltd. is operating a LPG transhipment and storage facility at the Port of Hambantota, and LAUGFS Property Developers (Pvt) Ltd. is the owning company of the Head Office building.

The Company underwent a major restructuring process on 31st March 2018 where its former subsidiaries, namely; LAUGFS Leisure Ltd. engaged in the leisure sector, LAUGFS Power Ltd. engaged in the renewable energy sector, and LAUGFS Eco Sri Ltd. engaged in vehicle emission testing, were vested with the shareholders of LAUGFS Gas PLC by way of a scheme of arrangement as per section 256 of the Companies Act No. 7 of 2007, whereby the LAUGFS Gas Group transformed itself into a pure play energy company in order to enhance its business operations. Whilst initial approval to proceed with this process was granted by the Commercial High Court under case bearing number HC (Civil) 01/2018/CO on 10th January 2018, the Company managed to obtain requisite shareholder approval for the same at the Extraordinary General Meeting held on 20th March 2018, whereby the final order approving the process by the Commercial High Court was granted on 23rd March 2018. As a result of this restructuring process the stated capital of the Company was also reduced to Rs. 1Bn after following all requisite formalities. The said three companies, which were a part of the said scheme of arrangement, namely; LAUGFS Leisure Ltd., LAUGFS Power Ltd. and LAUGFS Eco Sri Ltd. have made their respective listing applications to the Colombo Stock Exchange, where LAUGFS Power Ltd. now known as LAUGFS Power PLC was listed in the Diri Savi Board of the Colombo Stock Exchange on 30th October 2019, whereas the listing applications of LAUGFS Eco Sri Ltd. and LAUGFS Leisure Ltd. are currently pending the approval of the Colombo Stock Exchange.

The Company has not engaged in any activity which contravenes any local, foreign or international law or regulations.

BUSINESS REVIEW

A review of the financial and operational performance and future business developments of the Group, sectors, and its business units are described in the Group Chairman's Message, Group Deputy Chairman's Message, Group Managing Director/ GCEO's Message and Management discussion and analysis section of the Annual Report. These Reports together with the Audited Financial Statements reflect the state of the affairs of the Company and its subsidiaries. Segment wise contribution to Group revenue, results, assets and liabilities are provided in Note 04 to the Financial Statements.

RESULTS AND APPROPRIATIONS

Revenue generated by the Company for the year under review amounted to Rs. 13.7Bn, whilst Group revenue amounted to Rs. 35.5Bn contribution to Group revenue, from the different business segments carried out by the subsidiaries are provided in Note 04, to the Financial Statements.

FINANCIAL STATEMENTS AND THE REPORT OF THE AUDITORS

The Financial Statements of the Company and the Group for the year ended 31st March 2021 as approved by the Board of Directors on 30th June 2021 are given on pages 121 to 205.

The Auditor's Report on the Financial Statements of the Company and the Group is given on page 121.

ACCOUNTING POLICIES

A note on the Accounting Policies adopted in the preparation and presentation of the Financial Statements are given on pages 132 to 205 There were no material changes in the Accounting Policies adopted by the Company and its subsidiaries during the year under review.

DONATIONS

Total donations made by the Company and its subsidiaries during the year under review amounted to Rs. 7.5Mn of these, the donations to approved charities were Rs. Nil.

INVESTMENTS

Total investments of the Company in subsidiaries, associate and other equity investments amounted to Rs. 33Bn. The details of the investments are given in Note 14.1 to the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

The net book value of property, plant and equipment as at the balance sheet date amounted to Rs. 8.3Bn and Rs. 27.1Bn for the Company and Group respectively.

Total capital expenditure during the year for acquisition of property, plant and equipment by the Company and the Group amounted to Rs. 796Mn and Rs. 1.2Bn respectively.

Details of property, plant and equipment are given in Note 8 to the Financial Statements.

STATED CAPITAL AND RESERVES

The stated capital of the Company remains at Rs. 1Bn with effect from 31st March 2018 as per the scheme of arrangement. The stated capital of the Company consists of 335,000,086 ordinary voting and 52,000,000 ordinary non-voting shares.

The total Group Equity was Rs. 546Mn as at 31st March 2021.

INTERNAL CONTROL AND RISK MANAGEMENT

The Directors acknowledge their responsibility for the Group's system of internal control. The systems are designed to provide reasonable assurance that the assets of the Group are safeguarded and to ensure that proper accounting records are maintained.

The Board of Directors, having reviewed the system of internal control, is satisfied with the systems and measures in effect at the date of signing this Annual Report.

HUMAN RESOURCES

The Company has an equal opportunity policy and these principles are enshrined in specific selection, training, development and promotion policies, ensuring that all decisions are based on merit. The Group practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status or physical disability. Further the Company continued to appropriate human resources management policies to develop the team and focus their contribution towards the achievement of corporate goals.

BOARD OF DIRECTORS

The Board of Directors of the Company and their brief profiles are given on the pages 86 to 91. Accordingly, the following persons were the Directors of the Company as at the date of the annual report are as follows:

(a) Mr. W. K. H. Wegapitiya
Group Chairman

(b) Mr. U. K. Thilak De Silva
Group Deputy Chairman

(c) Mr. P. Kudabalage
Group Managing Director/ GCEO

(d) Mr. N. M. Prakash
Independent Non-Executive Director

(e) Prof. S. P. P. Amaratunge
Independent Non-Executive Director

(f) Mr. A. Tittawella
Independent Non-Executive Director
(appointed w.e.f. 14th June 2021)

(g) Mr. L. Withana
Independent Non-Executive Director
(appointed w.e.f. 14th June 2021)

In terms of Article 81 and 82 of the Articles of Association of the Company Mr. N. M. Prakash retires by rotation and being eligible are being recommended by the Board for re-election at the ensuing Annual General Meeting. Mr. A. Tittawella and Mr. L. Withana retire in terms of Article 88 of the Articles of Association and being eligible to be re-elected as recommended by the Board at the AGM.

BOARD COMMITTEES

The following members serve on the Board, Audit, Related Party Transactions Review, Investment, Remuneration and Management Committees;

AUDIT COMMITTEE

Audit Committee as at 31st March 2021 comprised three members namely Mr. T. K. Bandaranayake (Chairman - resigned w.e.f. 30th June 2021), Mr. N. M. Prakash and Prof. S. P. P. Amaratunge. Mr. Lalith Withana and Mr. Anil Tittawella were appointed to the committee w.e.f. 14th June 2021. The Broad purposes of this Committee is to oversee the preparation, presentation and adequacy of the disclosure of information in Financial Statements in accordance with Sri Lanka Accounting Standards and all other statutory requirements.

The Audit Committee also ensures that the Company's internal control system and Risk Management procedure are up to industrial standards. The Committee also assesses the independence and performance of the Company's Auditors. The report of the Audit Committee is given under the Board committee reports section of the Annual Report.

RELATED PARTY TRANSACTIONS COMMITTEE REVIEW

The Related Party Transactions Committee Review as at 31st March 2021 comprised Mr. N. M. Prakash (Chairman of the Committee) and Mr. T. K. Bandaranayake (resigned w.e.f. 30th June 2021). Mr. Lalith Withana and Mr. Anil Tittawella were appointed to the committee w.e.f. 14 th June 2021. This Committee has been established as a requirement under Section 9 of the Colombo Stock Exchange Listing Rules, in order to monitor and regulate Related Party Transactions in the best interests of the shareholders in order to ensure that the operations of the Group of Companies is compliant with Section 9 of the Colombo Stock Exchange Listing Rules.

As required under Section 9.3.2(d) of the Colombo Stock Exchange Listing Rules, the Board of Directors would like to hereby declare and confirm that there had been Related Party Transactions during the year under review, and all such transactions were proceeded as per provisions stipulated under Section 9 of the Colombo Stock Exchange Listing Rules pertaining to Related Party Transactions.

The report of the Related Party Transactions Review Committee is given under the Board committee reports section of the Annual Report.

Annual Report of the Board of Directors

INVESTMENT COMMITTEE

The Investment Committee comprised as at 31st March 2021 comprised Mr. U. K. Thilak De Silva (Chairman of the Investment Committee), Mr. W. K. H. Wegapitiya. Mr. Anil Tittawella, Mr. N. M. Prakash and Mr. P. Kudabalage were appointed w.e.f. 14th June 2021. Its principal focus is on evaluating investment opportunities, monitoring return on investments, the overall direction of the Group and review of business operational results. The report of the Investment Committee is given under the Board committee reports section of the Annual Report.

REMUNERATION COMMITTEE

The Remuneration Committee as at 31st March comprised Prof. S. P. P. Amaratunge (Chairman of the Remuneration Committee), Mr. N. M. Prakash and Mr. T. K. Bandaranayake (resigned w.e.f. 30th June 2021). The committee was reconstituted on 14 th June 2021 and includes Prof. S. P. P. Amaratunge (Chairman of the Remuneration Committee), Mr. W.K.H. Wegapitiya, Mr. U.K. Thilak De Silva, Mr. P. Kudabalage, Mr. A. Tittawella (appointed w.e.f. 14th June 2021) and Mr. L. Withana (appointed w.e.f. 14th June 2021). This committee recommends the remuneration payable to the Executive Directors and sets guidelines for the remuneration of the senior management of the Company. The Board makes the final determination having considered the recommendations of the Remuneration Committee and also the performance of the senior management. The report of the remuneration committee is given under the Board committee reports section of the Annual Report and the remuneration policy is given in the Corporate Governance Report.

MANAGEMENT COMMITTEE

The Management Committee comprises Mr. W. K. H. Wegapitiya (Chairman), Mr. U. K. Thilak De Silva and Mr. P. Kudabalage. Its principle focus is on the overall strategic direction and review of business operational results. The report of the Management Committee is given under the Board committee reports section of the Annual Report.

INTEREST REGISTER

The Company maintains an Interest Register in compliance with the Companies Act No. 07 of 2007. In Compliance with the requirements of the Companies Act, this Annual Report also contains particulars of entries made in the Interest Register.

DIRECTORS' INTEREST IN CONTRACTS

Directors' interest in contracts are disclosed in the Related Party Transactions under Note 28 to the Financial Statements.

DIRECTORS SHAREHOLDING

The shareholdings of the Directors of the Company as at 31st March 2021, and as defined under the Listing Rules of Colombo Stock Exchange are as follows.

Name of Director	Voting Shares		Non-voting Shares	
	No of Shares	%	No of Shares	%
Mr. W. K. H. Wegapitiya	1,411,536	0.421	NIL	-
Mr. U. K. Thilak De Silva	1,077,897	0.322	NIL	-
Mr. P. Kudabalage	Nil	-	NIL	-
Mr. N. M. Prakash	17,000	0.005	NIL	-
Mr. T. K. Bandaranayake (resigned w.e.f. 30th June 2021)	NIL	-	NIL	-
Mr. A. R. D. Perera (resigned from the Board of directors w.e.f. 20th April 2021)	NIL	-	NIL	-
Mr. S. P. P. Amaratunge	NIL	-	NIL	-
Mr. C. D. Ediriwickrama (resigned from the Board of directors w.e.f. 01st July 2021)	NIL	-	NIL	-

Mr. W. K. H. Wegapitiya and Mr. U. K. Thilak De Silva are shareholders of LAUGFS Holdings Ltd., the holding company which holds a significant stake of the Company directly.

DIRECTORS' REMUNERATION

Directors' remuneration is established within a framework approved by the Remuneration Committee. Directors' remuneration in respect of the Company for the year is given in Note 28 to the Financial Statements.

SHARE INFORMATION

Information relating to earnings, dividends and net assets per share are given on page 08. The market value per share is given on page no 210 and 211. The distribution and the composition of shareholding are given on page no 209 and 211 of this Annual Report.

The Details of the 20 major shareholders of the Company including the number of shares held by them are given on page 212 and 213 of the Annual Report.

CORPORATE GOVERNANCE

The Board of Directors has ensured that the Company has complied with the Listing Rules of the Colombo Stock Exchange and the Code of Best Practices on Corporate Governance issued by the Securities and Exchange Commission and the Institute of Chartered Accountants of Sri Lanka. Directors are committed towards the furtherance of Corporate Governance principles of the Company. The measures taken in this regard are set out in the Corporate Governance Report. Further, the Directors declare that the Company has not engaged in any activity which contravenes laws and regulations. All material interest in contracts involving the Company have been declared by the Directors and they have refrained from voting on matters in which they were materially interested, the Company has made all endeavours to ensure the equitable treatment of shareholders, the business is a going concern and a review of internal controls covering financials, operational and compliance controls and risk management has been conducted and the Directors have obtained a reasonable assurance of their effectiveness and successful adherence.

ENVIRONMENT

The Company has not engaged in any activity that was detrimental to the environment and has been in due compliance with all applicable laws and regulations of the country to the best of its ability. The Group's effort in this regard is briefly described in the Sustainability Report.

STATUTORY PAYMENTS

The Board of Directors confirm that to the best of its knowledge, all taxes, duties and levies payable by the company and its subsidiaries, all contributions, levies and taxes payable on behalf of, and in respect of the employees of the Company and its subsidiaries, and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the balance sheet date have been paid or, where relevant, provided for, except as specified in Note 26.2 the Financial Statements covering contingent liabilities.

GOING CONCERN

The Board of Directors is satisfied that the Company, its subsidiaries and associates, have adequate resources to continue in operational existence for the foreseeable future, to justify adopting the going concern basis in preparing these Financial Statements.

DIVIDENDS

The Company has not declared or proposed any dividend for the year under review

DISCLOSURES ON TRANSFER PRICING

The Company has adopted a Transfer Pricing Policy in terms of the Regulations issued under Section 76 of the Inland Revenue Act No. 24 of 2017 in order to secure the transparency and accuracy of all the transactions including Related Party Transactions. The management is committed to monitor and review the Transfer Pricing Policy from time to time. All the Related Party Transactions are disclosed under Note 28 to the Financial Statements.

It is certified that the company has complied with the Transfer Pricing Regulations issued under Inland Revenue Act No. 24 of 2017. The information pursuant to these Regulations is given under certificate produced under the said Act. We believe that the record of transactions entered into with related parties during the period from 1st April 2020 to 31st March 2021 are at arm's length and not prejudicial to the interests of the Company. The transactions are entered into on the basis of a transfer pricing policy adopted by the company. All transactions have been submitted to the Independent Auditors for audit. No adverse remarks have been made in their report on the audit of such transactions.

AUDITORS

Messrs. Ernst & Young, Chartered Accountants, are deemed re-appointed in terms of Section 158 of the Companies Act No. 07 of 2007 as the auditors of the Company. A resolution to authorise the Directors to determine the remuneration of the auditors will be proposed at the forthcoming Annual General Meeting.

Total audit fees paid to Messrs. Ernst & Young by the Company and the Group are disclosed in Note 5.5 to the Financial Statements. The Auditors of the Company and its subsidiaries have confirmed that they do not have any relationship with the Company or its subsidiaries (other than the Auditor) that would have an impact on their independence.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 30th September 2021 at 1.00 p.m. at the Head office of LAUGFS Holdings Ltd. as a virtual meeting as a precautionary measure due to the prevailing COVID-19 protocols issued by the relevant authorities and guidelines issued by the Colombo Stock Exchange. The notice of meeting appears in the supplementary information section of the comprehensive Annual Report.

This Annual Report is signed for and on behalf of the Board of Directors.

By Order of the Board

W. K. H. Wegapitiya
Director

U. K. Thilak De Silva
Director

Corporate Advisory Services
(Private) Limited
Secretaries

30th June 2021

Statement of Directors' Responsibilities

The Directors are responsible under the Companies Act No. 07 of 2007, to ensure compliance of the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of the affairs of the Company and its subsidiaries as at the balance sheet date and the profit of the Company and its subsidiaries for the financial year. Further, the Board of Directors ensures the compliance of all the regulatory requirements imposed by the Listing Rules of the Colombo Stock Exchange and other applicable statutory and regulatory provisions.

The Financial Statements comprise:

- The statements of financial position, which present a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year,
- The Statement of Comprehensive Income, which presents a true and fair view of the profit or loss and/or other comprehensive income of the Company and its subsidiaries for the financial year.
- The Board of Directors accepts the responsibility for the integrity and objectivity of the Financial Statements prepared and presented. The Directors confirm that the Financial Statements have been prepared; using appropriate and applicable accounting policies which have been selected and applied in a consistent manner, and material departures, if any, have been disclosed and explained; and
- Presented in accordance with the Sri Lanka Financial Reporting Standards (SLFRS); and that
- Reasonable and prudent judgements and estimates have been made so that the form and substance of transactions are properly reflected; and
- Provides the information required by and otherwise comply with the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors confirm that the Financial Statements have been prepared on a going concern basis and are of the view that sufficient funds and other resources are available within the Company and its subsidiaries to continue its operations and to facilitate planned future expansions and capital commitments.

Further, the Directors ensure that the company maintains sufficient accounting records to disclose, with reasonable accuracy, the financial position of the company and its subsidiaries.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the company and of the Group and in this regard, to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The Directors are required to prepare the financial statements and to provide the auditors with every opportunity to take whatever steps and undertake whatever inspections that may be considered being appropriate to enable them to give their audit opinion.

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

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge and belief that all statutory payments in relation to regulatory and statutory authorities that were due in respect of the Company and its subsidiaries as at the balance sheet date have been duly paid or where relevant provided for.

Corporate Advisory Services (Private) Limited
Secretaries

30th June 2021

Inspiring GROWTH

Financial Statements

Financial Calendar

FINANCIAL CALENDAR FOR 2020/2021

→ First Quarter ended 30th June 2020	–	Published on 14th September 2020
→ Second Quarter ended 30th September 2020	–	Published on 02nd November 2020
→ Third Quarter ended 31st December 2020	–	Published on 26th January 2021
→ Fourth Quarter ended 31st March 2021	–	Published on 30th June 2021
→ Annual Report for 2020/2021	–	Published on 31st August 2021
→ Annual General Meeting	–	Will be held on 30th September 2021 at 1.00 p.m.

Independent Auditor's Report

Building a better working world

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LAUGFS GAS PLC

Report on the audit of the consolidated Financial Statements

Opinion

We have audited the Financial Statements of LAUGFS Gas PLC (the "Company"), and the consolidated Financial Statements of the Company and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements of the Company and Group give a true and fair view of the financial position of the Company and Group as at 31 March 2021, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuS). Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming the auditors' opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Financial Statements.

Key audit matter	How our audit addressed the key audit matter
Annual impairment of Intangible assets with Infinite Life	
As at 31st March 2021 the Group carries Goodwill balance of Rs. 2,838 Mn. Goodwill is tested annually for impairment based on the recoverable amount determined by Management using value in use computations (VIU). Such Management VIU calculations are based on the discounted future cash-flows of each Cash Generating Unit (CGU) to which Goodwill has been allocated. A deficit between the recoverable value and the carrying values of the CGUs including Goodwill would result in an impairment. Impairment testing of Goodwill was a key audit matter due to: → the degree of underlying Management assumptions coupled with inherent estimation uncertainties that arise when deriving the estimated future cashflows used for value in use calculations Key areas of significant judgments, estimates and assumptions included key inputs and assumptions related to the value in use computations of future cash flows, growth rates used for extrapolation purposes, discount rates and terminal growth rates including the potential impacts of the prevailing COVID-19 pandemic.	Our audit procedures included the following; → We gained an understanding of how Management has forecast its discounted future cash flows which included consideration of the impacts of the prevailing COVID-19 pandemic on its operations; → We checked the calculations of the discounted future cash flows and cross checked the data used by Management to relevant underlying accounting records, to evaluate their completeness and accuracy; → We engaged our internal specialised resources to assist us in: → Assessing the reasonableness of significant assumptions used by the Group, in particular those relating to the forecast revenue growth, profit margins, working capital cash flows and discount rates of the CGUs of the Group; and → evaluating the sensitivity of the discounted cashflows, by considering possible changes in key assumptions → We assessed the adequacy of the disclosures made in Notes 12 and 14 in the financial statements.

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
Interest bearing borrowings	
As of the reporting date, the Group reported total interest-bearing borrowings of Rs. 31,562 Mn, of which Rs.16,948 Mn is presented as current liabilities and the balance amount of Rs. 14,614 Mn is presented as non-current liabilities. The Interest- bearing borrowings was a key audit matter due to: → the magnitude of the interest- bearing borrowings and its significance to the overall financial statements (76% of total liabilities); → the subjectivity associated with the management's assessment of Group's ability to continue to serve its debt obligations, as timing and amount of forecast cashflows depend on management's expectation of price revisions and entity's ability to secure alternative funding and settlement arrangements as further detailed in note 1.3.1	Our audit procedures included amongst others, the following; → We obtained an understanding of the terms and conditions attached to external borrowings, by perusing the loan agreements, → We validated the entity's compliance with long term loan covenants and revisions to financing arrangements made during the year, → We evaluated the management's assessment of future cash flows and its plans to meet debt service obligations, focusing on reasonableness of underlying key assumptions and judgments of the management. This included discussions with management regarding the current status of the ongoing discussions with relevant authorities in relation to various remedial actions. We also, assessed the adequacy of the disclosures made in Note 16.2 and 30 to the Financial Statements relating to the interest-bearing borrowings and liquidity risk aspects.

Other information included in the Group's 2021 Annual Report

Other information consists of the information included in the Annual Report, other than the Financial Statements and our auditors' report thereon. The Management is responsible for the other information. Other information is expected to be made available to us after the date of this auditors' report.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of management and those charged with governance

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process

Auditors' responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements

As part of an audit in accordance with Sri Lanka Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditors' report is 1864.

Ernst & Young

30 June 2021
Colombo

Statement of Profit or Loss

Year ended 31 March 2021	Note	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Revenue	5.1	35,533,768,139	27,202,063,580	13,711,824,385	15,903,144,153
Cost of Sales		(31,799,185,672)	(24,379,205,529)	(13,865,385,333)	(14,682,633,521)
Gross Profit/ (Loss)		3,734,582,467	2,822,858,051	(153,560,948)	1,220,510,632
Other Operating Income	5.2	703,048,176	806,137,765	976,137,219	501,658,325
Selling and Distribution Expenses		(2,209,578,929)	(2,110,940,437)	(650,113,398)	(689,892,677)
Administrative Expenses		(1,065,445,426)	(1,169,290,518)	(518,336,283)	(605,880,701)
Foreign Currency Exchange Gains/(Loss)		33,371,123	(61,961,319)	(43,291,675)	(5,254,201)
Operating Profit/ (Loss)		1,195,977,411	286,803,542	(389,165,085)	421,141,378
Finance Costs	5.3	(2,234,920,965)	(2,447,497,829)	(1,531,305,554)	(1,988,742,319)
Fair Value Gain on Investment Properties	10	117,444,367	106,816,527	37,500,000	29,000,000
Finance Income	5.4	6,772,860	212,028,903	2,417,737	152,477,215
Loss Before Tax		(914,726,327)	(1,841,848,857)	(1,880,552,902)	(1,386,123,726)
Income Tax Expense	6.1	256,440,066	151,479,865	386,294,842	422,680,210
Loss for the Year		(658,286,261)	(1,690,368,992)	(1,494,258,060)	(963,443,516)
Attributable to:					
Equity Holders of the Parent		(685,532,742)	(1,719,845,798)	(1,494,258,060)	(963,443,516)
Non-Controlling Interests		27,246,481	29,476,806	-	-
		(658,286,261)	(1,690,368,992)	(1,494,258,060)	(963,443,516)
Loss Per Share					
Basic/Diluted Loss Attributable to Ordinary Equity Holders of the Parent	7	(1.77)	(4.44)	(3.86)	(2.49)

The accounting policies and notes on pages 128 to 205 form an integral part of these financial statements.

Statement of Other Comprehensive Income

Year ended 31 March 2021	Note	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Loss for the Year		(658,286,261)	(1,690,368,992)	(1,494,258,060)	(963,443,516)
Other Comprehensive Income					
Other Comprehensive Income that may be reclassified to profit or loss in subsequent period :					
Exchange Differences in Translation of Foreign Operations		315,071,407	500,524,939	-	-
Net Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods		315,071,407	500,524,939	-	-
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods :					
Gains/(Losses) on Financial Assets at FVTOCI	5.6	76,239,141	(15,272,824)	1,461,542,206	(617,930,047)
Actuarial Gains/(Losses) on Defined Benefit Liability	5.6	(21,697,137)	93,879,994	693,959	(5,359,618)
Gain on Revaluation of Property, Plant & Equipments		-	918,048,826	-	48,064,051
Income Tax Effect	6.2	46,158,291	(175,323,571)	(138,669,098)	51,724,836
Net Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods		100,700,295	821,332,425	1,323,567,067	(523,500,778)
Other Comprehensive Income/(Loss) for the Year, Net of Tax		415,771,702	1,321,857,364	1,323,567,067	(523,500,778)
Total Comprehensive Income/(Loss) for the Year, Net of Tax		(242,514,559)	(368,511,628)	(170,690,993)	(1,486,944,294)
Attributable to:					
Equity Holders of the Parent		(269,754,359)	(398,317,569)	(170,690,993)	(1,486,944,294)
Non-Controlling Interests		27,239,799	29,805,941	-	-
		(242,514,559)	(368,511,628)	(170,690,993)	(1,486,944,294)

The accounting policies and notes on pages 128 to 205 form an integral part of these financial statements.

Statement of Financial Position

As at 31 March 2021	Note	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	8	27,110,240,868	26,790,342,922	8,376,320,242	8,263,242,105
Right of Use Assets	9.1	983,770,266	587,356,833	79,934,892	53,577,127
Investment Properties	10	2,877,706,662	2,759,606,661	900,200,000	862,700,000
Intangible Assets	11	2,888,470,575	2,844,473,224	51,221	144,347
Prepayments	13	-	2,760,718	-	-
Investments in Subsidiaries	14	-	-	32,966,187,770	31,580,884,705
Other Non-Current Financial Assets	16.1	10,457,786	88,329,690	10,457,786	88,329,690
		33,870,646,157	33,072,870,048	42,333,151,911	40,848,877,974
Current Assets					
Inventories	17	2,956,237,252	1,578,108,058	460,815,876	272,966,718
Trade and Other Receivables	18	4,482,353,070	4,085,581,843	2,241,145,353	2,651,627,251
Prepayments	13	95,651,886	100,408,058	20,946,232	28,638,729
Income Tax Recoverable		188,765,856	197,266,539	168,362,468	168,334,426
Other Current Financial Assets	16.1	140,356,872	1,670,330	140,356,872	1,670,330
Cash and Short-Term Deposits	19.1	312,136,727	680,184,807	65,948,552	117,078,668
		8,175,501,663	6,643,219,635	3,097,575,353	3,240,316,122
Total Assets		42,046,147,820	39,716,089,683	45,430,727,264	44,089,194,096
EQUITY AND LIABILITIES					
Equity					
Stated Capital	20	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Fair Value Reserve of Financial Assets at FVTOCI	21	(22,730,041)	(353,244,862)	22,670,767,636	21,093,480,057
Revaluation Reserve	22	804,478,813	863,475,501	38,451,241	38,451,241
Foreign Currency Translation Reserve	22	1,477,139,274	1,162,067,867	-	-
Accumulated Losses		(3,191,949,404)	(2,335,605,506)	(2,733,691,505)	(985,712,932)
Equity attributable to Equity Holders of the Parent		66,938,642	336,693,000	20,975,527,372	21,146,218,366
Non-Controlling Interests		478,698,503	451,458,703	-	-
Total Equity		545,637,145	788,151,703	20,975,527,372	21,146,218,366

As at 31 March 2021	Note	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	16.2	14,614,054,201	14,914,882,887	5,335,364,638	6,134,453,157
Employee Benefit Liability	23	172,867,711	141,378,610	68,515,245	66,592,939
Refundable Deposits	24	2,682,569,529	2,497,819,563	2,473,989,395	2,359,658,892
Deferred Tax Liabilities	6.4	205,710,316	557,742,672	432,812,769	680,438,512
		17,675,201,757	18,111,823,731	8,310,682,047	9,241,143,500
Current Liabilities					
Trade and Other Payables	25	6,018,162,846	4,000,471,025	3,184,657,583	2,563,013,892
Interest Bearing Loans and Borrowings	16.2	16,947,556,363	16,050,729,304	12,684,972,551	10,876,634,018
Refundable Deposits	24	274,887,711	262,184,321	274,887,711	262,184,321
Income Tax Payable		584,701,998	502,729,600	-	-
		23,825,308,918	20,816,114,249	16,144,517,845	13,701,832,231
Total Equity and Liabilities		42,046,147,820	39,716,089,683	45,430,727,264	44,089,194,096

I certify that these financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

Dilshan Perera
Finance Director

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

W. K. H. Wegapitiya
Director

U.K. Thilak De Silva
Director

The accounting policies and notes on pages 128 to 205 form an integral part of these financial statements.

30 June 2021
Colombo

Statement of Changes in Equity

Year ended 31 March 2021	Attributable to Equity Holders of the Parent			
	Stated Capital	Fair Value Reserve of Financial Assets at FVTOCI	Revaluation Reserve	Foreign Currency Translation Reserve
Group	Rs.	Rs.	Rs.	Rs.
As at 01 April 2019	1,000,000,000	(337,972,038)	86,841,931	661,542,928
Loss For the Year	-	-	-	-
Other Comprehensive Income/(Loss)	-	(15,272,824)	776,633,570	500,524,939
Total Comprehensive Income/(Loss)	-	(15,272,824)	776,633,570	500,524,939
As at 31 March 2020	1,000,000,000	(353,244,862)	863,475,501	1,162,067,867
Loss for the Year	-	-	-	-
Other Comprehensive Income/(Loss)	-	76,239,141	64,351,703	315,071,407
Total Comprehensive Income/(Loss)	-	76,239,141	64,351,703	315,071,407
Transfer of Depreciation on Revaluation of Property, Plant and Equipments	-	-	(123,348,391)	-
Disposal of financial assets at FVTOCI	-	254,275,679	-	-
As at 31 March 2021	1,000,000,000	(22,730,041)	804,478,813	1,477,139,274

Year ended 31 March 2021	Stated Capital
Company	Rs.
As at 01 April 2019	1,000,000,000
Loss For the Year	-
Other Comprehensive Income/(Loss)	-
Total Comprehensive Income/(Loss)	-
As at 31 March 2020	1,000,000,000
Loss for the Year	-
Other Comprehensive Income	-
Total Comprehensive Income/(Loss)	-
Disposal of financial assets at FVTOCI	-
As at 31 March 2021	1,000,000,000

The accounting policies and notes on pages 128 to 205 form an integral part of these financial statements.

Accumulated Losses	Total	Non-Controlling Interests	Total Equity
Rs.	Rs.	Rs.	Rs.
(675,402,252)	735,010,569	421,652,762	1,156,663,331
(1,719,845,798)	(1,719,845,798)	29,476,806	(1,690,368,992)
59,642,544	1,321,528,229	329,135	1,321,857,364
(1,660,203,254)	(398,317,569)	29,805,941	(368,511,628)
(2,335,605,506)	336,693,000	451,458,703	788,151,703
(685,532,742)	(685,532,742)	27,246,481	(658,286,261)
(39,883,868)	415,778,383	(6,681)	415,771,702
(725,416,610)	(269,754,359)	27,239,800	(242,514,559)
123,348,391	-	-	-
(254,275,679)	-	-	-
(3,191,949,404)	66,938,643	478,698,503	545,637,145

Fair Value Reserve of Financial Assets at FVTOCI	Revaluation Reserve	Accumulated Losses	Total Equity
Rs.	Rs.	Rs.	Rs.
21,651,144,382	-	(17,981,722)	22,633,162,660
-	-	(963,443,516)	(963,443,516)
(557,664,325)	38,451,241	(4,287,694)	(523,500,778)
(557,664,325)	38,451,241	(967,731,210)	(1,486,944,294)
21,093,480,057	38,451,241	(985,712,932)	21,146,218,366
-	-	(1,494,258,060)	(1,494,258,060)
1,323,011,900	-	555,167	1,323,567,067
1,323,011,900	-	(1,493,702,893)	(170,690,993)
254,275,679	-	(254,275,679)	-
22,670,767,636	38,451,241	(2,733,691,505)	20,975,527,372

Statement of Cash Flows

Year ended 31 March 2021	Note	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Cash Flows Generated from/(Used in) Operating Activities					
Cash Flows from Operating Activities					
Loss Before Tax		(914,726,327)	(1,841,848,857)	(1,880,552,902)	(1,386,123,726)
Non-Cash Adjustment to Reconcile Profit/(Loss) Before Tax to Net Cash Flows:					
Amortisation of Intangible Assets	11	25,220,915	21,474,817	93,125	1,091,379
Decrease/(Increase) in Fair Value of Quoted Equity Securities		24,070,308	1,637,340	24,070,308	1,637,340
Depreciation of Property, Plant and Equipment	8	1,585,777,922	1,279,231,818	599,934,411	555,183,793
Amortisation of Right of use assets	9.1	79,551,292	69,257,063	15,920,623	12,910,456
Fair Value Gain on Investment Properties	10	(117,444,367)	(106,816,527)	(37,500,000)	(29,000,000)
Finance Costs	5.3	2,234,920,965	2,447,497,829	1,531,305,554	1,988,742,319
Finance Income	5.4	(6,772,860)	(212,028,903)	(2,417,737)	(152,477,215)
Disposal Gain/(Loss) on Disposal of Quoted Equity Securities		4,922,005	-	4,922,005	-
Dividend Income	5.2	(5,898,156)	(4,451,652)	(408,570,283)	(4,451,652)
Provision for Contribution to Workers' Profit Participation Fund		-	28,415,250	-	-
Provision for Employee Benefit Liability	23.1	44,374,896	51,380,508	13,895,418	14,639,740
Transfer of Employee Benefit Liability	23	1,265,308	(155,051)	1,265,308	-
(Profit)/Loss on Disposal of Property, Plant and Equipment		6,239,618	8,645,754	7,088,910	8,289,621
Exchange Differences		68,414,770	227,752,602	-	1,914,299
Provision for Unrecoverable Taxes Write Off		8,524,023	6,758,536	-	-
Property, Plant and Equipments transferred to/(from) inventories		-	(916,528,502)	-	-
Operating Profit before Working Capital Changes		3,038,440,312	1,060,222,025	(130,545,260)	1,012,356,353
Working Capital Adjustments:					
(Increase)/Decrease in Inventories		(1,378,129,194)	350,102,952	(187,849,158)	541,359,589
(Increase)/Decrease in Trade and Other Receivables and Prepayments		(389,254,337)	(484,539,131)	418,174,395	500,155,859
Increase/(Decrease) in Trade and Other Payables		2,017,691,822	580,431,661	621,643,691	162,209,739
Cash Flows Generated from/(Used in) Operating Activities		3,288,748,603	1,506,217,507	721,423,668	2,216,081,540

Year ended 31 March 2021	Note	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Employee Benefit Liability Costs Paid		(12,555,476)	(26,484,504)	(12,544,461)	(16,365,953)
Finance Costs Paid		(2,234,920,965)	(2,447,497,829)	(1,531,305,554)	(1,988,742,319)
Income Tax Paid		(21,315,550)	(290,686,538)	(28,038)	(1,960,186)
Refund/Transfers of Refundable Deposits	24	(522,017,602)	(424,146,575)	(503,684,152)	(424,146,575)
Refundable Deposits Received	24	708,640,362	523,116,845	630,718,044	522,809,254
Net Cash Flows Generated from/(Used in) Operating Activities		1,206,579,373	(1,159,481,094)	(695,420,492)	307,675,761
Cash Flows from/(Used in) Investing Activities					
Acquisition of Intangible Assets	11	(435,564)	(40,346,027)	-	-
Acquisition of Property, Plant and Equipment	8.3	(1,194,490,408)	(2,674,210,020)	(796,365,637)	(861,745,725)
Acquisition of Investment Properties	10	(655,634)	(183,473)	-	-
Acquisition of Right of Use Assets		(14,622,000)	-	(14,622,000)	-
Dividend Income		5,898,156	4,451,652	408,570,283	4,451,652
Finance Income	5.4	6,772,860	212,028,903	2,417,737	152,477,215
Investments in Quoted Equity Securities		(24,141,880)	-	(24,141,880)	-
Proceeds from Disposal of Property, Plant and Equipment		91,943,411	13,699,603	76,264,175	13,062,270
Proceeds from Disposal of Quoted Equity Securities		10,574,071	-	10,574,071	-
Net Cash Flows Used in Investing Activities		(1,119,156,987)	(2,484,559,361)	(337,303,249)	(691,754,587)
Cash Flows from/(Used in) Financing Activities					
Proceeds from Interest Bearing Loans and Borrowings		6,028,795,225	12,825,029,681	2,787,805,080	2,029,811,070
Repayment of Lease Liabilities		(63,966,223)	(49,176,451)	(13,911,166)	(6,726,334)
Repayment of Interest Bearing Loans and Borrowings		(6,126,964,180)	(10,839,104,918)	(1,668,185,523)	(1,970,745,969)
Net Cash Flows from Financing Activities		(162,135,177)	1,936,748,311	1,105,708,393	52,338,767
Net Increase/(Decrease) in Cash and Cash Equivalent		(74,712,791)	(1,707,292,143)	72,984,651	(331,740,060)
Cash and Cash Equivalent at the Beginning of the Year	19	(788,649,222)	918,642,921	(333,526,561)	(1,786,501)
Cash and Cash Equivalent at the End of the Year	19	(863,362,013)	(788,649,222)	(260,541,910)	(333,526,561)

The accounting policies and notes on pages 128 to 205 form an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 Reporting Entity

LAUGFS Gas PLC (the Company) is a public limited liability Company incorporated and domiciled in Sri Lanka and is listed in the Colombo Stock Exchange. The registered office of the Company is located at No. 101, Maya Avenue, Colombo 06 and the principal place of business is situated at No. 311/1, Biyagama Road, Mabima, Heiyanthuduwa.

1.2 Consolidated Financial Statements

The consolidated financial statements of LAUGFS Gas PLC, as at and for the year ended 31 March 2021 encompasses the Company and its Subsidiaries (together referred to as the "Group").

1.3 Principal Activities and Nature of Operations

During the year, the principal activities of the companies within the Group dealt within these financial statements were as follows:

Company	Activities
Continuing Operations within the group;	
LAUGFS Gas PLC ("Company")	Sale of liquefied petroleum gas and other related products
LAUGFS Property Developers (Pvt) Ltd.	Operation of a commercial property at Kirulapone
LAUGFS Maritime Services (Pvt) Ltd.	Operation of vessels and providing marine cargo services
LAUGFS Gas (Bangladesh) Ltd.	Sale of liquefied petroleum gas and other related products
SLOGAL Energy DMCC	Trading and export of liquefied petroleum gas and other related products
LAUGFS Terminals Ltd.	Operation of LPG storage terminal.

1.3.1 Operating results of the company

The Company has incurred a gross loss of Rs. 154 Mn and net loss of Rs. 1,494 Mn during the year which was mainly due to the weakened results during the last quarter of the year impacted by the external factors such as the global LPG price increase and non-approving the upward revision of local LP gas prices by the local price setting authorities. And Company reported net current liability position of Rs. 13,047 Mn as at 31 March 2021.

Management, in consultation with the relevant authorities, various actions are being taken to gain cost efficiencies and to negotiate possible local LPG price increase. Management expects these actions to be implemented during the next financial year.

The Group is in the process of evaluating various options including some restructuring activities to minimise the existing interest bearing borrowings. Negotiations are ongoing with the loan providers to convert certain of short term facilities to long term loans and for capital deferment arrangements.

Management is confident of liquidity risk management aspects with the long term funding lines that the company and Group has secured as of the reporting date. For more information refer note 30.

1.4 Parent Entity and Ultimate Parent Entity

The Company's parent entity is LAUGFS Holdings Limited. In the opinion of the Directors, the Company's ultimate parent undertaking and controlling party is LAUGFS Holdings Limited, which is incorporated in Sri Lanka.

1.5 Directors' Responsibility Statement

The Board of Directors is responsible for these financial statements.

1.6 Date of Authorisation for Issue

The financial statements of LAUGFS Gas PLC and its Subsidiaries (collectively, the Group) for the year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 30 June 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

The financial statement of LAUGFS Gas PLC and its Subsidiaries (the Group) have been prepared in accordance with Sri Lanka Accounting Standards comprising of SLFRS and LKAS (hereafter referred as "SLFRS"), as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The preparation and presentation of these financial statements are in compliance with the Companies Act No. 07 of 2007.

2.2 Basis of Preparation and Measurement

The financial statements have been prepared on a historical cost basis, except for investment properties, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss that have been measured at fair value and defined benefit obligation which is measured at present value of the obligation.

The financial statements are presented in Sri Lankan Rupees.

2.3 Functional and Presentation Currency

The consolidated financial statements are presented in Sri Lankan Rupees (LKR), which is the primary economic environment in which the holding Company operates. Each entity within the Group uses the currency of the primary economic environment in which they operate as their functional currency.

The following Subsidiaries are using different functional currencies other than Sri Lankan Rupees (LKR);

Company	Country of incorporation	Functional currency
LAUGFS Gas (Bangladesh) Ltd	Bangladesh	Bangladeshi Taka (BDT)
SLOGAL Energy DMCC	United Arab Emirates	United States Dollar (USD)
LAUGFS Terminals Ltd	Sri Lanka	United States Dollar (USD)

2.4 Materiality and Aggregation

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

2.5 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its Subsidiaries as at 31 March 2021.

Subsidiaries are those entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a Subsidiary begins when the Group obtains control over the Subsidiary and ceases when the Group loses control of the Subsidiary. Assets, liabilities, income and expenses of a Subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the Subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of Subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

A change in the ownership interest of a Subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a Subsidiary, it derecognises the related assets (including goodwill), non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.6 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition related costs are expensed as incurred and included in administrative expenses.

Notes to the Financial Statements

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 – Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.7 Non-Controlling Interests

Profit or loss and each component of OCI are attributed to equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

2.8 Foreign Currency

2.8.1 Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.8.2 Foreign Operations

The results and financial position of all Group entities that have a functional currency other than the Sri Lankan Rupee are translated into Sri Lankan Rupees as follows:

- Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition are translated to Sri Lankan Rupees at the exchange rate prevailing at the reporting date.
- Income and expenses are translated at the average exchange rates for the period/year.

The exchange differences arising on translation for consolidation are recognised in OCI. When a foreign operation is disposed of, the relevant amount in the translation reserve is transferred to the statement of profit or loss as part of the profit or loss on disposal. On the partial disposal of a Subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation.

2.9 Current Versus Non-Current Classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period.

  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.

  Or
- The entity does not have a right at the reporting date to defer settlement of the liability by the transfer of cash or other assets for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.10 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

  Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1 -** Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2 -** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3 -** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Management of the Group determines the policies and procedures for both recurring fair value measurement, such as investment properties and fair value of Subsidiaries.

External valuer is involved in valuation of significant assets, such as Investment properties and investment in subsidiaries. Involvement of external valuers is decided upon annually by the Management after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Group's external valuer, which valuation techniques and inputs to use for each case.

Notes to the Financial Statements

At each reporting date, the Management analyses the movements in the values of assets which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management, in conjunction with the Group's external valuer, also compares the change in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions (Notes 3, 10, 14 and 16)
- Quantitative disclosures of fair value measurement hierarchy (Note 16)
- Investment properties (Note 10)
- Financial instruments (including those carried at amortised cost) (Note 14 and Note 16)

2.11 Revenue

2.11.1 Revenue from Contracts with Customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

→ Sale of Goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

→ Rendering of Services

Revenue from rendering of services is recognised in the accounting period in which the services are rendered or performed.

→ Freight Income

Income from freight is recognised in the period in which the services are rendered or performed.

Contract balances

Contract assets

Contract assets are the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer, with rights that are conditional on some criteria other than the passage of time. Upon satisfaction of the conditions, the amounts recognised as contract assets are reclassified to trade receivables.

Contract liabilities

Contract liabilities are the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount is due) from the customer. Contract liabilities include long-term advances received to deliver goods and services, short-term advances received to render certain services as well as transaction price allocated to unexpired service warranties, and loyalty points not yet redeemed.

2.11.2 Income from Refundable Deposits

The income from refundable deposits is recognised in other operating income in the statement of profit or loss once the liability is extinguished.

2.11.3 Rental Income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term and is included in other operating income in the statement of profit or loss.

2.11.4 Dividend

Income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.11.5 Gains and Losses

Gains and losses on disposal of an item of property, plant & equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant & equipment and has been accounted for in the Statement of Profit or Loss.

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

2.11.6 Finance Income and Finance Costs

Finance income

Finance income comprises of interest income on funds invested dividend income, gains on the disposal of fair value through OCI financial assets, fair value gains on financial assets at fair value through profit or loss, gains on the remeasurement to fair value of any pre-existing interest in an acquiree that are recognised in the statement of profit or loss.

Interest income is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, losses on disposal of fair value through OCI financial assets, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables) that are recognised in the statement of profit or loss.

Interest expense is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability.

2.11.7 Others

Other Income is recognised on an accrual basis.

2.12 Refundable Deposits

The Liquefied Petroleum Gas cylinders remain as a property of LAUGFS Gas PLC and LAUGFS Gas (Bangladesh) Limited. Cylinders are issued to the customers on a temporary basis against a refundable security deposit. The LAUGFS Gas PLC and LAUGFS Gas (Bangladesh) Limited is liable to refund the deposit for 12.5Kg, 37.5Kg, 5Kg & 2Kg cylinders on following basis.

LAUGFS Gas PLC liable to refund the deposit subject to a minimum refund of Rs.1,000/-, Rs.1,700/-, Rs. 485/-, & Rs. 450/- respectively up to 10 years.

LAUGFS Gas (Bangladesh) Limited liable to refund the deposit subject to a minimum refund of 20% of the total refundable deposit up to 10 years.

0 to 3 Months
Full refund of the selling price

3 to 12 Months
Minimum refund + Two third of the selling price of a cylinder after deducting Minimum refund

1 to 3 Years
Minimum refund + One third of the selling price of a cylinder after deducting Minimum refund

3 to 10 Years
Minimum refund only.

The refundable deposits (or a part of a refundable deposits) is removed from the statement of financial position when the liability is extinguished and recognised in profit or loss.

2.13 Expenses

Expenses are recognised in the statement of profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.

Repairs and renewals are charged to profit and loss in the year in which the expenditure is incurred.

2.14 Taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

2.14.1 Current Income Tax

Current income tax assets and liabilities for the current period 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 in the countries where the Group operates and generates taxable income.

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

Tax withheld on dividend income from Subsidiaries is recognised as an expense in the statement of profit or loss at the same time as the liability to pay the related dividend is recognised.

2.14.2 Deferred Tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in Subsidiaries, equity accounted investee and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax assets and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

Notes to the Financial Statements

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in Subsidiaries, equity accounted investee and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences 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. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. 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 tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

2.14.3 Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- When 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 recognised as a part of the cost of the asset or part of the expense items, as applicable or/and
- When receivables and payables that are stated with the amount of sales tax included the net amount of sales tax recoverable from or payable to, the taxation authorities is included as a part of receivables or payables in the statement of financial position.

2.15 Property, Plant and Equipment

The Group applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services or for administration purpose and are expected to be used for more than one year.

Property, plant and equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

Items of property, plant & equipment including construction in progress are measured at cost net of cost of day to day servicing, accumulated depreciation and accumulated impairment, if any.

The cost of property, plant & equipment includes expenditure that is directly attributable to the acquisition of the asset and the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and includes the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

When a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised. Gains are not classified as revenue.

Depreciation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant & equipment, in reflecting the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are disclosed in Note 8.5.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.16 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land	3 to 21 years
Building	3 years
Motor vehicle	5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.16.1 Company as a Lessee

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land	8 to 15 years
Building	5 years
Motor vehicle	5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies on Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in Right-of-use-Lease Liability (see Note 9.2).

2.16.2 Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the

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carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.17 Investment Properties

Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the period in which they arise. Fair values are evaluated annually by an accredited external, independent valuer.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.18 Intangible Assets

An Intangible asset is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be finite or infinite. For intangible assets with a finite useful life, the Group’s policy is to amortise such intangible assets over a useful life of 4-10 years. Such intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

2.19 Research and Development Costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- → The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- → Its intention to complete and its ability to use or sell the asset.
- → How the asset will generate future economic benefits.
- → The availability of resources to complete the asset.
- → The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in the statement of profit or loss in the expense category consistent with the function of the intangible asset. During the period of development, the asset is tested for impairment annually.

2.20 Investment in Subsidiaries - Company

Investment in subsidiaries is initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is immediately recognised in the statement of profit or loss. After the initial recognition, Investments in subsidiaries are accounted in accordance with SLFRS 9 - Financial Instruments.

The Company measures the Investment in Subsidiaries at fair value at each reporting date using Discounted cash flow methodology (DCF).

2.21 Financial Instruments

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

2.21.1 Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

→ Financial assets at amortised cost (debt instruments)

→ Financial assets at fair value through OCI (FVTOCI) with recycling of cumulative gains and losses (debt instruments)

→ Financial assets designated at fair value through OCI (FVTOCI) with no recycling of cumulative gains and losses upon derecognition (equity instruments)

→ Financial assets at fair value through profit or loss (FVTPL)

Financial Assets at Amortised Cost (Debt Instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

→ The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

→ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables.

Financial Assets Designated at Fair Value Through OCI (Equity Instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

This category includes investment in subsidiaries and listed equity investments which the Company/Group has irrevocably elected to classify at fair value through OCI.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets

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designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investments which the Group has not irrevocably elected to classify at fair value through profit or loss.

Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired

  Or

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of Financial Assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.21.1.1 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, refundable deposits and interest-bearing loans and borrowings including bank overdrafts.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial Liabilities at Amortised Cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category applies to trade and other payables, refundable deposits and interest-bearing loans and borrowings including bank overdrafts.

Derecognition

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

2.21.2 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a current enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.21.3 Fair Value of Financial Instruments

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

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

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 16.3 and Note 16.4.

2.22 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing inventories to its present location and condition is accounted for as follows:

Raw Materials

At purchase cost on weighted average cost basis

Finished Goods

At the cost of direct materials, direct labour and an appropriate proportion of overheads based on normal operating capacity, but excluding borrowing costs

Goods in Transit

At purchase cost

Other Inventories

At actual cost on weighted average cost basis

Net realisable value is the estimated selling price in the ordinary course of business less, the estimated cost of completion and the estimated costs necessary to make the sale.

2.23 Impairment of Non-Financial Assets

The Group 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 Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculations on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and

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forecast calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for a property previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

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.

2.24 Cash and Short-Term Deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.25 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.26 Provisions

Provisions are recognised when the Group 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 Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.27 Employee Benefits

2.27.1 Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Group measure the cost of defined benefit plan-gratuity; every financial year using the Projected Unit Credit Method, as recommended by LKAS 19 – Employee Benefits, with the advice of an actuary.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 23.3. Any changes in these assumptions will impact the carrying amount of defined benefit obligations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 - Employee Benefits. However, under the Payment of Gratuity Act No.

12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

Actuarial gains and losses are recognised in the statement of comprehensive income (OCI) in the period in which it arises.

The item is stated under Employee Benefit Liability in the statement of financial position.

This is not an externally funded defined benefit plan.

2.27.2 Defined Contribution Plans - Employees' Provident Fund & Employees' Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

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

2.27.3 Short-term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

2.28 Dividend Distribution

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

2.29 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "indirect method". Interest paid is classified as an operating cash flow. Dividend income and interest income are classified as cash flows from investing activities. Dividends paid are classified as financing cash flows.

2.4 Changes in Accounting Policies and Disclosures

2.4.1 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 - Interest Rate Benchmark Reform (Phase 1 & 2)

The amendments to SLFRS 9 & LKAS 39 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

IBOR reforms Phase 2 include number of reliefs and additional disclosures. Amendments support companies in applying SLFRS when changes are made to contractual cash flows or hedging relationships because of the reform.

The above-mentioned amendments are effective for the annual reporting periods beginning on or after 1 January 2021.

Amendment to SLFRS 16- COVID-19 Related Rent Concession

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 Pandemic.

As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from Covid-19 related rent concession the same way it would account for the change under SLFRS16, if the change were not a lease modification.

The above-mentioned amendments are effective for the annual reporting periods beginning on or after 01st June 2020.

Amendments to SLFRS 3

The amendments update SLFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to SLFRS 3 a requirement that, for obligations within the scope of LKAS 37, an acquirer applies LKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The above-mentioned amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

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Property, Plant and Equipment: Proceeds before Intended Use – Amendments to LKAS 16

In March 2021, the ICASL adopted amendments to LKAS16-Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The above-mentioned amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to LKAS 37

In March 2021, the ICASL adopted amendments to LKAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The above-mentioned amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments

Amendments to LKAS 1: Classification of Liabilities as Current or Non-current

In March 2021 , ICASL adopted amendments to paragraphs 69 to 76 of LKAS 1 which specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The above-mentioned amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively.

None of the new or amended pronouncements are expected to have a material impact on the financial statements of the Company in the foreseeable future.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with SLFRS/LKAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Use of Judgements, Estimates and Assumptions

In the process of applying the accounting policies, management has made following judgements, estimates and assumptions which have the most significant effect on the amounts recognised in these financial statements.

3.1 Going Concern

The Directors have made an assessment of the Group's and the Company's ability to continue as a going concern and is satisfied that respective entities have the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon those entities' ability to continue as a going concern. Therefore, the financial Statements continue to be prepared on the going concern basis.

In arriving at the above conclusion, following factors together counter actions of the management stated below were duly considered by the management:

- Net current liability position of Rs. 15.6 Bn reported by the Group, mainly resulting from/contributed by Company (i.e. Liquefied petroleum business of the Group), which reported net current liability position of Rs. 13 Bn;
- Gross losses for the year of Rs.154 Mn reported by the Company, resulting from weakened results during the last quarter of the year due to negative effects of external factors such as the global LPG price increase and delay in regulatory approvals for the expected upward price revision of local LP gas prices; and
- The existing and anticipated effects of COVID-19 on the operations of the Group.

Being in an essential service, the Group's business is less impacted operationally. However, the management has considered the potential downsides that the COVID -19 pandemic could bring to the business operations of the Group, in making this assessment.

Management, in consultation with the relevant authorities, various actions are being taken to gain cost efficiencies and to negotiate possible local LPG price increase. Management expects these actions to be implemented during the next financial year.

The Group is in the process of evaluating various options including some restructuring activities to minimise the existing interest bearing borrowings. Negotiations are ongoing with the loan providers to convert certain of short term facilities to long term loans and for capital deferment arrangements. Management is confident of liquidity risk management aspects with the long term funding lines that the company and Group has secured as of the reporting date.

Considering the above action plans and the status of those as of the reporting date, the Directors are confident that the Group and the Company will continue its operation in the foreseeable future and they do not intend either to liquidate or to cease trading.

3.2 Classification of Property

The Group 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 Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and for capital appreciation.

The Group 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 (or leased out separately under a finance lease), the Group 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 Group considers each property separately in making its judgment.

3.3 Operating Lease Commitments - Group as Lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

3.4 Impairment of Non-Financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

3.5 Fair-Valuation of Investment Properties and Property, Plant & Equipment

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. The Group engaged an independent valuation specialist to assess fair values as at 31 March 2021.

For further details refer to Note 8 & 10.

3.6 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.

3.7 Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

3.8 Useful Lives of Property, Plant and Equipment

The Group reviews the assets’ residual values, useful lives and methods of depreciation at each reporting date; judgment by management is exercised in the estimation of these values, rates and methods.

Notes to the Financial Statements

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable segments as follows:

Energy

Selling of Liquefied Petroleum Gas and other related products.

Property

Operation of a commercial property given on rent at Kirullapone.

Transportation & Logistics

Operation of vessels and providing marine cargo services.
Operation of LPG storage terminal.

Operating Segments

Year ended 31 March	Energy		Property	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Revenue				
External Customers	22,228,762,079	25,654,287,202	70,072,022	107,063,845
Inter-Segment	-	(14,669,398)	28,406,066	20,089,228
Total Revenue	22,228,762,079	25,639,617,804	98,478,088	127,153,073
Results				
Operating Profit	(79,217,063)	1,010,045,667	59,011,462	88,533,200
Finance Costs	(1,643,593,041)	(2,074,472,649)	(17,375,193)	(35,763,894)
Fair Value Gain on Investment Properties	37,500,000	29,000,000	85,044,367	83,616,527
Finance Income	6,180,382	189,193,011	45,987	28,539,032
Profit/(Loss) Before Tax	(1,679,129,722)	(846,233,971)	126,726,622	164,924,866
Income Tax Expense	294,865,667	197,317,860	(17,740,699)	(47,017,641)
Profit/(Loss) for the Year	(1,384,264,054)	(648,916,110)	108,985,923	117,907,225
Gains/(Losses) on Financial Assets at FVTOCI	76,239,141	(15,272,824)	-	-
Actuarial Gains/(Losses) on Defined Benefit Plans	(23,809,607)	96,958,139	(35,165)	(279,474)
Exchange Difference in translation of foreign operations	137,172,152	154,426,801	-	-
Gain on Revaluation of Property,Plant and Equipment	-	48,064,051	-	2,108,000
Income Tax Effect	(17,880,779)	(44,352,101)	8,440	(511,987)
Total Comprehensive Income/(Loss) for the Year Net of Tax	(1,212,543,147)	(409,092,044)	108,959,198	119,223,764
Assets & Liabilities				
Total Non-Current Assets	14,313,853,732	14,129,439,188	2,171,398,438	2,087,878,004
Total Current Assets	5,013,050,102	4,994,745,512	367,660,603	365,843,121
Total Assets	19,326,903,834	19,124,184,700	2,539,059,041	2,453,721,125
Total Non-Current Liabilities	9,749,816,995	10,685,256,101	445,178,595	431,657,290
Total Current Liabilities	18,778,877,406	16,109,142,756	158,687,877	195,830,461
Total Liabilities	28,528,694,401	26,794,398,857	603,866,472	627,487,751
Other Disclosures				
Depreciation for the Year	942,264,461	783,267,785	9,287,599	7,376,413
Purchase of Property, Plant and Equipment, and Investment Properties	1,035,182,083	1,498,887,043	7,887,448	7,095,339
Provision for Employee Benefit Liability	41,706,822	44,150,864	219,652	375,546
Deferred Tax Liabilities	892,359,053	1,058,960,119	289,102,776	271,370,518

Inter-segment revenues are eliminated upon consolidation; and operation results, assets and liabilities of discontinued segments are reflected in the adjustments/eliminations column.

Trading

Trading and export of Liquefied Petroleum Gas and other related products.

No operating segments have been aggregated to form the above reportable operating segments. The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner to transactions with third parties.

Transportation & Logistics		Trading		Eliminations/Adjustments		Group	
2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
50,605,156	391,015,430	13,184,328,882	1,049,697,103	-	-	35,533,768,139	27,202,063,580
2,676,291,572	1,442,526,664	15,653,686,254	10,622,102,678	(18,358,383,892)	(12,070,049,172)	-	-
2,726,896,728	1,833,542,094	28,838,015,136	11,671,799,781	(18,358,383,892)	(12,070,049,172)	35,533,768,139	27,202,063,580
825,108,611	127,074,286	831,146,384	(892,781,399)	(440,071,983)	(46,068,209)	1,195,977,410	286,803,542
(397,775,963)	(289,615,823)	(184,342,770)	(93,337,629)	8,166,004	45,692,165	(2,234,920,964)	(2,447,497,829)
-	-	-	-	(5,100,000)	(5,800,000)	117,444,367	106,816,527
546,491	5,034,750	-	6,717	-	(10,744,607)	6,772,860	212,028,903
427,879,139	(157,506,786)	646,803,614	(986,112,311)	(437,005,979)	(16,920,652)	(914,726,326)	(1,841,848,857)
(933,835)	895,807	-	-	(19,751,068)	283,838	256,440,066	151,479,865
426,945,304	(156,610,979)	646,803,614	(986,112,311)	(456,757,047)	(16,636,814)	(658,286,260)	(1,690,368,992)
-	-	-	-	-	-	76,239,141	(15,272,824)
2,147,635	(2,798,671)	-	-	-	-	(21,697,137)	93,879,994
175,915,733	297,559,135	(64,400,007)	(108,782,556)	66,383,529	157,321,559	315,071,407	500,524,939
-	858,916,775	-	-	-	8,960,000	-	918,048,826
64,030,630	(127,950,683)	-	-	-	(2,508,800)	46,158,291	(175,323,571)
669,039,302	869,115,577	582,403,607	(1,094,894,868)	(390,373,518)	147,135,946	(242,514,558)	(368,511,628)
15,026,652,673	14,590,058,212	1,321,224,722	1,322,269,278	1,037,516,593	943,225,363	33,870,646,157	33,072,870,048
1,699,854,384	1,584,635,718	4,548,565,172	2,474,952,546	(3,453,628,597)	(2,776,957,262)	8,175,501,663	6,643,219,635
16,726,507,057	16,174,693,930	5,869,789,894	3,797,221,824	(2,416,112,004)	(1,833,731,898)	42,046,147,820	39,716,089,683
8,570,200,804	7,952,554,436	2,486,308	3,299,799	(1,092,480,946)	(960,943,894)	17,675,201,756	18,111,823,735
2,920,317,011	3,411,868,436	5,390,530,981	3,846,133,840	(3,423,104,357)	(2,746,861,251)	23,825,308,918	20,816,114,244
11,490,517,815	11,364,422,871	5,393,017,289	3,849,433,639	(4,515,585,303)	(3,707,805,145)	41,500,510,674	38,927,937,979
652,225,609	495,313,967	603,204	587,269	(18,602,951)	(7,313,616)	1,585,777,922	1,279,231,818
151,775,972	1,168,411,110	300,537	-	-	-	1,195,146,041	2,674,393,493
3,370,809	2,971,589	(922,387)	3,882,510	-	-	44,374,896	51,380,508
63,132,614	126,229,410	-	-	(1,038,884,127)	(898,817,375)	205,710,316	557,742,672

Notes to the Financial Statements

4. SEGMENT INFORMATION (CONTD.)

Geographic Information

Year ended 31 March	Sri Lanka		Bangladesh	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Revenue				
Inter-Segment	2,704,697,638	1,447,946,494	-	-
External Customers	13,832,501,563	16,415,892,827	8,516,937,694	9,736,473,651
Total Revenue	16,537,199,201	17,863,839,320	8,516,937,694	9,736,473,651
Results				
Operating Profit	494,954,989	636,748,864	309,948,021	588,904,288
Finance Costs	(1,938,290,707)	(2,268,429,870)	(112,287,486)	(85,730,330)
Fair Value Gain on Investment Properties	122,544,367	112,616,527	-	-
Finance Income	3,010,215	186,050,998	3,762,646	36,715,796
Profit/(Loss) Before Tax	(1,317,781,137)	(1,333,013,481)	201,423,180	539,889,754
Income Tax Expense	367,620,308	376,558,376	(91,429,174)	(225,362,349)
Profit/(Loss) for the Year	(950,160,829)	(956,455,105)	109,994,006	314,527,405
Gains/(Losses) on Financial Assets at FVTOCI	76,239,141	(15,272,824)	-	-
Actuarial Gains/(Losses) on Defined Benefit Plans	2,806,429	(8,437,763)	(24,503,566)	102,317,757
Exchange difference in translation of foreign operations	175,915,733	297,559,135	203,555,681	311,748,361
Gain on Revaluation of Property,Plant and Equipment	-	918,048,826	-	-
Income Tax Effect	63,900,278	(139,512,357)	(17,741,988)	(35,811,215)
Total Comprehensive Income for the Year Net of Tax	(631,299,247)	95,929,914	271,304,133	692,782,307
Assets & Liabilities				
Total Non-Current Assets	26,565,015,251	25,945,929,485	4,946,889,592	4,861,445,919
Total Current Assets	5,165,090,338	5,190,794,963	1,915,474,751	1,754,429,387
Total Assets	31,730,105,589	31,136,724,448	6,862,364,343	6,615,875,307
Total Non-Current Liabilities	17,326,061,445	17,625,355,225	1,439,134,948	1,444,112,601
Total Current Liabilities	19,223,522,733	17,309,531,129	2,634,359,562	2,407,310,526
Total Liabilities	36,549,584,178	34,934,886,354	4,073,494,510	3,851,423,127
Other Disclosures				
Depreciation for the Year	1,261,447,620	1,057,874,173	342,330,049	228,083,992
Purchase of Property, Plant and Equipment, and Investment Properties	956,029,057	2,037,252,175	238,816,447	637,141,318
Provision for Employee Benefit Liability	17,485,879	17,986,874	27,811,404	29,511,124
Deferred Tax Liabilities	785,048,159	1,078,038,439	459,546,284	378,521,607

Inter-segment revenues are eliminated upon consolidation; and operation results, assets and liabilities of discontinued segments are reflected in the adjustments/eliminations column.

United Arab Emirates		Eliminations/Adjustments		Group	
2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
15,653,686,254	10,622,102,678	(18,358,383,892)	(12,070,049,172)	-	-
13,184,328,882	1,049,697,103	-	-	35,533,768,139	27,202,063,580
28,838,015,136	11,671,799,781	(18,358,383,892)	(12,070,049,172)	35,533,768,139	27,202,063,580
831,146,384	(892,781,399)	(440,071,983)	(46,068,209)	1,195,977,410	286,803,542
(184,342,770)	(93,337,629)	-	-	(2,234,920,964)	(2,447,497,829)
-	-	(5,100,000)	(5,800,000)	117,444,367	106,816,527
-	6,717	-	(10,744,607)	6,772,860	212,028,903
646,803,614	(986,112,311)	(445,171,983)	(62,612,817)	(914,726,326)	(1,841,848,857)
-	-	(19,751,068)	283,838	256,440,066	151,479,865
646,803,614	(986,112,311)	(464,923,051)	(62,328,979)	(658,286,260)	(1,690,368,992)
-	-	-	-	76,239,141	(15,272,824)
-	-	-	-	(21,697,137)	93,879,994
(64,400,007)	(108,782,556)	-	-	315,071,407	500,524,939
-	-	-	-	-	918,048,826
-	-	-	-	46,158,291	(175,323,571)
582,403,607	(1,094,894,868)	(464,923,051)	(62,328,979)	(242,514,558)	(368,511,628)
1,321,224,722	1,322,269,278	1,037,516,593	943,225,363	33,870,646,157	33,072,870,048
4,548,565,172	2,474,952,546	(3,453,628,597)	(2,776,957,262)	8,175,501,663	6,643,219,635
5,869,789,894	3,797,221,824	(2,416,112,004)	(1,833,731,898)	42,046,147,820	39,716,089,683
2,486,308	3,299,799	(1,092,480,946)	(960,943,894)	17,675,201,756	18,111,823,735
5,390,530,981	3,846,133,840	(3,423,104,357)	(2,746,861,251)	23,825,308,918	20,816,114,244
5,393,017,289	3,849,433,639	(4,515,585,303)	(3,707,805,145)	41,500,510,674	38,927,937,979
603,204	587,269	(18,602,951)	(7,313,616)	1,585,777,922	1,279,231,818
300,537	-	-	-	1,195,146,041	2,674,393,493
(922,387)	3,882,510	-	-	44,374,896	51,380,508
-	-	(1,038,884,127)	(898,817,375)	205,710,316	557,742,672

Notes to the Financial Statements

5. REVENUE/OTHER INCOME AND EXPENSES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
5.1 Revenue				
Sale of Goods	35,413,090,961	26,703,984,305	13,711,824,385	15,903,144,153
Freight Income	50,605,156	391,015,430	-	-
Revenue from Contracts with Customers	35,463,696,117	27,094,999,735	13,711,824,385	15,903,144,153
Rent Income	70,072,022	107,063,845	-	-
Total Revenue	35,533,768,139	27,202,063,580	13,711,824,385	15,903,144,153
5.2 Other Operating Income				
Rent Income	17,086,600	19,134,344	17,086,600	19,134,344
Expiration of Refundable Deposits Liability	522,017,602	424,146,575	503,684,151	424,146,575
Sundry Income	122,354,585	328,994,142	11,104,952	18,741,112
Write back of balances	35,691,233	29,411,052	35,691,233	29,411,052
Dividend Income	5,898,156	4,451,652	408,570,283	4,451,652
Commission on Corporate Guarantees	-	-	-	5,773,590
	703,048,176	806,137,765	976,137,219	501,658,325
5.3 Finance Costs				
Interest Expense on Overdrafts	64,731,883	76,955,395	24,999,092	48,111,364
Interest Expense on Loans and Borrowings	1,525,508,322	1,881,134,352	1,097,012,558	1,566,306,994
Finance Charges on Lease Liabilities	60,157,922	51,712,242	7,673,184	7,016,659
Interest on Dealer Refundable Deposits	3,224,945	1,600,494	3,224,945	1,600,494
Interest on Import Loans	581,297,893	429,025,547	398,395,775	360,706,808
Corporate Guarantee Commission Expenses	-	5,000,000	-	5,000,000
Interest Expense on Intercompany Advances	-	2,069,799	-	-
	2,234,920,965	2,447,497,829	1,531,305,554	1,988,742,319
5.4 Finance Income				
Interest Income	6,772,860	212,028,903	2,417,737	152,477,215
	6,772,860	212,028,903	2,417,737	152,477,215

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
5.5 Profit/(Loss) Before Tax				
Stated after Charging/(Crediting)				
Included in Cost of Sales				
Depreciation of Property, Plant and Equipment	1,510,435,202	1,207,499,248	552,046,264	519,831,558
Amortisation of Intangible Assets	2,106,588	7,758,223	-	-
Employees Benefits including the following;	808,628,669	816,370,085	135,535,452	151,940,372
Employee Benefit Plan Costs - Gratuity (Included in Employee Benefits)	6,600,492	5,615,755	-	-
Defined Contribution Plan Costs - EPF and ETF (Included in Employees Benefits)	11,125,433	10,823,392	5,673,280	5,850,210
Included in Administration Expenses				
Employees Benefits including the following;	405,465,178	375,505,004	176,031,599	176,760,911
Employee Benefit Plan Costs - Gratuity (Included in Employee Benefits)	25,486,554	33,945,252	13,875,668	14,639,740
Defined Contribution Plan Costs - EPF and ETF (Included in Employees Benefits)	27,160,829	30,521,858	15,879,597	18,475,166
Depreciation of Property, Plant and Equipment	45,734,701	43,953,088	25,259,480	22,442,825
Amortisation of Intangible Assets	23,114,327	13,716,594	93,125	1,091,379
Auditors' Remuneration	3,558,693	3,673,164	1,494,278	1,960,114
Donations	7,595,832	4,605,176	7,595,832	4,450,571
Included in Selling and Distribution Expenses				
Employees Benefits including the following;	183,683,058	235,616,169	86,563,660	128,558,527
Employee Benefit Plan Costs - Gratuity (Included in Employee Benefits)	12,657,291	12,021,373	-	-
Defined Contribution Plan Costs - EPF and ETF (Included in Employee Benefits)	9,768,988	11,847,228	7,716,379	9,743,819
Depreciation of Property, Plant and Equipment	29,608,019	27,779,487	22,628,667	12,909,409
Advertising and Promotion	187,668,351	129,237,508	186,725,818	102,239,968
5.6 Components of Other Comprehensive Income				
Fair Value Through OCI Financial Assets				
Gains/(Losses) arising during the Year	76,239,141	(15,272,824)	1,461,542,206	(617,930,047)
Employee Benefit Liability				
Actuarial Gains/(Losses) arising during the Year	(21,697,137)	93,879,994	693,959	(5,359,618)

Notes to the Financial Statements

6. INCOME TAX

The major components of income tax expense for the years ended 31 March 2021 and 31 March 2020 are as follows:

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
6.1 Statement of Profit or Loss				
Current Income Tax:				
Current Income Tax Expense (Note 6.3)	51,873,431	(18,935,148)	-	-
Dividend Tax of Subsidiaries	21,287,513	-	-	-
Under/(Over) Provision of Current Taxes in respect of Prior Year	-	5,760,979	-	-
	73,160,944	(13,174,170)	-	-
Deferred Income Tax:				
Deferred Taxation Reversal (Note 6.4)	(329,601,010)	(138,305,696)	(386,294,842)	(422,680,210)
Income Tax Expense Reported in the Statement of Profit or Loss	(256,440,066)	(151,479,865)	(386,294,842)	(422,680,210)
6.2 Statement of Other Comprehensive Income				
Deferred Tax related to Items Charged or Credited Directly to Equity during the Year :				
Gain/(Loss) on Fair Value Through OCI Financial Assets	-	-	(138,530,307)	60,265,722
Gain on Revaluation of Property,Plant and Equipment	64,351,703	(141,415,256)	-	(9,612,810)
Actuarial Gain/(Loss) on Retirement Benefit Liability	(18,193,412)	(33,908,315)	(138,792)	1,071,924
Income Tax Charged Directly to Other Comprehensive Income	46,158,291	(175,323,571)	(138,669,098)	51,724,836

6.3 A Reconciliation between Tax Expense and the Product of Accounting Profit Multiplied by the Statutory Tax Rate for the Years Ended 31 March 2021 and 31 March 2020 are as follows:

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Accounting Loss before Tax	(914,726,326)	(1,841,848,857)	(1,880,552,903)	(1,386,123,726)
Adjustments in respect to Current Income Tax				
Aggregate Disallowed Items	3,220,752,984	3,138,541,961	2,308,186,716	2,740,526,872
Aggregate Allowable Expenses	(1,213,577,501)	(1,945,217,244)	(554,465,080)	(976,035,520)
Tax Exempt Income/ Tax Losses	(1,523,129,154)	(344,509,171)	(466,717,897)	(206,756,069)
Taxable Business Income	159,610,558	(132,392,701)	-	-
Other Sources of Income	23,290,722	190,925,658	19,504,337	171,611,559
Allowable Deductions	(23,290,722)	(190,948,214)	(19,504,337)	(171,611,559)
Total Taxable Income	159,610,558	(132,415,257)	-	-
At the Statutory Income Tax Rate				
Business Profit	20% - 32.5%	20% - 35%	20%	20%
Other Income	24% - 32.5%	28% - 35%	24%	28%
Current Income Tax Expenses				
- Business Profit	51,873,431	(18,935,148)	-	-
- Other Income	-	-	-	-
Income Tax Expense reported in the Statement of Profit or Loss	51,873,431	(18,935,148)	-	-

Notes to the Financial Statements

6. INCOME TAX (CONTD.)

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

Group	Consolidated Statement of Financial Position		Consolidated Statement of Profit or Loss		Consolidated Statement of Other Comprehensive Income	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Deferred Tax Liabilities						
Property, Plant and Equipment and Investment Properties	2,268,995,081	2,194,497,853	115,121,985	272,264,114	(64,351,703)*	141,415,256
	2,268,995,081	2,194,497,853	115,121,985	272,264,114	(64,351,703)	141,415,256
Deferred Tax Assets						
Employee Benefit Liability	(70,885,713)	(64,249,713)	(24,829,412)	(38,428,225)	18,193,412	33,908,315
Provision for Impairments	(6,970,101)	(8,949,899)	1,979,797	35,616,187	-	-
Provision for Inventories	(14,936,478)	-	(14,936,478)	78,341,647	-	-
Right of Use Assets	(2,021,179)	(757,635)	(1,263,544)	(32,570)	-	-
Losses Available for Offsetting Against Future Taxable Income	(1,968,471,292)	(1,562,797,935)	(405,673,358)	(486,066,849)	-	-
	(2,063,284,764)	(1,636,755,181)	(444,722,995)	(410,569,810)	18,193,412	33,908,315
Deferred Income Tax Expense			(329,601,010)	(138,305,696)	(46,158,291)	175,323,571
Net Deferred Tax Liability	205,710,316	557,742,672				

* This includes the effect of Tax rate change of LAUGFS Maritime Services (Pvt) Ltd.

Company	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Deferred Tax Liabilities						
Property, Plant and Equipment and Investment Properties	1,298,966,371	1,308,146,194	(9,179,823)	18,428,363	-	9,612,810
Investment in Subsidiaries	1,028,655,101	890,124,794	-	-	138,530,307	(60,265,722)
	2,327,621,472	2,198,270,988	(9,179,823)	18,428,363	138,530,307	(50,652,912)
Deferred Tax Assets						
Employee Benefit Liability	(13,703,049)	(13,318,588)	(523,253)	345,243	138,792	(1,071,924)
Provision for Impairments	(4,896,941)	(6,887,404)	1,990,463	35,313,579	-	-
Provision for Inventories	(14,936,478)	-	(14,936,478)	-	-	-
Right of Use Assets	(3,593,029)	(1,961,664)	(1,631,365)	(1,236,599)	-	-
Losses Available for Offsetting Against Future Taxable Income	(1,857,679,205)	(1,495,664,821)	(362,014,384)	(475,530,795)	-	-
	(1,894,808,702)	(1,517,832,476)	(377,115,019)	(441,108,572)	138,792	(1,071,924)
Deferred Income Tax Expense			(386,294,842)	(422,680,210)	138,669,098	(51,724,836)
Net Deferred Tax Liability	432,812,769	680,438,512				

6.5 Reconciliation of Net Deferred Tax Liability

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
As at 1 April	557,742,672	503,476,729	680,438,512	1,155,568,621
Effect of Adopting new Accounting Standards	-	(725,064)	-	(725,064)
Exchange Difference on Translation of Foreign Operation	23,726,945	17,973,132	-	-
Tax (Reversal)/Expense during the Year recognised in the Statement of Profit or Loss	(329,601,010)	(138,305,696)	(386,294,842)	(422,680,210)
Tax (Reversal)/Expense during the Year recognised in the Statement of Other Comprehensive Income	(46,158,291)	175,323,571	138,669,098	(51,724,836)
As at 31 March	205,710,316	557,742,672	432,812,769	680,438,512

Notes to the Financial Statements

6. INCOME TAX (CONTD.)

6.6 Current Taxes

6.6.1 Corporate income taxes of Companies resident in Sri Lanka have been computed in accordance with the Inland Revenue Act No. 24 of 2017 during the year, whilst Corporate Taxes of non-resident companies in the Group have been computed in keeping with the domestic statutes in their respective countries.

Resident companies in the Group, excluding those which enjoy a tax holiday or concessionary rate of taxation, were liable to income tax at 24% during year of assessment 2020/21 (Y/A 2019/20 - 28 %).

6.6.2 Exemptions / Concessions Granted Under the Board of Investment Law

Company	Nature of the Exemption / Concession	Current Tax	Applicable Period
LAUGFS Gas PLC	Profit of the Company is exempt from Income Tax for a period of 3 years, at 10% for next 2 years and 20% thereafter	20%	Open-ended
LAUGFS Terminals Ltd.	Profit of the Company is exempt from Income Tax as per Sec. 17A of Inland Revenue Act.	Exempt	Open-ended
LAUGFS Maritime Services (Pvt) Ltd.	Profit of the Company is exempt from Income Tax for a period of 8 years, as per Sec. 17A of Inland Revenue Act.	Exempt	8 Years ending 2021/2022

6.6.3 Corporate Income Tax of LAUGFS Gas (Bangladesh) Ltd. is computed at the higher of 0.3% of gross receipts and tax applied on taxable profits at 32.5% under Sec. 16CCC of Income Tax Ordinance (ITO) 1984 imposed by the Government of Bangladesh through Finance Act 2015.

6.6.4 Slogal Energy DMCC is a Company operating within the Dubai Multi Commodities Centre (DMCC) which is a free zone in the United Arab Emirates. Hence, no tax is applicable for the profits earned.

7. EARNINGS/(LOSS) PER SHARE

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

The following reflects the income and share data used in the Basic/Diluted Earnings/(Loss) Per Share computations.

	Group	
	2021 Rs.	2020 Rs.
Amount Used as the Numerator:		
Net Profit/(Loss) attributable to ordinary equity holders of the parent for Basic/Diluted Earnings/(Loss) Per Share	(685,532,741)	(1,719,845,798)

	Group	
	2021 Number	2020 Number
Number of Ordinary Shares Used as the Denominator:		
Weighted Average Number of Ordinary Shares for Basic/Diluted Earnings/(Loss) Per Share	387,000,086	387,000,086

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

8. PROPERTY, PLANT AND EQUIPMENT

8.1 Group

8.1.1 Gross Carrying Amounts

	Balance As at 01.04.2020 Rs.	Additions/ Incurred during the Year Rs.	Transfers In/ (out) Rs.	Disposals during the Year Rs.	Exchange Differences Rs.	Balance As at 31.03.2021 Rs.
At Cost						
Land Development	89,466,535	-	-	-	4,850,062	94,316,597
Buildings on Freehold Land	234,313,518	614,000	(229,718)	-	-	234,697,800
Buildings on Leasehold Land	1,310,853,990	-	-	-	65,712,110	1,376,566,100
Plant, Machinery and Equipment	15,327,684,700	118,991,101	366,505,824	(91,949,337)	753,577,661	16,474,809,948
Office Equipment	159,340,711	5,630,064	(248,581)	(3,483,490)	4,454,239	165,692,943
Furniture and Fittings	221,749,260	3,744,428	216,661	-	3,649,539	229,359,888
Jetty	65,844,323	-	-	-	3,569,480	69,413,804
Gas Point Dealer Huts	135,426,607	65,296,039	-	-	1,246,829	201,969,475
Motor Vehicles	380,575,207	330,000	-	-	5,564,282	386,469,489
Dry Docking Cost of Vessels	-	151,195,714	-	-	-	151,195,714
Gas Stock in Tank	8,230,310	-	-	(2,842,022)	-	5,388,288
Cylinders in Hand and in Circulation	9,993,727,999	628,836,541	-	(44,855,129)	71,607,001	10,649,316,412
	27,927,213,160	974,637,887	366,244,186	(143,129,978)	914,231,202	30,039,196,456
At Valuation						
Freehold Land	774,200,000	-	-	-	-	774,200,000
Vessels	2,386,417,200	-	-	-	-	2,386,417,200
	3,160,617,200	-	-	-	-	3,160,617,200
Total Value of Depreciable Assets	31,087,830,360	974,637,887	366,244,186	(143,129,978)	914,231,202	33,199,813,656

Notes to the Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.1 Group (Contd.)

8.1.2 In the Course of Construction

	Balance As at 01.04.2020 Rs.	Additions/ Incurred during the Year Rs.	Transfers In/ (out) Rs.	Disposals during the Year Rs.	Exchange Differences Rs.	Balance As at 31.03.2021 Rs.
Fire Water Storage Project	151,590,459	210,347,728	(361,672,215)	-	(265,972)	-
Plant & Machinery	75,790	780,451	(37,180)	-	-	819,061
Tank Installation Project	7,101,868	4,534,791	(4,534,791)	-	-	7,101,868
Duct System	-	1,323,000	-	-	-	1,323,000
Storage Tank	-	2,866,551	-	-	-	2,866,551
	158,768,117	219,852,520	(366,244,186)	-	(265,972)	12,110,480
Total Gross Carrying Amount	31,246,598,477	1,194,490,408	-	(143,129,978)	913,965,230	33,211,924,137

8.1.3 Depreciation

	Balance As at 01.04.2020 Rs.	Charged for the Year Rs.	Transfers In/ (out) Rs.	Disposals during the Year Rs.	Exchange Differences Rs.	Balance As at 31.03.2021 Rs.
At Cost						
Land Development	42,470,298	6,436,244	-	-	2,663,194	51,569,737
Buildings on Freehold Land	31,798,014	6,171,982	(377,248)	-	-	37,592,748
Buildings on Leasehold Land	46,500,507	42,027,424	-	-	29,821,026	118,348,957
Plant, Machinery and Equipment	1,288,814,628	622,484,163	401,926	(15,380,463)	49,315,778	1,945,636,031
Office Equipment	135,387,717	12,257,014	(99,462)	(3,483,490)	3,929,146	147,990,925
Furniture and Fittings	133,371,623	23,757,850	74,784	-	1,763,738	158,967,995
Jetty	52,031,600	8,107,914	-	-	3,275,241	63,414,755
Gas Point Dealer Huts	53,398,864	27,343,662	-	-	1,217,016	81,959,542
Motor Vehicles	250,285,387	22,566,931	-	-	5,029,213	277,881,531
Dry Docking Cost of Vessels	-	25,535,276	-	-	-	25,535,276
Gas Stock in Tank	6,132,282	1,839,326	-	(2,842,022)	-	5,129,586
Cylinders in Hand and in Circulation	2,416,064,635	511,771,203	-	(23,240,970)	7,582,386	2,912,177,255
	4,456,255,556	1,310,298,989	-	(44,946,945)	104,596,737	5,826,204,336
At Valuation						
Vessels	-	275,478,933	-	-	-	275,478,933
	-	275,478,933	-	-	-	275,478,933
Total Depreciation	4,456,255,556	1,585,777,922	-	(44,946,945)	104,596,737	6,101,683,269

8.1.4 Net Book Values

	2021 Rs.	2020 Rs.
At Cost		
Land Development	42,746,861	46,996,237
Buildings on Freehold Land	197,105,052	202,515,504
Buildings on Leasehold Land	1,258,217,144	1,264,353,483
Plant, Machinery and Equipment	14,529,173,917	14,038,870,072
Office Equipment	17,702,018	23,952,994
Furniture and Fittings	70,391,893	88,377,637
Jetty	5,999,049	13,812,723
Gas Point Dealer Huts	120,009,933	82,027,744
Motor Vehicles	108,587,957	130,289,819
Dry Docking Cost of Vessels	125,660,438	-
Gas Stock in Tank	258,702	2,098,028
Cylinders in Hand and in Circulation	7,737,139,157	7,577,663,364
	24,212,992,121	23,470,957,605
At Valuation		
Freehold Land	774,200,000	774,200,000
Vessels	2,110,938,267	2,386,417,200
	2,885,138,267	3,160,617,200
In the Course of Construction		
Fire Water Storage Project	-	151,590,459
Plant & Machinery	819,061	75,790
Tank Installation Project	7,101,868	7,101,868
Duct System	1,323,000	-
Storage Tank	2,866,551	-
	12,110,480	158,768,117
Total Carrying Amount of Property, Plant and Equipment	27,110,240,868	26,790,342,922

Notes to the Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.2 Company

8.2.1 Gross Carrying Amounts

	Balance As at 01.04.2020 Rs.	Additions/ Incurred during the Year Rs.	Transfers In/ (out) Rs.	Disposals during the year Rs.	Balance As at 31.03.2021 Rs.
At Cost					
Buildings on Freehold Land	131,239,432	614,000	(229,718)	-	131,623,714
Building on Leasehold Land	6,121,851	-	-	-	6,121,851
Plant, Machinery and Equipment	1,333,021,343	96,636,803	298,818	(76,270,101)	1,353,686,863
Office Equipment	69,886,240	2,058,650	(248,581)	(3,304,890)	68,391,419
Furniture and Fittings	128,986,868	447,561	216,661	-	129,651,090
Gas Point Dealer Huts	112,427,016	65,296,039	-	-	177,723,055
Motor Vehicles	276,456,013	330,000	-	-	276,786,013
Cylinders in Hand and in Circulation	8,674,383,649	627,335,582	-	(44,855,129)	9,256,864,102
	10,732,522,413	792,718,635	37,180	(124,430,120)	11,400,848,108
At Valuation					
Freehold Land	736,000,000	-	-	-	736,000,000
	736,000,000	-	-	-	736,000,000
Total Value of Depreciable Assets	11,468,522,413	792,718,635	37,180	(124,430,120)	12,136,848,108
In the Course of Construction					
Plant & Machinery	75,790	780,451	(37,180)	-	819,061
Tank Installation Project	7,101,868	-	-	-	7,101,868
Storage Tanks	-	2,866,551	-	-	2,866,551
	7,177,658	3,647,002	(37,180)	-	10,787,480
Total Gross Carrying Amount	11,475,700,071	796,365,637	-	(124,430,120)	12,147,635,588

8.2.2 Depreciation

	Balance As at 01.04.2020 Rs.	Charged for the Year Rs.	Transfers In/ (out) Rs.	Disposals during the year Rs.	Balance As at 31.03.2021 Rs.
At Cost					
Buildings on Freehold Land	22,928,149	3,595,130	(377,248)	-	26,146,031
Buildings on Leasehold Land	3,096,305	437,100	-	-	3,533,405
Plant, Machinery and Equipment	473,644,968	97,352,923	401,926	(14,531,171)	556,868,646
Office Equipment	67,068,332	1,374,939	(99,462)	(3,304,890)	65,038,919
Furniture and Fittings	100,679,478	13,208,721	74,784	-	113,962,983
Gas Point Dealer Huts	37,437,871	21,069,457	-	-	58,507,328
Motor Vehicles	161,962,754	18,273,577	-	-	180,236,331
Cylinders in Hand and in Circulation	2,345,640,108	444,622,564	-	(23,240,970)	2,767,021,702
Total Depreciation	3,212,457,966	599,934,411	-	(41,077,031)	3,771,315,346

8.2.3 Net Book Values

	2021 Rs.	2020 Rs.
At Cost		
Buildings on Freehold Land	105,477,684	108,311,284
Building on Leasehold Land	2,588,446	3,025,546
Plant, Machinery and Equipment	796,818,216	859,376,374
Office Equipment	3,352,500	2,817,908
Furniture and Fittings	15,688,107	28,307,390
Gas Point Dealer Huts	119,215,727	74,989,145
Motor Vehicles	96,549,682	114,493,259
Cylinders in Hand and in Circulation	6,489,842,400	6,328,743,541
	7,629,532,762	7,520,064,447
At Valuation		
Freehold Land	736,000,000	736,000,000
	736,000,000	736,000,000
In the Course of Construction		
Plant & Machinery	819,061	75,790
Tank Installation Project	7,101,868	7,101,868
Storage Tanks	2,866,551	-
	10,787,480	7,177,658
Total Carrying Amount of Property, Plant and Equipment	8,376,320,242	8,263,242,105

8.3 During the financial year, the Group and Company acquired property, plant and equipment to the aggregate value of Rs.1,194,490,408/- and Rs.796,365,637/- respectively (2020 - Rs. 2,674,210,020/- and Rs. 861,745,725/-). Cash payment amounting Rs.1,194,490,408/- and Rs.796,365,637 respectively. (2020 - Rs.2,674,210,020/- and Rs. 861,745,725/-).

8.4 The amount of borrowing costs capitalised with property, plant and equipment during the year ended 31 March 2021 was Rs.Nil. (2020-Rs.151,732,003/-).

Notes to the Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.5 The useful lives of the assets are estimated as follows:

	2021	2020
Group		
Land Development*	13-28 Years	13-28 Years
Buildings on Freehold Land	40 Years	40 Years
Buildings on Leasehold Land*	9 - 27 Years	9 - 27 Years
Plant, Machinery and Equipment	3 - 40 Years	3 - 40 Years
Office Equipment	3 - 10 Years	3 - 10 Years
Furniture and Fittings	10 Years	10 Years
Jetty	20 Years	20 Years
Gas Point Dealer Huts	5 - 10 Years	5 - 10 Years
Motor Vehicles	3 - 30 Years	3 - 30 Years
Cylinders in Hand and in Circulation	20 Years	20 Years
Vessels	10 Years	10 Years
Dry Docking Cost of Gas Vessels	3-5 Years	3-5 Years
Gas Stock in Tank	3 Years	3 Years
Company		
Buildings on Freehold Land	40 Years	40 Years
Buildings on Leasehold Land*	14 Years	14 Years
Plant, Machinery and Equipment	3 - 30 Years	3 - 30 Years
Office Equipment	4 Years	4 Years
Furniture and Fittings	10 Years	10 Years
Gas Point Dealer Huts	5 - 10 Years	5 - 10 Years
Motor Vehicles	3 - 30 Years	3 - 30 Years
Cylinders in Hand and in Circulation	20 Years	20 Years

*or period of the lease, whichever is shorter.

8.6 The carrying amount of revalued assets of the Group that would have been included in the financial statements that had been carried at cost less depreciation is as follows:

			Net Carrying Amount	
Class of the asset	Cost Rs.	Cumulative Depreciation if Assets were carried at Cost Rs.	2021 Rs.	2020 Rs.
Vessels	2,542,889,564	(1,243,118,811)	1,299,770,753	1,527,500,425

8.7 Fair value related disclosures of the Vessels

Fair Value hierarchy

The fair value of the Vessels are categorised into Level 3 of the fair value hierarchy.

Vessels are stated at fair value, which have been determined based on valuations performed by S.R. Lal De Silva, an accredited independent valuer, as at 31 March 2020. Description of valuation techniques used and key inputs to valuation as follows;

8.7.1 Based on an Internal assessment, the Board of Directors has decided that there was no significant Fair Value change as at 31.03.2021 since the last revaluation date.

	Valuation Technique	2021 Rs.	2020 Rs.
LAUGFS Maritime Services (Pvt) Ltd			
Gas Challenger	Market Approach	866,038,500	866,038,500
Gas Success	Market Approach	943,019,700	943,019,700
Gas Courage	Market Approach	577,359,000	577,359,000

8.8 Fair value related disclosures of the Lands

Fair Value hierarchy

The fair value of the Company's Lands are categorised into Level 3 of the fair value hierarchy.

Lands are stated at fair value, which have been determined based on valuations performed by Messrs. T. W. M. L. Wijayatunga, an accredited independent valuer, as at 31 March 2020. Description of valuation techniques used and key inputs to valuation as follows;

	Valuation Technique	Significant Unobservable inputs	2021 Rs.	2020 Rs.
LAUGFS Gas PLC				
Land - Mabima	Direct Capital Comparison Method	Price per perch for land	30,000 - 875,000	30,000 - 875,000

8.8.1 Based on an Internal assessment, the Board of Directors has decided that there was no significant Fair Value change as at 31.03.2021 since the last revaluation date.

Notes to the Financial Statements

9. RIGHT-OF-USE-ASSETS AND RIGHT-OF-USE-LEASE-LIABILITY

9.1 Right-of-Use-Assets

9.1.1 Group

	2021 Motor Vehicle Rs.	2021 Land & Building Rs.	2021 Total Rs.	2020 Land & Building Rs.	2020 Total Rs.
Cost					
As at 1 April	-	660,314,481	660,314,481	-	-
Effect of Adoption of SLFRS 16 as at 1 April 2019	-	-	-	610,321,764	610,321,764
Addition and Improvement	36,122,000	391,211,063	427,333,063	-	-
Exchange rate Difference	-	57,149,177	57,149,177	49,992,717	49,992,717
As at 31 March	36,122,000	1,108,674,721	1,144,796,721	660,314,481	660,314,481
Accumulated Amortisation					
As at 1 April	-	72,957,649	72,957,649	-	-
Charge for the year	3,010,167	76,541,125	79,551,292	69,257,063	69,257,063
Exchange rate Difference	-	8,517,514	8,517,514	3,700,586	3,700,586
As at 31 March	3,010,167	158,016,288	161,026,455	72,957,649	72,957,649
Net Book Value As at 31 March	33,111,833	950,658,433	983,770,266	587,356,833	587,356,833

9.1.2 Company

	2021 Motor Vehicle Rs.	2021 Land & Building Rs.	2021 Total Rs.	2020 Land & Building Rs.	2020 Total Rs.
Cost					
As at 1 April	-	66,487,583	66,487,583	-	-
Effect of Adoption of SLFRS 16 as at 1 April 2019	-	-	-	66,487,583	66,487,583
Addition and Improvement	36,122,000	6,156,388	42,278,388	-	-
As at 31 March	36,122,000	72,643,971	108,765,971	66,487,583	66,487,583
Accumulated Amortisation					
As at 1 April	-	12,910,456	12,910,456	-	-
Charge for the year	3,010,167	12,910,456	15,920,623	12,910,456	12,910,456
As at 31 March	3,010,167	25,820,912	28,831,079	12,910,456	12,910,456
Net Book Value As at 31 March	33,111,833	46,823,059	79,934,892	53,577,127	53,577,127

9.2 Right-of-Use-Lease-Liability

	2021 Motor Vehicle Rs.	2021 Land & Building Rs.	2021 Total Rs.	2020 Land & Building Rs.	2020 Total Rs.
Group					
As at 1 April	-	603,825,550	603,825,550	-	-
Effect of Adoption of SLFRS 16 as at 1 April 2019	-	-	-	605,947,517	605,947,517
Additions	21,500,000	435,204,452	456,704,452	-	-
Accretion of Interest	1,606,573	58,551,349	60,157,922	51,712,242	51,712,242
Payments	(4,606,593)	(119,517,551)	(124,124,144)	(100,888,693)	(100,888,693)
Exchange rate Difference	-	49,521,471	49,521,471	47,054,484	47,054,484
As at 31 March	18,499,980	1,027,585,271	1,046,085,251	603,825,550	603,825,550

	2021 Motor Vehicle Rs.	2021 Land & Building Rs.	2021 Total Rs.	2020 Land & Building Rs.	2020 Total Rs.
Company					
As at 1 April	-	63,386,573	63,386,573	-	-
Effect of Adoption of SLFRS 16 as at 1 April 2019	-	-	-	70,112,907	70,112,907
Additions	21,500,000	6,156,388	27,656,388	-	-
Accretion of Interest	1,606,573	6,066,611	7,673,184	7,016,659	7,016,659
Payments	(4,606,593)	(16,977,757)	(21,584,350)	(13,742,993)	(13,742,993)
As at 31 March	18,499,980	58,631,815	77,131,795	63,386,573	63,386,573

9.3

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Expense relating to leases of low-value assets	-	-	-	-
Expense relating to short-term leases	9,595,511	5,522,400	-	-

9.4 Maturity Analysis of Lease Liability

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Not later than one month	5,361,258	4,424,939	1,724,628	1,429,698
Later than one month and not later than three months	10,730,466	8,849,878	3,457,207	2,859,396
Later than three months and not later than one year	122,103,015	89,847,064	15,693,397	12,867,283
Later than one year and not later than five years	347,936,933	277,983,411	58,649,268	54,868,132
Later than five years	1,589,873,567	912,609,212	871,200	871,200
	2,076,005,240	1,293,714,505	80,395,700	72,895,709
Finance charges allocated to future periods	(1,029,919,989)	(689,888,955)	(3,263,905)	(9,509,137)
	1,046,085,251	603,825,550	77,131,795	63,386,573

Notes to the Financial Statements

10. INVESTMENT PROPERTIES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
As at 1 April	2,759,606,661	2,652,606,661	862,700,000	833,700,000
Addition during the Year	655,634	183,473	-	-
Fair Value Gain	117,444,367	106,816,527	37,500,000	29,000,000
As at 31 March	2,877,706,662	2,759,606,661	900,200,000	862,700,000
Rental Income derived from Investment Properties	85,170,422	125,134,989	15,098,400	18,071,144

10.1 Fair value related disclosures of the Investment Properties

Fair Value hierarchy

The fair value of the Company's investment property are categorised into Level 3 of the fair value hierarchy.

Investment properties are stated at fair value, which have been determined based on valuations performed by Messrs. T. W. M. L. Wijayatunga, an accredited independent valuer, as at 31 March 2021 and 31 March 2020. Description of valuation techniques used and key inputs to valuation as follows;

	Valuation Technique	Significant Unobservable inputs	2021	2020
LAUGFS Gas PLC				
Land & Building - Galle	Direct Capital Comparison Method	Price per perch for land	Rs.2,250,000	Rs.2,000,000
		Price per square foot for building	Rs.1,750-Rs.3,000	Rs.1,750-Rs.3,000
		Depreciation rate	15%-30%	15%-30%
Land - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs.10,000,000	Rs.9,750,000
Land & Building - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs.10,000,000	Rs.9,500,000
		Price per square foot for building	Rs.2,250-Rs.4,500	Rs.2,250-Rs.4,500
		Depreciation rate	20%	20%
Land - Biyagama	Direct Capital Comparison Method	Price per perch for land	Rs.370,000	Rs.350,000
LAUGFS Property Developers (Pvt) Ltd				
Land & Building - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs.10,000,000	Rs.9,000,000
		Price per square foot for building	Rs.17,750	Rs.19,450
		Depreciation rate	10%	10%
Land - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs.5,500,000	Rs.4,750,000

11. INTANGIBLE ASSETS

	Group			Company	
	Software Rs.	Goodwill Rs.	Total Rs.	Software Rs.	Total Rs.
Cost					
As at 1 April 2020	172,709,024	2,770,692,833	2,943,401,856	55,040,942	55,040,942
Additions	435,564	-	435,564	-	-
Exchange Differences on Translations of foreign operations	5,912,058	66,849,441	72,761,499	-	-
As at 31 March 2021	179,056,646	2,837,542,274	3,016,598,920	55,040,942	55,040,942
Amortisation and Impairment					
As at 1 April 2020	98,928,634	-	98,928,634	54,896,596	54,896,596
Amortisation	25,220,915	-	25,220,915	93,125	93,125
Exchange Differences on Translations of foreign operations	3,978,796	-	3,978,796	-	-
As at 31 March 2021	128,128,345	-	128,128,345	54,989,721	54,989,721
Net Book Values					
As at 1 April 2020	73,780,389	2,770,692,833	2,844,473,222	144,347	144,347
As at 31 March 2021	50,928,301	2,837,542,274	2,888,470,575	51,221	51,221

Notes to the Financial Statements

12. IMPAIRMENT TESTING OF GOODWILL

For impairment testing Goodwill acquired through business combinations with indefinite useful lives are allocated to the Energy and Property cash generating units, which are also operating and reportable segments.

Carrying amount of Goodwill allocated to each of the Cash Generating Unit:

	2021 Rs.	2020 Rs.
Property	8,742,326	8,742,326
Energy	2,828,799,948	2,761,950,507
	2,837,542,274	2,770,692,833

The Group performed its annual impairment test as at 31 March of each financial year. The Group considers the net assets position and future cash flows of each operating segment, among other factors, when reviewing for indicators of impairment. As at 31 March 2021, no impairment is recognised against the carrying value of the goodwill allocated to each cash generating unit.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, are as follows;

Gross margins

The basis used to determine the value assigned to the budgeted gross margins/contributions is the gross margins/contributions achieved in the year preceding the budgeted year adjusted for projected market conditions.

Discount rates

The discount rate used is the risk free rate which is the long term bond rate as published by Central Bank of Sri Lanka, adjusted by the addition of an appropriate risk premium.

Volume growth

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to four years immediately subsequent to the budgeted year based on Industry growth rates. Cash flows beyond the five year period are extrapolated using growth rates given in note14.2.

Recoverable value for the impairment test was estimated based on discounted cash flow methodology. The key assumptions used to determine the recoverable amount are disclosed in Note 14.2.

13. PREPAYMENTS

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Prepayments	95,651,886	103,168,776	20,946,232	28,638,729
	95,651,886	103,168,776	20,946,232	28,638,729
Prepayments within One Year (Current)	95,651,886	100,408,058	20,946,232	28,638,729
Prepayments after One Year (Non-Current)	-	2,760,718	-	-
	95,651,886	103,168,776	20,946,232	28,638,729

14. INVESTMENTS IN SUBSIDIARIES

14.1 Company

Non-Quoted	Country of Incorporation	% of Holding 2021	% of Holding 2020	Fair Value 2021 Rs.	Fair Value 2020 Rs.
Financial Assets at FVTOCI					
LAUGFS Property Developers (Pvt) Ltd	Sri Lanka	75%	75%	1,450,500,000	1,387,498,935
LAUGFS Maritime Services (Pvt) Ltd	Sri Lanka	100%	100%	2,303,793,000	2,001,186,000
LAUGFS Gas (Bangladesh) Ltd	Bangladesh	69%	69%	8,330,514,205	10,022,514,205
SLOGAL Energy DMCC	United Arab Emirates	100%	100%	4,139,706,321	2,885,864,321
LAUGFS Terminals Ltd	Sri Lanka	100%	100%	16,741,674,244	15,283,821,244
Total Non-Quoted Investments in Subsidiaries				32,966,187,770	31,580,884,705

14.2 Fair value related disclosures of the Investments in Subsidiaries

Fair Value hierarchy

The fair value of the Company's investment in subsidiaries are categorised into Level 3 of the fair value hierarchy.

	Valuation Technique	Significant inputs	2021	2020
LAUGFS Maritime Services (Pvt) Ltd.	Discounted Cash Flow Methodology	Weighted average cost of capital	16.3%	14.8%
		Terminal growth rate	1%	3%
LAUGFS Gas (Bangladesh) Ltd	Discounted Cash Flow Methodology	Weighted average cost of capital	10.2%	11.8%
		Terminal growth rate	3%	3%
SLOGAL Energy DMCC	Discounted Cash Flow Methodology	Weighted average cost of capital	13.1%	12.3%
		Terminal growth rate	1%	3%
LAUGFS Terminals Ltd.	Discounted Cash Flow Methodology	Weighted average cost of capital	10.4%	10.6%
		Terminal growth rate	2%	2.5%

Fair value of LAUGFS Property Developers (Pvt) Ltd, which is primarily operates an investment property is measured based on Net Asset Value technique. Additional information relating to fair value of investment properties are disclosed in Note 10.1.

Notes to the Financial Statements

14. INVESTMENTS IN SUBSIDIARIES (CONTD.)

14.2 Fair value related disclosures of the Investments in Subsidiaries (Contd.)

Sensitivity of significant inputs

	Increase/ (Decrease)		2021			2020		
	Weighted average cost of capital	Terminal growth rate	Effect on Other Comprehensive Income Rs.	Effect on Statement of Financial Position Rs.	Fair Value of Financial Assets at FVTOCI Rs.	Effect on Other Comprehensive Income Rs.	Effect on Statement of Financial Position Rs.	Fair Value of Financial Assets at FVTOCI Rs.
LAUGFS Maritime Services (Pvt) Ltd.	+1		102,069,000	(102,069,000)	2,201,724,000	95,744,000	(95,744,000)	1,905,442,000
	-1		(116,296,000)	116,296,000	2,420,089,000	(113,554,000)	113,554,000	2,114,740,000
		+1	(133,968,000)	133,968,000	2,437,761,000	(126,509,000)	126,509,000	2,127,695,000
		-1	117,578,000	(117,578,000)	2,186,215,000	106,667,000	(106,667,000)	1,894,519,000
LAUGFS Gas (Bangladesh) Ltd	+1		1,266,378,592	(1,266,378,592)	7,064,135,613	1,274,106,877	(1,274,106,877)	8,748,407,328
	-1		(1,676,337,548)	1,676,337,548	10,006,851,753	(1,610,843,015)	1,610,843,015	11,633,357,220
		+1	(1,291,520,822)	1,291,520,822	9,622,035,027	(1,173,729,395)	1,173,729,395	11,196,243,600
		-1	980,191,363	(980,191,363)	7,350,322,842	929,017,177	(929,017,177)	9,093,497,028
SLOGAL Energy DMCC	+1		235,773,020	(235,773,020)	3,903,933,301	292,109,874	(292,109,874)	2,593,754,447
	-1		(279,464,727)	279,464,727	4,419,171,048	(362,222,445)	362,222,445	3,248,086,766
		+1	(182,606,900)	182,606,900	4,322,313,221	(395,042,586)	395,042,586	3,280,906,907
		-1	154,754,136	(154,754,136)	3,984,952,185	318,577,260	(318,577,260)	2,567,287,061
LAUGFS Terminals Ltd.	+0.1		409,022,246	(409,022,246)	16,332,651,998	434,239,710	(434,239,710)	14,849,581,534
	-0.1		(421,562,911)	421,562,911	17,163,237,155	(448,330,114)	448,330,114	15,732,151,358
		+0.1	(309,703,611)	309,703,611	17,051,377,855	(342,323,651)	342,323,651	15,626,144,895
		-0.1	300,546,590	(300,546,590)	16,441,127,654	332,005,719	(332,005,719)	14,951,815,525

15. MATERIAL PARTLY-OWNED SUBSIDIARIES

15.1 LAUGFS Eco Sri Limited owned 25% of interests of LAUGFS Property Developers (Pvt) Ltd.

15.2 Financial information of subsidiaries that have material non-controlling interests for the year ended 31 March 2021 is provided below:

Proportion of Equity Interest Held by Non-Controlling Interests:

Name	Country of Incorporation and Operation	2021	2020
LAUGFS Property Developers (Pvt) Ltd	Sri Lanka	25%	25%

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised Statement of Profit or Loss	2021 Rs.	2020 Rs.
Revenue	98,478,088	127,153,073
Direct Operating Expenses	(12,404,076)	(10,039,130)
Other Income	4,711,264	1,600,247
Administrative Expenses	(31,773,814)	(30,180,991)
Fair Value Gain on Investments Properties	85,044,367	83,616,527
Finance Costs	(17,375,193)	(35,763,894)
Finance Income	45,987	28,539,032
Profit before Tax	126,726,622	164,924,865
Income Tax	(17,740,699)	(47,017,641)
Profit for the Year	108,985,924	117,907,224
Other Comprehensive Income	(26,725)	1,316,539
Total Comprehensive Income	108,959,198	119,223,763
Attributable to Non-Controlling Interests	27,239,800	29,805,941
Dividends Paid to Non-Controlling Interests	-	-

Notes to the Financial Statements

15. MATERIAL PARTLY-OWNED SUBSIDIARIES (CONTD.)

Summarised Statement of Financial Position	2021 Rs.	2020 Rs.
Trade and Other Receivables, Prepayments and Cash and Short-Term Deposits Balances (Current)	367,660,603	365,843,121
Property, Plant and Equipment, Investment Properties and Other Non-Current Assets (Non-Current)	2,171,398,438	2,087,878,004
Trade and Other Payables and Interest Bearing Loans and Borrowings (Current)	(158,687,877)	(195,830,461)
Employee Benefit Liabilities, Deferred Tax Liabilities and Other Non-Current Liabilities (Non-Current)	(445,178,595)	(431,657,290)
Total Equity	1,935,192,568	1,826,233,374
Attributable to Equity Holders of Parent	1,451,394,426	1,369,675,030
Attributable to Non-Controlling Interest	483,798,142	456,558,343

Summarised Cash Flow Information	2021 Rs.	2020 Rs.
Operating	12,483,261	8,467,399
Investing	(7,887,448)	(7,095,339)
Financing	(540,819)	(7,578,738)
Net Increase/(Decrease) in Cash and Cash Equivalents	4,054,993	(6,206,678)

16. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

16.1 Other Financial Assets

16.1.1 Financial Assets at Fair Value through OCI (Equity Instruments)

Group / Company	2021 Rs.	2020 Rs.
Quoted Equity Shares		
Ceylon Guardian Investment Trust PLC	-	1,328,013
Citrus Leisure PLC	-	8,700,000
Colombo City Holdings PLC	10,457,786	9,626,400
Commercial Bank of Ceylon PLC	-	12,000,047
Ceylon Grain Elevators PLC	-	40,200,000
LOLC Holdings PLC	-	3,178,000
Three Acre Farms PLC	-	2,464,000
Browns Investments PLC	-	10,833,230
Total Financial Assets at Fair Value through OCI (Equity Instruments)	10,457,786	88,329,690

16.1.2 Financial Assets at Fair Value through Profit or Loss

Group / Company	2021 Rs.	2020 Rs.
Quoted Equity Shares		
Union Bank of Colombo PLC	-	80,190
Sampath Bank PLC	4,035,000	-
HNB Finance PLC	4,097,284	-
Royal Ceramic Lanka PLC	46,260,000	-
ACL Cables PLC	20,579,639	-
CIC Holdings PLC	40,713,129	-
LOLC Holdings PLC	23,377,520	-
Multi Finance PLC	1,294,300	1,590,140
Total Financial Assets at Fair Value through Profit or Loss	140,356,872	1,670,330
Total Other Financial Assets	150,814,658	90,000,020
Total Current	140,356,872	1,670,330
Total Non-Current	10,457,786	88,329,690
	150,814,658	90,000,020

16.2 Other financial liabilities

16.2.1 Group

Interest Bearing Loans and Borrowings

	2021			2020		
	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.
Leases Obligations (Note 9.2)	67,755,931	978,329,320	1,046,085,251	75,834,187	527,991,363	603,825,550
Term Loans (Note 16.2.1.1)	3,331,590,343	13,635,724,881	16,967,315,224	2,986,509,300	14,386,891,524	17,373,400,824
Short Term Loans (Note 16.2.1.2)	12,372,711,349	-	12,372,711,349	11,519,551,788	-	11,519,551,788
Bank Overdrafts (Note 19.2)	1,175,498,740	-	1,175,498,740	1,468,834,029	-	1,468,834,029
	16,947,556,363	14,614,054,201	31,561,610,564	16,050,729,304	14,914,882,887	30,965,612,190

Notes to the Financial Statements

16. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

16.2 Other financial liabilities (Contd.)

16.2.1 Group (Contd.)

16.2.1.1 Term Loans

	As at 01.04.2020 Rs. (Restated)	Loans Obtained Rs.	Exchange (Gain)/Loss Rs.	Accrued Interest Rs.	Repayments Rs.	As at 31.03.2021 Rs.
Sampath Bank PLC	999,417,128	-	-	6,113,067	(106,317,128)	899,213,067
Commercial Bank of Ceylon PLC - Loan 1	152,777,819	-	-	-	-	152,777,819
Commercial Bank of Ceylon PLC - Loan 2	981,914,930	215,829,592	49,968,576	-	(274,011,889)	973,701,208
Commercial Bank of Ceylon PLC - Loan 3	-	3,400,000	-	-	(377,770)	3,022,230
Commercial Bank of Ceylon PLC - Loan 4	-	1,600,000	-	-	-	1,600,000
Hong Kong & Shanghai Banking Corporation	313,846,421	-	8,865,608	-	(157,971,737)	164,740,292
Hatton National Bank PLC - Loan 1	826,948,960	-	-	8,379,907	(108,194,142)	727,134,725
Hatton National Bank PLC - Loan 2	49,976,000	-	-	-	(5,726,391)	44,249,609
Hatton National Bank PLC - Loan 3	-	25,000,000	2,029,536	-	(1,400,000)	25,629,536
DFCC Bank PLC	955,384,725	-	-	11,891,623	(241,099,075)	726,177,273
NDB Bank PLC	3,308,954,522	-	-	236,902,101	(693,052,129)	2,852,804,493
Peoples' Bank - Loan 1	4,101,349,717	-	204,307,752	-	-	4,305,657,469
Peoples' Bank - Loan 2	-	500,000,000	-	2,410,379	(8,333,333)	494,077,046
Peoples' Bank - Loan 3	-	25,000,000	-	-	-	25,000,000
Standard Chartered Bank - Loan 1	3,608,493,750	372,354,759	186,824,122	-	(254,641,705)	3,913,030,926
Standard Chartered Bank - Loan 2	222,914,998	-	(391,114)	-	(222,523,884)	-
Bank of Ceylon - Loan 1	1,188,762,121	-	-	7,708,312	(33,762,121)	1,162,708,312
Bank of Ceylon - Loan 2	662,659,732	-	-	3,237,026	(184,326,452)	481,570,306
Bank of Ceylon - Loan 3	-	18,900,000	-	45,912	(4,725,000)	14,220,912
	17,373,400,824	1,162,084,351	451,604,479	276,688,327	(2,296,462,757)	16,967,315,224

16.2.1.2 Short Term Loans

	As at 01.04.2020 Rs. (Restated)	Loans Obtained Rs.	Exchange (Gain)/Loss Rs.	Accrued Interest Rs.	Repayments Rs.	As at 31.03.2021 Rs.
Hatton National Bank PLC	3,083,283,941	96,414,743	-	15,947,559	(3,503,054)	3,192,143,189
MCB Bank Ltd	659,265,920	-	-	-	(41,235,920)	618,030,000
Nations Trust Bank PLC	301,485,370	193,493,254	-	-	(1,485,370)	493,493,254
Standard Chartered Bank	483,217,791	559,548,326	(847,827)	-	(1,041,918,291)	-
Sampath Bank PLC	515,687,174	517,454,496	-	4,317,216	(533,141,669)	504,317,217
Union Bank of Colombo PLC	151,251,370	-	-	-	(1,251,370)	150,000,000
Eastern Bank Ltd	-	288,056,163	8,601,578	-	(134,631,400)	162,026,341
People's Bank	3,473,373,530	208,061,209	5,097,026	15,268,056	(1,467,412,017)	2,234,387,804
Bank of Ceylon	637,571,385	1,636,337,595	70,308,229	4,294,154	-	2,348,511,363
Commercial Bank of Ceylon PLC	1,708,651,609	1,367,345,088	10,479,430	7,722,976	(927,256,921)	2,166,942,182
Pan Asia Banking Corporation PLC	505,763,699	-	-	2,860,000	(5,763,699)	502,860,000
	11,519,551,788	4,866,710,874	93,638,437	50,409,961	(4,157,599,711)	12,372,711,349

16.2.2 Company

Interest Bearing Loans and Borrowings

	2021			2020		
	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.
Lease Obligations (Note 9.2)	16,540,443	60,591,352	77,131,795	11,305,394	52,081,179	63,386,573
Term Loans (Note 16.2.2.1)	2,083,132,849	5,274,773,286	7,357,906,135	1,859,755,211	6,082,371,978	7,942,127,189
Short Term Loans (Note 16.2.2.2)	10,258,808,797	-	10,258,808,797	8,554,968,185	-	8,554,968,185
Bank Overdrafts (Note 19.2)	326,490,462	-	326,490,462	450,605,228	-	450,605,228
	12,684,972,551	5,335,364,638	18,020,337,189	10,876,634,018	6,134,453,157	17,011,087,175

Notes to the Financial Statements

16. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

16.2.2 Company (Contd.)

16.2.2.1 Term Loans

	As at 01.04.2020 Rs. (Restated)	Loans Obtained Rs.	Accrued Interest Rs.	Repayments Rs.	As at 31.03.2021 Rs.
Hatton National Bank PLC - Loan 1	826,948,960	-	8,379,907	(108,194,142)	727,134,725
DFCC Bank PLC	955,384,725	-	11,891,623	(241,099,075)	726,177,273
Sampath Bank PLC	999,417,128	-	6,113,067	(106,317,128)	899,213,067
NDB Bank PLC	3,308,954,522	-	236,902,101	(693,052,129)	2,852,804,493
People's Bank - Loan 2	-	500,000,000	2,410,379	(8,333,333)	494,077,046
Bank of Ceylon - Loan 1	1,188,762,121	-	7,708,312	(33,762,121)	1,162,708,312
Bank of Ceylon - Loan 2	662,659,732	-	3,237,026	(184,326,452)	481,570,306
Bank of Ceylon - Loan 3	-	18,900,000	45,912	(4,725,000)	14,220,912
	7,942,127,189	518,900,000	276,688,327	(1,379,809,381)	7,357,906,135

16.2.2.2 Short Term Loans

	As at 01.04.2020 Rs. (Restated)	Loans Obtained Rs.	Accrued Interest Rs.	Repayments Rs.	As at 31.03.2021 Rs.
Hatton National Bank PLC	3,083,283,941	93,310,563	15,947,559	(916,229)	3,191,625,833
MCB Bank Ltd	659,265,920	-	-	(41,235,920)	618,030,000
Nations Trust Bank PLC	301,485,370	193,493,254	-	(1,485,370)	493,493,254
Bank Of Ceylon	-	994,337,459	4,294,154	-	998,631,613
Sampath Bank PLC	515,687,174	517,454,496	4,317,216	(533,141,669)	504,317,217
Union Bank of Colombo PLC	151,251,370	-	-	(1,251,370)	150,000,000
People's Bank	1,629,579,103	208,061,209	15,268,056	(22,600,564)	1,830,307,804
Commercial Bank of Ceylon PLC	1,708,651,609	262,248,100	7,722,976	(9,079,609)	1,969,543,076
Pan Asia Banking Corporation PLC	505,763,699	-	2,860,000	(5,763,699)	502,860,000
	8,554,968,185	2,268,905,080	50,409,961	(615,474,430)	10,258,808,797

	Interest Rate	Repayment Terms
Sampath Bank PLC	AWPLR + 2% per annum	Repayable by 50 monthly instalments of Rs.17,857,142.86/-
Commercial Bank of Ceylon PLC		
Loan 1	9% per annum for first 5 years thereafter AWPLR+1% for balance 3 years	Repayable by 55 monthly instalments of Rs. 2,777,777/-.
Loan 2	7.5% per annum	Repayable by 37 - 60 equal monthly instalments after 6 months grace period.
Loan 3	4% per annum	Repayable within 16 months.
Loan 4	4% per annum	Repayable within 2 years after 6 months grace period
Hong Kong & Shanghai Banking Corporation	3 Months LIBOR + 2% per annum	Repayable by 6 equal monthly instalments amounting to USD 135,897.44/-.
Hatton National Bank PLC		
Loan 1	AWPLR + 1% for first five years thereafter AWPLR 0.5% for balance 2 years	Repayable by 30 equal monthly instalments amounting to Rs. 23,810,000/- and final instalment of Rs.23,770,000/- together with interest.
Loan 2	AWPLR+ 1.75% per annum	Repayable by 44 monthly instalments of Rs. 834,000/- and the final instalment of Rs.770,000/-.
Loan 3	4% per annum	Repayable within 17 months.
DFCC Bank PLC	AWPLR + 4.5% per annum	Repayable by 30 monthly instalments of Rs. 23,810,000/- and the final instalment of Rs.23,770,000/-.
NDB Bank PLC	AWPLR+2.45% to AWPLR+3.9% per annum	Repayable by 4 separate instalments amounting Rs. 450,000,000 upto October 2024.
Peoples' Bank		
Loan 1	3 Months LIBOR + 5.25% per annum	Repayable by total of 24 instalment (4 each instalments of USD 250,000, 400,000, 875,000, 1,125,000, 1,250,000 and 1,325,000 after the grace period of 2 1/2 years.
Loan 2	AWPLR + 2% per annum	Repayable by 59 monthly instalments of Rs. 8,333,333/-
Loan 3	4% per annum	Repayable within 18 months.
Standard Chartered Bank		
Loan 1	3 Months LIBOR + 2.3% per annum	Repayable by 32 Quarterly instalment of USD 669,643 after a grace period of 2 years.
Bank of Ceylon		
Loan 1	AWPLR+ 2% per annum	Repayable within 60 Months (upto 24th Month - Rs.5,000,000/- and 25th to 60th Month - Rs. 28,333,340/-)
Loan 2	AWPLR+ 2% per annum	Repayable by 24 Monthly instalments of Rs. 20,555,560/-
Loan 3	4% per annum	Repayable within 18 months.

Notes to the Financial Statements

16. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

16.3 Fair Values

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

Group	Notes	Carrying Amount 2021 Rs.	Carrying Amount 2020 Rs.	Fair Value 2021 Rs.	Fair Value 2020 Rs.
Financial Assets					
Trade and Other Receivables	A	3,314,018,042	2,866,535,177	3,314,018,042	2,866,535,177
Cash and Short Term Deposits	A	312,136,727	680,184,807	312,136,727	680,184,807
Total		3,626,154,769	3,546,719,984	3,626,154,769	3,546,719,984
Financial Liabilities					
Interest Bearing Loans and Borrowings (Non-Current)	B	14,614,054,201	14,914,882,887	14,614,054,201	14,914,882,884
Interest Bearing Loans and Borrowings (Current)	A	15,772,057,623	14,581,895,275	15,772,057,623	14,581,895,275
Trade and Other Payables	A	4,267,238,434	2,255,516,924	4,267,238,434	2,255,516,924
Bank Overdrafts	A	1,175,498,740	1,468,834,029	1,175,498,740	1,468,834,029
Total		35,828,848,998	33,221,129,114	35,828,848,998	33,221,129,111
Company					
Financial Assets					
Trade and Other Receivables	A	2,111,121,742	2,413,709,031	2,111,121,742	2,413,709,031
Cash and Short Term Deposits	A	65,948,552	117,078,668	65,948,552	117,078,668
Total		2,177,070,294	2,530,787,699	2,177,070,294	2,530,787,699
Financial Liabilities					
Interest Bearing Loans and Borrowings (Non-Current)	B	5,335,364,638	6,134,453,157	5,335,364,638	6,134,453,157
Interest Bearing Loans and Borrowings (Current)	A	12,341,941,646	10,414,723,396	12,341,941,646	10,414,723,396
Trade and Other Payables	A	2,768,996,347	2,131,665,325	2,768,996,347	2,131,665,325
Bank Overdrafts	A	326,490,462	450,605,228	326,490,462	450,605,228
Total		20,772,793,093	19,131,447,106	20,772,793,093	19,131,447,106

There is no difference between carrying amounts and fair values of the Group and Company's financial instruments.

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

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

B Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, risk characteristics of the financed project etc. As at 31 March 2021, the carrying amounts of such borrowings are not materially different from their calculated fair values.

16.4 Fair Value Hierarchy

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

Fair value are determined according to the following hierarchy.

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

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

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

As at 31 March 2021, the Group held the following financial instruments carried at fair value on the statement of financial position.

Group

Assets Measured at Fair Value

	2021 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Financial Assets at Fair Value through OCI (Equity Instruments)	10,457,786	10,457,786	-	-
Financial Assets at Fair Value through Profit or Loss	140,356,872	140,356,872	-	-
	150,814,658	150,814,658	-	-

Company

Assets Measured at Fair Value

	2021 Rs.	Level 1 Rs.	Level 2 Rs.	level 3 Rs.
Financial Assets at Fair Value through OCI (Equity Instruments)	32,976,645,556	10,457,786	-	32,996,187,770
Financial Assets at Fair Value through Profit or Loss	140,356,872	140,356,872	-	-
	33,117,002,428	150,814,658	-	32,966,187,770

During the reporting period ending 31 March 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

Notes to the Financial Statements

17. INVENTORIES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Gas in Cylinders and Accessories	619,061,601	336,498,710	93,266,294	103,853,817
Gas in Bulk	1,962,574,948	1,020,794,398	117,615,638	54,314,431
Cylinders	-	959,048,867	-	-
Non-Trade Inventories	264,834,057	219,734,999	140,167,297	113,718,519
Goods in Transit	109,766,647	1,079,951	109,766,647	1,079,951
	2,956,237,252	2,537,156,925	460,815,876	272,966,718
Transferred to Property, Plant and Equipments	-	(959,048,867)	-	-
Total Inventories at the lower of Cost and Net Realisable Value	2,956,237,252	1,578,108,058	460,815,876	272,966,718

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Trade Receivables - Related Parties (Note 18.1)	150,149,198	141,512,412	2,189,619	1,953,386
- Others	1,381,478,027	1,093,093,244	513,703,035	881,941,512
Less: Provision for Impairments	(30,863,613)	(40,329,862)	(24,484,705)	(34,437,019)
	1,500,763,612	1,194,275,793	491,407,948	849,457,879
Other Receivables - Related Parties (Note 18.2)	1,386,130,695	1,349,983,120	1,244,554,638	1,253,165,529
- Others	427,123,735	322,276,264	375,159,157	311,085,623
	3,314,018,042	2,866,535,177	2,111,121,742	2,413,709,031
Advances - Related Parties (Note 18.3)	2,322,207	15,761,457	2,322,207	15,761,457
- Others	1,165,916,152	1,203,073,061	127,604,735	221,944,615
Loans to Company Officers	96,670	212,148	96,670	212,148
	4,482,353,070	4,085,581,843	2,241,145,353	2,651,627,251

18.1 Trade Dues from Related Parties

	Relationship	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
LAUGFS Holdings Ltd.	Parent	55,914,808	53,341,565	-	-
LAUGFS Engineering (Pvt) Ltd.	Fellow Subsidiary	-	2,713,602	-	760,825
LAUGFS Supermarkets (Pvt) Ltd.	Fellow Subsidiary	430,322	-	430,322	-
LAUGFS Petroleum (Pvt) Ltd.	Fellow Subsidiary	1,081,312	1,140,241	1,081,312	1,140,241
Southern Petroleum (Pvt) Ltd.	Fellow Subsidiary	677,985	-	677,985	-
LAUGFS Lubricants Ltd.	Fellow Subsidiary	452,230	-	-	-
Lfinity (Pvt) Ltd.	Fellow Subsidiary	-	1,258,888	-	52,320
LAUGFS Salt & Chemicals Ltd.	Fellow Subsidiary	-	3,924,562	-	-
LAUGFS Solutions Ltd.	Fellow Subsidiary	1,412,204	1,240,131	-	-
LAUGFS Business Solutions (Pvt) Ltd.	Fellow Subsidiary	75,459,752	66,956,500	-	-
LAUGFS Power PLC	Fellow Subsidiary	-	1,390,253	-	-
LAUGFS Leisure Ltd.	Fellow Subsidiary	11,977,299	8,178,794	-	-
LAUGFS Life Sciences (Pvt) Ltd.	Fellow Subsidiary	2,743,286	1,367,875	-	-
		150,149,198	141,512,412	2,189,619	1,953,386

18.2 Other Dues from Related Parties

	Relationship	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
LAUGFS Supermarkets (Pvt) Ltd.	Fellow Subsidiary	541,978	-	-	-
LAUGFS Petroleum (Pvt) Ltd.	Fellow Subsidiary	173,596	-	-	-
LAUGFS Eco Sri Ltd.	Fellow Subsidiary	503,826	-	55,842	-
LAUGFS Corporation (Rubber) Ltd.	Fellow Subsidiary	189,657	-	-	-
LAUGFS Engineering (Pvt) Ltd.	Fellow Subsidiary	-	111,573	-	-
LAUGFS Holdings Ltd.	Parent	208,688,341	176,360,525	-	-
LAUGFS Power PLC.	Fellow Subsidiary	261,153	419,167	-	-
LAUGFS Maritime Services (Pvt) Ltd.	Subsidiary	-	-	-	2,002,690
Southern Petroleum (Pvt) Ltd	Fellow Subsidiary	1,896	-	-	-
Anantaya Wadduwa (Pvt) Ltd.	Fellow Subsidiary	339,690,000	339,690,000	339,690,000	339,690,000
LAUGFS Gas (Bangladesh) Ltd.	Subsidiary	-	-	576,407	38,890
LAUGFS Leisure Ltd.	Fellow Subsidiary	819,090,009	813,646,384	813,420,393	813,435,204
SLOGAL Energy DMCC	Subsidiary	-	-	-	5,867,908
LAUGFS Property Developers (Pvt) Ltd.	Subsidiary	-	-	90,811,995	92,130,836
LAUGFS Restaurants (Pvt) Ltd.	Fellow Subsidiary	3,156	-	-	-
Anantaya Passekudah (Pvt) Ltd.	Fellow Subsidiary	39,422	-	-	-
LAUGFS Solutions Ltd.	Fellow Subsidiary	371,542	327,424	-	-
LAUGFS Wellness (Pvt) Ltd.	Fellow Subsidiary	54,426	54,426	-	-
LAUGFS International (Pvt) Ltd.	Fellow Subsidiary	10,320	10,314	-	-
LAUGFS Business Solutions (Pvt) Ltd.	Fellow Subsidiary	15,345,143	16,831,712	-	-
LAUGFS Salt & Chemicals Ltd.	Fellow Subsidiary	-	830,894	-	-
Lfinity (Pvt) Ltd.	Fellow Subsidiary	-	1,013,698	-	-
LAUGFS Life Sciences (Pvt) Ltd.	Fellow Subsidiary	839,620	384,114	-	-
LAUGFS Lubricants Ltd.	Fellow Subsidiary	326,611	302,889	-	-
		1,386,130,695	1,349,983,120	1,244,554,638	1,253,165,529

Notes to the Financial Statements

18. TRADE AND OTHER RECEIVABLES (CONTD.)

18.3 Advances given to Related Parties

		Group		Company	
	Relationship	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
LAUGFS Engineering (Pvt) Ltd.	Fellow Subsidiary	2,322,207	15,761,457	2,322,207	15,761,457
		2,322,207	15,761,457	2,322,207	15,761,457

Trade receivables are non-interest bearing and are generally on terms of 1-45 days.

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

Group			Past Due and Impaired			
	Total Rs.	Neither Past Due nor Impaired Rs.	< 30 Days Rs.	31-60 Days Rs.	61-90 Days Rs.	> 90 Days Rs.
2021	1,531,627,225	1,066,390,813	253,469,711	9,609,977	1,140,593	201,016,132
2020	1,234,605,656	774,402,119	185,792,072	17,341,214	16,320,742	240,749,509

Company			Past Due and Impaired			
	Total Rs.	Neither Past Due nor Impaired Rs.	< 30 Days Rs.	31-60 Days Rs.	61-90 Days Rs.	> 90 Days Rs.
2021	515,892,653	352,140,514	104,727,306	8,469,384	-	50,555,449
2020	883,894,898	567,188,602	183,647,516	15,464,105	10,416,800	107,177,874

Above to be read in conjunction with Note 30 on credit risk of trade receivables, which discusses how the Group/Company manages and measures credit quality of trade receivables that are neither past due nor impaired.

19. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
19.1 Favourable Cash and Cash Equivalent Balances				
Fixed Deposits	26,419,124	23,963,431	-	-
Savings Accounts	67,762,602	265,228,669	59,340,681	87,140,159
Cash in Hand and at Bank	217,955,001	390,992,707	6,607,871	29,938,508
	312,136,727	680,184,807	65,948,552	117,078,668
19.2 Unfavourable Cash and Cash Equivalent Balances				
Bank Overdrafts (Note 16.2)	(1,175,498,740)	(1,468,834,029)	(326,490,462)	(450,605,228)
Cash and Cash Equivalent for the Purpose of Statement of Cash Flows	(863,362,013)	(788,649,222)	(260,541,910)	(333,526,561)

19.3 Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

20. STATED CAPITAL

Group/Company	2021		2020	
	Number	Rs.	Number	Rs.
Ordinary Voting Shares (Note 20.1)	335,000,086	762,557,096	335,000,086	762,557,096
Ordinary Non-Voting Shares (Note 20.2)	52,000,000	237,442,904	52,000,000	237,442,904
	387,000,086	1,000,000,000	387,000,086	1,000,000,000
20.1 Ordinary Voting Shares				
As at 1 April	335,000,086	762,557,096	335,000,086	762,557,096
As at 31 March	335,000,086	762,557,096	335,000,086	762,557,096
20.2 Ordinary Non-Voting Shares				
As at 1 April	52,000,000	237,442,904	52,000,000	237,442,904
As at 31 March	52,000,000	237,442,904	52,000,000	237,442,904

20.3 Rights, Preference and Restrictions of Classes of Capital

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

Notes to the Financial Statements

21. FAIR VALUE THROUGH OCI RESERVE

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Fair Value Through OCI Reserve (Note 21.1)	(22,730,041)	(353,244,862)	22,670,767,636	21,093,480,057
	(22,730,041)	(353,244,862)	22,670,767,636	21,093,480,057

21.1 Fair Value Through OCI Reserve

As at 1 April	(353,244,862)	(337,972,038)	21,093,480,057	21,651,144,382
Gains/(Losses) arising during the Year	76,239,141	(15,272,824)	1,323,011,900	(557,664,325)
Disposal of financial assets at FVTOCI	254,275,679	-	254,275,679	-
As at 31 March	(22,730,041)	(353,244,862)	22,670,767,636	21,093,480,057

22. OTHER RESERVES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Revaluation Reserve (Note 22.1)	804,478,813	863,475,501	38,451,241	38,451,241
Foreign Currency Translation Reserve (Note 22.2)	1,477,139,274	1,162,067,867	-	-
	2,281,618,087	2,025,543,368	38,451,241	38,451,241

22.1 Revaluation Reserve

As at 1 April	863,475,501	86,841,931	38,451,241	-
Gain on Revaluation of Property, Plant and Equipments	-	918,048,826	-	48,064,051
Tax Impact of Revaluation Gain	64,351,703	(141,415,256)	-	(9,612,810)
Transfer of Depreciation on Revaluation of Property, Plant and Equipments	(123,348,391)	-	-	-
As at 31 March	804,478,813	863,475,501	38,451,241	38,451,241

22.2 Foreign Currency Translation Reserve

As at 1 April	1,162,067,867	661,542,928	-	-
Foreign Exchange Translation Differences	315,071,407	500,524,939	-	-
As at 31 March	1,477,139,274	1,162,067,867	-	-

23. EMPLOYEE BENEFIT LIABILITY

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
23.1 Net Benefit Expense				
Current Service Cost	32,374,133	32,471,146	7,902,053	7,714,191
Interest Cost on Benefit Obligation	12,000,763	18,909,362	5,993,365	6,925,549
Total Expenses	44,374,896	51,380,508	13,895,418	14,639,740

23.2 Employee Benefit Liability

Employee Benefit Liability	308,451,009	246,120,019	68,515,245	66,592,939
Fair Value of Plan Assets	(135,583,298)	(104,741,409)	-	-
Net Employee Benefit Liability	172,867,711	141,378,610	68,515,245	66,592,939

* Plan assets are made up of cash and cash equivalent.

23.3 Messrs. Smiles Global (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the defined benefit plan - gratuity on 31 March 2021. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used as at 31.03.2021 and 31.03.2020 are as follows:

	Group						Company	
	Energy		Property		Transportation & Logistics			
	2021	2020	2021	2020	2021	2020	2021	2020
Method of Actuarial Valuation:	Projected Unit Credit method	Projected Unit Credit method	Projected Unit Credit method	Projected Unit Credit method	Projected Unit Credit method	Projected Unit Credit method	Projected Unit Credit method	Projected Unit Credit method
Discount Rate:	5%-7%	7%-8%	7%	9%	7%-8%	10%	7%	9%
Salary Increment Rate:	7%-10%	7%-10%	7%	7%	7%	7%-12%	7%	7%
Retirement Age:	55-60 years	55-60 years	55 years	55 years	55 years	55 years	55 years	55 years
Staff Turnover Ratio:	14%-34%	13%-30%	16%	12%	8%-17%	4%-11%	19% (for Management Staff) and 34% (for Other Staff)	25% (for Management Staff) and 30% (for Other Staff)
Mortality Table:	A67/70 Ult Table	A67/70 Ult Table	A67/70 Ult Table	A67/70 Ult Table	A67/70 Ult Table	A67/70 Ult Table	A67/70 Ult Table	A67/70 Ult Table

23.4 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year 2021.

Increase/ (Decrease)		Group 2021			Company 2021		
in Discount Rate	in Rate of Salary Increment	Effect on Statement of Profit or Loss (Reduction)/ Increase in Results for the Year Rs.	Effect on Statement of Financial Position (Reduction)/ Increase in the Liability as at the Year End Rs.	Present Value of Employee Benefit Obligation Rs.	Effect on Statement of Profit or Loss (Reduction)/ Increase in Results for the Year Rs.	Effect on Statement of Financial Position (Reduction)/ Increase in the Liability as at the Year End Rs.	Present Value of Employee Benefit Obligation Rs.
+1%	-	27,334,948	(27,334,948)	281,116,061	2,790,601	(2,790,601)	65,724,644
-1%	-	(6,066,681)	6,066,681	314,517,690	(3,033,046)	3,033,046	71,548,291
-	+1%	(6,608,385)	6,608,385	315,059,393	(3,322,101)	3,322,101	71,837,346
-	-1%	28,172,335	(28,172,335)	280,278,673	3,110,189	(3,110,189)	65,405,056

Notes to the Financial Statements

23. EMPLOYEE BENEFIT LIABILITY (CONTD.)

23.5 Changes in the Defined Benefit Obligation

Group

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

2021		Amounts Charged to Profit or Loss					
	01 April 2020	Service Cost	Interest Cost	Administration Expenses	Sub Total included in Profit or Loss	Benefits Paid	Adjustment due to transfer of employees into/(out of) Company
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Defined Benefit Obligation	246,120,019	32,374,133	20,300,361	-	52,674,494	(18,603,691)	1,265,308
Fair value of Plan Assets	(104,741,409)	-	(8,299,598)	130,028	(8,169,570)	6,048,214	-
Net Benefit Liability	141,378,610	32,374,133	12,000,763	130,028	44,504,924	(12,555,476)	1,265,308

2020		Amounts Charged to Profit or Loss					
	01 April 2019	Service Cost	Interest Cost	Administration Expenses	Sub Total included in Profit or Loss	Benefits Paid	Adjustment due to transfer of employees into/(out of) Company
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Defined Benefit Obligation	376,506,964	32,471,146	25,825,665	-	58,296,811	(100,094,782)	(155,051)
Fair value of Plan Assets	(141,850,846)	-	(6,916,303)	201,877	(6,714,426)	73,610,278	-
Net Benefit Liability	234,656,118	32,471,146	18,909,362	201,877	51,582,385	(26,484,504)	(155,051)

23.5.1 Following payments are expected contributions to the defined benefit plan obligation on the future years:

	2021 Rs.	2020 Rs.
Within the next 2 Years	13,321,256	12,300,497
Between 2 and 5 Years	116,776,689	107,511,213
Between 5 and 10 Years	176,486,488	122,124,491
Over 10 Years	1,866,576	4,183,818
Total Expected Payments	308,451,009	246,120,019

The average duration of the defined benefit plan obligation at the end of the reporting period is 3.93 - 6.35 years. (2020: 3.1 - 12.98 years)

		Remeasurement (Gains)/Losses in Other Comprehensive Income						
	Exchange Difference	Return on Plan Asset (excluding amounts included in net interest expense)	Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2021
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	11,723,708	-	541,054	35,746,565	(21,016,449)	15,271,171	-	308,451,009
	(7,335,094)	6,425,966	-	-	-	6,425,966	(27,811,404)	(135,583,298)
	4,388,614	6,425,966	541,054	35,746,565	(21,016,449)	21,697,137	(27,811,404)	172,867,711

		Remeasurement (Gains)/Losses in Other Comprehensive Income						
	Exchange Difference	Return on Plan Asset (excluding amounts included in net interest expense)	Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2020
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	11,925,016	-	1,414,631	(53,174,525)	(48,599,047)	(100,358,940)	-	246,120,019
	(6,603,714)	6,478,946	-	-	-	6,478,946	(29,661,646)	(104,741,409)
	5,321,302	6,478,946	1,414,631	(53,174,525)	(48,599,047)	(93,879,995)	(29,661,646)	141,378,610

Notes to the Financial Statements

23. EMPLOYEE BENEFIT LIABILITY (CONTD.)

23.6 Changes in the Defined Benefit Obligation

Company

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

2021		Amounts Charged to Profit or Loss			
	01 April 2020 Rs.	Service Cost Rs.	Interest Cost Rs.	Sub Total included in Profit or Loss Rs.	Benefits Paid Rs.
Defined Benefit Obligation	66,592,939	7,902,053	5,993,365	13,895,418	(12,544,461)
Benefit Liability	66,592,939	7,902,053	5,993,365	13,895,418	(12,544,461)

2020		Amounts Charged to Profit or Loss			
	01 April 2019 Rs.	Service Cost Rs.	Interest Cost Rs.	Sub Total included in Profit or Loss Rs.	Benefits Paid Rs.
Defined Benefit Obligation	62,959,534	7,714,191	6,925,549	14,639,740	(16,365,953)
Benefit Liability	62,959,534	7,714,191	6,925,549	14,639,740	(16,365,953)

23.6.1 Following payments are expected contributions to the defined benefit plan obligation on the future years:

	2021 Rs.	2020 Rs.
Within the next 2 Years	2,583,674	3,228,539
Between 2 and 5 Years	44,849,139	63,364,400
Between 5 and 10 Years	21,082,431	-
Over 10 Years	-	-
Total Expected Payments	68,515,245	66,592,939

The average duration of the defined benefit plan obligation at the end of the reporting period is 4.51 years. (2020: 3.10 years)

	Remeasurement (Gains)/Losses in Other Comprehensive Income					
Adjustment due to transfer of employees into/(out of) Company	Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2021
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,265,308	518,377	4,354,959	(5,567,296)	(693,959)	-	68,515,245
1,265,308	518,377	4,354,959	(5,567,296)	(693,959)	-	68,515,245

	Remeasurement (Gains)/Losses in Other Comprehensive Income					
Adjustment due to transfer of employees into/(out of) Company	Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2020
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
-	1,281,383	5,389,784	(1,311,549)	5,359,618	-	66,592,939
-	1,281,383	5,389,784	(1,311,549)	5,359,618	-	66,592,939

Notes to the Financial Statements

24. REFUNDABLE DEPOSITS

	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
As at 1 April	2,760,003,885	2,653,112,898	2,621,843,214	2,523,180,535
Additions	708,640,362	523,116,845	630,718,044	522,809,254
Refunds/Transfers	(522,017,602)	(424,146,575)	(503,684,152)	(424,146,575)
Exchange Differences	10,830,595	7,920,716	-	-
As at 31 March	2,957,457,240	2,760,003,885	2,748,877,106	2,621,843,214
Refundable Deposits within One Year (Current)	274,887,711	262,184,321	274,887,711	262,184,321
Refundable Deposits after One Year (Non-Current)	2,682,569,529	2,497,819,563	2,473,989,395	2,359,658,892
	2,957,457,240	2,760,003,885	2,748,877,106	2,621,843,214

25. TRADE AND OTHER PAYABLES

		Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Trade Payables	- Related Parties (Note 25.1)	8,750,607	32,421	1,617,930,850	988,001,564
	- Others	3,466,870,369	846,292,827	323,348,121	299,816,467
Other Payables	- Related Parties (Note 25.2)	89,651,689	89,448,121	827,717,376	843,847,294
	- Others	701,965,770	1,319,743,555	-	-
		4,267,238,434	2,255,516,924	2,768,996,347	2,131,665,325
Provision for Workers' Profit Participation Fund		120,388,719	114,197,945	-	-
Sundry Creditors including Accrued Expenses		1,630,535,693	1,630,756,156	415,661,236	431,348,567
		6,018,162,846	4,000,471,025	3,184,657,583	2,563,013,892

25.1 Trade Payable to Related Parties

	Relationship	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
LAUGFS Petroleum (Pvt) Ltd.	Fellow Subsidiary	4,477,343	-	4,035,482	-
LAUGFS Lubricants Ltd.	Fellow Subsidiary	724,922	-	724,922	-
LAUGFS Supermarkets (Pvt) Ltd.	Fellow Subsidiary	-	32,421	-	-
LAUGFS Leisure Ltd.	Fellow Subsidiary	141,357	-	107,818	-
LAUGFS International (Pvt) Ltd.	Fellow Subsidiary	543,563	-	-	-
SLOGAL Energy DMCC	Subsidiary	-	-	1,612,220,128	988,001,564
LAUGFS Business Solutions (Pvt) Ltd.	Fellow Subsidiary	2,863,421	-	842,500	-
		8,750,607	32,421	1,617,930,850	988,001,564

25.2 Other Payable to Related Parties

	Relationship	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
LAUGFS Supermarkets (Pvt) Ltd.	Fellow Subsidiary	-	8,208,394	-	7,411,931
LAUGFS Engineering (Pvt) Ltd.	Fellow Subsidiary	1,622,527	-	1,622,527	-
LAUGFS Corporation (Rubber) Ltd.	Fellow Subsidiary	2,193,972	9,339,049	-	-
LAUGFS Holdings Ltd.	Parent	57,938,089	11,115,159	-	344,964
LAUGFS Terminals Ltd.	Subsidiary	-	-	825,849,277	827,722,802
LAUGFS Lubricants Ltd.	Fellow Subsidiary	9,139	675,736	-	442,889
LAUGFS Eco Sri Ltd.	Fellow Subsidiary	25,609,391	38,144,787	103,390	-
LAUGFS Petroleum (Pvt) Ltd.	Fellow Subsidiary	629,948	12,023,031	142,183	6,701,891
LAUGFS Leisure Ltd.	Fellow Subsidiary	16,720	-	-	-
Southern Petroleum (Pvt) Ltd.	Fellow Subsidiary	-	187,857	-	187,857
LAUGFS International (Pvt) Ltd.	Fellow Subsidiary	-	572,915	-	-
LAUGFS Business Solutions (Pvt) Ltd.	Fellow Subsidiary	82,500	3,462,969	-	1,034,960
LAUGFS Wellness (Pvt) Ltd.	Fellow Subsidiary	52,514	53,977	-	-
LAUGFS Power PLC	Fellow Subsidiary	1,496,889	5,664,246	-	-
		89,651,689	89,448,121	827,717,376	843,847,294

Trade payables are non-interest bearing and are normally settled on 30 -90 days terms.

For explanations on the Group's credit risk management processes, refer to Note 30.

As at 31 March, the ageing analysis of trade payables, is as follows:

Group	Total Rs.	< 30 Days Rs.	31-90 Days Rs.	91-120 Days Rs.	> 120 Days Rs.
2021	3,475,620,976	3,249,907,975	171,712,201	38,614,181	15,386,619
2020	846,325,248	618,401,440	142,797,197	5,957,942	79,168,669

Company	Total Rs.	< 30 Days Rs.	31-90 Days Rs.	91-120 Days Rs.	> 120 Days Rs.
2021	1,941,278,971	1,397,956,579	225,173,700	38,127,014	280,021,678
2020	1,287,818,031	1,014,871,570	188,101,380	5,676,412	79,168,669

Notes to the Financial Statements

26. COMMITMENTS AND CONTINGENCIES

26.1 Capital Expenditure Commitments

The Group and Company have commitments for acquisition of property, plant and equipment incidental to the ordinary course of business as at 31 March 2021 as follows:

Group/ Company	2021 Rs.
Contracted but not Provided for	
Plant and Machinery	3,929,190
	3,929,190

26.2 Contingencies

The Group does not have significant contingencies as at the reporting date.

27. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

		Carrying Amount Pledged		
Nature of Assets	Nature of the Liability	2021 Rs.	2020 Rs.	Included Under
Group				
Property Located at Mabima	Negative Pledge	494,077,046	-	Property, Plant and Equipment
Assets Located in Mabima	Negative Pledge	726,177,273	952,384,725	Property, Plant and Equipment
Vessel	Negative Pledge	252,484,992	272,172,102	Property, Plant and Equipment
Investment Property - Land and Building	Primary Mortgage	202,167,013	202,753,819	Investment Properties
Plant and machinery- Terminals	Primary Mortgage over Project assets	8,244,317,931	7,709,843,467	Property, Plant and Equipment
Plant and machinery	Registered hypothecation (fixed charge) covering plant and machinery	973,701,208	981,914,930	Property, Plant and Equipment
Investment Property - Land	Primary Mortgage over Land	1,176,929,224	1,180,000,000	Investment Properties
Free Hold Land in Mabima	Negative Pledge	481,570,306	657,777,760	Property, Plant and Equipment
Company				
Property Located at Mabima	Negative Pledge	494,077,046	-	Property, Plant and Equipment
Assets Located in Mabima	Negative Pledge	726,177,273	952,384,725	Property, Plant and Equipment
Investment Property - Land	Primary Mortgage over Land	1,176,929,224	1,180,000,000	Investment Properties
Free Hold Land in Mabima	Negative Pledge	481,570,306	657,777,760	Property, Plant and Equipment

28. RELATED PARTY DISCLOSURES

The following table provides the information pertaining to significant transactions that have been entered into with related parties for the relevant financial year. (for information regarding outstanding balances at 31 March 2021 and 31 March 2020, refer to Notes 18 and 25).

28.1 Transactions with the Related Parties

Group	Parent		Other Group Companies		Total	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Nature of Transactions						
Sale of Goods/Services	3,342,365	40,561,659	118,228,638	154,661,839	121,571,003	195,223,498
Settlement of Trade & Other Receivable	(5,110,908)	(3,929,131)	(63,114,250)	(248,295,100)	(68,225,158)	(252,224,231)
Purchase of Goods/Services	(169,268,305)	(5,887,183)	(105,779,348)	(170,825,626)	(275,047,653)	(176,712,809)
Settlement of Trade & Other Payable	148,699,645	5,790,950	85,797,506	141,594,583	234,497,151	147,385,533
Balance Written Off	-	-	(11,349,296)	-	(11,349,296)	-
Interest Income	-	19,782,620	-	134,749,924	-	154,532,544
Adjustment due to transfer of employee	-	-	1,285,058	(155,050)	1,285,058	(155,050)
Others	(58,856)	(476,573)	4,964,429	2,204,995	4,905,572	1,728,422

28.1.1 Other Group Companies include following Companies;

Anantaya Passekudah (Pvt) Ltd.
Anantaya Wadduwa (Pvt) Ltd.
LAUGFS Business Solutions (Pvt) Ltd.
LAUGFS Corporation (Rubber) Ltd.
LAUGFS Eco Sri Ltd.
LAUGFS Engineering (Pvt) Ltd.
LAUGFS International (Pvt) Ltd.
LAUGFS Leisure Ltd.
LAUGFS Life Sciences (Pvt) Ltd.
LAUGFS Lubricants Ltd.
LAUGFS Petroleum (Pvt) Ltd.
LAUGFS Power PLC
LAUGFS Restaurant (Pvt) Ltd.
LAUGFS Salt and Chemicals (Pvt) Ltd.
LAUGFS Solutions Ltd.
LAUGFS Supermarkets (Pvt) Ltd.
Lfinity (Pvt) Ltd.
Southern Petroleum (Pvt) Ltd.

Notes to the Financial Statements

28. RELATED PARTY DISCLOSURES (CONTD.)

28.2 Transactions with the Related Parties

Company

	Parent		Subsidiaries	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Nature of Transactions				
As at 1 April	(344,964)	2,749,849	(1,715,684,042)	(1,594,263,387)
Sale of Goods/Services	-	-	-	3,609,574
Purchase of Goods/Services	-	-	(10,682,084,610)	(8,036,222,385)
Payment Received from purchase of Good & Services	(4,443,604)	(3,523,519)	(121,128,063)	(90,513,725)
Payment Made for Purchase of Good & Services	4,788,568	5,428,706	10,052,362,967	8,039,258,824
Dividend	-	-	105,931,846	-
Adjustment due to transfer of employees	-	-	(443,066)	-
Balance Written Off	-	-	-	-
Interest Income on Intercompany	-	-	-	10,744,607
Commission on Corporate Guarantee	-	(5,000,000)	-	5,773,590
Others	-	-	14,363,963	(54,071,141)
As at 31 March	-	(344,964)	(2,346,681,005)	(1,715,684,042)

28.2.1 Subsidiaries include the following Companies;

LAUGFS Gas (Bangladesh) Ltd.
LAUGFS Maritime Services (Pvt) Ltd.
LAUGFS Property Developers (Pvt) Ltd.
LAUGFS Terminals Ltd.
SLOGAL Energy DMCC

28.2.2 Other Related Companies include the following Companies;

Anantaya Passekudah (Pvt) Ltd.
Anantaya Wadduwa (Pvt) Ltd.
LAUGFS Business Solutions (Pvt) Ltd.
LAUGFS Corporation (Rubber) Ltd.
LAUGFS Eco Sri Ltd.
LAUGFS Engineering (Pvt) Ltd.
LAUGFS Leisure Ltd.
LAUGFS Life Sciences (Pvt) Ltd.
LAUGFS Petroleum (Pvt) Ltd.
LAUGFS Power PLC
LAUGFS Supermarkets (Pvt) Ltd.
Lfinity (Pvt) Ltd.
Southern Petroleum (Pvt) Ltd.

Other Related Companies		Total	
2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
1,155,060,520	1,148,666,018	(560,968,487)	(442,847,520)
33,664,246	26,409,100	33,664,246	30,018,675
(94,060,678)	(164,443,989)	(10,776,145,288)	(8,200,666,374)
(26,988,764)	(159,745,494)	(152,560,431)	(253,782,738)
76,200,608	167,221,089	10,133,352,143	8,211,908,619
-	-	105,931,846	-
1,285,058	-	841,992	-
(26,176)	-	(26,176)	-
-	134,749,924	-	145,494,532
-	-	-	773,590
4,964,429	2,203,871	19,328,391	(51,867,270)
1,150,099,242	1,155,060,520	(1,196,581,763)	(560,968,486)

Notes to the Financial Statements

28. RELATED PARTY DISCLOSURES (CONTD.)

28.3 Transactions with Key Management Personnel of the Company or its Parent

Key Management Personnel (KMPs) are defined as those persons such as directors, chief executive officers and other senior executives etc. who have authority and responsibility for planning, directing and controlling the activities of the Company as well as the subsidiaries, direct or indirectly.

Compensation of Key Management Personnel

Group

	2021 Rs.	2020 Rs.
Short term Employee Benefits (Cash Benefits)	137,113,331	221,031,239
Short term Employee Benefits (Non-cash Benefits)	10,227,882	11,548,527
Total Compensation paid to Key Management Personnel	147,341,213	232,579,766

Company

	2021 Rs.	2020 Rs.
Short term Employee Benefits (Cash Benefits)	97,909,000	107,498,666
Short term Employee Benefits (Non-cash Benefits)	6,240,000	7,258,500
Total Compensation paid to Key Management Personnel	104,149,000	114,757,166

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

29. EVENTS OCCURRING AFTER THE REPORTING DATE

As a result of the outbreak of Corona virus Disease (COVID-19) 3rd wave in April 2021, the Government of Sri Lanka has implemented a series of measures and controls to safeguard the nation. The Company is also continuously followed the given guidelines and developments of COVID-19 outbreak and closely monitored the impact on the business and financials.

Being in an essential service ,the Company's business is less impacted operationally. However, in order to maintain operations as usual during situation where movements were restricted, extra efforts had to be incurred.

Accordingly, as at the date of the financial statements , there is no significant variance of Revenue for the financial year ended 31 March 2021 and had not an adverse effect on the financial statements as well.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

30.1 Introduction

LAUGFS Gas PLC & its subsidiaries are exposed in particular to credit and liquidity risk, as well as to risks from movements in foreign currency translation, interest rates and market prices that affect its assets, liabilities, and forecasted transactions. Some of these risks are inherent in the Conglomerate model, whereas others are unique to their industries.

LAUGFS overall risk management policy aims to limit these risks through operational and finance activities. The Board of Directors has overall responsibility for the establishment and oversight of LAUGFS risk management framework. Financial risk management is carried out by a Group Treasury Division. The Group Treasury is responsible for implementing the policy, and identifies, evaluates and hedges financial risks in close cooperation with LAUGFS Business Units.

The Group has established strategies for governing procedures in terms of use in financial instruments, including clear segregation of duties pertaining to financial activities, settlement, accounting, etc. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and LAUGFS activities.

The Audit Committee is assisted in its oversight role by Internal Audit (LAUGFS Audit Services). Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

a) Credit Risk

Our credit risk exposure is primarily influenced by the unique characteristics of each consumer. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments. The Group minimise credit risk toward its customers by having high level scrutiny prior to converting a cash customer to a credit customer by assessing the credit quality of the customer, taking into account its financial position, past experience and other relevant factors which are crucial in assessing credit worthiness.

Customers are classified according to their credit characteristics, such as geographic position, sector, and past financial track record, and review new customers individually for creditworthiness before the Group’s standard payment and delivery terms and conditions are offered. Furthermore, the Group adheres to the policy of obtaining Bank Guarantees from distributors and other instruments in managing risk as required.

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Trade Receivables other than Related Party Receivables	1,381,478,027	1,093,093,244	513,703,035	881,941,512
Guarantees Provided by Customers	(223,050,000)	(245,050,000)	(223,050,000)	(245,050,000)
Trading with Global MNC high credit worth clients	(700,210,444)	(98,557,106)	-	-
Total maximum exposure to credit risk on Trade Receivables	458,217,583	749,486,138	290,653,035	636,891,512

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. During the year the Group’s exposure in have decreased by 39%, were majority of it was with Global MNC giant (with high net worth client) on 30 day credit terms, This MNC s have excellent track record on credit Globally. The company managed to reduce its exposure significantly by 54% compared to 2020 through rigorous monitoring and debt collection amid tough external environment.

Notes to the Financial Statements

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Maximum Risk Position

Group

As at 31 March In Rs.	2021						
	Investments in Subsidiaries	Other Non-Current Financial Assets	Trade and Other Receivables	Other Current Financial Assets	Cash and Short-Term Deposits	Total	% of Allocation
Trade and Other Receivables	-	-	2,943,654,301	-	-	2,943,654,301	61%
Amount due from Related Parties	-	-	1,538,602,099	-	-	1,538,602,099	32%
Loan to Company Officers	-	-	96,670	-	-	96,670	0%
Deposits with Bank	-	-	-	-	94,181,726	94,181,726	2%
Cash In Hand and at Bank	-	-	-	-	217,955,001	217,955,001	5%
Total Credit Risk Exposure	-	-	4,482,353,070	-	312,136,727	4,794,489,797	100%
Financial Assets at Fair Value through OCI (Equity Instruments)	-	10,457,786	-	-	-	10,457,786	7%
Financial Assets at Fair Value through Profit or Loss	-	-	-	140,356,872	-	140,356,872	93%
Total Equity Risk Exposure	-	10,457,786	-	140,356,872	-	150,814,658	100%
Total	-	10,457,786	4,482,353,070	140,356,872	312,136,727	4,945,304,455	

Company

As at 31 March In Rs.	2021						
	Investments in Subsidiaries	Other Non-Current Financial Assets	Trade and Other Receivables	Other Current Financial Assets	Cash and Short-Term Deposits	Total	% of Allocation
Trade and Other Receivables	-	-	991,982,221	-	-	991,982,221	43%
Amount due from Related Parties	-	-	1,249,066,463	-	-	1,249,066,463	54%
Loan to Company Officers	-	-	96,670	-	-	96,670	0%
Deposits with Bank	-	-	-	-	59,340,681	59,340,681	3%
Cash In Hand and at Bank	-	-	-	-	6,607,871	6,607,871	0%
Total Credit Risk Exposure	-	-	2,241,145,353	-	65,948,552	2,307,093,906	100%
Financial Assets at Fair Value through OCI (Equity Instruments)	32,966,187,770	10,457,786	-	-	-	32,976,645,556	100%
Financial Assets at Fair Value through Profit or Loss	-	-	-	140,356,872	-	140,356,872	0%
Total Equity Risk Exposure	32,966,187,770	10,457,786	-	140,356,872	-	33,117,002,428	100%
Total	32,966,187,770	10,457,786	2,241,145,353	140,356,872	65,948,552	35,424,096,334	

Group

As at 31 March In Rs.	2020						
	Investments in Subsidiaries	Other Non-Current Financial Assets	Trade and Other Receivables	Other Current Financial Assets	Cash and Short-Term Deposits	Total	% of Allocation
Trade and Other Receivables	-	-	2,578,112,706	-	-	2,578,112,706	54%
Amount due from Related Parties	-	-	1,507,256,988	-	-	1,507,256,988	32%
Loan to Company Officers	-	-	212,148	-	-	212,148	0%
Deposits with Bank	-	-	-	-	289,192,100	289,192,100	6%
Cash In Hand and at Bank	-	-	-	-	390,992,707	390,992,707	8%
Total Credit Risk Exposure	-	-	4,085,581,843	-	680,184,807	4,765,766,650	100%
Financial Assets at Fair Value through OCI (Equity Instruments)	-	88,329,690	-	-	-	88,329,690	98%
Financial Assets at Fair Value through Profit or Loss	-	-	-	1,670,330	-	1,670,330	2%
Total Equity Risk Exposure	-	88,329,690	-	1,670,330	-	90,000,020	100%
Total	-	88,329,690	4,085,581,843	1,670,330	680,184,807	4,855,766,670	

Company

As at 31 March In Rs.	2020						
	Investments in Subsidiaries	Other Non-Current Financial Assets	Trade and Other Receivables	Other Current Financial Assets	Cash and Short-Term Deposits	Total	% of Allocation
Trade and Other Receivables	-	-	1,380,534,731	-	-	1,380,534,731	50%
Amount due from Related Parties	-	-	1,270,880,372	-	-	1,270,880,372	46%
Loan to Company Officers	-	-	212,148	-	-	212,148	0%
Deposits with Bank	-	-	-	-	87,140,159	87,140,159	3%
Cash In Hand and at Bank	-	-	-	-	29,938,508	29,938,508	1%
Total Credit Risk Exposure	-	-	2,651,627,251	-	117,078,668	2,768,705,919	100%
Financial Assets at Fair Value through OCI (Equity Instruments)	31,580,884,705	88,329,690	-	-	-	31,669,214,395	100%
Financial Assets at Fair Value through Profit or Loss	-	-	-	1,670,330	-	1,670,330	0%
Total Equity Risk Exposure	31,580,884,705	88,329,690	-	1,670,330	-	31,670,884,725	100%
Total	31,580,884,705	88,329,690	2,651,627,251	1,670,330	117,078,668	34,439,590,644	

Notes to the Financial Statements

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Deposits with Bank

As at 31 March 2021, deposits were made in reputed & leading commercial banks with following credit ratings.

	Group				Company			
As at 31 March	2021		2020		2021		2020	
Fitch Rating	Rs.	%	Rs.	%	Rs.	%	Rs.	%
AAA	-	0%	159,003,750	55%	-	0%	14,596,846	17%
AA	34,841,045	37%	82,664,391	29%	-	0%	46,751,503	54%
A	2,212	0%	-	0%	2,212	0%	-	0%
AA-	59,338,470	63%	14,640,616	5%	59,338,470	100%	14,640,616	17%
A-	-	0%	2,168	0%	-	0%	2,168	0%
BBB-	-	0%	11,149,027	4%	-	0%	11,149,026	13%
B	-	0%	21,732,148	8%	-	0%	-	0%
	94,181,726	100%	289,192,100	100%	59,340,681	100%	87,140,159	100%

b) Liquidity Risk

Liquidity risk arises from the financial liabilities of the entity and the entity's subsequent ability to meet their obligation to repay their financial liabilities as and when they fall due. Group's approach is to handling liquidity is to ensure, as far as possible, that it will have adequate liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to LAUGFS reputation.

Group is much concern in striking a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and finance leases. Group Treasury gathers information from the Group regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business.

Business units and subsidiaries' liquidity is managed by Group Treasury's centralised cash management along with the divisional finance, which covers any short-term volatility and provides longer-term financing to meet any systemic liquidity requirements. The Group Treasury jointly with Divisional finance monitors cash flows at the corporate level in order to meet financing needs. Since financing is not limited to a particular financial institution, the exposure to liquidity risk is reduced due to the diversification of funding sources.

Please refer to the short term and long term borrowings note 16.2 for further details.

Maturity Analysis

The monthly liquidity position is monitored by the Group Treasury and all the liquidity policies and procedures are subjected to review and approval by the BOD. The Group attempts to match contracted cash outflows using a combination of operational cash inflows and other inflows that are generated through operational cash flows, liquidation of short term investments and other secured borrowings.

The table below summarises the maturity profile of the Group's financial liabilities as at 31 March 2021 based on contractual undiscounted payments.

Group

As at 31 March 2021 in Rs.	Not later than 1 Month	Later than 1 Month Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Long term loans	213,934,251	486,545,043	2,631,111,049	9,581,988,092	4,053,736,789	16,967,315,224
Leases Obligations	5,361,258	10,730,466	122,103,015	347,936,933	1,589,873,567	2,076,005,240
Trade and other payables	3,859,907,317	577,666,139	1,580,589,390	-	-	6,018,162,846
Short term loans	6,278,663,502	6,094,047,847	-	-	-	12,372,711,349
Bank overdrafts	1,175,498,740	-	-	-	-	1,175,498,740
Total	11,533,365,068	7,168,989,495	4,333,803,455	9,929,925,025	5,643,610,356	38,609,693,399

As at 31 March 2020 in Rs.	Not later than 1 Month	Later than 1 Month Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Long term loans	216,248,552	470,824,813	2,299,435,935	8,856,043,837	5,530,847,687	17,373,400,824
Leases Obligations	4,424,939	8,849,878	89,847,064	277,983,411	912,609,212	1,293,714,505
Trade and other payables	2,162,363,657	1,152,417,589	685,689,778	-	-	4,000,471,025
Short term loans	4,359,257,134	7,160,294,654	-	-	-	11,519,551,788
Bank overdrafts	1,468,834,029	-	-	-	-	1,468,834,029
Total	8,211,128,311	8,792,386,934	3,074,972,777	9,134,027,248	6,443,456,899	35,655,972,170

Company

As at 31 March 2021 in Rs.	Not later than 1 Month	Later than 1 Month Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Long term loans	155,400,272	233,176,529	1,694,556,048	5,274,773,286	-	7,357,906,135
Leases Obligations	1,724,628	3,457,207	15,693,397	58,649,268	871,200	80,395,700
Trade and other payables	1,464,205,943	321,368,889	1,399,082,751	-	-	3,184,657,583
Short term loans	4,524,186,322	5,734,622,475	-	-	-	10,258,808,797
Bank overdrafts	326,490,462	-	-	-	-	326,490,462
Total	6,472,007,628	6,292,625,100	3,109,332,196	5,333,422,554	871,200	21,208,258,677

As at 31 March 2020 in Rs.	Not later than 1 Month	Later than 1 Month Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Long term loans	150,062,719	232,444,201	1,477,248,292	5,855,705,258	226,666,720	7,942,127,189
Leases Obligations	1,429,698	2,859,396	12,867,283	54,868,132	871,200	72,895,709
Trade and other payables	1,250,192,443	297,949,879	1,014,871,570	-	-	2,563,013,892
Short term loans	3,668,775,400	4,886,192,785	-	-	-	8,554,968,185
Bank overdrafts	450,605,228	-	-	-	-	450,605,228
Total	5,521,065,488	5,419,446,261	2,504,987,144	5,910,573,390	227,537,920	19,583,610,203

The Group is in the process of evaluating various options including some restructuring activities to minimise the existing interest bearing borrowings. Negotiations are ongoing with the loan providers to convert certain of short term facilities to long term loans and for capital deferment arrangements. Management is confident of liquidity risk management aspects with the long term funding lines that the company and Group has secured as of the reporting date.

Notes to the Financial Statements

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

c) Market Risk

Market risk is the risk that changes in market prices will affect LAUGFS income or the value of its holdings of financial instruments. We are exposed to market risk through financial instruments affected by market risk include loans and borrowing, deposits, financial assets designated at fair value through OCI, financial assets at fair value through profit or loss and derivative financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk, we have had established a Group Treasury Policy of which the objective is to reduce the volatility relating to these exposures

Market prices comprise four types of risk:

- Interest Rate Risk,
- Currency Risk,
- Commodity Price Risk
- Other Price Risk, Such As Equity Price Risk

Interest rate risk

Risk arises from movements in interest rates which could affect the Group financial result or the value of Group equity. The Group's exposure to the risk of changes in market interest rates relating primarily to the Group's long term debt obligations with floating interest rates. In addition, they may affect the market value of certain financial assets, liabilities and hedging instruments. The primary objective of the Group's interest rate management is to protect the net interest result.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax.

	Group		Company	
Increase/(Decrease) in Exchange Rate Effect on Statement of Profit or Loss	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
+1%	315,616,106	309,656,122	180,203,372	170,110,872
-1%	(315,616,106)	(309,656,122)	(180,203,372)	(170,110,872)

Exchange Rate Risk

The Group has operations across region and is subject to foreign currency fluctuations, which have an effect on the Group's financial results and the valuation of its equity. The amount of local currency paid or received for transactions denominated in foreign currencies may vary due to exchange rate fluctuations, and the foreign currency denominated financial statements of the Group's foreign subsidiaries may differ after consolidation into Group Financial Statements.

The Group Treasury Division analyses foreign exchange market conditions and provides market updates to the Finance Divisions of each Group subsidiary company, as well as assisting in reducing the Group's exposure to foreign currency risk through positive bank negotiations and making decisions on whether to hold, sell, or make forward bookings of foreign currency based on market conditions.

The following table demonstrated the sensitivity to a reasonably possible change in USD/LKR exchange rate, with all other variables held constant, of the Group's profit before tax due to changes in exchange rates. The Group's exposure to Forex risk for all other currencies are not material.

	Group		Company	
Increase/(Decrease) in Exchange Rate Effect on Statement of Profit or Loss	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
+1%	(333,711)	599,148	432,917	52,542
-1%	333,711	(599,148)	(432,917)	(52,542)

Equity Price Risk

The Group's quoted and non-quoted investments are prone to market price risk arising from uncertainties about future values of the investment securities. The key objective of managing the equity price risk is to safeguard its ability to continue as a going concern and maximise the wealth of the shareholders and benefits for other stakeholders. The investments on non-quoted shares of subsidiary companies are made after required analysis of the respective company's financial position, performance and growth potentials. The Group Treasury Division measures the fair value of the quoted and non-quoted equity security investments regularly.

The Group manages the equity price risk through diversification and the management reviews and prior approval for all equity investment decisions. The Group during the year have changed its portfolio of investments for better marketable securities and have gained momentum during the year which is depicted in the financials.

Commodity Price Risk

The commodity price risk is that a change in the price of a production input will adversely impact the profit margins of the Group. The factors that can affect commodity prices include political and regulatory changes, seasonal variations, and technology and market conditions.

LAUGFS Gas PLC being the parent is mainly affected by Global LPG prices. In managing commodity price risk the increase in cost is, passed on to the customer by way of agreement with Consumer Affairs Authority (CAA – Pricing formula), which supports in recovering total landed cost plus a reasonable profit margin for the industry players. However even in the year concluded the company was unable to pass commodity price increases to the market since of price control of CAA.

The industry is now moving towards discussing and agreeing with the CAA for a more rational industry pricing formula which should help the industry in a positive manner to transfer global price changes in reasonable and transparent manner. The Company also conducts appropriate trend analysis in market prices regularly and take proactive measures in procurement procedures, in order to prevent any future losses and thereby managing the overall profitability of the Company.

Capital Management

Company's capital includes ordinary shares. The intention of the Board of Directors is to maintain an optimum capital structure while minimising cost of financing and safeguarding key stakeholders' interest by looking at the position in the life cycle of the respective business units. The Group is evaluating options on a long term basis at the moment on capital management.

The Board of Directors reviews the capital structure of the companies of the Group on periodic basis. The Group monitors capital using a gearing ratio, which is debt divided by total capital plus debt.

Five Year Summary

For the year ended 31 March	2017 Rs.	2018 Rs.	2019 Rs.	2020 Rs.	2021 Rs.
Summary of Operations					
Revenue	16,270,541,369	21,354,621,221	24,919,775,401	27,202,063,580	35,533,768,139
Gross Profit	2,801,785,747	2,144,567,547	3,293,326,036	2,822,858,051	3,734,582,467
Earnings Before Interest Tax, Depreciation and Amortisation	1,534,858,806	1,648,144,424	1,651,131,671	1,975,612,671	3,010,744,769
Depreciation and Amortisation	(739,699,488)	(1,323,431,215)	(964,461,070)	(1,369,963,698)	(1,690,550,131)
Profit Before Finance Cost	795,159,318	324,713,209	686,670,601	605,648,973	1,320,194,638
Loss Before Tax	(494,147,814)	(1,260,763,963)	(1,249,910,171)	(1,841,848,857)	(914,726,327)
Income Tax Expense	(128,612,866)	(76,435,225)	(47,963,968)	(151,479,865)	256,440,066
Loss for the Year	(622,760,680)	(1,040,935,975)	(1,297,874,139)	(1,690,368,992)	(658,286,261)
Profit/(Loss) after Tax for the Year from Discontinued Operations	(4,554,000)	296,263,212	-	-	-
Attributable To:					
Equity Holders of the Parents	(638,026,448)	(1,040,935,975)	(1,333,329,825)	(1,719,845,798)	(685,532,742)
Non-Controlling Interests	10,711,768	-	35,455,686	29,476,806	27,246,481
	(627,314,680)	(1,040,935,975)	(1,297,874,139)	(1,690,368,992)	(658,286,261)

	2017 Rs.	2018 Rs.	2019 Rs.	2020 Rs.	2021 Rs.
Summary of Financial position					
Capital and Reserves					
Stated Capital	3,285,000,260	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Fair Value Reserve of Financial Assets at FVTOCI	(316,055,741)	(303,253,074)	(337,972,038)	(353,244,862)	(22,730,041)
Revaluation Reserve	112,559,032	86,841,931	86,841,931	863,475,501	804,478,813
Foreign Currency Translation Reserve	186,807,178	123,987,459	661,542,928	1,162,067,867	1,477,139,274
Retained Earnings / (Losses)	4,788,995,434	670,056,623	(675,402,252)	(2,335,605,506)	(3,191,949,404)
Equity attributable to Equity Holders of the Parent	8,057,306,163	1,577,632,939	735,010,569	336,693,000	66,938,643
Non-Controlling Interests	-	386,183,727	421,652,762	451,458,703	478,698,503
Total Equity	8,057,306,162	1,963,816,666	1,156,663,331	788,151,703	545,637,145
Assets and Liabilities					
Current Assets	7,482,729,363	9,224,835,419	7,500,398,524	6,643,219,635	8,175,501,663
Current Liabilities	9,186,975,840	12,638,032,201	16,050,845,075	20,816,114,249	23,825,308,918
Net Current Assets	(1,704,246,477)	(3,413,196,781)	(8,550,446,546)	(14,172,894,614)	(15,649,807,255)
Property, Plant & Equipment, Right of use assets and Investments Properties	24,896,658,235	19,577,749,257	25,124,243,287	30,137,306,416	30,971,717,796
Other Non Current Assets	245,972,638	144,134,587	108,112,974	91,090,408	10,457,786
Intangible Assets	3,088,813,381	2,343,400,577	2,663,866,340	2,844,473,224	2,888,470,575
Non Current Liabilities	18,469,891,614	16,688,270,972	18,191,751,856	17,295,921,339	17,675,201,757
Net Assets	8,057,306,162	1,963,816,666	1,156,663,331	788,151,703	545,637,145

	2017 Rs.	2018 Rs.	2019 Rs.	2020 Rs.	2021 Rs.
Summary of Cash Flows					
Net Operating Cash Flows	1,368,611,864	298,810,031	1,620,078,682	(1,159,481,094)	1,206,579,373
Net Cash Used in Investing Activities	(9,330,478,622)	(5,846,729,993)	(6,473,740,176)	(2,484,559,361)	(1,119,156,987)
Net Cash Used in/(from) Financing activities	5,989,766,961	6,402,816,987	3,500,867,797	1,936,748,311	(162,135,177)

	2017	2018	2019	2020	2021
Financial Ratio					
GP Margin	17%	10%	13%	10%	11%
EBITDA Margin	9%	8%	7%	7%	8%
NP Margin	-4%	-5%	-5%	-6%	-2%
Earnings per Share (Rs.)	(1.65)	(2.69)	(3.45)	(4.44)	(1.77)
Current Ratio (Times)	0.81	0.73	0.47	0.32	0.34

Real Estate Portfolio

As at 31 March 2021	Land in acres		Building in (Sq.Ft)		No.of Building in	Market Value
Owning company and location	Freehold	Leasehold	Free Hold	Leasehold	each location	Rs.'000
Properties in Colombo						
LAUGFS Gas PLC						
No 112A, Kumarathunga Munidasa Mawatha, Colombo 03.	0.25	-	-	-	-	400,000
No 02, Havelock Place, Colombo 05.	0.22	-	7,713	-	1	374,000
LAUGFS Property Developers (Pvt) Ltd						
No 101, Maya Avenue, Colombo 06.	0.30	-	87,307	-	1	2,036,000
No. 69/2, Maya Avenue, Colombo 06	0.13	-	-	-	-	118,000
Properties outside Colombo						
LAUGFS Gas PLC						
Biyagama Road, Mabima.	32	-	45,370	-	22	869,400
Biyagama Road, Mabima.	1.02	-	-	-		60,000
Matara Road, Galupiadda, Galle.	0.18	-	680	-	1	66,200
Katuwawala , Borelasgamuwa	-		9,813	0.40	1	2,088
LAUGFS Terminals Ltd						
Hambantota international port, Hambantota	-	10	-	14,600	7	1,119,714
LAUGFS GAS (Bangladesh) Ltd						
Mongla, Bagerhat	-	10	-	3,499	10	11,586

Share Information

LAUGFS GAS PLC (VOTING)

SHARE DISTRIBUTION

SHAREHOLDING AS AT 31ST MARCH 2021

From		To	No. of Holders	No. of Shares	%
1	-	1,000	7,290	2,539,040	0.76
1,001	-	10,000	1,310	4,142,443	1.24
10,001	-	100,000	191	4,877,016	1.45
100,001	-	1,000,000	17	3,879,225	1.16
	Over	1,000,000	8	319,562,362	95.39
			8,816	335,000,086	100.00

CATEGORIES OF SHAREHOLDERS

	No. of Holders	No. of Shares	%
Local Individuals	8,591	14,642,141	4.37
Local Institutions	184	320,112,355	95.56
Foreign Individuals	39	221,222	0.06
Foreign Institutions	2	24,368	0.01
	8,816	335,000,086	100.00

DIRECTORS' AND CEO'S SHAREHOLDING AS AT 31ST MARCH 2021 - (VOTING)

	No. of Shares	%
Mr. W. K. H. Wegapitiya	1,549,416	0.462
Mr. U. K. T. De Silva	1,077,897	0.322
Mr. N. M. Prakash	17,000	0.005
Mr. T. K. Bandaranayake (resigned w.e.f. 30th June 2021)	Nil	Nil
Mr. A. R. D. Perera (resigned from the Board of directors w.e.f. 20th April 2021)	Nil	Nil
Mr. S. P. P. Amaratunge	Nil	Nil
Mr. C. D. Ediriwickrama (resigned from the Board of directors w.e.f. 01st July 2021)	Nil	Nil
Mr. P. Kudabalage	Nil	Nil

Share Information

LAUGFS GAS PLC (VOTING) (CONTD.)

SHARE PRICES FOR THE YEAR

Market price per share

	As at 31/03/2021	As at 31/03/2020
Highest during the year	Rs. 31.40 (25/01/2021)	Rs. 19.20 (28-11-2019)
Lowest during the year	Rs. 8.00 (12/05/2020)	Rs. 9.00 (20-03-2020)
As at end of the year	Rs. 21.70	Rs. 9.10

	31/03/2021	31/03/2020
Number of Transactions during the year	9,221	5,256
Number of Shares traded during the year	19,389,540	10,352,033
Value of shares traded during the year (Rs.)	443,817,596.20	176,507,646.70

PUBLIC HOLDING

1. The Public Holding Percentage as at 31st March 2021 being **25.19%**

2. Total number of shareholders who hold the public Holdings as at 31st March 2021: **8,810**

3. The Float adjusted market capitalisation as at 31st March 2021: **Rs. 1,830,862,049.10**

The Float adjusted market capitalisation of the Company falls under Option 5 of Rule 7.13.1 (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

LAUGFS GAS PLC (NON VOTING)

SHARE DISTRIBUTION

SHAREHOLDING AS AT 31ST MARCH 2021

From		To	No. of Holders	No. of Shares	%
1	-	1,000	5,391	1,802,510	3.47
1,001	-	10,000	1,156	3,440,272	6.62
10,001	-	100,000	188	5,162,015	9.91
100,001	-	1,000,000	20	5,195,978	10.00
Over		1,000,000	6	36,399,225	70.00
			6,761	52,000,000	100.00

CATEGORIES OF SHAREHOLDERS

	No. of Holders	No. of Shares	%
Local Individuals	6,593	11,452,253	22.02
Local Institutions	139	39,358,175	75.69
Foreign Individuals	25	677,108	1.30
Foreign Institutions	4	512,464	0.99
	6,761	52,000,000	100.00

DIRECTORS' AND CEO'S SHAREHOLDING AS AT 31ST MARCH 2021 - (NON-VOTING)

	No. of Shares	%
Mr. W. K. H. Wegapitiya	Nil	Nil
Mr. U. K. T. De Silva	Nil	Nil
Mr. N. M. Prakash	Nil	Nil
Mr. T. K. Bandaranayake (resigned w.e.f. 30th June 2021)	Nil	Nil
Mr. A. R. D. Perera (resigned from the Board of directors w.e.f. 20th April 2021)	Nil	Nil
Mr. S. P. P. Amaratunge	Nil	Nil
Mr. C. D. Ediriwickrama (resigned from the Board of directors w.e.f. 01st July 2021)	Nil	Nil
Mr. P. Kudabalage	Nil	Nil

SHARE PRICES FOR THE YEAR

Market price per share

	As at 31/03/2021	As at 31/03/2020
Highest during the year	Rs. 24.90 (18/01/2021)	Rs. 15.20 (21-11-2019)
Lowest during the year	Rs. 5.80 (12/05/2020)	Rs. 6.10 (20-03-2020)
As at end of the year	Rs. 15.50	Rs. 6.40

	31/03/2021	31/03/2020
Number of Transactions during the year	9,396	5,681
Number of Shares traded during the year	23,377,750	10,896,855
Value of shares traded during the year (Rs.)	368,916,835.10	144,995,787.50

Share Information

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY – (VOTING)

		31ST MARCH 2021		31ST MARCH 2020	
		NO. OF SHARES	(%)	NO. OF SHARES	(%)
1	LAUGFS HOLDINGS LIMITED	247,980,050	74.024	247,980,050	74.024
2	EMPLOYEES PROVIDENT FUND	57,897,800	17.283	57,897,800	17.283
3	HATTON NATIONAL BANK PLC / ALMAS ORGANISATION (PVT) LTD	4,628,066	1.382	-	-
4	AMANA BANK PLC/ALMAS ORGANISATION (PVT) LTD	2,658,581	0.794	2,518,925	0.752
5	HATTON NATIONAL BANK PLC /CARLINES HOLDINGS (PVT) LTD	2,478,715	0.740	1,719,110	0.513
6	MR. W K H WEGAPITIYA	1,549,416	0.463	1,411,536	0.421
7	SEYLAN BANK PLC / W D N H PERERA	1,291,837	0.386	-	-
8	MR. U K T DE SILVA	1,077,897	0.322	1,077,897	0.322
9	MR. H D M P SIRIWARDENA	749,000	0.224	749,000	0.224
10	MR. G Y N MAHINKANDA	661,024	0.197	902,024	0.269
11	J.B. COCOSHELL (PVT) LTD	370,110	0.110	2,097,341	0.626
12	MACKSONS HOLDINGS (PVT) LTD	210,557	0.063	110,000	0.033
13	EMPLOYEES TRUST FUND BOARD	205,304	0.061	205,304	0.061
14	PEOPLE'S LEASING & FINANCE PLC / L P HAPANGAMA	192,621	0.057	38,621	0.012
15	MRS. C N G NARAYANA	162,300	0.048	162,300	0.048
16	MR. W V JAGATH PUSHPA KUMARA	153,072	0.046	153,072	0.046
17	ACCESS ENGINEERING PLC	150,000	0.045	-	-
18	MR. A RAGUPATHY	150,000	0.045	150,000	0.045
19	MRS. F R BUHARDEEN	147,732	0.044	16,052	0.005
20	SEA CONSORTIUM LANKA (PRIVATE) LIMITED	139,400	0.042	139,400	0.042
		322,853,482	96.374	317,328,432	94.725
	OTHERS	12,146,604	3.626	17,671,654	5.275
	TOTAL	335,000,086	100.000	335,000,086	100.000

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY – (NON VOTING)

		31ST MARCH 2021		31ST MARCH 2020	
		NO. OF SHARES	(%)	NO. OF SHARES	(%)
1	EMPLOYEES PROVIDENT FUND	18,041,300	34.695	18,041,300	34.695
2	HATTON NATIONAL BANK PLC / CARLINES HOLDINGS (PVT) LTD	6,005,877	11.550	2,270,391	4.366
3	HATTON NATIONAL BANK PLC /ALMAS ORGANISATION (PVT) LTD	4,767,739	9.169	-	-
4	BANK OF CEYLON NO. 1 ACCOUNT	3,420,538	6.578	3,420,538	6.578
5	DEUTSCHE BANK AG AS TRUSTEE FOR J B VANTAGE VALUE EQUITY FUND	2,490,664	4.790	2,505,696	4.819
6	AMANA BANK PLC / ALMAS ORGANISATION (PVT) LTD	1,673,107	3.218	1,461,926	2.811
7	MR. A.M. WEERASINGHE	1,000,000	1.923	813,471	1.564
8	MACKSONS HOLDINGS (PVT) LTD	615,498	1.184	575,000	1.106
9	GOLD INVESTMENT LIMITED	390,000	0.750	390,000	0.750
10	MRS. C N G NARAYANA	378,800	0.728	378,800	0.728
11	MRS. S D AMARASINGHE	372,400	0.716	372,400	0.716
12	NARATHA VENTURES PRIVATE LIMITED	308,000	0.592	308,000	0.592
13	SEYLAN BANK PLC / W D N H PERERA	281,776	0.542	-	-
14	MR. M A VALABHJI	280,000	0.538	280,000	0.538
15	MR. W L W FERNANDO	173,838	0.334	109,214	0.210
16	MR. S G H I JAFFERJEE	153,236	0.295	153,236	0.295
17	MR. M A JAFFERJEE	147,336	0.283	147,336	0.283
18	MRS. F R BUHARDEEN	143,758	0.276	50,021	0.096
19	MRS. N MULJIE	139,217	0.268	139,217	0.268
20	MOUNT LAVINIA HOTEL (PVT) LIMITED	130,000	0.250	130,000	0.250
		40,913,084	78.679	31,546,546	60.666
	OTHERS	11,086,916	21.321	20,453,454	39.334
	TOTAL	52,000,000	100.000	52,000,000	100.000

Value Added Statement

For the Year ended 31 March	2021		2020	
	Rs. '000	%	Rs. '000	%
Revenue	35,533,768		27,202,064	
Other Income	827,265		1,124,983	
	36,361,034		28,327,047	
Cost of Material & Services Provided	(31,879,032)		(24,847,915)	
Value addition	4,482,002	100	3,479,132	100
Distribution of Value Addition				
To Employees				
Salaries & Other Benefits	1,471,257	33	1,503,519	43
To Providers of Funds				
Dividend Paid	-	-	-	-
Interest Cost	2,234,921	50	2,447,498	70
To Government				
As Taxes & Levies	(256,440)	(6)	(151,480)	(4)
	3,449,738	77	3,799,537	109
To Expansion & Growth				
Depreciation and Amortisation	1,690,550	38	1,369,964	39
Loss After Dividend	(658,286)	(15)	(1,690,369)	(49)
	1,032,264	23	(320,405)	(9)
	4,482,002	100	3,479,132	100

Our Reach

LAUGFS GAS

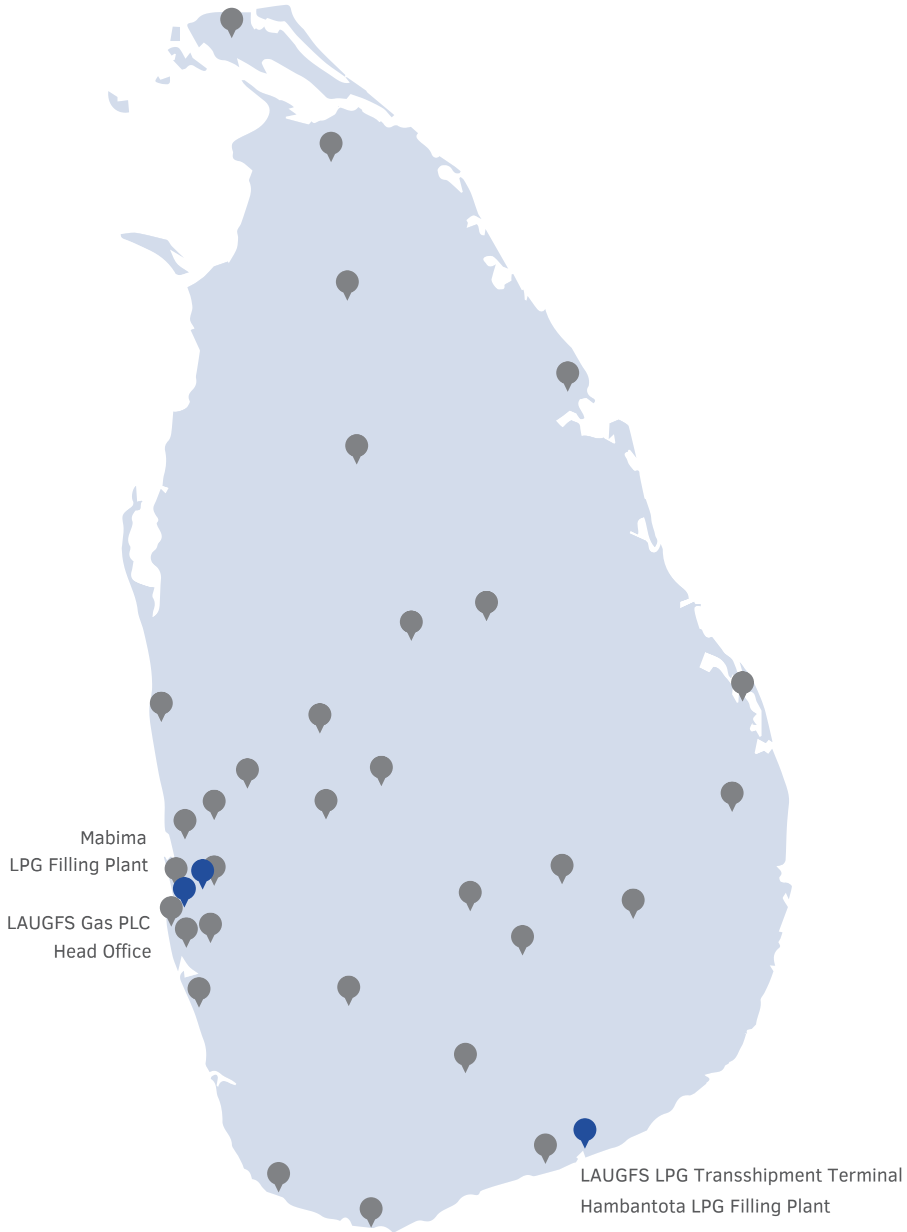
LPG Filling Plants:

Mabima and Hambantota

Distributor Network:

1	Kaluthara
2	Anuradhapura
3	Polonnaruwa
4	Galle
5	Watareka
6	Mawanella
7	Bangadeniya
8	Akkaraipattu
9	Matara
10	Hambantota
11	Vavuniya
12	Gampaha
13	Trincomalee
14	Jaffna
15	Dambulla
16	Manikhinna
17	Siyambalape
18	Kurunegala
19	Batticaloa
20	Badulla
21	Monaragala
22	Boralesgamuwa
23	Colombo
24	Negombo
25	Embilipitiya
26	Nawagamuwa
27	Rathnapura
28	Kilinochchi
29	Kesbewa
30	Kiribathkumbura
31	Nuwaraeliya

With a sharp focus in mind, we have strived to expand our coverage, as coverage gives us the edge over our competition...



Notice of Meeting

Taking into consideration the current regulations/restrictions prevailing in the country due to the COVID-19 pandemic, the Board of Directors of LAUGFS Gas PLC has decided to hold the 11th Annual General Meeting (AGM) as a Virtual Meeting on 30th September 2021 at 1.00 p.m., in line with the guidelines issued by the Colombo Stock Exchange (CSE) for hosting of virtual AGMs.

Hence, Notice is hereby given that the 11th Annual General Meeting of the Company will be held by way of electronic means on 30th September 2021 at 1.00 p.m., centered at the LAUGFS Head Office building located at No. 101, Maya Avenue, Colombo 06, Sri Lanka, for the following business:

1. To receive and consider the Annual Report and Financial Statements for the financial year ended 31st March, 2021 with the Report of the Auditors thereon.
2. To elect Mr. N. M. Prakash who retires by rotation, in terms of Article 81 of the Articles of Association, as a Director of the Company.
3. To elect Mr. A. Tittawella who retires, in terms of Article 88 of the Articles of Association, as a Director of the Company.
4. To elect Mr. L. Withana who retires, in terms of Article 88 of the Articles of Association, as a Director of the Company.
5. To authorise the Directors to determine and make donations for the year ending 31st March 2022 and up to the date of the next Annual General Meeting.
6. To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.

By Order of the Board

LAUGFS GAS PLC

Corporate Advisory Services (Pvt) Ltd
Company Secretaries

30th June 2021

Notes:

→ Below mentioned documents can be now downloaded via the corporate website https://www.laugfs.lk/agm/lg/lg_notice_of_meeting.pdf and the CSE website visit https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=LGL.N0000 and click on the announcements tab.

a. Notice of Meeting
b. Circular to shareholders
c. Form of Proxy
d. Guideline and Registration Process to join the AGM virtually
e. Registration Form for the AGM
f. Request Form for the printed copy of the Annual Report

→ A shareholder entitled to participate and vote at the above virtual meeting is entitled to appoint a proxy to participate and vote in his/her place by completing the Form of Proxy which can be downloaded as above

→ Shareholders who are unable to participate in the above virtual meeting are also encouraged to submit a duly completed Form of Proxy appointing the Chairman or any other Member of the Board to participate and vote on their behalf.

→ A proxy need not be a shareholder of the Company.

→ For more information on how to participate by virtual means in the above virtual meeting, please refer Registration Process which can be downloaded as above.

Form of Proxy - Voting

*I/We .... holder of NIC No. ....

of .... being a *Shareholder /Shareholders of LAUGFS Gas PLC, do hereby appoint

.... holder of NIC No. ....

of .... or failing him/her

Mr. W. K. H. Wegapitiya	of Colombo or failing him
Mr. U. K. T. De Silva	of Colombo or failing him
Mr. N. M. Prakash	of Colombo or failing him
Prof. S. P. P. Amaratunge	of Colombo or failing him
Mr. P. Kudabalage	of Colombo or failing him
Mr. A. Tittawella	of Colombo or failing him
Mr. L. Withana	of Colombo

as *my/our proxy to represent me/us to speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 30th September 2021 at 1.00 p.m. and any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To elect Mr. N. M. Prakash who retires by rotation, in terms of Article 81 of the Articles of Association, as a Director of the Company.		
2. To elect Mr. A. Tittawella who retires, in terms of Article 88 of the Articles of Association, as a Director of the Company.		
3. To elect Mr. L. Withana who retires, in terms of Article 88 of the Articles of Association, as a Director of the Company.		
4. To authorise the Directors to determine and make donations for the year ending 31st March 2022 and up to the date of the next Annual General Meeting.		
5. To re-appoint M/s. Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.		

Signed this ……….................................… day of ……………….........................…… Two Thousand and Twenty One.

....

Signature

1) *Please delete the inappropriate words.

2) Instructions as to completion are noted on the reverse thereof.

Form of Proxy - Voting

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.

2. The Proxy shall –

   (a) In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

   (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).

3. For voting share, please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.

4. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, Corporate Advisory Services (Pvt) Ltd at No. 47, Alexandra Place, Colombo 07, Sri Lanka or must be emailed to laugfsgroup.pwcs@gmail.com by 48 hours before the AGM.

Form of Proxy - Non-Voting

*I/We .... holder of NIC No. ....

of .... being a *Shareholder /Shareholders of LAUGFS Gas PLC, do hereby appoint

.... holder of NIC No. ....

of .... or failing him/her

Mr. W. K. H. Wegapitiya	of Colombo or failing him
Mr. U. K. T. De Silva	of Colombo or failing him
Mr. N. M. Prakash	of Colombo or failing him
Prof. S. P. P. Amaratunge	of Colombo or failing him
Mr. P. Kudabalage	of Colombo or failing him
Mr. A. Tittawella	of Colombo or failing him
Mr. L. Withana	of Colombo

as *my/our proxy to represent me/us to speak for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 30th September 2021 at 1.00 p.m. and any adjournment thereof.

Signed this ……….................................... day of ……………….............................…… Two Thousand and Twenty One.

....
Signature

1) *Please delete the inappropriate words.
2) Instructions as to completion are noted on the reverse thereof.

Form of Proxy - Non-Voting

INSTRUCTIONS AS TO COMPLETION

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   (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).

3. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, Corporate Advisory Services (Pvt) Ltd at No. 47, Alexandra Place, Colombo 07, Sri Lanka or must be emailed to laugfsgroup.pwcs@gmail.com by 48 hours before the AGM.

Corporate Information

NAME OF THE COMPANY

LAUGFS Gas PLC (A Subsidiary of LAUGFS Holdings Limited)

COMPANY REGISTRATION NO

PV - 8330 PB/PQ

LEGAL FORM

A Limited Liability Company listed in the Colombo Stock Exchange.

SUBSIDIARIES

LAUGFS Gas (Bangladesh) Ltd.- Bangladesh
LAUGFS Maritime Services (Pvt) Ltd.
LAUGFS Property Developers (Pvt) Ltd.
LAUGFS Terminals Ltd.
SLOGAL Energy DMCC - Dubai

PRINCIPAL ACTIVITIES & NATURE OF OPERATIONS

LAUGFS Gas PLC - Downstream Business of Liquefied Petroleum Gas & other related Products & Services.

LAUGFS Maritime Services (Pvt) Ltd - Shipping operations

LAUGFS Gas (Bangladesh) Ltd - Downstream Business of Liquefied Petroleum Gas & other related Products & Services

SLOGAL Energy DMCC - Trading of Liquefied Petroleum Gas and other Petroleum Products

LAUGFS Terminals Ltd - Provider of LPG storage and transhipment facilities

LAUGFS Property Developers (Pvt) Ltd - Holding Company of the Head Office building

PARENT ENTERPRISE

The Company's holding Company and controlling entity is LAUGFS Holdings Limited, which is incorporated and domiciled in Sri Lanka.

BOARD OF DIRECTORS

Mr. W. K. H. Wegapitiya
(Group Chairman)

Mr. U. K. Thilak De Silva
(Group Deputy Chairman)

Mr. P. Kudabalage
(Group Managing Director / GCEO)

Mr. N. M. Prakash
Prof. S. P. P. Amaratunge
Mr. A. Tittawella
(appointed w.e.f. 14th June 2021)
Mr. L. Withana
(appointed w.e.f. 14th June 2021)

BANKERS

Bank of Ceylon
Commercial Bank of Ceylon PLC
DFCC Bank PLC
Hatton National Bank PLC
Hongkong and Shanghai Banking Corporation
MCB Bank Limited
National Development Bank PLC
Nations Trust Bank PLC
Pan Asia Banking Corporation PLC
People's Bank
Sampath Bank PLC
Seylan Bank PLC
Standard Chartered Bank
Union Bank of Colombo PLC

AUDITORS

Ernst & Young (Chartered Accountants)
201, De Saram Place,
Colombo 10, Sri Lanka.

SECRETARIES

Corporate Advisory Services (Pvt) Ltd
47, Alexandra Place,
Colombo 07,
Sri Lanka.

REGISTRARS

PW Corporate Secretarial (Pvt) Ltd
3/17, Kinsey Road,
Colombo 08,
Sri Lanka

REGISTERED OFFICE:

101, Maya Avenue,
Colombo 06, Sri Lanka.
Telephone: (011) 55 66 222
Fax: (011) 25 83 824

CORPORATE WEBSITE

www.laugfsgas.lk

Designed by
emagewise

LAUGFS Gas PLC

101, Maya Avenue,
Colombo 06, Sri Lanka.
Telephone: (011) 55 66 222
Fax: (011) 25 83 824