CREATING VALUE SINCE 1928

C T HOLDINGS PLC

Annual Report 2020 | 2021

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# OUR BUSINESS AT A GLANCE

C T Holdings PLC then known as Ceylon Theatres Limited was incorporated in 1928 with its primary focus on the entertainment industry. The Company owned and operated a string of cinemas in various parts of the country including such well known destinations such as Regal Colombo, Empire and Majestic cinemas.

The Company also set up the first film production and processing facilities in the country with the establishment of Ceylon Studios Ltd in 1956, thus paving the way for the development of the local film production expertise.

Despite the Company's first production "Asokamala" being unsuccessful, the Company persevered to subsequently produce hit films such as "Golu Hadawatha", "Akkara Paha", "Sakman Maluwa" etc. The hit film "Nidhanaya" was adjudged the best Sri Lankan film produced in the past 50 years.

Anticipating the effects of the changes within the film industry in the 1970s and 80s, the Company began to diversify into other areas of business, notably, consolidating its interest in Millers Limited and through it, Cargills (Ceylon) Ltd. Millers Ltd was subsequently merged with C T Holdings PLC.

The Company also diversified into Financial Services and Real Estate. The subsidiary Cargills shed the Department Store concept to introduce and expand the Supermarket concept to Sri Lanka. This change was to be the most significant change to the Group and the backbone of future growth. Cargills also expanded into Food Processing, Restaurants, Dairy, Agri Business and Confectionery. A fully fledged Commercial Bank under the name 'Cargills Bank' was also set up by the Group. All this while also staying true to its roots in cinema business by developing cinemas with digital sounds, 3D viewing and upgrading facilities for patrons.

C T Holdings is now a diversified Group with interest in Food Retailing , Food and Beverage Manufacturing & Distribution, Restaurants, Real Estate, Entertainment and Banking and Financial Services.

# MILESTONES

**1928**

Ceylon Theatres Limited established, focusing primarily on the entertainment industry by Sir Chittampalam A. Gardiner.

**1981**

Acquired Millers and Cargills and ventured into retail and distribution under the leadership of Mr. Albert A Page.

**1991**

Completed the Majestic City shopping and entertainment mall through CT Land Development PLC.

**1992**

Entered the financial services sector through C T Smith Stockbrokers (Member, Colombo Stock Exchange) – now re named as C T CLSA Securities (Private) Limited.

Cargills diversified into food processing with the acquisition of the Goldi processed meat plant – now known as Cargills Quality Foods Ltd.

**1996**

KFC franchise awarded to Cargills.

**1999**

Entered the Ceramic / Tiles, Plantation and Packaging sectors.

**2002**

Cargills acquired the Walls Ice Cream plant and CPC/Best foods production facility of jams, cordials and sauces.

**2006**

Cargills commissioned its new state-of-the art meat processing facility.

**2008**

Ceylon Theatres merged with its subsidiary Millers PLC to create an investment holding Company.

Cinema exhibition operation transferred to a wholly owned subsidiary, Ceylon Theatres (Private) Limited.

**2009**

C T Properties Limited completed its flagship 'Empire' residential development project.

**2010**

Name of Ceylon Theatres PLC changed to C T Holdings PLC

**2011**

Cargills acquired controlling interest in Kotmale Holdings PLC. Cargills also acquired Diana Biscuits Manufacturers (Private) Limited (subsequently re-named Cargills Quality Confectioneries (Pvt) Ltd).

**2012**

Cargills entered the brewery sector. Ceylon Theatres added three new screens to the Majestic Cineplex including Sri Lanka's first ever 3D cinema.

2013

Cargills set up the TGI Fridays Franchise Restaurant in Colombo, Fort.

2014

Group received license to set up and operate a Commercial Bank. Cargills Square Mall opened in Jaffna. Exited the Ceramic / Tiles, Plantation and Packaging sectors.

2015

Retail sector comprising the supermarkets spun off into a separate Company with new direct equity injection into the Company. Two new cinema screens set up by Ceylon Theatres at Arcade Independence Square, the Group's Regal cinema was refurbished. Cargills exited the brewery sector.

2016

Cargills Bank began expansion of its network by opening 11 branches.

2017

Cargills commissioned the expanded dairy facility. Cargills Square mall Gampaha opened with a supermarket, KFC and two cinema screens.

2018

Regal Cinema in Nuwara Eliya fully refurbished and re-opened.

2019

C T Holdings completed 90 years of operations

Cargills opened Cargills Food Hall, bringing Sri Lanka's first gourmet supermarket experience at the Colombo City Centre Shopping Mall

2020

Cargills commenced its 175th year of operations

Cargills opened the 400th Cargills Food City supermarket in Wattala in early 2020

Launched the Kotmale Cheese processing plant in Hatton

2021

Cargills launched Cargills Online web portal for online ordering and delivery

Opened Cargills Square Mall, Dematagoda

# PROFILE OF BUSINESSES

### Food Retailing and Wholesale Distribution

The retail sector of the Group functions under Cargills Foods Company (Pvt) Ltd. The modern trade arm covers all districts of the island through Cargills Food Hall, Cargills Food City and Food City Express store formats. Online order and delivery is done through Cargills Online. This sector maintains a backward integration model with local fruit and vegetable collection centres in every district of the island.
Millers Limited the marketing and distribution arm holds the agency rights for leading international food brands reaching 40,000 groceries islandwide. The Company is also the distributor for the Group's own brands.

### Food And Beverage Manufacturing & Distribution

The Group's FMCG brands are some of the widest consumed household brands in the Country which include, 'Magic' and 'Kotmale' dairy products, 'Kist' range of jams, cordials, nectars, juices, culinary & confectionery, and 'Cargills Finest', 'Goldi' and 'Sams' and 'Island's Finest' Convenience Foods. The sector operates some of the most modern facilities with many ISO International Standard certifications among them such as ISO 9001: 2000 Quality Management System certification, ISO 22000: 2005 Food Safety Management System certification and ISO 14001: 2004 Environment Management System certification.

### Real Estate

CT Land Development is a long established name in the Real Estate and Property sector. The Company owns and operates 'Majestic City', the largest and most popular shopping and entertainment mall in the Country. The Group also owns and operates the Cargills Square Malls in Jaffna, Gampaha and Dematagoda. Property development operations under C T Properties previously completed the 'Empire' luxury apartment complex in Colombo 2 and C T Gardens Township project in Piliyandala.

### Restaurants

The restaurants' sector comprises the world renowned 'KFC' and 'TGI Fridays' franchises held by the Group.

### Banking and Financial Services

Cargills Bank which was promoted and launched by the Group completed its third year of operations. Capital Market operations of the Group are carried out under C T CLSA Holdings Ltd, which covers stockbroking, advisory services and capital market solutions.

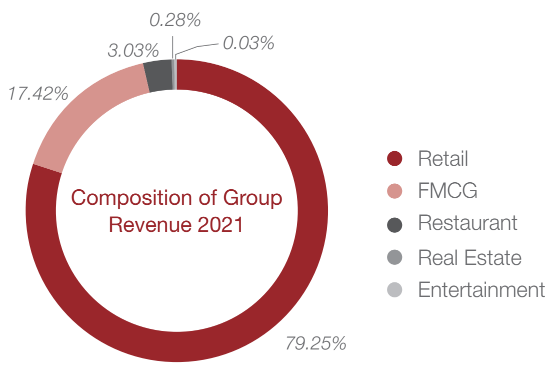
### Entertainment

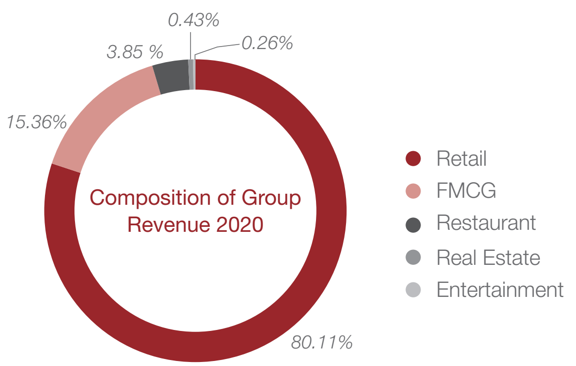
The Group has been associated with the national cinema industry for over 90 years with the making of the first national production and thereon producing landmark motion pictures that have won international acclaim. Ceylon Theatres (Private) Limited is engaged in operating Seventeen cinema screens in Eight locations.

# FINANCIAL HIGHLIGHTS

| In thousands of rupees | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2021 | 2020 | Change % | 2021 | 2020 | Change % |
| **Operations** | | | | | | |
| Revenue | 112,940,971 | 107,817,065 | 4.75 | - | - | - |
| Results from operating activities | 7,200,318 | 7,170,944 | 0.41 | 750,403 | 910,649 | (17.60) |
| Profit before taxation | 4,311,617 | 4,254,692 | 1.34 | 749,094 | 960,515 | (22.01) |
| Profit for the year | 3,321,269 | 2,721,877 | 22.02 | 740,248 | 942,608 | (21.47) |
| Profit attributable to owners of the Parent | 2,061,487 | 1,404,986 | 46.73 | 740,248 | 942,608 | (21.47) |
| **Per Share Data** | | | | | | |
| Earnings Per Share (Rs.) | 10.24 | 6.98 | 46.64 | 3.68 | 4.68 | (21.57) |
| Dividends Per Share (Rs.) | 4.35 | 4.60 | (5.43) | 4.35 | 4.60 | (5.43) |
| Dividend Cover (Times) | 2.35 | 1.52 | 55.07 | 0.84 | 1.02 | (17.27) |
| **Shareholders' Interest** | | | | | | |
| Stated Capital | 6,489,758 | 6,489,758 | | 6,489,758 | 6,489,758 | |
| Total equity attributable to equity holders of the parent | 23,359,195 | 21,189,846 | | 7,668,843 | 7,440,910 | |
| Return on equity attributable to equity holders of the parent (%) | 8.83 | 6.63 | | 9.65 | 12.67 | |
| Total equity attributable to equity holders of the parent per Share (Rs.) | 115.98 | 105.20 | | 38.08 | 36.94 | |
| **Leverage** | | | | | | |
| Net Finance Income/ (Costs) | (2,619,650) | (2,680,731) | | 7,569 | 12,387 | |
| Interest Cover (Times) | 2.65 | 2.59 | | - | - | |
| Borrowings (including overdrafts) | 37,738,776 | 30,060,880 | | 267 | 374 | |
| Borrowing as a Percentage of total equity attributable to equity holders of the parent (%) | 161.56 | 141.86 | | N/A | N/A | |

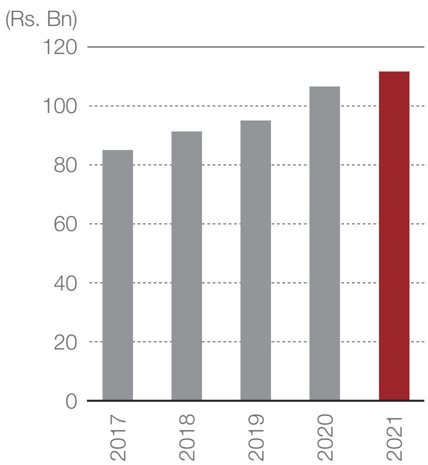
**Note:** Earnings, dividends and shareholders' funds per share have been calculated based on the number of issued shares presently in issue.



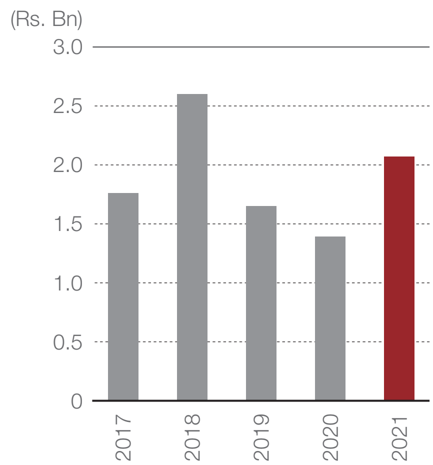



# OPERATIONAL SPOTLIGHT

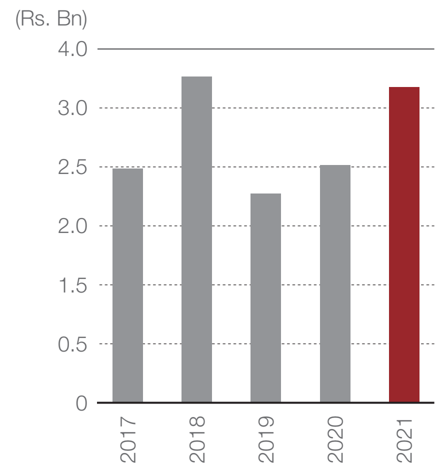
Revenue - Group



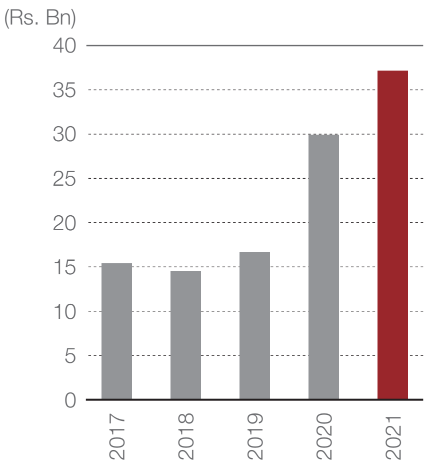

Profit for the Year Attributable to Equity Holders of the Parent - Group



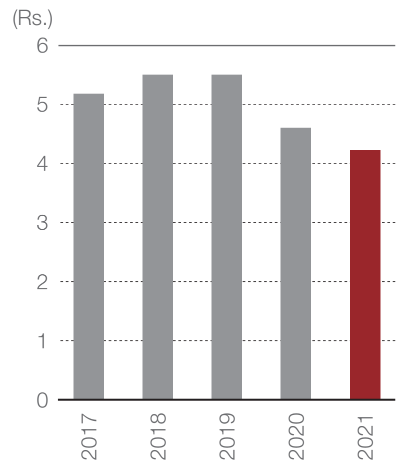

Profit for the year - Group



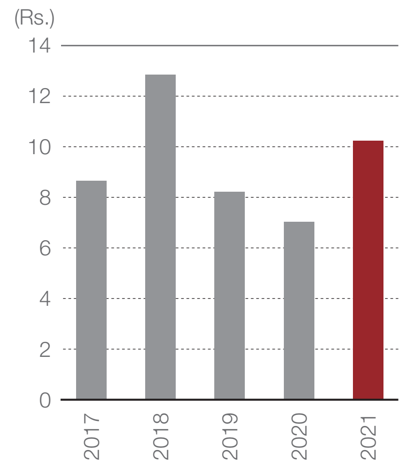

Borrowings - Group




Dividends per share - Group




Earnings Per Share - Group




Revenue

**Rs.112.94Bn**

Total Assets

**Rs.92.15Bn**

Profit for the year

**Rs.3.32Bn**

Dividend Per Share

**Rs.4.35**

Earnings Per Share

**Rs.10.24**

Total Equity

**Rs.31.31Bn**

# CHAIRMAN'S MESSAGE

"We are most grateful for the efforts of our Groups management and staff for their quick action, hard work and dedication in the face of all the adversities during the year."

Dear Shareholder,

The financial year 2020/2021 was perhaps the most challenging period faced by our Group as well as the wider business community both in Sri Lanka and overseas. The COVID 19 pandemic affected every area of business and lifestyles of people all over this island on an unprecedented scale. All businesses, including ours, have had to instantly change course and reinvent their plans and strategies, and focus on short term measures to survive the effects of the current business environment. Even as we write this report, the third wave of this pandemic has hit our country with a lockdown being ordered by the authorities to contain the current situation. Thus, the business focus for our Group too changed to the pressing immediate situations.

You may also observe that we have condensed this Annual Report to only on the most significant matters as the Group focused on riding out this year's substantial disruption and planning for the future which appears increasingly hard to predict.

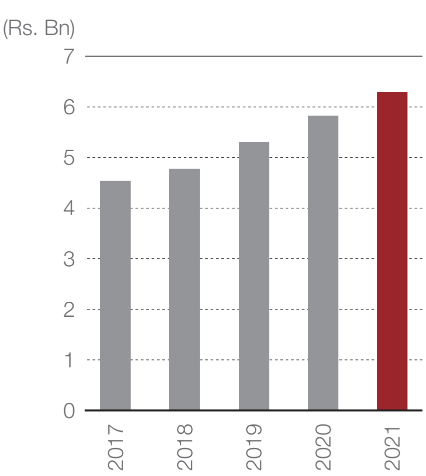
## Workplace safety

A substantial part of the Group has day-to-day interactions with the public spread across the entire island. As such, installing and maintaining safety protocols covering the management and staff at every level was the most critical factor for the continuous operations of the Group. Detailed plans and continuous implementation of such plans ensured that operations were not significantly disrupted due to any single outbreak of the disease. Even in instances where any such infections were detected, swift actions were taken for isolation, medical care, de-contamination, and patient support. Such efforts were key to maintaining the ongoing operations and maintaining staff morale in these uncertain times.

## Cost controls and cash retention

Although cost control and cash retention, as a strategy has been repeatedly mentioned across the business spectrum, it merits repetition here due to its importance as a cornerstone of our operating strategy for the year. Stringent controls were exercised over costs and cashflows, capital was deployed where critically required to meet the goals and objectives of the operating sectors. The "Cargills Square" mall project in Dematagoda which commenced during the previous year was also completed and opened to the public during the year. The Group's outlay in Property, Plant and Equipment for the year amounted to Rs. 6.28 Bn (compared to Rs. 5.85 Bn in the previous year).

Group additions to Property, Plant & Equipment



The Group is also cognizant of the financial pressures brought upon the team members by the current economic situation, and except in very rare and unavoidable circumstances, all steps were taken to assure job and pay security. Where required, additional staff have also been recruited to facilitate the ongoing operations of the Group.

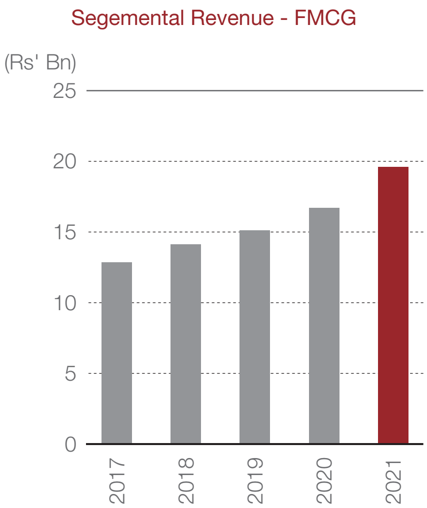
## Honoring our partners

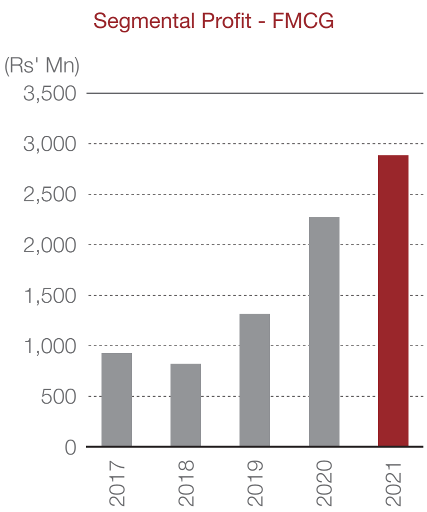
A key focus of the Group has been on building strong long-term relationships with local Fruit, Vegetable and Dairy farmers and other small and medium scale primary producers across the country. The Group is conscious of the fact that many such farmers and producers rely primarily on the operations of the Group to market their produce and guarantee a steady revenue source. Accordingly, throughout this period, the Group has spared no efforts to ensure that the produce of these farmers and primary producers are collected and distributed so that their operations will not be adversely impacted during this time. Overall, our purchases from these partners continue to grow at a steady pace year on year. Our assistance to the farming community through extension officials and other critical advice and training also continued right through this period, except where constrained by government regulations.

## Financial Results

Group revenue for the year amounted to Rs. 112.9 Bn compared to Rs. 107.8 Bn in the previous year. Profit for the year amounted to Rs. 3.3 Bn compared to Rs. 2.7 Bn in the previous year.

## FMCG sector



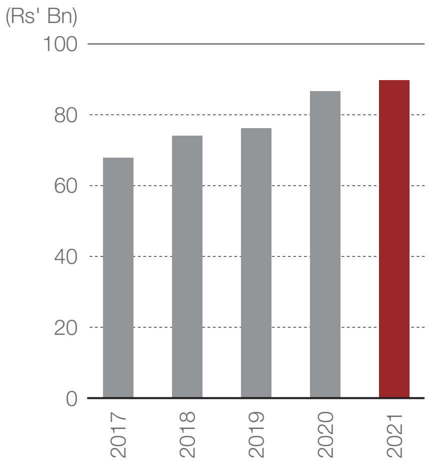

The FMCG sector consists of Dairy, Culinary, Beverages, Confectionery and Convenience Foods segments. The robust growth achieved by this sector during the current and previous years has placed this sector as a significant contributor to the bottom-line profitability of the Group and also placed the Group as a significant player in the manufacturing sector in the Country. The Dairy sub-sector boasts of the widest portfolio of dairy products in the country spanning from Fresh Milk both plain and flavored, Ice Cream, Yoghurt, Butter and Cheese supplied through three production facilities. The sub-sector spearheads national efforts to increase milk production, dairy farm development and change of customer preferences from powdered to locally produced fresh milk and allied products. The Group sees vast potential for this sub-sector in the future as well. It should be mentioned that the cheese processing operation which was upgraded to a modern state of art facility in Hatton in the year 2019 currently operates at full capacity, necessitating further investments towards capacity enhancement.

The other sub-sectors within the FMCG cluster also showed commendable performance with the confectionery sub-sector outperforming the previous years to achieve significant growth during the year. Each subsectors with its unique characteristics, product portfolio, distribution & marketing strategies with dedicated teams operate independently to achieve their own specific goals and objectives.

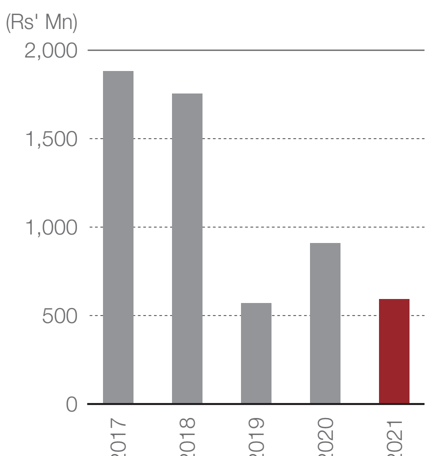
## Retail and Wholesale Distribution Sector

The retail and wholesale distribution sector continues to be the largest contributor to the Group's top line. The sector reported revenues of Rs 89.6 Bn which is up Rs 3.0 Bn over the previous year. The sector continues to expand its footprint throughout the country opening 43 new stores taking the outlet count to over 450. Operating profits for the year amounted to Rs. 2.6 Bn compared to Rs. 3.1 Bn in the previous year. The sector presently employs over 7,500 employees across every single district of the island.

Segemental Revenue - Retail & Wholesale Distribution




Segmental Profit - Retail & Wholesale Distribution



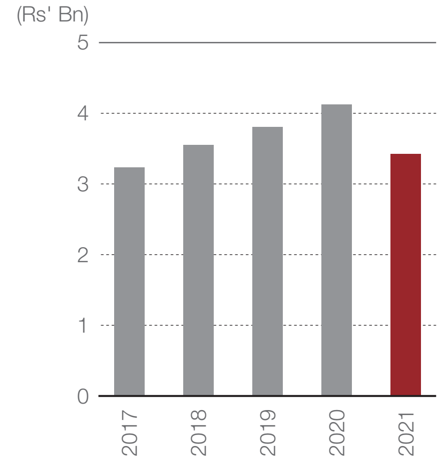

During the year this sector commenced state of the art e-commerce operation under the 'Cargills Online' branding, which was commenced within a short span of time. The operation presently takes place from a 'dark store' located in Gothatuwa in Colombo. The initial response from customers has been very encouraging, with Cargills Online stepping in to supply customers especially during times of lockdown and travel restrictions. The changes in customer behavior brought about by the pandemic has allowed Cargills Online to look at opportunities to expand to other parts of the western province and subsequently island wide as well.

Retail sector also launched the Supermarket on wheels, a mobile supermarket, during the year. Launched in response to customer needs during the lockdown times this innovative concept nevertheless proved very popular with customers, especially in the Colombo City and suburbs.

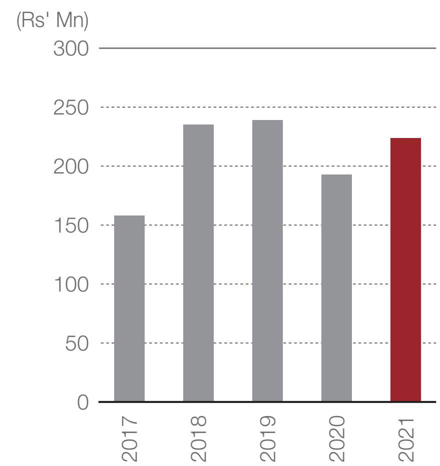
### Restaurants Sector

The restaurant sector was predictably impacted by the reluctance of customers to eat out in the current situation. Volumes were also impacted by periods of total lockdown. However, the sector saw growth in the take home and delivery channels which compensated for reduction in the eat in volumes at the restaurants. The sector continued to evolve strategies to manage operating costs to cover and indeed exceed the impact of reduced volumes and suffering a decline of 17.6% on the top line. However, bottom-line performance achieved a growth of 14.4% over the previous year. The sector set up two new restaurants to take the total restaurants to 42 at the end of the reporting year. The growth strategy for this sector will continue for the next 12 to 18 months, with the proposed expansion being funded exclusively from internal sources.

Segemental Revenue - Restaurants



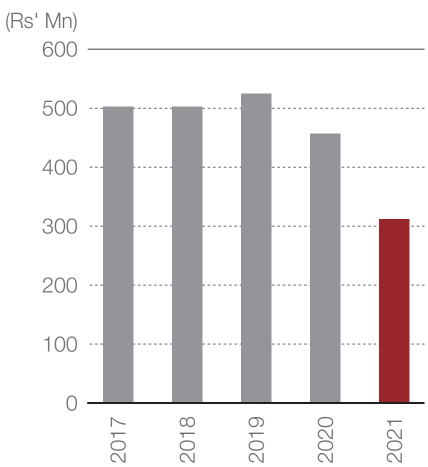

Segmental Profit - Restaurants



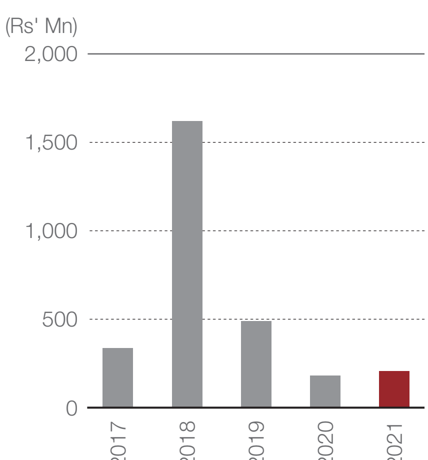

### Other Sectors

The impact of the COVID-19 pandemic was felt most by the real estate and entertainment sectors which had already had setbacks in the aftermath of the previous year's Easter Sunday attacks. The reduced foot fall affected the performance of Majestic City shopping mall operated by the Group, under CT Land Development PLC. The Company offered rent concessions to tenants during the year in order to assist and mitigate the impact to tenants due to decline in revenues. Majestic City had commenced a refurbishment program in the previous year and the management decided to proceed and complete the program, anticipating upsides once the aftereffects of the pandemic recede.

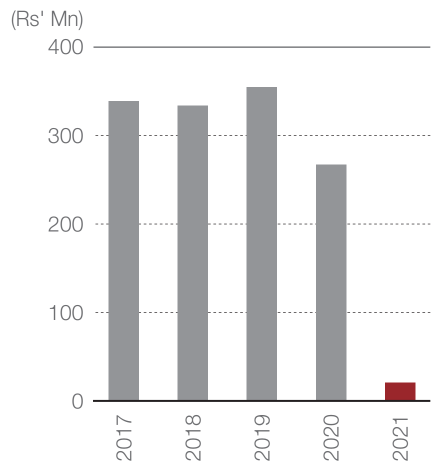
Segemental Revenue - Real Estate



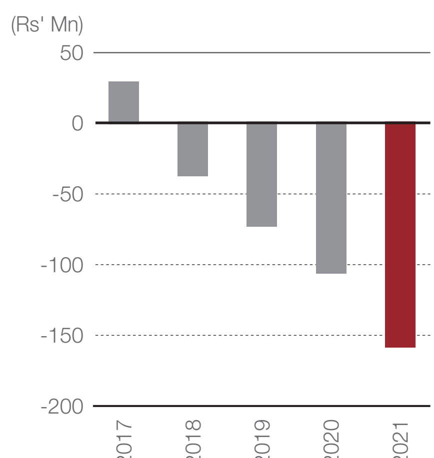

Segmental Profit - Real Estate




Segemental Revenue - Entertainment




Segmental Profit - Entertainment




The cinemas under the entertainment sector were completely shut down for more than half of the financial year. Further, even during the operational periods, the sector was unable to operate all its screens per regular schedules due to poor patron attendance, restriction imposed by the authorities on the number of patrons per show and unavailability of good quality content for exhibition. As a result, the sector had to take drastic cuts in all its expenditure lines in order to sustain its operations. Despite these measures, the sector suffered losses amounting to Rs. 155.4 Mn for the year. The losses were mitigated to some extent through the renegotiation of rentals payable to Group Company landlords from a fixed monthly rental basis to a percentage of revenue basis. Further, lockdowns imposed subsequent to the end of the reporting year also have dampened hopes for a quick turnaround in this sector. The management is however confident that the sector will continue to be a meaningful and economical entertainment option to majority of patrons as a time out with family and friends. Further, although there is stiff competition from on-line platforms and prediction of slow recovery, we expect volumes to pick up to sustainable levels in the medium term.

## Cargills Bank

Cargills Bank which was pioneered and promoted by the Group completed its seventh year since commencement of operations. The Bank recorded losses amounting to Rs 744 Mn for the year 2020, on account of the weak loan book and thinning net interest margins. Nevertheless, the Group sees many positives in the Bank's future performance with a new leadership aligned to the original business philosophy and objectives of the Bank. Leveraging on the island wide network of the Group and networking opportunities, a clear path has been drawn up for improved performance in the medium term.

# Chairman's Message

### Borrowings
The bank borrowings of the Group stood at Rs. 21.1 Bn at the end of the year, which is 15% above the previous year and amounts to about 3 times operating cashflow. The Group has successfully sourced funds at attractive rates which is reflected in the finance costs remaining stable when compared with the previous year.

### Appropriations
The company declared an interim dividend of Rs. 1.45 in January 2021 which was lower than the previous year. The Directors are pleased to propose a final dividend of Rs 2.90 to be paid out of profits for the year as well as brought forward profits, subject to approval by the Shareholders at the Annual General Meeting.

### Directorate
Mr. Sunil Mendis, who has been associated with the Group since the year 2006 has indicated that he would not be seeking reelection at the upcoming Annual General Meetings of the company and subsidiary companies. Since the time of his appointment to the Boards of the Group Mr. Sunil Mendis devoted his efforts exclusively towards developing businesses of the Group. His advice and contribution to decision making, drawing from his wealth of experience, was always welcomed and appreciated. We wish to extend our sincere appreciation of all his contributions to the company and subsidiaries and we wish him well in all his future endeavors.

All other retiring directors will be seeking re-election at the company's upcoming Annual General Meeting.

### Acknowledgements
We are most grateful for the efforts of our Groups management and staff for their quick action, hard work and dedication in the face of all the adversities during the year. Their efforts helped us to serve our customers, support our partners, maintain and/or improve the Group's position in the sectors in which we operate. The enormous contribution of our staff gives me the confidence to state that the Group is in a good place at present and can withstand any grave adversities and prevail for the betterment of all its stakeholders.

We also wish to send our condolences to the families of many who have lost their lives due to the COVID-19 pandemic and we send our sincere best wishes to all those affected directly and indirectly and hope that an end is near to this global catastrophe.

I wish to extend my sincere thanks to my fellow directors for all support and advice given during this very difficult year and we as the Board wish to place on record our sincere appreciation to our customers, bankers, suppliers and principals. We appreciate very much your support during the year. I also wish to thank the shareholders of C T Holdings for the confidence placed in the Company and Group.

*(Signed)*
Louis Page

*08th June 2021*

# PROFILE OF DIRECTORS

## Chairman

**Mr. Anthony A Page**

*(Chairman Emeritus)*

Mr. Anthony Page counts over 45 years of management experience in a diverse array of businesses. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Institute of Certified Management Accountants of Sri Lanka.

He served on the Board of the Colombo Stock Exchange and several public listed and non-listed Companies. Mr. Page also served as a Council Member of the Employers Federation of Ceylon.

## Board of Directors

**Mr. Louis Page**

*Chairman, Non-Executive Director*

Louis R Page is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants (UK). He is also the Chairman of subsidiary company Cargills (Ceylon) PLC. He has held a number of Board and Senior Management positions at the highest level in overseas public companies and public institutions.

**Mr. Ranjit Page**

*Deputy Chairman/Managing Director, Executive Director*

Mr. V. Ranjit Page possesses over 35 years of management experience with expertise in food retailing, food service, and manufacturing, having introduced the concept of super marketing to the Sri Lankan masses. He is the Deputy Chairman / CEO of Cargills (Ceylon) PLC and the Chairman of Cargills Bank Ltd. He also serves on the boards of several other C T Holdings Group companies.

**Mr. J B L De Silva**

*Independent Non-Executive Director*

Mr. J. B. L. De Silva, a Lawyer by profession, has substantial experience in the rubber trade. He is a past Chairman of the Colombo Rubber Traders' Association and is a Director of other listed and non-listed companies.

# Profile of Directors

## Board of Directors

**Mr. Priya Edirisinghe**

*Independent Non-Executive Director*

Mr. A. T. Priya Edirisinghe is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Fellow Member of the Chartered Institute of Management Accountants (UK), and holds a Diploma in Commercial Arbitration. He was the Senior Partner of Bakertilly Edirisinghe & Co., Chartered Accountants and currently serves as Consultant/Advisor. He is the Managing Director of PE Management Consultants (Pvt) Ltd. He counts over 50 years' experience in both public practice and in the private sector. He serves on the boards of a number of other listed and non-listed companies where in some companies he also serves as Chairman/Member of the Audit Committee, Related Party Transactions Review Committee, and Member of the Remuneration Committee.

Mr. Edirisinghe is the Chairman of the Company's Audit Committee and Related Party Transactions Review Committee, and a member of the company's Remuneration Committee.

**Mr. Sunil Mendis**

*Independent Non-Executive Director*

Desamanya Sunil Mendis was formerly the Chairman of Hayleys Group, and a former Governor of the Central Bank of Sri Lanka.

He possesses over 50 years of wide and varied commercial experience, most of which has been in very senior positions. Mr. Mendis serves as a member of the Company's Audit Committee, Related Party Transactions Review Committee, and Remuneration Committee, and also serves on the boards of several other Group companies.

**Mrs. Cecilia Muttukumaru**

*Non-Executive Director*

Mrs. Cecilia Page Muttukumaru is a Director of CT CLSA Holdings Limited, and the Chairman of CT CLSA Securities (Private) Limited, CT CLSA Capital (Private) Limited and Comtrust Asset Management (Private) Limited. She is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants (U.K.).

**Dr. A. Aravinda Page**

*Non-Executive Director*

Dr. A. Aravinda Page, MA (Cantab), M.B.B. Chir, MRCS (UK), is a specialty registrar in cardiothoracic surgery and is currently attached to Papworth Hospital NHS Foundation Trust, Cambridge, UK.

**Mr. Joseph Page**

*Non-Executive Director*

Mr. Joseph C. Page is the Deputy Chairman/Managing Director of CT Land Development PLC. He is also a Director of Cargills (Ceylon) PLC, Ceylon Theatres (Pvt.) Ltd. and C T Properties Limited.

Prior to joining CT Land Development PLC, he was the Executive Director of Millers Limited. He has over 35 years of management experience in the private sector.

**Mr. R. Selvaskandan**

*Independent Non-Executive Director*

Mr. R. Selvaskandan is an Attorney-at-Law (SL) and Solicitor (England& Wales and Hong Kong) and was a senior partner of a leading law firm in Hong Kong prior to joining the property sector of the C T Holdings Group. He is the Chairman of CT Land Development PLC, Deputy Chairman of C T Properties Limited and a Partner of Varners, a Law firm based in Sri Lanka. He has more than 35 years' experience in legal practice and management in Sri Lanka, UK, and Hong Kong.

### Mr. A D B Talwatte

*Independent Non-Executive Director*

Mr. A. D. B. Talwatte is a fellow member of the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Chartered Institute of Management Accountants of the U.K. He also holds a Post-Graduate Diploma in Business and Financial Administration awarded by the ICASL and the University of Wageningen, Holland and has a MBA from the University of Sri Jayawardenapura, Sri Lanka. Mr. Talwatte has also participated in a Kellogg Executive Programme at the Kellogg Graduate School of Management, Northwestern University, Evanston, Illinois.

Mr. Talwatte worked at Ernst & Young in Assurance, Business Risk and Advisory Services for 37 years, including 10 years as Country Managing Partner. He has worked with Ernst & Young in Cleveland, Ohio and also served on Ernst & Young's Far-East Area Executive Committee, the Area Advisory Council and the ASEAN Leadership Committee.

Mr. Talwatte was President of the CA Sri Lanka for a two year period in 2002/2003 and the CIMA in 1995/96. He also served as the Chairman of the Statutory Accounting Standards Committee and the Auditing Standards Committee, the Urgent Issues Task Force and the Examinations Committee of the ICASL.

Mr. Talwatte has been closely associated with the development of Corporate Governance in Sri Lanka being actively involved with the Code of Audit Committees in 2002 and the Code of Corporate Governance in 2003. He co-chaired the Committees to structure the revised Codes of Corporate Governance of 2008, 2012 and 2017 and the Listing Rules of 2008. He currently chairs the International Integrated Reporting Council of Sri Lanka (IIRSL) on behalf of CA Sri Lanka.

Mr. Talwatte serves as an Independent Non-Executive Director on boards of several listed companies.

### Mr. Imtiaz Abdul Wahid

*Non-Executive Director*

Mr. M. Imtiaz Abdul Wahid is an Associate Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants (UK). He has been involved in the operations of the subsidiary company Cargills (Ceylon) PLC in an executive capacity at different intervals progressively at higher levels (appointed Director 1997 and Deputy Managing Director in 2001) spanning a period of over 30 years, leaving the services of the company for employment abroad on two occasions in between whereby he also gained valuable exposure holding a number of senior management positions in overseas companies. He was appointed Managing Director/ Deputy CEO of Cargills (Ceylon) PLC in May 2010.

### Mr. Sanjay Niles

*Executive Director*

Mr. Sanjay Chandrahasan Niles is an Associate Member of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants, UK. He is also a Director of CT Land Development PLC, Executive Director of Ceylon Theatres (Pvt) Ltd., and a Director of other Companies within the C T Holdings Group.

# CORPORATE GOVERNANCE

Section 7.10 of the Listing Rules of the Colombo Stock Exchange – "Corporate Governance" sets out the Corporate Governance requirements of listed companies. The Directors hereby confirm that the Company is in compliance with the said section of the Listing Rules as at 31st March 2021.

**Corporate Governance within the Group is handled at two levels**

(a) Subsidiary Company level – each of the listed subsidiaries have Corporate Governance Procedures that are compliant with the requirements of Listing Rules. Subsidiaries that are private companies follow the Corporate Governance procedures adopted for the listed company immediately above in the group structure.

(b) At Parent Company level – the details of the Parent Company's compliance with the Listing Rules are set out in the table below.

The overall Policy Framework for the Group is formulated by the Group's Executive Committee, which is then presented to the Board of Directors of the Parent Company and subsidiaries for approval and adoption. The Policy Framework is periodically reviewed and updated as required.

| Principle | Compliance Status | Remarks |
|---|---|---|
| 1. Non-Executive Directors | | |
| The Board shall include at least two Non-Executive Directors; or one third of the total number of Directors whichever is higher. | Complied | The Board of Directors consists of Twelve Directors of whom Ten are Non-Executive Directors. |
| 2. Independent Directors | | |
| Two or 1/3rd of Non-Executive Directors appointed to the Board of Directors, whichever is higher shall be 'independent'. | Complied | Five Directors out of the ten Non-Executive Directors are Independent (See 3 below). |
| The Board shall require each Non-Executive Director to submit a declaration annually of his/her independence or non-independence in the prescribed format. | Complied | All Non- Executive Directors submit signed declarations of Independence / Non-Independence annually. |
| 3. Disclosures relating to Directors | | |
| The Board shall make a determination annually as to the independence or non-independence of each Non-Executive Director and set out in the annual report the names of Directors determined to be 'independent'. | Complied | Mr. A D B Talwatte is an independent Director of the Company. Messrs. J B L De Silva, Priya Edirisinghe, Sunil Mendis, and R Selvaskandan are deemed to be independent as stated below. |

| Principle | Compliance Status | Remarks |
|---|---|---|
| In the event a Director does not qualify as 'independent' but if the Board, taking account of all the circumstances, is of the opinion that the Director is nevertheless 'independent', the Board shall specify the criteria not met and the basis for its determination in the annual report. | Complied | Messrs. J B L De Silva, Priya Edirisinghe, Sunil Mendis and R Selvaskandan have served in the Company's Board for a continuous period exceeding nine (09) years. Further Messrs. Priya Edirisinghe,<br><br>Sunil Mendis, R Selvaskandan, and A D B Talwatte also serve as Directors of other Group Companies of C T Holdings PLC. Nevertheless, the Board of Directors of the Company, having considered their credentials and integrity have resolved that Messrs. J B L De Silva, Priya Edirisinghe, Sunil Mendis, R Selvaskandan and A D B Talwatte be deemed Independent Directors of the Company. |
| The Board shall publish in its annual report a brief résumé of each Director on its Board. | Complied | Disclosed in the Annual Report. |
| Upon appointment of a new Director to its Board, the Company shall forthwith provide to the Exchange a brief résumé of such Director for dissemination to the public. | N / A | No new Directors were appointed to the Board of the Company during the year. |
| 5. Remuneration Committee | | |
| A listed company shall have a remuneration committee comprising a minimum of two independent Non-Executive Directors or exclusively by Non-Executive Directors a majority of whom shall be independent, whichever shall be higher. One Non-Executive Director shall be appointed as Chairman of the Committee by the Board. | Complied | The Remuneration Committee consisted of three Independent Directors and one Non-Executive Director. The Chairman of the Remuneration Committee is a Non-Executive Director. |
| The Remuneration Committee shall recommend to the Board of Directors, the remuneration payable to the Executive Directors and Chief Executive Officer. | Complied | The functions of the Remuneration Committee are disclosed in the Report of the Remuneration Committee. |
| The annual report should set out the names of Directors comprising the Remuneration Committee, contain a statement of the remuneration policy and set out the aggregate remuneration paid to Executive and Non- Executive Directors. | Complied | The names of the members of the remuneration Committee are disclosed in the Annual Report under Corporate Information. Details of the Directors' emoluments are disclosed in Notes to the financial statements. The Remuneration Policy is stated in the Report of the Remuneration Committee. |

# Corporate Governance

| Principle | Compliance Status | Remarks |
|---|---|---|
| 6. Audit Committee | | |
| A listed company shall have an Audit Committee comprising a minimum of two Independent Non-Executive Directors or exclusively by Non-Executive Directors a majority of whom shall be independent whichever shall be higher. One Non-Executive Director shall be appointed Chairman of the committee by the Board. | Complied | The Audit Committee consists of four Independent Directors. The Chairman of the Audit Committee is an Independent Non-Executive Director. |
| Unless otherwise determined by the Audit Committee the Chief Executive Officer and the Chief Financial Officer of the listed company shall attend audit committee meetings. | Complied | The Managing Director and Executive Director are invited to attend the Audit Committee meetings as required. |
| The Chairman or one member of the committee should be a Member of a recognised professional accounting body. | Complied | The Chairman is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and Chartered Institute of Management Accountants, UK. |
| Functions of the Audit Committee | Complied | Disclosed in the Report of the Audit Committee. |
| The annual report should set out the names of Directors comprising the Audit Committee. | Complied | The names of the members of the Audit Committee are disclosed in the Annual Report under Corporate Information. |
| The committee shall make a determination of the independence of the auditors and shall disclose the basis for such determination in the annual report. | Complied | Disclosed in the Report of the Audit Committee. |
| The annual report shall contain a report by the Audit Committee, setting out the manner of compliance, during the period to which the annual report relates. | Complied | Disclosed in the Report of the Audit Committee. |

# RISK MANAGEMENT

Risks are internal or external events that can negatively impact the realization of short term objectives or the implementation of long-term strategies. They can also emerge from missed or poorly exploited opportunities. The risk management process encompasses anticipating, identifying, managing and mitigating internal and external risks and opportunities to ensure both short and long term economic, environmental and social sustainability of the C T Holdings (CTH) Group.

CTH risk portfolio is distributed among subsidiary companies and varies with the nature of each business, geographical dispersion and operation of each sector and company. The Board of Directors of CTH is entrusted with the task of assessing and regulating the risk profile of each operating sector along the lines of the strategic objectives of the Parent Company. For certain key areas, the Group has set up separate monitoring and reporting structures dedicated to monitoring and reporting on internal and external risks. Such structures, where appropriate, have direct reporting responsibilities to independent committees as well.

### Consistent risk monitoring

The management teams of the respective sectors are responsible for overseeing the implementation and effectiveness of risk management in their particular sector. They ensure that the risk management system as a whole is operational and that the standards and processes remain current. The significant internal and external risks faced by CTH along with the mitigating factors are described below.

### 1. Business risk

The business risks constantly change in nature and complexity in the operating environment of the Group. The Group's businesses are subject to a variety of risks, including laws and regulations, market conditions and competitive landscape, which require constant monitoring and evaluation by the management. CTH as the Holding Company carefully evaluates all risks pertaining to high value investments of the Group both in existing operating sectors and new areas (if any).

### 2. Reputational risk

Failure to protect the Group's reputation could lead to a loss of trust and confidence among stakeholders. We recognise the commercial imperative to safeguard the interests of all our stakeholders. We therefore endeavor to engage with them to take into account their views in developing long term strategies.

### 3. Funding & liquidity

The Group's subsidiaries and associates finance their operations through a combination of retained earnings, and long term and short term banking facilities. Effective management of cash flow is a key component of maintaining strong funding and liquidity positions. Adequate funding arrangements are available to meet investments and contingencies that may occur in the ordinary course of business. Further, the strong relationships maintained with Banks enable companies within the Group to raise funds at competitive rates as and when required.

### 4. Credit risk

Credit risk is the risk due to uncertainty in the counterparty's ability to meet its financial obligations. The Group's Credit risk primarily arises from deposits with banks as well as credit exposure to customers including outstanding receivables. Strict credit control procedures are adopted in order to assess the credit quality of present and potential customers with further mitigating measures undertaken to reduce risk. The utilisation of credit limits is regularly monitored.

### 5. Interest rate risk

Except in the case of investment of surplus funds, the Group's income and operating cash inflows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from long and short term borrowings at variable rates linked to market conditions. Such arrangements, while being advantageous at present exposes the Group to interest rate fluctuations. The Group monitors its interest rate exposure on a dynamic basis.

### 6. Exchange rate risk

Exposure to Exchange Rate risk is minimal. Revenue streams are also largely independent of Exchange Rate fluctuations except in the case of commodity imports.

# Risk Management

### 7. Product safety

The safety and quality of our products is of paramount importance to the Group as well as being essential for maintaining customer trust and confidence.
A breach in confidence could adversely affect the size of our customer base and financial results. We have detailed and established procedures for ensuring product integrity and quality at all times. There are strict product safety processes in place. We work in partnership with suppliers to ensure mutual understanding of the standards required. We also monitor developments in areas such as health, safety and nutrition in order to respond appropriately to changing customer trends and new legislation.

### 8. Health and safety risks

Provision of adequate safety to our staff and customers is of the utmost importance to us. Injury or loss of life cannot be measured in financial terms. We operate stringent health and safety processes in line with best practice in our outlets, manufacturing facilities and offices, which also ensure that safety practices are inculcated in all employees. Such procedures are monitored regularly.

### 9. Regulatory and political environment

As a Group predominantly operating within Sri Lanka our business is affected by the regulatory and political framework within the country. The effect of such an environment outside Sri Lanka could affect the Company to the extent that it affects the entire local economy. We consider these uncertainties in the local and overseas economies when developing strategies and reviewing performance. We remain vigilant to future changes. As part of our day to day operations we engage with governmental and non-governmental organisations to ensure the views of our customers and employees are represented and try to anticipate and contribute to important changes in public policy whenever possible.

### 10. Legal issues

Full provision is made for all legal liabilities that are expected to result in any material loss to the Company. All contingent liabilities have been disclosed in the financial statements.

### 11. Retirement benefit obligations

The retirement benefit obligations are computed based on actuarial assumptions. The management takes all required steps to ensure that such assumptions are accurate and corresponds to past results and current trends. However, any significant discrepancies between actuarial assumptions and actual conditions may have some impact on future results. The management considers the possibility of such impact as very low.

### 12. Risk of natural disasters

Natural disasters such as earthquakes, storms, and floods, as well as accidents, acts of terror, infection and other factors beyond the control of the Group could adversely affect the Group's business operation. Insurance covers are obtained against all identified risks and natural disasters affecting the assets of the Group and operational matters.

### 13. Competition

Most sectors of the Group face very competitive business environments. The management regularly reviews the competitor environment in order to develop appropriate counter strategies. Due to the widespread nature of operations, Group's sales are not dependent on a single or small group of customers.

### 14. Information systems and cyber security

The Group is heavily reliant on computerised operational and financial systems to ensure efficiency of operations and financial reporting. These systems and the associated controls are regularly monitored and reviewed. Measures have been put in place to protect the Group against factors such as natural disasters, accidents, data losses, computer viruses and unauthorised access. An IT disaster recovery plan is also in place.

### 15. Commodity price risk

The Group's FMCG sector is more exposed to the volatility in the commodity prices. Prices may also be adversely affected by environmental factors such as drought & floods. Long term relationships built with suppliers and forward contracts help in minimising the effects of this risk factor to some extent.

### 16. Supply chain

Raw material, semi processed food and finished goods for re-sale are sourced from third-party suppliers, contract manufacturers and primary producers exposes the group to market volatility and availability.

### 17. Covid 19

The Company and subsidiaries developed effective strategies to minimize, as far as possible, the adverse effects arising from the Covid 19 pandemic. Details of the effect of the pandemic on the Group and steps taken to counter the same are disclosed in Notes to the Financial Statements.

# REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee of C T Holdings PLC is appointed by the Board of Directors of the Company and reports directly to the Board.

### Remuneration Policy

As is well known, Human Resources in Companies are a vital cog in the wheel to successfully carry out its business activities in a fair and equitable manner in the interest of its shareholders, employees and other stakeholders and in all instances, within the laws of the country to enhance / add shareholder value to for the benefit of its respective stakeholders. Executive Directors and Senior Management are pivotal drivers and there is a need to ensure that such employees are adequately and fairly compensated in line with market conditions applicable to the respective sectors.

### Framework

The policy framework for the functioning of the Remuneration Committee of the Company and its subsidiaries is set out in the Group Policies adopted across the Group. In addition to the Remuneration Committee of the Holding Company, some listed subsidiaries have their own Remuneration Committees. The Chairman and one other member (or two members as appropriate) of the Remuneration Committee of the Parent Company shall be members of each of such separate remuneration committees. In the event a subsidiary company does not have a separate remuneration committee, the remuneration committee of the immediate holding company will function as the remuneration committee for that subsidiary company as well.

### Composition

The Composition of the Remuneration Committees is in accordance with the rules on Corporate Governance of the Securities & Exchange Commission of Sri Lanka, the Colombo Stock Exchange and the respective company's Articles.

The composition of the Remuneration Committee of C T Holdings PLC is as follows:

| Name | Non-Executive Directors |
|---|---|
| Louis Page, Chairman | Non-Executive |
| Priya Edirisinghe | Independent |
| Sunil Mendis | Independent |
| J B L De Silva | Independent |

The Composition of the Remuneration Committee satisfies the criteria as specified in the standards of Corporate Governance for listed Companies. The Executive Director of C T Holdings PLC functions as the Secretary to the Committee.

### Scope

- The Remuneration Committee shall recommend the remuneration payable to
    - Chief Executive Officer and / or equivalent position
    - Executive Directors, and,
    - Senior Management/Executives,

  to the board of the company which will make the final determination upon consideration of such recommendations.
- Detailed procedures are set out in the Group Policies in respect of all revisions in remuneration payable.
- The Remuneration Committee shall also recommend the variable incentives/or bonuses within the parameters set out in the Group policies.
- The Board of the respective Company may decide that the Remuneration Committee should include the review of emoluments of other levels of employees as well. The procedure for such revision of emoluments are also specified in the Group policies.
- Once in three years, the company shall commission an independent party to study & report on the emoluments of the CEO, Executive Directors, and senior management / executives, and may include other levels also in the review as applicable to the relevant sectors. The said Report will be discussed by the Committee for guidance in making the required assessments.

### Meetings

The Remuneration Committee shall meet on a needs basis and meets at least once a year.

*(Signed)*
Louis Page
*Chairman - Remuneration Committee*

08 June 2021

# REPORT OF THE NOMINATIONS COMMITTEE

The Nominations Committee of C T Holdings PLC is appointed by the Board of Directors of the Company and reports directly to the Board.

**Policy Framework**

The policy framework for the functioning of the Nominations Committee of the Company and its subsidiaries is set out in the Group Policies adopted across the Group. C T Holdings PLC and subsidiaries are subject to the Nominations Committee of C T Holdings PLC. Nominations to the Boards of all Group Companies shall be reviewed and approved by this Committee prior to appointment.

**Composition**

The Nominations Committee of C T Holdings comprise the Chairman of the holding company, the Deputy Chairman or Managing Director of the holding company, the Chairman Executive Committee of the holding company, and a Non-Executive Director nominated by the Board of C T Holdings PLC.

The composition of the Nominations Committee during the year continued to be as follows:

| Name | Description of Directorship |
|---|---|
| Louis Page, Chairman | Non-Executive, Chairman of C T Holdings PLC |
| Priya Edirisinghe | Independent, Chairman Executive Committee |
| Sunil Mendis | Independent, Non-Executive |
| Ranjit Page | Executive, Deputy Chairman/MD of C T Holdings PLC |

The Composition of the Nominations Committee satisfies the criteria as specified in the standards of Corporate Governance for listed Companies.

**Scope**

The scope of the Nominations Committee would be to review all appointments to the Board of Group companies and recommend to the respective Board of Directors of the relevant company for appointment.

No new appointments were made to the Board of Directors of C T Holdings PLC during the year. However, Directors' appointments were recommended to be made in subsidiary and sub-subsidiary companies, based on which such appointments were formally approved by the Boards of the respective companies.

**Meetings**

The Nominations Committee shall meet once each year or as required.

*(Signed)*
Louis Page
*Chairman - Nominations Committee*

08 June 2021

# REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review (RPTR) Committee of C T Holdings PLC is appointed by the Board of Directors of the Company. The RPTR Committee functions within the overall governance process established by the Board of Directors of the Company and assists the Board in effectively discharging its responsibilities. The Committee reports directly to the Board.

### Framework

The policy framework for the functioning of the RPTR Committee of the Company and its subsidiaries is set out in the Group Policies adopted centrally for the entire Group. However, the holding company and all listed subsidiaries have separate RPTR Committees. The Chairman and one other member (or two members as appropriate) of the RPTR Committee of the parent company shall be members of each of such separate RPTR Committees. In the case of non-listed subsidiary companies, the RPTR committee of the immediate holding company functions as the RPTR committee for the subsidiary companies as well.

### Composition

The Composition of the RPTR Committees must be in accordance with the code of best practices on related party transactions (RPT code) of the Securities & Exchange Commission of Sri Lanka (SEC), the listing rules of the Colombo Stock Exchange and the respective company's Articles, as appropriate.

The composition of the RPTR Committee of C T Holdings PLC is as follows:

| Name | Non-Executive Directors |
|---|---|
| Priya Edirisinghe, FCA, FCMA (UK) - Chairman | Independent |
| A D B Talwatte, FCA, FCMA (UK), MBA | Independent |
| Sunil Mendis | Independent |
| J B L De Silva | Independent |

The Composition of the members of the RPTR Committee satisfies the criteria as specified in the RPT code of SEC and the listing rules of the Colombo Stock Exchange. The Deputy Chairman / Managing Director and Executive Director attend RPTR Committee meetings as and when requested by the Committee. The Company Secretary functions as the Secretary to the Committee.

### Scope

The Functions of the RPTR Committee, as set out in the Group Policies, include the following:

- Developing and recommending for adoption by the Board of Directors of the Company and its listed subsidiaries, a related party transactions policy consistent with that proposed by the RPT Code of the SEC.
- Reviewing and updating the control procedures in place to ensure that all recurrent and non-recurrent related party transactions are identified, adequately captured and reported in a timely manner in accordance with the applicable rules.
- Establishing procedures to ensure that related party transactions that are captured within the system are reviewed in systematic manner and certified by key management personnel with appropriate level of authority.
- Reviewing all related party transactions as reported by the management for compliance with the RPT code.
- Ensuring that appropriate disclosures are made as applicable to the CSE (where immediate market disclosures are required) and the Annual Report.

As per the applicable procedures of the Group the RPTR Committee have obtained;

- Quarterly declarations of related party transactions from Directors & Senior Management of all Group companies on recurrent & non-recurrent transactions undertaken by them or by their close family members.
- Quarterly declarations of Directors & Senior Management of all Group companies who has a Significant Shareholding/ownership in a Company or partnership or proprietorship which is outside the Group companies and/or of the Subsidiaries and Associate Companies of Group companies.

# Report of the Related Party Transactions Review Committee

- Quarterly declarations of Group Financial Officer or equivalent Position in Group companies on Recurrent and/or Non-Recurrent transactions within the Group Companies.

Likewise, procedures are also in place for the assessment of the need to obtain shareholder approval for specified transactions and to inform the SEC/ CSE on the applicable non-recurrent transactions.

## Related Party Transactions

Companies within the Group regularly engage in transactions with other companies within the Group. The RPTR Committee receives and reviews details of all related party transactions from the Chief Financial Officers of individual companies and disposes of the same in accordance with the mandate set out above.

With regard to non-recurrent transactions, if any, the Committee is empowered to seek independent expert advice on valuation or any other related matter that the committee deems to be significant.

## Meetings

In terms of the listing rules of the Colombo Stock Exchange, the RPTR Committees should meet at least four times a year. Unless otherwise determined by the RPTR Committee the Chief Executive Officer and the Chief Financial Officer of the listed company shall attend RPTR committee meetings.

The RPTR Committee of C T Holdings PLC met four times during the year. Details of the participation of the members of the RPTR committee at such meeting is set out below.

| Name | Meetings Held | Meetings Attended |
|---|---|---|
| Priya Edirisinghe | 4 | 4 |
| A D B Talwatte | 4 | 4 |
| Sunil Mendis | 4 | 2 |
| J B L De Silva | 4 | 3 |

## Conclusion

Based on its work, the Related Party Transactions Review Committee confirms that there were no non-recurrent transactions with related parties during the year. It also noted that in respect of recurrent transactions, the transactions were in the ordinary course of business, there were no changes to terms or practices followed over the previous year and general terms and conditions applicable to such transactions with Related Parties are similar to those entered into with non-related parties taking into account, if any, due consideration of factors such as volume, cost and any other special benefits which form part and parcel of such transactions. The observations of the Committee have been communicated to the Board of Directors.

The details of the recurrent transactions entered into with Related Parties are disclosed in notes to the Financial Statements.

Priya Edirisinghe
*Chairman - RPTR Committee*

08 June 2021

# Financial Reports

# ANNUAL REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY

The Directors are pleased to present the Annual Report of C T Holdings PLC for the Year ended 31st March 2021.

### Activities

The Group's Principal activities and important events during the year are discussed in detail in the Chairman's Statement set out on pages 8 to 12. There were no significant changes to the business activities of the Group during the year.

### Risk management

The overall approach to risk management within the Company and Group is set out in pages 19 to 20.

### Financial statements

The Audited Financial Statements of the Company & Group for the year ended 31st March 2021 set out on pages 40 to 124 form an integral part of this annual report.

### Auditors' report

The Independent Auditors' Report is set out on pages 33 to 39.

### Accounting policies

The accounting policies adopted in the preparation of the financial statements are given on notes 46 to 65.

### Ratios and market price information

Key ratios and market price information pertaining to the equity of the Group are set out on page 125 along with the trend for the past four years. Company and subsidiaries have not raised any capital through listed debt instruments during the year.

### Property, plant & equipment

The movement of property, plant and equipment during the year is given in note 13 to the financial statements. The Group's outlay on property, plant and equipment during the year amounted to Rs. 12.7 Bn (2020 - Rs. 5.85Bn) The capital outlay on property, plant and equipment during the year at the Company level amounted to Rs. 148,000 (2020 - Rs. 31,000). The Directors are of the opinion that the carrying amount of properties stated in note 13 to the financial statements reasonably reflects their fair values.

Extents, locations, valuations of the Group's property holdings and investment properties are disclosed in note 13 and 16 to the financial statements.

### Stated capital

The stated capital of the Company at the balance sheet date amounted to Rs. 6,489,758,332 (2020 - Rs. 6,489,758,332) comprising 201,406,978 ordinary (voting) shares (2020 - 201,406,978).

Details of the Employees' Share option Scheme of the subsidiary Cargills (Ceylon) PLC are given in note 27.4 to the Financial Statements. Except for this neither the company or any other subsidiaries have any share ownership or stock option schemes at present.

### Shareholders

There were 1,533 registered shareholders as at 31st March 2021 (2020 - 1,447 shareholders). An analysis of shareholders according to size and holdings, public holdings and the names of the twenty largest shareholders of the Company at the reporting date are given on pages 130 to 132.

### Directorate

All Directors of the Company have been Directors throughout the year under review. Details of Directors of group companies as at the reporting date are given on pages 127 to 129 of this report. Brief profiles of the Directors of the Company are given on pages 13 to 15, including their determination as independent and non-executive, as appropriate.

Mr. Sunil Mendis who has been a Director since 24 March 2008 retires in terms of Section 210 (2) (b) of the Companies Act No. 07 of 2007 at the conclusion of the AGM having surpassed seventy years of age. He does not seek re-election.

# Annual Report of the Board of Directors of the Company

### Details of attendance

The details of the Directors' attendance (in person or on-line, as applicable) at meetings is given below.

| Name | Board Meetings | | AGM | |
|---|---|---|---|---|
| | Held | Attended | Held | Attended |
| Louis Page | 4 | 4 | 1 | 1 |
| Ranjit Page | 4 | 4 | 1 | 1 |
| J B L De Silva | 4 | 4 | 1 | 1 |
| Priya Edirisinghe | 4 | 4 | 1 | 1 |
| Sunil Mendis | 4 | 4 | 1 | 1 |
| Cecilia Page Muttukumaru | 4 | 4 | 1 | 1 |
| S C Niles | 4 | 4 | 1 | 1 |
| Dr. A Aravinda Page | 4 | 4 | 1 | 1 |
| Joseph Page | 4 | 4 | 1 | 1 |
| R. Selvaskandan | 4 | 3 | 1 | 1 |
| A D B Talwatte | 4 | 4 | 1 | 1 |
| Imtiaz Abdul Wahid | 4 | 4 | 1 | 1 |

### Directors' remuneration

The remuneration of the Directors is given in note 8.1 to the financial statements.

### Directors' interest in contracts

The Directors' interest in contracts and proposed contracts with the Company are disclosed under the related party transactions in note 31 to the financial statements. The Directors have declared their interests at meetings of the Board.

### Related party transactions

Related party transactions are disclosed in note 31 to the financial statements. The Directors hereby confirm that to the best of their knowledge and information available to them, the Company has complied with the requirements of the rules relating to the related party transactions as contained in Section 9 of the listing rules of the Colombo Stock Exchange.

## Directors' shareholdings

The Directors' shareholdings in the Company as at the reporting date were as follows:

| Name | As at 31-Mar-2021 | As at 31-Mar-2020 |
|---|---|---|
| Louis Page | 11,000 | 11,000 |
| Ranjit Page | 16,788,809 | 15,077,014 |
| J B L De Silva | 234 | 234 |
| Priya Edirisinghe | - | - |
| Sunil Mendis | - | - |
| Cecilia Page Muttukumaru | 1,460,266 | 1,332,000 |
| S C Niles | 56,485 | 56,485 |
| Dr. A Aravinda Page | 636,114 | 418,981 |
| Joseph Page | 7,069,172 | 7,069,172 |
| R. Selvaskandan | - | - |
| A D B Talwatte | - | - |
| Imtiaz Abdul Wahid | - | - |
| | 26,022,080 | 23,964,886 |

## Events after the reporting period

Events occurring after the reporting date of the Company are given in note 35 to the financial statements.

## Corporate governance

The corporate governance practices within the Group are set out in pages 16 to 18 and the report of the Audit Committee is set out on page 30 and 31.

## Dividends

The Company paid an interim dividend of Rs. 1.45 per share on 7th January 2021 for the year ended 31st March 2021 (2020 - Rs 1.80).

The Directors propose a final dividend of Rs. 2.90 (2020 - Rs. 2.80) per share payable on 22nd July 2021, subject to approval of the shareholders at the Annual General Meeting.

## Auditors

The remuneration paid to the Auditors is given in Note 8 to the financial statements. As far as the Directors are aware, the Auditors do not have any relationship (other than that of an auditor) with the Company.

M/s. KPMG, Chartered Accountants are deemed re-appointed in terms of Section 158 of the Companies Act No. 7 of 2007, as Auditors of the Company. A resolution authorising the Directors to determine their remuneration will be submitted at the Annual General Meeting.

By Order of the Board

Ranjit Page
*Deputy Chairman / Managing Director*

Priya Edirisinghe
*Director*

S L W Dissanayake
*Company Secretary*

08 June 2021

# REPORT OF THE AUDIT COMMITTEE

The Audit Committee of C T Holdings PLC is appointed by the Board of Directors of the Company. The Audit Committee functions within the overall governance process established by the Board of Directors of the Company and assists the Board in effectively discharging its responsibilities. The Committee reports directly to the Board.

## Policy Framework

The policy framework for the functioning of the Audit Committee of the Company and its subsidiaries is set out in the Group Policies adopted across the Group. In addition to the Audit Committee of the holding company, all listed subsidiaries and significant non-listed subsidiaries have separate Audit Committees. The Chairman and one other member (or two members as appropriate) of the Audit Committee of the parent company are members of each of such separate Audit Committees. In the event a non-listed subsidiary company does not have a separate audit committee, the audit committee of the immediate holding company will function as the audit committee for that subsidiary company as well.

## Composition

The Composition of the Audit Committees is in accordance with the rules on Corporate Governance of the Securities & Exchange Commission of Sri Lanka, the Colombo Stock Exchange and the respective company's Articles.

The composition of the Audit Committee of C T Holdings PLC is as follows:

| Name | Non-Executive Directors |
|---|---|
| Priya Edirisinghe, FCA, FCMA (UK) Chairman | Independent |
| A D B Talwatte, FCA, FCMA (UK), MBA | Independent |
| Sunil Mendis | Independent |
| J B L De Silva | Independent |

The Chairman of the Audit Committee is a Fellow member of the Institute of Chartered Accountants of Sri Lanka. The Deputy Chairman / Managing Director and Executive Director of the Company attend Audit Committee meetings as and when requested by the Committee. The Company Secretary functions as the Secretary to the Committee.

## Scope

The Functions of the Audit Committee, as set out in the Group Policies, include the following:

- Oversight of the preparation, presentation and adequacy of disclosures in the financial statements of the listed company, in accordance with Sri Lanka Accounting Standards.
- Oversight of the Company's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.
- Oversight over the processes to ensure that the Company's internal controls and risk management, are adequate, to meet the requirements of the Sri Lanka Auditing Standards.
- Assessment of the independence and performance of the Company's external auditors.
- To make recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.

The Audit Committee obtains written assurance from the Executive Director, Corporate Affairs (who also functions as the Chief Financial Officer), and the Company Secretary, when considering the quarterly and annual financial statements for recommendation to the Board.

### Meetings
In terms of the Group policy, the Audit Committees should meet at least four times a year of which the Company Auditors will attend two of such meetings. Unless otherwise determined by the audit committee the chief executive officer and the chief financial officer of the listed company shall attend audit committee meetings.

The Audit Committee of C T Holdings PLC met five times during the year two of which were with the participation of the Company's auditors.

Details of the participation of the members of the audit committee at such meeting is set out below.

| Name | Meetings Held | Meetings Attended |
|---|---|---|
| Priya Edirisinghe | 5 | 5 |
| A D B Talwatte | 5 | 5 |
| Sunil Mendis | 5 | 3 |
| J B L De Silva | 5 | 4 |

### Financial Statements
Four quarterly financial statements as well as the annual financial statements were circulated, reviewed and recommended to the Board for approval during the year. Conformity of such financial statements with the applicable Accounting Standards, Company Law and other Statutes including Corporate Governance Rules and consistency of the presentation of such financial statements with the previous quarter / year as the case may be was also confirmed. Departures, if any, are appropriately disclosed.

### Conclusion
Based on its work, the Audit Committee is of the opinion that the control procedures and environment within the Group provide reasonable assurance regarding the monitoring of the operations, accuracy of the financial statements, safeguarding of the assets of the Company, and risk profiling and initiatives taken towards mitigating same.

### Audit and Auditors' Independence
The Audit Committee assessed the independence and performance of the Company's external auditors and made recommendations to the Board pertaining to their re-appointment. The Audit Committee also reviewed the audit fees for the Company and approved the remuneration and terms of engagement of the external auditors and made recommendations to the Board. When doing so, the Audit Committee reviewed the type and quantum of non-audit services (if any) provided by the external auditors to the Company to ensure that their independence as Auditors has not been impaired.

The Audit Committee obtains a statement from Messrs. KPMG confirming independence as required by Section 163 (3) of the Companies Act No. 07 of 2007 on the audit of the Statement of Financial Position and the related Statements of Income, Changes in Equity, and Cash Flows of the Company and the Group.

The Audit Committee has recommended to the Board of Directors that M/s. KPMG be reappointed as Auditors of the Company for the year ending 31st March 2022.

Priya Edirisinghe
*Chairman - Audit Committee*

08 June 2021

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

### Maintenance of Accounting Records

Under the provisions of the Companies Act No. 07 of 2007 ('the Act'), every company is required to maintain accounting records which correctly record and explain the Company's transactions, and will at any time enable the financial position of the Company to be determined with reasonable accuracy, enable the Directors to prepare financial statements in accordance with the Act and also enable the financial statements of the Company to be readily and properly audited.

### Preparation of Financial Statements of the Company and Group

The Act places the responsibility on the Board of Directors to ensure that financial statements are prepared within the prescribed time period in conformity with the Act. Such financial statements of a Company shall give a true and fair view of the state of affairs of the Company as at the reporting date and the profit or loss or income and expenditure, as the case may be, of the Company for the accounting period ending on that reporting date.

Further the Act also requires that a Company with one or more subsidiaries at the reporting date to also prepare financial statements in relation to the Group including every subsidiary, which give a true and fair view of the state of affairs of the Company and its subsidiaries as at the reporting date and the profit or loss or income and expenditure, as the case may be, of the Company and its subsidiaries for the accounting period ending on that reporting date.

### Dividends

In the event of any distribution of dividends the Board of Directors are required to satisfy themselves that the Company will, immediately after the relevant distribution is made, satisfy the solvency test, provided that such a certificate is obtained from the auditors.

### Annual Report

The Board of Directors are required to prepare an Annual Report on the affairs of the Company during the accounting period ending on the reporting date in the prescribed format and circulate the same to every shareholder of the Company within the time frame prescribed in the Act.

### Independent audit

The Act required the Company to appoint an Auditor to audit the financial statements of the Company / Group for the reporting period. Accordingly, M/s KPMG currently function as the Auditors of the Company. Their responsibility with regard to the financial statements as auditors of the Company are set out in the Independent Auditors' Report set out on pages 33 to 39.

### Management

The Directors are responsible for the proper management of the resources of the Company. The internal control system has been designed and implemented to obtain reasonable but not absolute assurance that the Company is protected from undue risks, frauds and other irregularities.

### Compliance

Considering the present financial position of the Group and the forecasts for the foreseeable future, the Directors have adopted the going concern basis for the preparation of these financial statements.

The Directors confirm that:

(a) The Company is in compliance with the requirements of the Act as aforementioned.

(b) These financial statements have been prepared in accordance with the requirements of the Companies Act No. 7 of 2007 and applicable Sri Lanka Accounting Standards, which have been consistently applied and supported by reasonable and prudent judgments and estimates.

(c) The Company obtained the required certificate of solvency for the dividends declared during the year.

(d) All statutory payments have been made up to date.

(e) Other than as disclosed in the Financial Statements, no material issues have arisen pertaining to employees and industrial relations of the Company that requires disclosure or any adjustment to the Financial Statements.

The Directors are satisfied that the control procedures within the Company operated effectively during the year.

By order of the Board

S L W Dissanayake
*Company Secretary*

08 June 2021

# INDEPENDENT AUDITORS' REPORT

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

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## TO THE SHAREHOLDERS OF C T HOLDINGS PLC

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of C T Holdings 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 and other 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 and other explanatory information as set out on pages 40 to 124 of the Annual Report.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the 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 (SLAuSs). Our responsibilities under those standards are further described in the Auditor's 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 Company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

| 01. Impairment assessment of investment in subsidiaries – Company | |
|---|---|
| Refer note 18 to financial statements | |
| Risk Description | Our Response |
| The Company's investment in C T Properties (Pvt) Limited (CTPL) & Ceylon Theatres (Pvt) Limited (CTL) amounted to Rs. 1,832 Mn & Rs. 275 Mn respectively as at 31 March 2021.<br><br>Indicators of Impairment exist in relation to the Company's Investment in CTPL group & CTL, given the negative retained earnings and lack of revenue and profit which could off-set the negative retained earnings.<br><br>The method used by the management in calculating the recoverable amount of CTPL is fair value less cost of disposal of the properties owned by the companies in the group. CTPL's main assets are invested in properties, fair value of which had been estimated by an external valuer and categorized under Level 03 based on the inputs to the valuation technique used.<br><br>The management has performed calculations for the recoverable amounts of CTL and CTPL and recorded an impairment loss of approximately Rs. 87 Mn and Rs. 53 Mn respectively in 2020/21 financial year.<br><br>Given the level of judgments, estimates, involved this is considered to be a key audit matter. | Our audit procedures included:<br>» Evaluating the indications of possible impairment of investments in subsidiaries.<br>» Assessing the appropriateness of the valuation techniques used by the external valuer, considering the profile of the properties.<br>» Discussions with management and the external valuers in relation to the possible impact on the key assumptions and the resulting valuation due to COVID-19 pandemic. Then we compare the key assumptions used against externally published market comparable where available or with other benchmark data and challenging the reasonableness of key assumptions based on our knowledge of the industry.<br>» Assessing the adequacy of the disclosures in the financial statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions in the estimates used to calculate the recoverable amount. |

| 02. Revenue Recognition – Group | |
|---|---|
| Refer note 6 to the financial statements | |
| Risk Description | Our Response |
| The Group has recognised revenue in the amount of Rs. 112,941 Mn.<br><br>For the financial year ended 31 March 2021, revenue from the sale of goods from the retail and FMCG segment continued to be the main revenue stream for the Group amounting to Rs. 112,607 Mn which is 99.7% of Group revenue.<br><br>Based on the Group's business model, there are many different types of revenues, arising from different types of transactions and events with customers.<br><br>We identified revenue recognition as a key audit matter because of its significance to the consolidated financial statements. | Our audit procedures included:<br>» Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition from sales transactions.<br>» Testing the operating effectiveness of key IT application controls over revenue, in addition to evaluating the integrity of the general IT control environment.<br>» Comparing revenue transactions recorded during the current year for the manufacturing segment, on a sample basis, with invoices, sales contracts, underlying goods delivery and acceptance notes, where appropriate, to assess whether the related revenue was recognised in accordance with the Group's revenue recognition accounting policies.<br>» Performing a revenue mapping between the front-end system and general ledger for restaurants and retail segments and mapping total inventories issued to corresponding invoices for the manufacturing segment to assess whether the sales were completely and accurately accounted in the general ledger.<br>» Comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with the underlying goods delivery notes and/or invoices to assess whether the related revenue had been recognised in the correct financial period. |

KPMG

| 03. Valuation of Investment Property - Group and Company | |
|---|---|
| Refer note 16 to financial statements | |
| **Risk Description** | **Our Response** |
| The Group and the Company have recognised investment property carries at fair value amounting to Rs. 9,176 Mn and Rs. 1,612 Mn respectively.<br><br>Management's assessment of fair value of investment property is based on valuations performed by a qualified independent property valuer in accordance with recognised industry standards.<br><br>Estimating the fair value is a complex process which involves a significant degree of judgement and estimates in respect of price per perch of the land, capitalization rates, value per square feet, fair market rental and diversity of locations and nature of the land and buildings and investment properties.<br><br>Further, the Company has incorporated required risk adjustments for potential implications of COVID-19 in the valuation of property to reflect the associated risks in the valuation model based on reasonable and supportable information available to management at the reporting date.<br><br>We identified this as a key audit matter because of the significance of the value of these properties to the Financial Statements and significant judgement/ estimation involves in the valuation. | Our audit procedures included:<br>» Assessing the objectivity, independence, competence and qualifications of the external valuer.<br>» Discussions with management and the external valuer and comparison of the key assumptions used against externally published market comparable or industry data where available and challenging the reasonableness of key assumptions based on our knowledge of the industry and the possible impact on the key assumptions and the resulting valuation due to COVID-19 pandemic.<br>» Assessing the key inputs used in the valuation by the independent external valuer against our expectations based on our experience, externally published market comparable and our knowledge of property market, consultation with internal valuation specialist.<br>» Assessing the adequacy of the disclosures in the financial statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions in the estimates. |

KPMG

| 04. Carrying value of inventories – Group | |
|---|---|
| Refer Note 21 to the financial statements | |
| Risk Description | Our Response |
| The Group has recognized Inventory in the amount of Rs. 11,780 Mn.<br><br>The Group holds a significant level of inventory across a broad and diversified product range, over many locations. At 31 March 2021 12.8% of total assets of the Group consisted of inventory.<br><br>Due to the change in consumer demands judgment is exercised with regard to categorisation of stock as obsolete and/or slow moving to be considered for provision/write offs; estimates are then involved in arriving at provisions against cost in respect of slow moving and obsolete inventories located in 14 locations of the subsidiaries and many outlets to arrive at valuation based on lower of cost and net realisable value.<br><br>Given the level of judgments, estimates, number of items and locations involved this is considered to be a key audit matter. | Our audit procedures included:<br>» Obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls relating to inventory counts across the Group's sites and purchasing and issuing of inventories.<br>» Comparing, on a sample basis, the purchase prices and quantities of inventories recorded by the Group with supplier invoices, goods delivery notes and goods receipt notes.<br>» Evaluation of the inventory costing methodology and valuation policy established by management, including compliance with the applicable financial reporting standard.<br>» Comparing, on a sample basis, the selling price of the finished goods subsequent to the reporting date to their carrying values of these inventories as at the financial year end.<br>» Considering the principles of accounting for the inventory write offs and also carrying out a comparison of inventory levels, to sales data to corroborate whether slow moving and obsolete inventories had been appropriately identified.<br>» Attending stock counts as at the year end at sample locations of supermarkets, outlets and warehouses. In addition, assessing the effectiveness of the physical count controls in operation at each count location to identify damaged stocks, expired stocks and stock shortages that are written off in a timely manner and evaluating the results of the other cycle counts performed by the management and third parties throughout the period to assess the level of count variances that are also adjusted periodically. |

## Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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 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. We have nothing to report in this regard.

KPMG

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

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.

## Auditor's 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 auditor's 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 SLAuSs, 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 Company and the Group's internal control.

» 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 auditor's 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 auditor's 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 auditor's 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 auditor's report is 2599.

Kpmg

CHARTERED ACCOUNTANTS
*Colombo, Sri Lanka*

08 June 2021

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| In Thousands of rupees | | Group | | Company | |
|---|---|---|---|---|---|
| For the year ended 31 March | Note | 2021 | 2020 | 2021 | 2020 |
| Revenue | 6 | 112,940,971 | 107,817,065 | - | - |
| Cost of sales | | (100,267,412) | (95,587,142) | - | - |
| Gross profit | | 12,673,559 | 12,229,923 | - | - |
| Other income | 7 | 2,119,549 | 2,291,347 | 991,208 | 1,217,253 |
| Distribution expenses | | (3,098,046) | (2,980,616) | - | - |
| Administrative expenses | | (3,800,579) | (3,793,510) | (101,285) | (103,183) |
| Other expenses | | (694,165) | (576,200) | (139,520) | (203,421) |
| **Results from operating activities** | 8 | 7,200,318 | 7,170,944 | 750,403 | 910,649 |
| Net finance income / (costs) | 9 | (2,619,650) | (2,680,731) | 7,569 | 12,387 |
| Changes in fair value of investment property | 16 | 98,478 | 106,344 | (8,878) | 37,479 |
| Share of (loss) of equity accounted investees, net of tax | 19.2 | (367,529) | (341,865) | - | - |
| Profit before tax | | 4,311,617 | 4,254,692 | 749,094 | 960,515 |
| Income tax expense | 10.1 | (990,348) | (1,532,815) | (8,846) | (17,907) |
| **Profit for the year** | | **3,321,269** | **2,721,877** | **740,248** | **942,608** |
| Other comprehensive income (OCI) | | | | | |
| Items that will not be reclassified to profit or loss | | | | | |
| Revaluation of land and buildings | 13.1 | 2,859,801 | - | - | - |
| Equity accounted investee - share of OCI | | 22,709 | 40,875 | - | - |
| Actuarial gain/(loss) on employee benefits | 27 | (84,024) | (67,464) | 1,123 | (3,554) |
| Items that are or may be reclassified subsequently to profit or loss | | | | | |
| Net change in fair value of FVOCI financial assets | | 18,037 | (17,210) | 12,344 | (14,154) |
| Profit from sale of investments | | 330,198 | - | 330,198 | - |
| Tax on other comprehensive income | 10.2 | (323,461) | 17,894 | - | - |
| Other comprehensive income for the year, net of tax | | 2,823,260 | (25,905) | 343,665 | (17,708) |
| **Total comprehensive income for the year** | | **6,144,529** | **2,695,972** | **1,083,913** | **924,900** |
| Profit attributable to: | | | | | |
| Equity holders of the parent | | 2,061,487 | 1,404,986 | 740,248 | 942,608 |
| Non-controlling interest | | 1,259,782 | 1,316,891 | - | - |
| | | **3,321,269** | **2,721,877** | **740,248** | **942,608** |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the parent | | 4,383,251 | 1,395,917 | 1,083,913 | 924,900 |
| Non-controlling interest | | 1,761,278 | 1,300,055 | - | - |
| | | **6,144,529** | **2,695,972** | **1,083,913** | **924,900** |
| Earnings per share (Rs.) | 11 | 10.24 | 6.98 | 3.68 | 4.68 |

Figures in brackets indicates deductions.
The notes on pages 46 to 125 form an integral part of these Financial Statements.

# STATEMENT OF FINANCIAL POSITION

| In Thousands of rupees | Note | Group | | Company | |
|---|---|---|---|---|---|
| For the year ended 31 March | | 2021 | 2020 | 2021 | 2020 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 13 | 37,827,979 | 32,513,179 | 2,126 | 2,067 |
| Right of use of assets | 14.1 | 14,423,813 | 10,157,100 | 137 | 157 |
| Prepayment on leasehold land and building | 15 | 200,912 | 200,912 | - | - |
| Investment property | 16 | 9,176,410 | 8,185,909 | 1,611,865 | 1,620,743 |
| Intangible assets | 17 | 1,594,962 | 1,590,031 | 688,467 | 688,467 |
| Investments in subsidiaries | 18 | - | - | 1,942,686 | 2,082,206 |
| Investment in equity accounted investees | 19 | 5,846,685 | 6,218,055 | 2,906,169 | 2,906,169 |
| Other financial assets | 20 | 527,685 | 294,100 | 482,425 | 238,443 |
| Deferred tax assets | 10.5 | 10,756 | 12,839 | - | - |
| Total non-current assets | | 69,609,202 | 59,172,125 | 7,633,875 | 7,538,252 |
| Current assets | | | | | |
| Inventories | 21 | 11,779,617 | 10,539,243 | - | - |
| Trade and other receivables | 22 | 6,591,744 | 7,541,390 | 48,480 | 48,910 |
| Other financial assets | | 63,865 | 59,794 | 63,865 | 59,794 |
| Cash and cash equivalents | 23 | 4,109,989 | 3,056,355 | 144,766 | 20,547 |
| Total current assets | | 22,545,215 | 21,196,782 | 257,111 | 129,251 |
| Total assets | | 92,154,417 | 80,368,907 | 7,890,986 | 7,667,503 |
| EQUITY | | | | | |
| Stated capital | 24 | 6,489,758 | 6,489,758 | 6,489,758 | 6,489,758 |
| Reserves | 25 | 3,191,265 | 1,800,629 | 53,140 | 40,796 |
| Retained earnings | | 13,678,172 | 12,899,459 | 1,125,945 | 910,356 |
| Total equity attributable to equity holders of the parent | | 23,359,195 | 21,189,846 | 7,668,843 | 7,440,910 |
| Non-controlling interest | | 7,954,517 | 5,317,420 | - | - |
| Total equity | | 31,313,712 | 26,507,266 | 7,668,843 | 7,440,910 |
| LIABILITIES | | | | | |
| Non-current liabilities | | | | | |
| Interest bearing loans and borrowings | 26 | 18,369,804 | 10,948,688 | 189 | 145 |
| Deferred tax liabilities | 10.5 | 1,068,399 | 1,310,291 | - | - |
| Employee benefits | 27 | 1,624,204 | 1,316,770 | 34,596 | 31,128 |
| Capital grants | 28 | 27,454 | 38,937 | - | - |
| Trade and other payables | 29 | 169,679 | 169,608 | - | - |
| Total non-current liabilities | | 21,259,540 | 13,784,294 | 34,785 | 31,273 |
| Current liabilities | | | | | |
| Trade and other payables | 29 | 16,319,750 | 17,619,251 | 18,087 | 24,437 |
| Current tax liabilities | | 3,723,439 | 3,175,395 | - | - |
| Dividend payable | | 169,004 | 170,509 | 169,004 | 170,509 |
| Interest bearing loans and borrowings | 26 | 19,368,972 | 19,112,192 | 267 | 374 |
| Total current liabilities | | 39,581,165 | 40,077,347 | 187,358 | 195,320 |
| Total liabilities | | 60,840,705 | 53,861,641 | 222,143 | 226,593 |
| Total equity and liabilities | | 92,154,417 | 80,368,907 | 7,890,986 | 7,667,503 |

The notes on pages 46 to 125 form an integral part of these Financial Statements.

The Board of Directors is responsible for the preparation and presentation of these Financial statements. The Financial Statements have been approved by the Board of Directors on 08 June 2021, in Colombo.

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

Ranjit Page
*Deputy Chairman / Managing Director*

Priya Edirisinghe
*Director*

S C Niles
*Executive Director*

# STATEMENT OF CHANGES IN EQUITY

| Group<br>In Thousands of rupees | Stated capital | Revaluation reserve | Fair value reserve | Retained earnings | Total reserve | Non-controlling Interest | Total |
|---|---|---|---|---|---|---|---|
| | <-------- Attributable to the owners of the parent --------> | | | | | | |
| Balance as at 1 April 2019 | 6,489,758 | 1,771,050 | 48,835 | 13,138,710 | 21,448,353 | 4,765,746 | 26,214,099 |
| Adjustment on initial application of SLFRS 16, net of tax | - | - | - | (588,856) | (588,856) | (253,964) | (842,820) |
| Adjusted Balance as at 1 April 2019 | 6,489,758 | 1,771,050 | 48,835 | 12,549,854 | 20,859,497 | 4,511,782 | 25,371,279 |
| **Total comprehensive income** | | | | | | | |
| Profit for the year | - | - | - | 1,404,986 | 1,404,986 | 1,316,891 | 2,721,877 |
| Other comprehensive income | | | | | | | |
| Net change in fair value of investments at FVOCI financial assets, net of tax | - | - | (16,264) | - | (16,264) | (920) | (17,184) |
| Re-measurements of defined benefit plan, net of tax | - | - | - | (33,680) | (33,680) | (15,916) | (49,596) |
| Share of other comprehensive income of associates | - | - | - | 40,875 | 40,875 | - | 40,875 |
| Total other comprehensive income | - | - | (16,264) | 7,195 | (9,069) | (16,836) | (25,905) |
| Total comprehensive income for the year | - | - | (16,264) | 1,412,181 | 1,395,917 | 1,300,055 | 2,695,972 |
| **Transactions directly recorded in equity** | | | | | | | |
| Share issued to NCI while retaining control - Subsidiary | - | (3,088) | 96 | 103,326 | 100,334 | 125,548 | 225,882 |
| Equity settled share based payment | - | - | - | 83,597 | 83,597 | (32,396) | 51,201 |
| Dividends paid | - | - | - | (1,107,738) | (1,107,738) | (526,438) | (1,634,176) |
| Put options written on non-controlling interest | - | - | - | (141,761) | (141,761) | (61,131) | (202,892) |
| Total contributions by & distributions to owners | - | (3,088) | 96 | (1,062,576) | (1,065,568) | (494,417) | (1,559,985) |
| **Balance as at 31st March 2020** | **6,489,758** | **1,767,962** | **32,667** | **12,899,459** | **21,189,846** | **5,317,420** | **26,507,266** |
| Balance as at 1 April 2020 | 6,489,758 | 1,767,962 | 32,667 | 12,899,459 | 21,189,846 | 5,317,420 | 26,507,266 |
| **Transactions directly recorded in equity** | | | | | | | |
| Profit for the year | - | - | | 2,061,487 | 2,061,487 | 1,259,782 | 3,321,269 |
| Revaluation of property plant and equipment, net of tax | - | 1,757,493 | - | - | 1,757,493 | 758,963 | 2,516,456 |
| Net change in fair value of investments at FVOCI financial assets, net of tax | - | - | 16,995 | - | 16,995 | 1,042 | 18,037 |
| Re-measurements of defined benefit plan, net of tax | - | - | - | (44,795) | (44,795) | (19,345) | (64,140) |
| Share of other comprehensive income of associates | - | - | - | 22,709 | 22,709 | - | 22,709 |
| Profit from sale of investments | - | - | - | 330,198 | 330,198 | - | 330,198 |
| Total other comprehensive income | - | 1,757,493 | 16,995 | 308,112 | 2,082,600 | 740,660 | 2,823,260 |
| **Total comprehensive income for the year** | **-** | **1,757,493** | **16,995** | **2,369,599** | **4,144,087** | **2,000,442** | **6,144,529** |
| **Transactions directly recorded in equity** | | | | | | | - |
| Dividends paid | - | - | - | (855,980) | (855,980) | (415,238) | (1,271,218) |
| Exercise of share options | - | (281) | 8 | 6,991 | 6,718 | 10,569 | 17,287 |
| Equity settled share based payment | - | - | - | 92,921 | 92,921 | (62,271) | 30,650 |
| Put options written on non-controlling interest | - | - | - | (90,436) | (90,436) | (38,998) | (129,434) |
| Write back of unclaimed dividends | - | - | - | 6,150 | 6,150 | 8,482 | 14,632 |
| Exercise of put option | - | (383,579) | - | (750,532) | (1,134,111) | 1,134,111 | - |
| Total contributions by & distributions to owners | - | (383,860) | 8 | (1,590,886) | (1,974,738) | 636,655 | (1,338,083) |
| **Balance as at 31st March 2021** | **6,489,758** | **3,141,595** | **49,670** | **13,678,172** | **23,359,195** | **7,954,517** | **31,313,712** |

Figures in brackets indicates deductions.
The notes on pages 46 to 125 form an integral part of these Financial Statements.

| Company<br>In Thousands of rupees | Stated capital | Fair value reserve | Retained earnings | Total equity |
|---|---|---|---|---|
| Balance as at 1st April 2019 | 6,489,758 | 54,950 | 1,079,040 | 7,623,748 |
| **Total comprehensive income for the year** | | | | |
| Profit for the year | - | - | 942,608 | 942,608 |
| **Other comprehensive income** | | | | |
| Net change in FVOCI financial assets | - | (14,154) | - | (14,154) |
| Defined benefit plan actuarial losses | - | - | (3,554) | (3,554) |
| Total other comprehensive income | - | (14,154) | (3,554) | (17,708) |
| **Total comprehensive income for the year** | **-** | **(14,154)** | **939,054** | **924,900** |
| **Transactions directly recorded in equity,** | | | | |
| Dividends paid - 2018/19 (final) & 2019/20 (interim) | - | - | (1,107,738) | (1,107,738) |
| Total contributions by & distributions to owners | - | - | (1,107,738) | (1,107,738) |
| **Balance as at 31st March 2020** | **6,489,758** | **40,796** | **910,356** | **7,440,910** |
| Balance as at 1st April 2020 | 6,489,758 | 40,796 | 910,356 | 7,440,910 |
| **Total comprehensive income** | | | | |
| Profit for the year | - | - | 740,248 | 740,248 |
| **Other comprehensive income** | | | | |
| Net change in fair value of FVOCI financial assets | - | 12,344 | - | 12,344 |
| Defined benefit plan actuarial gain | - | - | 1,123 | 1,123 |
| Profit on disposal of investments | - | - | 330,198 | 330,198 |
| Total other comprehensive income for the year | - | 12,344 | 331,321 | 343,665 |
| **Total comprehensive income for the year** | **-** | **12,344** | **1,071,569** | **1,083,913** |
| **Transactions directly recorded in equity,** | | | | |
| Dividends paid - 2019/20 (final) & 2020/21 (interim) | - | - | (855,980) | (855,980) |
| Total contributions by & distributions to owners | - | - | (855,980) | (855,980) |
| **Balance as at 31st March 2021** | **6,489,758** | **53,140** | **1,125,945** | **7,668,843** |

Figures in brackets indicates deductions.
The notes on pages 46 to 125 form an integral part of these Financial Statements.

# STATEMENT OF CASH FLOWS

| In Thousands of rupees | Note | Group | | Company | |
|---|---|---|---|---|---|
| For the year ended 31 March | | 2021 | 2020 | 2021 | 2020 |
| Profit before tax | | 4,311,617 | 4,254,692 | 749,094 | 960,515 |
| **Adjustments for:** | | | | | |
| Depreciation of property, plant & equipment | 13 | 3,019,288 | 2,677,708 | 89 | 95 |
| Amortisation of right of use assets | 14.1 | 1,438,592 | 1,049,556 | 20 | 20 |
| Negative lease payments | 14.2 | (123,565) | - | - | - |
| Amortisation of intangible assets | 17 | 75,469 | 93,021 | - | - |
| Interest income | 9 | (192,232) | (246,378) | (8,329) | (13,396) |
| Profit on sale of property, plant & equipment | 7 | (67,423) | (10,142) | - | - |
| Dividend income | 7 | (9,107) | (5,417) | (991,353) | (1,207,093) |
| Finance costs | 9 | 2,811,882 | 2,927,109 | 760 | 1,009 |
| Share of loss / (profit) of equity accounted investees | 19 | 367,529 | 341,865 | - | - |
| Reversal / (charge) for impairment of trade and other receivables | 22 | 33,898 | 85,020 | - | - |
| Amortisation of deferred income | 28 | (11,483) | (11,483) | - | - |
| Provision for slow moving and obsolete inventories | 21 | 29,482 | (2,689) | - | - |
| Change in fair value of investment properties | 16 | (98,478) | (106,344) | 8,879 | (37,479) |
| Provision for obligation on defined benefit plan | 27 | 281,624 | 237,930 | 4,591 | 2,658 |
| Equity-settled share-based payment transactions | | 47,937 | 51,201 | - | - |
| Impairment losses on investments in subsidiaries | | - | - | 139,520 | 203,419 |
| Impairment losses on Property Plant & Equipments | 13 | 2,778 | - | - | - |
| **Cash generated from / (used in) operating activities before Working capital change** | | **11,917,808** | **11,335,649** | **(96,729)** | **(90,252)** |
| **Changes in;** | | | | | |
| Inventories | | (1,269,856) | (770,106) | - | - |
| Trade and other receivables | | 919,589 | (591,776) | 430 | (19,021) |
| Trade and other payables | | (1,392,642) | (454,162) | (6,346) | 9,290 |
| **Cash generated from / (used in) operating activities** | | 10,174,899 | 9,519,605 | (102,645) | (99,983) |
| Interest paid | | (1,282,316) | (1,736,105) | (716) | (991) |
| Income tax paid | | (1,005,569) | (996,293) | (8,846) | (17,907) |
| Defined benefit plan payments | 27 | (58,214) | (131,440) | - | (1,135) |
| **Net cash from / (used in) operating activities** | | **7,828,800** | **6,655,767** | **(112,207)** | **(120,016)** |

| In Thousands of rupees | Note | Group | | Company | |
|---|---|---|---|---|---|
| For the year ended 31 March | | 2021 | 2020 | 2021 | 2020 |
| **Cash flows from investing activities** | | | | | |
| Proceeds from sale of property, plant and equipment | | 73,250 | 43,305 | - | - |
| Interest received | | 188,161 | 246,378 | 8,329 | 13,396 |
| Dividends received | | 9,107 | (5,417) | 991,353 | 1,207,093 |
| Acquisition of property, plant and equipment | 13 | (6,282,249) | (5,851,595) | (147) | (31) |
| Improvements to investment property | 16 | (92,666) | (104,112) | - | - |
| Prepaid lease rentals to acquire rights to use lands | | - | (150,887) | - | - |
| Acquisition of intangible assets | 17 | (80,400) | (65,926) | - | - |
| Withdrawal of investments | | - | - | - | 128,641 |
| Net change in other investments | | 80,582 | - | 94,454 | (175,730) |
| Net cash from / (used in) investing activities | | (6,104,215) | (5,888,254) | 1,093,989 | 1,173,369 |
| **Cash flows from financing activities** | | | | | |
| Net movement in Bank Loans | 26 | 4,436,594 | 222,989 | - | - |
| Lease payments | 14.2 | (2,243,078) | (1,902,861) | - | - |
| Finance lease obtained during the period | 26 | 2,486 | - | - | - |
| Dividends paid to owners | | (855,980) | (1,098,671) | (857,484) | (1,098,671) |
| Payment of finance lease liabilities | 26 | (10,716) | (1,746) | - | - |
| Dividends paid to non controlling interest | | (415,238) | (526,438) | - | - |
| Net cash from / (used in) financing activities | | 914,068 | (3,306,727) | (857,484) | (1,098,671) |
| Net increase / (decrease) in cash and cash equivalents | | 2,638,653 | (2,539,214) | 124,298 | (45,318) |
| Cash and cash equivalents at 1st April | | (1,323,371) | 1,215,843 | 20,201 | 65,519 |
| Cash and cash equivalents at 31st March (Note 23) | | 1,315,282 | (1,323,371) | 144,499 | 20,201 |

The figures in brackets indicate deductions.
The notes from pages 46 to 125 form an integral part of these Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Presentation of the financial statements

### 1.1 Description of the reporting entity and business

C T Holdings PLC (the 'Company') is a company incorporated in Sri Lanka and listed on the Colombo Stock Exchange. The address of the Company's registered office is No. 8, Sir Chittampalam A Gardiner Mawatha, Colombo 2.

The consolidated financial statements of the Group as at and for the year ended 31 March 2021 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in equity accounted investees. The financial statements of all companies within the Group are prepared for a common financial year which ends on 31 March 2021, except as mentioned in Note 19.5. The principle activities of the Group are described in Note 2.1 to the financial statements.

### 1.2 Statement of compliance

The financial statements which comprise the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes thereto have been prepared in accordance with Sri Lanka Accounting Standards (LKAS / SLFRSs), and the requirements of the Companies Act No. 07 of 2007. The Board of Directors of the Company is responsible for the preparation and presentation of these financial statements. The financial statements were authorised for issue by the Board of Directors on 08 June 2021.

### 1.3 Functional and presentation currency

These financial statements are presented in Sri Lankan Rupees, which is the Group's functional currency. All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousands, except when otherwise indicated.

### 1.4 Key accounting judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### 1.4.1 Impact of COVID-19 Pandemic

The ongoing COVID-19 pandemic has increased the uncertainties of estimates used in the preparation of these financial statements.

These estimation uncertainties are associated with:

» The extent and duration of the expected economic downturn and the duration taken for the global economy to recover from the downturn.

» The effectiveness of the measurement taken by the authorities to support business and consumers through this disruption and economic downturn.

The impact of the COVID-19 pandemic on accounting estimates is discussed under the relevant notes to these financial statements.

#### 1.4.2 Judgements

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

» Note 3.5 - Revenue Recognition: whether revenue from made-to-order products is recognised over time or at a point in time;

» Note 14 - Lease Term: whether the Group is reasonably certain to exercise extension options; and

» Note 34.1 - Deferred Tax Liabilities: Determination of whether lands should be considered as a capital asset or an investment asset.

### 1.4.3 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 March 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

| | |
|---|---|
| Note 27 | Measurement of defined benefit obligations: key actuarial assumptions |
| Note 21 | Provision for inventory; |
| Note 16 | Determination of fair value of investment property: key valuation assumptions |
| Note 17 | Impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts; |
| Note 19 | Equity-accounted investees: whether the Group has significant influence over an investee; and |
| Note 34 | Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources |
| Note 13.2 | Measurement of fair values of freehold land : key valuation assumptions. |

### 1.5 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.

### 1.6 Comparative Information

Comparative information has been reclassified to conform to the current year's presentation, where necessary. Except when a standard permits or requires otherwise, comparative information is disclosed in respect of the previous period. Where the presentation or classification of items in the financial statements are amended, comparative amounts are reclassified unless it is impracticable.

### 1.7 Events after the reporting period

All material events after the reporting date have been considered and where appropriate, adjustments or disclosures have been made in respective notes to the financial statements.

### 1.8 Basis of measurement

The financial statements of the Group have been prepared on the historical cost basis except for the following material items in the statement of financial position:

| Items | Measurement bases |
|---|---|
| Freehold land | Fair value |
| Financial instruments at fair value through profit or loss | Fair value |
| Debt and equity securities at fair Value through other comprehensive income (FVOCI) | Fair value |
| Investment property | Fair value |
| Defined benefit obligations | Present value |
| Share based payment arrangements | Fair value |

### 1.9 Going Concern

The Management of the C T Holdings PLC has made an assessment of the Group's ability to continue as a going concern and is satisfied that the group has the resources to continue in business for a foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis. Refer Note 37 for the impact due to the COVID-19.

### 1.10 Measurement of fair value

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

Significant valuation issues are reported to the Group's audit committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

| | |
|---|---|
| Level 1 | Quoted prices (unadjusted) in active markets for identical assets or liabilities. |
| Level 2 | Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). |
| Level 3 | Inputs for the asset or liability that are not based on observable market data (unobservable inputs). |

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

'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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its nonperformance risk.

A number of Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Further information about the assumptions made in measuring fair values is included in the following notes:

| Reference | Item |
|---|---|
| Note 16 | Investment property |
| Note 30 | Financial instruments |
| Note 18 | Acquisition of subsidiary |
| Note 13 | Freehold Land |
| Note 27.4 | Share based payment arrangements |

## 2. Operating segments

### 2.1 Basis for segmentation

The Group has the following six strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reportable segment.

| Reportable Segment | Operation |
|---|---|
| Retail and Wholesale Distribution | Operation of a chain of supermarkets and convenient stores. Local distributor for world renown brands of food and beverages. |
| FMCG | Manufacturer / distributor of dairy, agrifoods, convenience foods and confectionery. |
| Restaurants | Franchisee / Operator for 'Kentucky Fried Chicken' (KFC) and'TGI Fridays' Restaurants in Sri Lanka. |
| Real Estate | Owner / operator of the 'Majestic City' and 'Cargills Square' shopping and entertainment malls. Development and sale / rental of residential condominiums and commercial development. |
| Entertainment | Import, distribution and exhibition of cinematic content. |
| Financial Services | Commercial Banking, stock brokering, capital market solutions and fund management (Associates). |

The Group's chief executive officer reviews the internal management reports of each division at least quarterly. Segment results that are reported to the Group's chief operating officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and tax assets and liabilities. Inter segment transfers are based on fair market prices.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

### 2.2 Changes in Significant Accounting Policies

The Group has early adopted COVID-19 Related Rent Concessions - Amendment to SLFRS 16 issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee - i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The amendment has no impact on retained earnings at 1 April 2020.

Further a number of other new standards were effective from 1 April 2020 but they do not have a material effect on the Group's Financial Statements. The Group has consistently applied the accounting policies to all periods presented in these Financial Statements.

## 3. Significant accounting policies

The Group has consistently applied the accounting policies to all periods presented in these Financial Statements.

### 3.1 Basis of Consolidation

The Financial Statements comprise of Financial Statements of the Company, its subsidiaries and its equity accounted investees for the year ended 31 March 2021. Financial Statements of the Company's subsidiaries and associates are prepared for the same reporting year using consistent accounting policies.

#### 3.1.1 Business Combination and Goodwill

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net amount of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing,goodwill acquired in a business combination, from the acquisition date is, allocated to each of the Group's Cash - generating Units (CGUs) or group of CGUs, which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

### 3.2.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Company 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 listed above. Total comprehensive income of subsidiary is attached to the owners of the Company and to the non-controlling interest, even this result in the non-controlling interest 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.

### 3.2.3 Loss of control

When the Group loses control over a subsidiary it de-recognises the assets and liabilities of the subsidiary, any related non-controlling interests and the other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. Subsequently that retained interest is accounted for as equity accounted investee or as a FVOCI financial asset depending on the level of influence retained.

### 3.2.4 Non-controlling interests

Non-controlling-interests are measured at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

### 3.2.5 Interest in equity accounted investees

The Group’s interests in equity accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries.

Investments in associates are accounted for under the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceed its interest in an equity accounted investee, the carrying amount of the investment, including any long term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

### 3.2.6 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. 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.

### 3.3 Foreign Currency - Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

### 3.4 Discontinued Operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sell.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for sale.

When an operation is classified as discontinued operation, the comparative statement of profit or loss and other comprehensive income is represented as if the operation had been discontinued from the start of the comparative year.

### 3.5 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. Revenue is recognised upon satisfaction of performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Group determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied overtime, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

### 3.5.1 Performance obligations and revenue recognition policies

| Type of product / service | Nature and timing of satisfaction of performance obligations, including significant payment terms | Revenue recognition under SLFRS 15 |
|---|---|---|
| Retail and Wholesale Distribution/ FMCG | The Group operates a chain of retail stores selling consumer goods and the Group manufactures and sells a range of food products.In the case of retail, payment of the transaction price is due immediately when the customer purchases the goods and takes delivery in store. In the case of Wholesale Distribution, when the products have been delivered to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract. | Revenue is recognised when the goods are delivered and have been accepted by customers at their premises. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. |
| Customer loyalty programme | The Group operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discount on future purchases. A contract liability for the award points is reocgnised at the time of the sale. | Revenue is recognised when the points are redeemed or when they expire after the initial sale. A liability is recognised until the points are redeemed or expire. |
| Restaurants | The Group operates chains of restaurants for KFC and TGIF brands operates through franchise arrangements. | Revenue from restaurant and shop sales (food and beverages) is recognized upon rendering of service. Sales are net of discounts. |
| Real Estate - Rental income from operating leases | The Group develops and operates commercial shopping malls to be rented out to third parties as well as to be used by own. | Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income. |
| Real Estate - Revenue from service and property management charges | The Group provides services to the tenants of the commercial shopping malls operated agreed upon the tenants agreements or othewise. | Revenue from service and property management charges is recognised in the accounting period. In the case of fixed price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. |

### 3.5.2 Finance and Other income

*a. Financing components of Retail and Wholesale Distribution*

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

*b. Commissions*

When the Group is acting as an agent, the commission rather than gross income is recorded as revenue.

*c. Dividend income*

Dividends are received from financial assets measured at fair value through profit or loss (FVTPL) and at fair value through other comprehensive income (FVOCI). Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI.

*d. Interest income*

Interest income from financial assets at FVTPL is included in the net fair value gains / (losses) on these assets. Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in the statement of profit or loss as part of other income.

Other income also includes rental income from investment properties (Refer Note 7). Gains and losses on disposal of an item of property, plant & equipment and investments are accounted in profit or loss by comparing the net sales proceeds with the carrying amounts of property, plant & equipment and investments concerned and are recognised net within “other income” in profit or loss. When re-valued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings. Other income is recognized on an accrual basis.

## 3.6 Employee benefits

### 3.6.1 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### 3.6.2 Share-based payment arrangement

The grant-date fair value of equity settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where a parent grants rights to its equity instruments to employees of its subsidiary, and the arrangement is accounted for as equity-settled in the consolidated financial statements, the subsidiary should in its own separate financial statements measure the services received from its employees in accordance with the requirements of SLFRS 2 applicable to equity-settled share-based payment transactions and corresponding increase recognised in equity as a capital contribution from the parent.

### 3.6.3 Defined contribution plans

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 any further amounts. Obligations for contributions to Employees Provident Fund and Employees Trust Fund covering all employees are recognised as an expense in profit or loss, as incurred.

Types of contribution plans which are being contributed for by the Group;

(a) Employee Provident Fund (EPF) - The Group and employees contribute 12% and 8% respectively of the salary to EPF.

(b) Employees Trust Fund - All employees of the Group are members of the Employees’ Trust Fund (ETF). The Group contributes 3% of the salary of each employee to ETF.

### 3.6.4 Defined benefit plans

Defined Benefit Plan is a post employment benefit plan other than Defined Contribution Plan. These plans create an obligation on the entity to provide agreed benefits to current and past employees and effectively places actuarial and investment risk on the entity. The liability recognised in the statement of financial position in respect of Defined Benefit Plan is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually by independent actuaries, using projected unit credit method, as recommended by LKAS 19-Employee Benefit. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that apply to the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

The assumptions based on which the results of the actuarial valuation were determined are included in the 27.3 to the Financial Statements.

This liability is not externally funded and the item is grouped under non-current liabilities in the statement of financial position. However, under the Payment of Gratuity Act No. 12 of 1983 the liability to an employee arises only on completion of five years of continued service. The Group recognizes all actuarial-gains and losses arising from defined benefit plans in other comprehensive Income and expenses related to defined benefit plans in staff expenses in profit or loss.

#### 3.6.5 Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

### 3.7 Grants

Grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant, and are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised.

### 3.8 Finance income and Finance costs

The Group's finance income and finance costs would include:

3.8.1 interest income;

3.8.2 interest expense;

3.8.3 dividend income;

3.8.4 the net gain or loss on the disposal of investments in debt securities measured at FVOCI;

3.8.5 the net gain or loss on financial assets at fair value through profit or loss;

3.8.6 the foreign currency gain or loss on financial assets and financial liabilities;

3.8.7 impairment losses (and reversals) on investments in debt securities carried at amortised cost or FVOCI (other than trade receivables);

3.8.8 the gain on the re-measurement to fair value of any pre-existing interest in an acquiree in a business combination;

3.8.9 the reclassification of net gains previously recognised in other comprehensive income.

### 3.9 Income Tax Expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in 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.

#### 3.9.1 Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax payable also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

#### 3.9.2 IFRIC Interpretation 23 - Uncertainty over Income Tax Treatment

IFRIC - 23 interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination.

The Group applies significant judgement in identifying uncertainties over income tax treatments. The Group assessed whether the Interpretation had an impact on its financial statements. The Group is of the view that it is probable that its tax treatments will be accepted by the taxation authorities hence the Interpretation did not have an impact on the financial statements of the Group.

The Group reviewed its income tax treatments and concluded that no additional provisions are required as disclosed in Note 34.

### 3.9.3 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

» temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

» temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

» taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Future taxable profits are determined based on business plans for individual subsidiaries in the Group and the reversal of temporary differences. Deferred tax is not recognized for the undistributed profits of subsidiaries as the parent company has control over the dividend policy of its subsidiaries and distribution of those profits. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Un-recognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property that is measured at fair value is presumed to be recovered through sale.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

## 3.10 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are proposed by directors or approved by the Company's shareholders, as the case may be.

## 3.11 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

The cost of each category of inventory of the Group is determined on the following basis:

- Raw & packing materials - Actual cost on a First In First Out - (FIFO) basis
- Finished goods and work-in-progress - Directly attributable manufacturing cost
- Merchandising goods - Actual cost on a First In First Out - (FIFO) basis
- Other inventories - Actual cost

Property inventory
The Group's property inventories arise where there is a change in use of investment properties evidenced by the commencement of development with a view to sale, and the properties are reclassified as inventories at their deemed cost, which is the fair value at the date of re-classification. They are subsequently carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete redevelopment and selling expenses.

### 3.12 Property, plant and equipment

*i. Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is stated at its fair value. The Group revalues its Land every 3 years. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

*ii. Subsequent expenditure*

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. On-going repairs and maintenance are expensed as incurred.

*iii. Depreciation*

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of selfconstructed assets, from the date that the asset is completed and ready for use. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

| Description | No. of years |
|---|---|
| Freehold buildings | 50 |
| Improvements to leasehold buildings | 4 to10 years or period of lease whichever is lower |
| Plant & machinery | 5 to 10 |
| Motor vehicles | 4 to 5 |
| Furniture & fittings | 5 |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Fully depreciated property, plant and equipment are retained in the financial statements until such time when they are no longer in use.

*iv. Constructions in progress*

All direct and indirect costs that are related to the construction of fixed assets and incurred before the assets are ready for their intended use are capitalised as construction in progress. Construction in progress is stated in the statement of financial position at cost less impairment losses. Construction in progress is transferred to fixed assets when it is ready for its intended use. No depreciation is provided against construction in progress.

*v. Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and re-classified as investment property. Any gain arising on this re-measurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognized immediately in profit or loss.

### 3.13 Intangible assets and goodwill

*i. Recognition and measurement*

| Asset | Measurement basis |
|---|---|
| Goodwill | Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. In respect of acquisitions prior to 1 April 2011, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP (SLAS) In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity accounted investee as a whole. |
| Other intangible assets | Other intangible assets, including computer software, patents, trademarks and licenses, which are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. |

*ii. Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

*iii. Amortisation*

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Goodwill is not amortised.

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

| Description | No. of years |
|---|---:|
| Trademarks and licenses | 10 years |
| Computer software | 4 years |

### 3.14 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business or use in the production or supply of goods or services or for administrative purposes.

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings. When the use of a property changes such that it is re-classified as property, plant and equipment, its fair value at the date of re-classification becomes its cost for subsequent accounting.

### 3.15 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale or held-for distribution if it is highly probable that they will be recovered primarily through sale or distribution rather than through continuing use. Immediately before classification as held-for-sale or held-for-distribution, the assets, or components of a disposal group, are re-measured in accordance with the Group's other accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss. Once classified as held-for-sale or held-for-distribution, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

### 3.16 Financial instruments

#### 3.16.1 Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### 3.16.2 Classification and subsequent measurement

*i. Financial assets*

On initial recognition, a financial asset is classified as measured at: amortised cost; Financial assets at fair value through other comprehensive income (FVOCI) – debt investment; Financial assets at fair value through other comprehensive income (FVOCI) – equity investment; or Financial assets at fair value through profit or loss (FVTPL).

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

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

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

The Group's financial assets classified under amortised cost includes trade and other receivable, amounts due from related companies and cash and cash equivalents.

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

» it is held within a business model whose objective is achieved by both collecting contractual cash flows and

selling financial assets; and

» its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

*ii. Financial assets – Business model assessment:*

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

The information considered includes:

» the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

» how the performance of the portfolio is evaluated and reported to the Group's management;

» the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

» how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

» the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

*iii. Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:*

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

» contingent events that would change the amount or timing of cash flows;

» terms that may adjust the contractual coupon rate, including variable-rate features;

» prepayment and extension features; and

» terms that limit the Group's claim to cash flows from specified assets (e.g. nonrecourse features).

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

*iv. Financial assets – Subsequent measurement and gains and losses:*

| | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. |
| Debt investments at FVOCI | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. |
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. |

*v. Financial Liabilities - Classification, Subsequent Measurement and Gains and Losses*

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

Financial liabilities measured at amortised cost include interest bearing loans and borrowings, trade and other payables and amounts due to related companies.

### 3.16.3 Derivative financial instruments

Derivatives are initially recognised at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

*i. Financial liability on put options written over non-controlling interest*

The financial liability is recognised at the present value of the redemption amount and accreted through finance charges in the profit or loss over the contract period up to the final redemption amount. Any adjustments to the redemption amount are recognised in equity in accordance with SLFRS 9 - Financial Instruments.

The initial redemption liability is a reduction of parent's equity if the risks and rewards of ownership remain with the non-controlling interest or a reduction of non-controlling interest equity if the risks and rewards of ownership transfer to the parent. If the present value of the redemption amount exceeds the carrying value of the non-controlling interest, any excess is recorded against parent's equity. If the contract is exercised, any noncontrolling interest equity is allocated to parent equity. No adjustments are made to goodwill upon settlement of the contract. The redemption liability is offset by the cash payment. If the contract lapses un-exercised where the risks and rewards of ownership have transferred to the parent, a non-controlling interest equity is reinstated. In substance, the parent has sold those shares back to the noncontrolling interest and it is a transaction with a non-controlling interest. The non-controlling interest equity amount is reinstated at an amount equal to its share of the carrying values of the subsidiary's net assets at the date of lapse plus the goodwill from the subsidiary's initial acquisition. Any difference between the redemption liability and the non-controlling interest equity adjustment is recognised against the parent's equity. No adjustments are made to goodwill. If the contract lapses unexercised where the risks and rewards of ownership remain with the non-controlling interest, then no adjustment is made to the carrying value of the non-controlling interest and theredemption liability is de-recognised against the parent's equity.

### 3.16.4 De-recognition

*i. Financial assets*

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

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

*ii. Financial liabilities*

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

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

*iii. Offsetting*

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

## 3.17 Impairment

### 3.17.1 Non-derivative financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. If there is objective evidence (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy), the asset is tested for impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in a provision account.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss.

### 3.17.2 Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3.18 Stated capital - Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

### 3.19 Capital Grant

Government Grants

Government grants, including non-monetary grants at fair value, are recognised when there is reasonable assurance that the conditions attached to them will be complied by the Group and the grants will be received. Grants related to assets, including nonmonetary grants at fair value, are presented in the Statement of Financial Position as deferred income and recognised in the profit or loss on a systematic and rational basis over the useful life of the asset. Grants related to income are presented as a credit in the profit or loss, under the heading 'other income' against the incurrence of related expenditure.

### 3.20 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### 3.21 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16.

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

#### 3.21.2 As a Lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

The Group entities determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

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

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

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

The Group presents right-of-use assets that do not meet the definition of investment property in "Right-of-use" assets and lease liabilites in interest bearing loans and borrowings in the statement of Financial Position.

*Short term leases and leases of low-value assets*

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### 3.21.2 As a Lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception Whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risk and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic useful life of the asset.

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies sub-lease as an operating lease.

The Group recognises lease payments received under operating leases as rental income on a straight-line basis over the lease term as part of 'other income'.

Generally, the accounting policies to the Group as a lessor in the comparative period were not different from SLFRS 16.

## 3.22 Contingent Liabilities

Contingent Liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be readily measured as defined in the Sri Lanka Accounting Standard - LKAS 37 on 'Provisions, Contingent Liabilities and Contingent Assets'. Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless its occurrence is remote.

### 3.23 Operating profit

Operating profit is the result generated from the continuing principal revenue producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity accounted investees and income taxes.

## 4. New and amended Standards issued but not effective as at the reporting date

The Institute of Chartered Accountants of Sri Lanka has issued number of new Sri Lanka Accounting Standards (SLFRSs/ LKASs) and amendments that are effective for annual periods beginning after the current financial year. Accordingly, these standards have not been applied in preparing these financial statements and the Company plans to apply these standards if applicable as and when they become effective.

Company does not expect the following new Accounting standards, amendments and interpretations that will become effective for future accounting periods will have a significant impact on the financial statements.

» Property Plant and Equipment-proceeds before intended use (Amendments to LKAS 16)
» Reference to Conceptual Framework (Amendments to SLFRS 3)
» Classification of Liabilities as Current or Non-current (Amendments to LKAS 1)
» Annual impairment to SLFRS
» Interest Rate Benchmark Reform - Phase 2 (Amendments to SLFRS 9,
» LKAS 39, SLFRS 7, SLFRS 4 and SLRFS 16) (continued)
» Onerous contracts - Cost of fulfilling acontract (Amendments to LKAS 37)

## 5. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

» Credit risk
» Liquidity risk
» Market risk
» Currency risk
» Operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Risk management framework The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

### 5.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. The Group is exposed to credit risk on trade receivables and other receivables, due from related party and bank balances.

*a. Trade and other receivables*

The creditworthiness of each customer is evaluated prior to sanctioning credit facilities. Appropriate procedures for follow-up and recovery are in place to monitor credit risk.

### 5.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation.

### 5.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

### 5.4 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates.

### 5.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations. The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to management. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

» Requirements for appropriate segregation of duties, including the independent authorisation of transactions;

» Requirements for the reconciliation and monitoring of transactions;

» Compliance with regulatory and other legal requirements;

» Documentation of controls and procedures;

» Development of contingency plans;

» Training and professional development;

» Ethical and business standards;

» Risk mitigation, including insurance where this is effective.

*a. Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

The Cash Flow Statement has been prepared using the "Indirect method" of preparing cash flows in accordance with the Sri Lanka Accounting Standard (LKAS 07) - Statement of Cash Flows.

## 6. Revenue

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| For the year ended 31 March | 2021 | 2020 | 2021 | 2020 |
| The following is an analysis of the Group's revenue | | | | |
| Sale of goods | 112,607,061 | 107,051,866 | - | - |
| Rendering of services | 18,092 | 266,632 | - | - |
| Investment property rentals | 315,818 | 498,567 | - | - |
| | 112,940,971 | 107,817,065 | - | - |

## 7. Other income

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| For the year ended 31 March | 2021 | 2020 | 2021 | 2020 |
| Dividend income | 9,107 | 5,417 | 991,353 | 1,207,093 |
| Rental income | 208,436 | 158,697 | (145) | 10,160 |
| Gain on disposal of property, plant and equipment | 67,423 | 10,142 | - | - |
| Merchandising income | 1,638,795 | 1,777,978 | - | - |
| Foreign exchange gain | 20,542 | 20,945 | - | - |
| Amortisation of deferred income | 11,483 | 11,483 | - | - |
| Sundry income | 161,584 | 283,781 | - | - |
| Change in fair value of short term investments | 2,179 | 22,904 | - | - |
| | 2,119,549 | 2,291,347 | 991,208 | 1,217,253 |

## 8. Results from operating activities

### 8.1 Expenses by nature

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| For the year ended 31 March | 2021 | 2020 | 2021 | 2020 |
| The following items have been included in results from operating activities: | | | | |
| Employee costs (Note 8.2) | 7,656,524 | 7,580,551 | 52,273 | 51,791 |
| Depreciation of property, plant and equipment (Note 13) | 3,019,288 | 2,677,708 | 89 | 95 |
| Amortisation of intangible assets (Note 17.1) | 75,469 | 93,021 | - | - |
| Directors' emoluments | 516,291 | 490,951 | 30,027 | 36,370 |
| Auditor's remuneration (Note 8.3) | 15,800 | 22,870 | 964 | 1,059 |
| Impairment loss on investments in subsidiaries (Note 18.1) | - | - | 139,520 | 203,419 |
| Impairment of trade and other receivables | 33,898 | 85,020 | - | - |
| Impairment of inventories | 29,482 | (2,689) | - | - |
| Depreciation of right of use assets (Note 14.1) | 1,438,593 | 1,049,556 | 20 | 20 |

### 8.2 Employee costs

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| For the year ended 31 March | 2021 | 2020 | 2021 | 2020 |
| Salaries, wages and other related expenses | 6,707,874 | 6,677,156 | 41,957 | 42,268 |
| Equity-settled share-based payments | 30,059 | 50,214 | - | 1,094 |
| Defined benefit plan cost - retirement benefit obligations | 281,624 | 237,930 | 4,591 | 2,658 |
| Defined contribution plan costs - EPF & ETF | 636,967 | 615,251 | 5,725 | 5,771 |
| | 7,657,524 | 7,580,551 | 52,273 | 51,791 |

### 8.3 Auditor's remuneration

| | | | | |
|---|---|---|---|---|
| Audit and audit related expenses | 13,589 | 21,569 | 700 | 700 |
| Non-audit services | 2,211 | 1,301 | 264 | 359 |
| | 15,800 | 22,870 | 964 | 1,059 |

## 9. Net finance income / (costs)

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| For the year ended 31 March | 2021 | 2020 | 2021 | 2020 |
| Finance income | | | | |
| Interest income | 192,232 | 246,378 | 8,329 | 13,396 |
| | 192,232 | 246,378 | 8,329 | 13,396 |
| Finance costs | | | | |
| Interest on bank and other loans and security deposits | (1,164,416) | (1,558,718) | (224) | (220) |
| Interest on overdraft facilities | (117,900) | (170,808) | (520) | (771) |
| Interest on lease liabilities (Note 14.3) | (1,529,566) | (1,197,583) | (16) | (18) |
| | (2,811,882) | (2,927,109) | (760) | (1,009) |
| Net finance income / (costs) recognised in profit or loss | (2,619,650) | (2,680,731) | 7,569 | 12,387 |

## 10. Income tax expense

### 10.1 Amounts recognised in profit or loss

| In thousands of rupees | | Group | | Company | |
|---|---|---|---|---|---|
| For the year ended 31st March | Note | 2021 | 2020 | 2021 | 2020 |
| Current tax expenses | | | | | |
| Current tax on profits for the year | 10.4.1 | 1,320,179 | 1,590,366 | - | - |
| Irrecoverable ESC | | 11,529 | 4,240 | - | - |
| Dividend tax | | 226,613 | 102,030 | 8,846 | 17,907 |
| Current tax on profits in respect of prior years | | (4,702) | (46,116) | - | - |
| | | 1,553,619 | 1,650,520 | 8,846 | 17,907 |
| Deferred tax expenses | | | | | |
| Deferred tax on profits for the year | 10.5 | (563,271) | (117,705) | - | - |
| | | (563,271) | (117,705) | - | - |
| Total income tax expense recognised in profit or loss | | 990,348 | 1,532,815 | 8,846 | 17,907 |

### 10.2 Amounts recognised in other comprehensive income

| In thousands of rupees | | Group | | Company | |
|---|---|---|---|---|---|
| For the year ended 31st March | Note | 2021 | 2020 | 2021 | 2020 |
| Re-measurement of obligation on defined benefit plan | | 19,884 | 17,920 | - | - |
| Fair value gain | | (343,345) | (26) | - | - |
| Total income tax expense recognised in other comprehensive income | | (323,461) | 17,894 | - | - |

### 10.3 Tax rates applicable for group companies

The tax liability of companies are computed at the standard rate of 14 %, 18%, 24% (2020 - 14%, 28% and 40%).

### 10.4 Reconciliation of effective tax

#### 10.4.1 Reconciliation of effective tax

Reconciliation between current tax expense and profit before taxation is given below:

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| For the year ended 31st March | 2021 | 2020 | 2021 | 2020 |
| Profit before taxation | 4,311,617 | 4,254,692 | 749,094 | 960,515 |
| Aggregate disallowed expenses | 7,866,723 | 6,828,682 | 243,503 | 303,653 |
| Aggregate allowable expenses | (5,168,009) | (5,135,337) | (51) | (75) |
| Aggregate other income | (478,373) | (368,880) | (1,000,231) | (1,244,572) |
| Exempt profit | (67,572) | (102,467) | - | - |
| Adjusted business profit | 6,464,386 | 5,476,690 | - | 19,520 |
| Tax losses incurred | 20,597 | 88,292 | (7,685) | - |
| Taxable income from other sources | 87,073 | 146,694 | - | - |
| Adjusted profit (a) | 6,572,056 | 5,711,676 | - | 19,520 |
| Tax losses | | | | |
| Tax losses brought forward | 2,564,740 | 2,524,606 | 366,077 | 382,038 |
| Tax losses added | 20,526 | 88,292 | 7,685 | - |
| Tax (b) | (14,982) | (31,797) | - | (19,520) |
| Adjustments related to prior years | - | (15,859) | - | 3,559 |
| Adjustment on finalisation of liability | (7,613) | (502) | - | - |
| Tax losses carried forward | 2,562,671 | 2,564,740 | 373,762 | 366,077 |
| Taxable income (a+b) | 6,557,075 | 5,679,879 | - | - |
| Income tax @ 24% (2020 - @ 28%) | 559,150 | 1,590,366 | - | - |
| Income tax @ 18% (2020 - @ 28%) | 761,029 | - | - | - |
| Current tax charge | 1,320,179 | 1,590,366 | - | - |

### 10.5 Deferred tax (assets) / liabilities

| | Group 2021 | Group 2020 | Company 2021 | Company 2020 |
|---|---|---|---|---|
| As at 1 April | 1,297,452 | 1,621,422 | - | - |
| Charge/(reversal) and impact of change in tax rate recognised in profit or loss | (563,271) | (117,705) | - | - |
| Charge/(reversal) and impact of change in tax rate recognised in other comprehensive income | 323,461 | (17,894) | - | - |
| Equity | - | (188,372) | - | - |
| **As at 31 March** | **1,057,643** | **1,297,452** | **-** | **-** |

The Group's deferred tax charge recognised in P&L and OCI for the year ended 31 March 2021 includes benefit from change in tax rate as mentioned in Note 10.3 which amounts to Rs. 296 Mn.

### 10.5.1 Movement in deferred tax (assets) / liabilities

| In thousands of rupees | Net balance As at 1st April 2019 | Movement in net balance Recognised in profit or loss | Movement in net balance Recognised in other comprehensive income | Movement in net balance Recognised in Equity | As at 31st March 2020 | Classified as Deferred tax liabilities | Classified as Deferred tax assets |
|---|---|---|---|---|---|---|---|
| For the year ended 31st March 2020 | | | | | | | |
| Temporary difference of: | | | | | | | |
| Accelerated tax depreciation | 2,456,145 | 36,745 | - | - | 2,492,890 | 2,492,890 | - |
| Fair value gains | 71,194 | 3,537 | 26 | - | 74,757 | 74,757 | - |
| Retirement benefit obligations | (322,810) | (29,249) | (17,920) | - | (369,979) | - | (369,979) |
| Tax losses | (235,096) | 7,197 | - | - | (227,899) | - | (227,899) |
| Decrease in future tax rates | (3,874) | - | - | - | (3,874) | - | (3,874) |
| Provisions | (434,182) | 150,556 | - | - | (283,626) | - | (283,626) |
| Lease liabilities | - | (310,495) | - | - | (310,495) | - | (310,495) |
| Other | 90,045 | 24,005 | - | - | 114,050 | 114,050 | - |
| Adjustment on initial application of SLFRS 16 | - | - | - | (188,372) | (188,372) | - | (188,372) |
| Tax assets / (liabilities) before set-off | 1,621,422 | (117,705) | (17,894) | (188,372) | 1,297,452 | 2,681,697 | (1,384,245) |
| Set-off of tax | - | - | - | - | - | (1,371,406) | 1,371,406 |
| Net tax assets / (liabilities) | 1,621,422 | (117,705) | (17,894) | (188,372) | 1,297,452 | 1,310,291 | (12,839) |

### 10.5.1 Movement in deferred tax (assets) / liabilities (Contd.)

| In thousands of rupees | As at 1st April 2020 | Movement in net balance Recognised in profit or loss | Other comprehensive income | As at 31st March 2021 | Classified as Deferred tax liabilities | Deferred tax assets |
|---|---|---|---|---|---|---|
| For the year ended 31st March 2021 | | | | | | |
| Accelerated tax depreciation [refer note 10.5.1(i)] | 2,492,890 | (655,611) | 343,345 | 2,180,624 | 2,180,624 | - |
| Fair value gains | 188,807 | 125,362 | - | 314,169 | 314,169 | - |
| Retirement benefit obligations | (369,979) | 4,878 | (19,884) | (384,985) | (19,884) | (365,101) |
| Tax losses [refer note 10.5.2(ii)] | (227,899) | (1,390) | - | (229,289) | - | (229,289) |
| Provisions & other | (287,500) | 8,786 | - | (278,714) | - | (278,714) |
| ROU assets and lease liabilities | (498,867) | (45,295) | - | (544,162) | - | (544,162) |
| Tax assets / (liabilities) before set-off | 1,297,452 | (563,271) | 323,461 | 1,057,643 | 2,474,909 | (1,417,266) |
| Set-off of tax | - | - | - | - | (1,406,510) | 1,406,510 |
| Net tax assets / (liabilities) | 1,297,452 | (563,271) | 323,461 | 1,057,643 | 1,068,399 | (10,756) |

(i) Accelerated tax depreciation on property, plant and equipment.
(ii) Tax losses are available for deduction against future taxable income.

**10.5.2** Deferred income tax assets and liabilities during the year were calculated after setting off balances within the same tax jurisdiction.

**10.5.3** Deferred tax has been computed taking into consideration the tax rates effective from 1 January 2020 which is 14%, 18% and 24% for all standard rate companies. Deferred Taxation is provided for all Group companies except those companies with tax losses available for carry forward exceeding taxable temporary differences and companies which are exempt from income tax.

### 10.5.4 Un-accounted deferred tax assets

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available in the foreseeable future, against which such deductible temporary timing differences could be utilised. The deferred tax effect on undistributed reserves of subsidiaries has not been recognised where the parent can control the timing of the reversal of these temporary differences.

The break down of the tax effect of un-accounted deferred tax assets is given below;

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| For the year ended 31st March | 2021 | 2020 | 2021 | 2020 |
| Deductible temporary differences | | | | |
| Tax losses | 642,429 | 491,195 | 211,673 | 102,502 |
| | 642,429 | 491,195 | 211,673 | 102,502 |

## 11. Earnings per share

### 11.1 Basic earnings per share

Earnings per share is calculated by dividing the profit attributable to equity holders of the Company by weighted average number of ordinary shares outstanding during the year.

| In rupees | Group | | Company | |
|---|---|---|---|---|
| For the year ended 31st March | 2021 | 2020 | 2021 | 2020 |
| Basic earnings per share | 10.24 | 6.98 | 3.68 | 4.68 |
| *In thousands of rupees* | | | | |
| Profit for the year attributable to owners of the Company | 2,061,487 | 1,404,986 | 740,248 | 942,608 |
| *In thousands of numbers* | | | | |
| Weighted-average number of ordinary shares | | | | |
| Issued ordinary shares as at 31st March | 201,407 | 201,407 | 201,407 | 201,407 |

### 11.2 Diluted earnings per share

Diluted earnings per share computation is the same as in the Note 11.1.

## 12. Dividend per share

| | For the year ended 31st March 2021 | | | For the year ended 31st March 2020 | | |
|---|---|---|---|---|---|---|
| | Date of payment | Dividend per share Rs. | Dividend (In thousands of rupees) | Date of payment | Dividend per share Rs. | Dividend (In thousands of rupees) |
| Interim | 07-Jan-21 | 1.45 | 292,040 | 13-Dec-19 | 1.80 | 362,533 |
| Final (proposed) | - | 2.90 | 584,080 | 20-Nov-20 | 2.80 | 563,940 |
| | - | 4.35 | 876,120 | - | 4.60 | 926,473 |

## 13. Property, plant and equipment

### 13.1 Reconciliation of carrying amount

| Group<br>In thousands of rupees | Freehold land | Freehold buildings | Improvements to lease hold buildings | Plant & machinery | Motor vehicles | Furniture & fittings | Capital work in progress | Total |
|---|---|---|---|---|---|---|---|---|
| Cost / Valuation | | | | | | | | |
| As at 1st April 2019 | 11,908,467 | 1,958,190 | 10,080,880 | 19,796,582 | 1,442,364 | 94,369 | 2,388,534 | 47,669,386 |
| Additions | - | 573,053 | 1,262,162 | 2,576,496 | 309,846 | 6,417 | 1,123,622 | 5,851,596 |
| Disposals | - | - | - | (122,430) | (45,563) | (16,327) | - | (184,320) |
| **As at 31st March 2020** | **11,908,467** | **2,531,243** | **11,343,042** | **22,250,648** | **1,706,647** | **84,459** | **3,512,156** | **53,336,662** |
| As at 1st April 2020 | 11,908,467 | 2,531,243 | 11,343,042 | 22,250,648 | 1,706,647 | 84,459 | 3,512,156 | 53,336,662 |
| Additions | 858 | 773,341 | 1,332,545 | 2,558,634 | 400,393 | 11,049 | 7,704,100 | 12,780,920 |
| Revaluations | 2,106,121 | 753,680 | - | - | - | - | - | 2,859,801 |
| Transfers | - | - | - | - | - | - | (6,498,671) | (6,498,671) |
| Disposals | - | - | (8,826) | (15,897) | (133,918) | - | - | (158,641) |
| Impairment | - | - | (2,778) | - | - | - | - | (2,778) |
| Transfer to investment property | (232,806) | - | - | - | - | - | (566,551) | (799,357) |
| Transfer-Acc.Dep-Revaluation | - | (1,064,654) | - | - | - | - | - | (1,064,654) |
| **As at 31st March 2021** | **13,782,640** | **2,993,610** | **12,663,983** | **24,793,385** | **1,973,122** | **95,508** | **4,151,034** | **60,453,282** |
| Accumulated depreciation and impairment losses | | | | | | | | |
| As at 1st April 2019 | - | 907,028 | 4,519,031 | 11,718,054 | 1,097,702 | 55,117 | - | 18,296,932 |
| Charge for the year | - | 114,198 | 667,523 | 1,713,189 | 173,571 | 9,227 | - | 2,677,708 |
| Disposals | - | - | - | (89,300) | (45,540) | (16,317) | - | (151,157) |
| **As at 31st March 2020** | **-** | **1,021,226** | **5,186,554** | **13,341,943** | **1,225,733** | **48,027** | **-** | **20,823,483** |
| As at 1st April 2020 | - | 1,021,226 | 5,186,554 | 13,341,943 | 1,225,733 | 48,027 | - | 20,823,483 |
| Charge for the year | - | 142,941 | 726,149 | 1,916,559 | 224,581 | 9,058 | - | 3,019,288 |
| Disposals | - | - | (5,187) | (13,709) | (133,918) | - | - | (152,814) |
| Transfer to AHS | - | (1,064,654) | - | - | - | - | - | (1,064,654) |
| **As at 31st March 2021** | **-** | **99,513** | **5,907,516** | **15,244,793** | **1,316,396** | **57,085** | **-** | **22,625,303** |
| Carrying Value | | | | | | | | |
| **As at 31st March 2020** | **11,908,467** | **1,510,017** | **6,156,488** | **8,908,705** | **480,914** | **36,432** | **3,512,156** | **32,513,179** |
| **As at 31st March 2021** | **13,782,640** | **2,894,097** | **6,756,467** | **9,548,592** | **656,726** | **38,423** | **4,151,034** | **37,827,979** |

| Company<br><br>In thousands of rupees | Improvements to leasehold buildings | Plant & machinery | Motor vehicles | Furniture & fittings | Total |
|---|---|---|---|---|---|
| Cost / revaluation | | | | | |
| As at 1st April 2019 | 4,854 | 2,417 | 41,024 | 77 | 48,372 |
| Additions | - | - | - | 31 | 31 |
| As at 31st March 2020 | 4,854 | 2,417 | 41,024 | 108 | 48,403 |
| As at 1st April 2020 | 4,854 | 2,417 | 41,024 | 108 | 48,403 |
| Additions | - | 148 | - | - | 148 |
| As at 31st March 2021 | 4,854 | 2,565 | 41,024 | 108 | 48,551 |
| Accumulated depreciation and impairment losses | | | | | |
| As at 1st April 2019 | 2,808 | 2,412 | 41,018 | 3 | 46,241 |
| Charge for the year | 72 | 2 | 6 | 15 | 95 |
| As at 31st March 2020 | 2,880 | 2,414 | 41,024 | 18 | 46,336 |
| As at 1st April 2020 | 2,880 | 2,414 | 41,024 | 18 | 46,336 |
| Charge for the year | 72 | 2 | - | 15 | 89 |
| As at 31st March 2021 | 2 ,952 | 2,416 | 41,024 | 33 | 46,425 |
| Carrying value | | | | | |
| As at 31st March 2020 | 1,974 | 3 | - | 90 | 2,067 |
| As at 31st March 2021 | 1 ,902 | 149 | - | 75 | 2,126 |

## 13.2 Details of land and building as at March 2021

| Location | Valuation technique | Land extent | Building area (Sq. ft.) | No. of buildings | In thousands of rupees Value |
|---|---|---|---|---|---|
| Company: C T Holdings PLC | | | | | |
| Kandy | Technique (1) | 170 Perches | 9,650 | 4 | 609,615 |
| Negombo | Technique (1) | 91 Perches | 17,500 | 1 | 295,150 |
| Bandarawela | Technique (2) | 2.8 Acres | 30,600 | 4 | 552,000 |
| Nuwara Eliya | Technique (1) | 60 Perches | 6,500 | 3 | 155,100 |
| Company:- Cargills (Ceylon) PLC | | | | | |
| Colombo 01 | Technique (2) | 141 Perches | 124,215 | 1 | 3,095,500 |
| Colombo 02 | Technique (1) | 81.5 Perches | 20,970 | 2 | 923,375 |
| Canal Row, Colombo 01 | Technique (2) | 15 Perches | 12,300 | 1 | 400,291 |
| Dematagoda | Technique (2) | 84 Perches | 71,956 | 1 | 350,989 |
| Company:- Cargills Foods Company (Private) Limited | | | | | |
| Kandy | Technique (2) | 88 Perches | 25,174 | 1 | 1,426,400 |
| Maharagama | Technique (2) | 145 Perches | 15,827 | 1 | 683,700 |
| Nuwara Eliya | Technique (2) | 57 Perches | 9,617 | 1 | 307,100 |
| Mattakuliya (111) | Technique (2) | 330 Perches | 80,967 | 2 | 848,000 |
| Kohuwala | Technique (2) | 29 Perches | 6,225 | 1 | 173,000 |
| Mattakuliya (141) | Technique (2) | 288 Perches | 44,469 | 4 | 589,800 |
| Gampaha | Technique (2) | 82.6 Perches | 39,565 | 1 | 423,776 |
| Moratuwa | Technique (2) | 78.6 Perches | 7,475 | 1 | 385,765 |
| Ingiriya (A,C,D,B1) | Technique (1) | 26 Acres | 1,300 | 1 | 248,858 |
| Park Road | Technique (2) | - | 4,610 | 1 | 64,800 |
| Negombo | Technique (1) | 28.8 Acres | - | - | 760,750 |
| Company:- Cargills Quality Foods Limited | | | | | |
| Mattakuliya | Technique (1) | 1.3 Acres | 17,881 | 1 | 474,078 |
| Ja - Ela | Technique (1) | 5.1 Acres | 41,833 | 1 | 486,515 |
| Ja - Ela | Technique (1) | 4 Acres | 7,600 | 1 | 169,700 |
| Company:- Cargills Agrifoods Limited | | | | | |
| Katana | Technique (1) | 11.3 Acres | 76,059 | 1 | 594,240 |
| Company:- Millers Limited | | | | | |
| Kelaniya | Technique (2) | 1.5 Acres | 55,770 | 2 | 495,000 |
| Company:- C P C Lanka Limited | | | | | |
| Katoolaya Estate, Thawalantenne | Technique (1) | 4 Acres | 19,961 | 1 | 67,000 |

| Location | Valuation technique | Land extent | Building area (Sq. ft.) | No. of buildings | In thousands of rupees Value |
|---|---|---|---|---|---|
| Company:- Kotmale Dairy Products (Private) Limited | | | | | |
| Mulleriyawa | Technique (1) | 1.7 Acres | 35,528 | 3 | 328,717 |
| Bogahawatta | Technique (1) | 1 Acres | 33,221 | 6 | 485,750 |
| Kuduoya Estate, Ruwanpura, Hatton | Technique (1) | 17.4 Acres | 14,569 | 4 | 104,422 |
| Company:- Cargills Quality Dairies (Private) Limited | | | | | |
| Mirigama, Baduragoda | Technique (1) | 100.2 Perches | - | - | 20,040 |
| Mirigama, Baduragoda | - | 38.51 Perches | - | - | 13,100 |
| Company:- The Empire Investments Company (Private) Limited | | | | | |
| Bandarawela | Technique (1) | 85 Perches | 6,345 | 1 | 603,461 |
| Katubedda | Technique (1) | 1.15 Acres | 3,500 | 1 | 540,745 |
| Total | | | | | 16,676,737 |

### 13.3 Measurement of fair values of freehold land - Group

*(a) Valuation process*

The Group's freehold lands are stated at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated impairment losses. The Group has revalued all of its freehold land in the reporting period ending 31st March 2021. The value measurements were carried out in conformity with the requirements of the Sri Lanka Accounting Standards by Mr. Tissa Weeratne, Chartered Valuation Surveyor, UK & Fellow, Institute of Valuers of Sri Lanka, with appropriate qualifications and recent experience in the valuation of properties in the relevant locations. Mr. T Weeratne is not related to the Group. The surplus arising on such valuations have been transferred to revaluation reserves.

*(b) Valuation techniques used*

Valuation technique (1): Market Comparable Approach

The bare lands are valued using the market comparable approach. Under the market comparable approach, a property's fair value is estimated based on comparable transactions. The valuer used the comparable method of valuation involving analysing data obtained from local selling prices for the entire portfolio, by property type. The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. The unit of comparison applied by the Group is the price per perch.

Valuation techniques (2): Income Capitalisation Method

The commercial property (shopping malls & theatres) are valued using the income capitalisation method where a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation (discount) rate. The difference between gross and net rental income includes expense at rates estimated by the valuer.

### 13.3 Measurement of fair values of freehold land - Group (Contd.)

*(c) Fair value hierarchy*

The fair value measurement for all the lands are categorised as a Level 3 fair value based on the inputs to the valuation technique used. A significant increase in the market value per perch, capitalisation rate and market rent used in arriving at fair value would result in a significant increase in fair value, and vice versa. There has been no change to the valuation technique during the year.

Level 1 - Quoted prices in active markets
Level 2 - Significant observable inputs
Level 3 - Significant unobservable inputs

*(d) Information about fair value measurements using significant unobservable inputs (Level 3)*

Property valuations are inherently subjective as they are made on the basis of assumptions made by the valuer which may not prove to be accurate. For these reasons we have classified the land valuations as Level 3 as defined by SLFRS 13.

*(e) The following table shows the valuation techniques used by Group in measuring level 3 fair values and the significant unobservable inputs used.*

| Valuation technique | Significant unobservable inputs | Sensitivity of the input to the fair value |
|---|---|---|
| Market comparable method: This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property | Market price per perch. The valuer has used a range of prices for respective lands based on adjusted fair value taking into account other valuation considerations. Market price per perch ranges between Rs. 5,000 - Rs. 16,100,000 per perch | The estimated fair value would increase / (decrease) if:<br>» Cost per square foot was higher / (lower); or<br>» Market value per perch was higher / (lower) |
| Income method: The net income generated by the property is used in conjunction with certain factors is used to calculate its fair value. | Contractual rentals agreed; Occupancy rates 100%, Capitalization rates 5%-7%, Repairs and insurance 22%-25%, Valuer has used market price per perch for excess land in existing location using a range of prices for similar lands based on adjusted fair value taking into account other valuation consideration ranges between Rs. 2,000,000 - Rs. 18,000,000 per perch | Estimated fair value will increase / (decrease) if market interest rate increase / (decrease) |

### 13.4 If land were stated at the historical cost basis, the carrying amounts would have been as follows:

| In thousands of rupees | Group | |
|---|---|---|
| As at 31st March | 2021 | 2020 |
| Freehold land | 6,813,146 | 6,812,288 |

### 13.5 Leased assets capitalised in property, plant and equipment

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| Improvements to leasehold buildings | | | | |
| Capitalised | 12,663,983 | 11,343,042 | 4,854 | 4,854 |
| Accumulated depreciation | (5,907,516) | (5,186,554) | (2,952) | (2,880) |
| Carrying value | 6,756,467 | 6,156,488 | 1,952 | 1,974 |

### 13.6 Security

The details of assets mortgaged for banking facilities obtained have been given in the Note 26.3 to the Financial Statements.

### 13.7 Details on classes of assets

(a) Land & buildings consist of freehold land, road ways & buildings.
(b) Improvements to leasehold buildings include the cost of civil work incurred in setting up new outlets on leasehold premises.
(c) Furniture & fittings consist of tools, implements, furniture & fittings, office & other equipment.
(d) Capital work in progress consists of expenditure incurred on projects where operations had not commenced as at the reporting date.

### 13.8 Other information

Property, plant and equipment of the Group and the Company included:

| In millions of rupees | Group | | Company | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| Fully depreciated assets | 6,459 | 5,927 | 41 | 41 |

Depreciation amounting to Rs. 2,405 Mn (2020 - Rs. 2,122 Mn) and Rs. 614 Mn (2020 - Rs. 556 Mn) has been charged respectively to the cost of sales and, administration and other expenses of the Group.

### 13.9 Impairment

The Management has assessed the potential impairment loss of property, plant and equipment as at 31 March 2021. Based on the assessment, the Group does not foresee any indications of impairment as at the reporting date due to the COVID-19 pandemic, and functions under the business continuity plan as per the Group's risk management strategy, allowing operations to function through alternate working arrangements, whilst strictly adhering to and supporting government directives.

## 14. Leases

Information about leases for which a Group is lessee is presented below:

### 14.1 Right of use assets

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| Balance as at 1st April | 10,157,100 | - | 157 | - |
| Recognition of right of use assets on initial application of SLFRS 16 | - | 8,278,229 | - | 155 |
| Transfers from prepayment on leasehold land and building on initial application of SLFRS 16 | - | 174,180 | - | - |
| Transfers from prepayments on initial application of SLFRS 16 | - | 22 | - | 22 |
| Transfer from previous years LKAS Adjustment on initial application of SLFRS 16 | - | (3,374) | - | - |
| Adjusted balance as at 1st April | 10,157,100 | 8,449,057 | 157 | 177 |
| Additions | 5,740,661 | 2,757,599 | - | - |
| Termination of Lease | (35,355) | - | - | - |
| Depreciation | (1,438,593) | (1,049,556) | (20) | (20) |
| **Balance as at 31st March** | **14,423,813** | **10,157,100** | **137** | **157** |

### 14.2 Lease liabilities

| | | | | |
|---|---|---|---|---|
| Balance as at 1st April | 11,773,068 | - | 173 | - |
| Recognition of lease liability on initial application of SLFRS 16 | 180,357 | 9,720,747 | - | 155 |
| Transfers from prepayment on leasehold land and building on initial application of SLFRS 16 | - | - | - | - |
| Adjusted balance as at 1st April | 11,953,425 | 9,720,747 | - | 155 |
| Additions | 5,529,839 | 2,757,599 | - | - |
| Interest expense | 1,529,566 | 1,197,583 | 16 | 18 |
| Payments | (2,243,078) | (1,902,861) | - | - |
| Termination of Lease | (38,568) | - | - | - |
| Negative lease payments due to rent concessions | (123,565) | - | - | - |
| **Balance as at 31st March** | **16,607,619** | **11,773,068** | **189** | **173** |
| Lease liabilities included in the statement of financial position as at 31st March | | | | |
| Current (Note 26) | 1,123,546 | 850,431 | - | 28 |
| Non - current (Note 26) | 15,484,073 | 10,922,637 | 189 | 145 |
| | **16,607,619** | **11,773,068** | **189** | **173** |
| Maturity analysis - contractual undiscounted cash flows | | | | |
| Less than one year | 2,668,417 | 2,157,100 | 30 | 30 |
| One to five years | 10,326,266 | 9,865,697 | 152 | 121 |
| More than five years | 20,789,346 | 12,631,489 | - | 61 |
| **Total undiscounted liabilities as at 31st March** | **33,784,029** | **24,654,286** | **182** | **212** |

*Lease liabilities is presented under Note 26.

### 14.3 Amounts recognised in profit or loss

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| Depreciation of right-of-use assets | 1,438,593 | 1,049,556 | 20 | 20 |
| Interest expense on lease liabilities | 1,529,566 | 1,197,583 | 16 | 18 |
| Income from sub - leasing right of use assets presented in 'other income' | (24,324) | (33,043) | - | (2,400) |
| | 2,943,835 | 2,214,096 | 36 | (2,362) |

### 14.4 Amounts recognised in Statement of Cash Flows

| | | | | |
|---|---|---|---|---|
| Total cash outflow for leases | (2,243,078) | (1,902,861) | - | - |
| | (2,243,078) | (1,902,861) | - | - |

Impairment: The Group does not foresee any indications of impairment of right of use assets due to the COVID-19 pandemic since as Group is operating under the business continuity plan as per the Group risk management strategy, to the extent possible, whilst strictly adhering to and supporting government directives.

## 15. Prepayment on leasehold land and building

### 15.1 Reconciliation of carrying amount

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| Cost | | | | |
| As at 1st April | 200,912 | 251,597 | - | - |
| Transfer to right of use assets on initial application of SLFRS 16 | - | (201,570) | - | - |
| Additions | - | 150,885 | - | - |
| As at 31st March | 200,912 | 200,912 | - | - |
| Accumulated amortisation | | | | |
| As at 1st April | - | 27,390 | - | - |
| Transfer to right of use assets on initial application of SLFRS 16 | - | (27,390) | - | - |
| Charge for the year | - | - | - | - |
| As at 31st March | - | - | - | - |
| | 200,912 | 200,912 | - | - |
| Carrying value | | | | |
| Current portion | - | - | - | - |
| Non-current portion | 200,912 | 200,912 | - | - |
| | 200,912 | 200,912 | - | - |

### 15.1 Reconciliation of carrying amount (Contd.)

| Property | Lease period | Amount Rs.'000 |
|---|---|---|
| Cargills Foods Company (Pvt) Limited | | |
| Kolonnawa land | 99 years | 200,912 |

The prepaid leases as at 31st March 2021 relate to contracts that are to commence after 1st April 2021. No lease contracts have been signed as at 31st March 2021.

## 16. Investment Property

### 16.1 Reconciliation of carrying amount

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| As at 1st April | 8,185,909 | 7,975,453 | 1,620,743 | 1,583,264 |
| Improvements during the year | 92,666 | 104,112 | - | - |
| Re-classification from Property, plant & equipment | 799,357 | - | - | - |
| Change in fair value | 98,478 | 106,344 | (8,878) | 37,479 |
| As at 31st March | 9,176,410 | 8,185,909 | 1,611,865 | 1,620,743 |

Investment property comprises both commercial properties leased to third parties as well as land held for capital appreciation. Changes in fair values are recognised as gains in profit or gains/ losses. All gains are unrealised.

### 16.2 Measurement of fair values

*(a) Valuation process*

The valuations of investment property for the reporting period were performed by Mr. Tissa Weeratne, Chartered Valuation Surveyor, UK & Fellow, Institute of Valuers of Sri Lanka, an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the locations and categories of the investment property being valued. The valuation models applied are in accordance with those recommended by the International Valuation Standards Committee and are consistent with the principles in SLFRS 13. For all investment properties, their current use equates to the highest and best use and changes in Level 3 fair values are reviewed annually at each reporting date.

*(b) Valuation techniques used*

Valuation technique (1): Market comparable approach

The bare lands are valued using the market comparable approach. Under the market comparable approach, a property's fair value is estimated based on comparable transactions. The valuer used the comparable method of valuation involving analysing data obtained from local selling prices for the entire portfolio, by property type. The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. The unit of comparison applied by the Group is the price per perch.

Valuation techniques (2): Income capitalisation method
The commercial property (shopping malls & theatres) are valued using the income capitalisation method where a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation (discount) rate. The difference between gross and net rental income includes expense at rates estimated by the valuer.

*(c) Fair value hierarchy*
The fair value measurement for all the investment properties are categorised as a Level 3 fair value based on the inputs to the valuation technique used. A significant increase in the market value per perch, capitalisation rate and market rent used in arriving at fair value would result in a significant increase in fair value, and vice versa. There has been no change to the valuation technique during the year.

Level 1 - Quoted prices in active markets
Level 2 - Significant observable inputs
Level 3 - Significant unobservable inputs

*(d) Information about fair value measurements using significant unobservable inputs (Level 3)*
Property valuations are inherently subjective as they are made on the basis of assumptions made by the valuer which may not prove to be accurate. For these reasons we have classified the investment property valuations as Level 3 as defined by SLFRS 13.

Group

| Description of the property | Valuation technique | Land extent | Building area (Sq. ft.) | No. of buildings | In thousands of rupees | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Fair value | | Change in fair value | |
| | | | | | 2021 | 2020 | 2021 | 2020 |
| Company:- Cargills (Ceylon) PLC | | | | | | | | |
| Land - Colombo 02 | Technique (1) | 78 Perches | 5,146 | 1 | 724,687 | 705,337 | 19,350 | 15,121 |
| Commercial property - Jaffna | Technique (2) | Leasehold | 99,164 | 1 | 195,400 | 197,145 | (2,184) | (515) |
| Company:- Millers Limited | | | | | | | | |
| Bare land - Nittambuwa | Technique (1) | 112 Perches | - | - | 143,800 | 134,950 | 8,850 | 175 |
| Dematagoda | Technique (2) | 84.32 Perches | 71,956 | 1 | 768,802 | - | (38,727) | - |
| Company:- CT Land Development PLC | | | | | | | | |
| Commercial property - Colombo 4 | Technique (1) | 257 Perches | 277,514 | - | 3,967,626 | 3,843,767 | 39,804 | 38,943 |
| Company:- C T Real Estate (Private) Limited | | | | | | | | |
| Bare land Piliyandala | Technique (1) | 114 Perches | - | - | 102,600 | 102,600 | - | - |
| Commercial property - Piliyandala | Technique (2) | 154.9 Perches | 23,985 | 2 | 128,995 | 120,434 | 8,561 | 2,724 |
| Company:- C T Properties Lakeside (Private) Limited | | | | | | | | |
| Bare land - Boralesgamuwa | Technique (1) | 43 Acres | 11,400 | 1 | 1,200,000 | 1,200,000 | - | - |
| Company:- C T Properties G S (Private) Limited | | | | | | | | |
| Bare land - Kotahena | Technique (1) | 199.6 Perches | - | - | 1,518,500 | 1,498,500 | 20,000 | 29,970 |
| Company:- Frederick North Hotel Company (Private) Limited | | | | | | | | |
| Bare land - Boralasgamuwa | Technique (1) | 2.5 Acres | 23,168 | 4 | 426,000 | 383,176 | 42,824 | 19,926 |
| Total | | | | | 9,176,410 | 8,185,909 | 98,478 | 106,344 |

## 16. Investment Property (Contd.)

Company

| Description of the property | Valuation technique | Land extent | Building area (Sq. ft.) | No. of buildings | In thousands of rupees | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Fair value | | Change in fair value | |
| | | | | | 2021 | 2020 | 2021 | 2020 |
| Land - Kandy | Technique (1) | 170 Perches | 9,650 | 4 | 609,615 | 591,750 | 17,865 | 32,850 |
| Land - Negombo | Technique (1) | 91.0 Perches | 17,500 | 1 | 295,150 | 277,300 | 17,850 | - |
| Commercial property - Bandarawela | Technique (2) | 2.8 Acres | 30,600 | 4 | 552,000 | 599,240 | (47,240) | 2,000 |
| Land - Nuwara Eliya | Technique (1) | 60 Perches | 6,500 | 3 | 155,100 | 152,453 | 2,647 | 2,629 |
| Total | | | | | 1,611,865 | 1,620,743 | (8,878) | 37,479 |

*(e) The following table shows the valuation techniques used by Group in measuring level 3 fair values and the significant unobservable inputs used.*

| Valuation technique | Significant unobservable inputs | Sensitivity of the input to the fair value |
|---|---|---|
| Market comparable method: This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property | Construction cost per squarefoot Rs 24,000 Market price perperch. The valuer has used arange of prices for respectivelands based on adjusted fairvalue taking into account othervaluation considerations Rs. 800,000 - Rs. 18,000,000 per perch | The estimated fair value would increase/ (decrease) if:<br>» cost per square foot was higher / (lower); or<br>» market value per perch was higher / (lower)" |
| Income method: The net income generated by the property is used in conjunction with certain factors is used to calculate its fair value. | Occupancy rates 70% - 95% Capitalization rates 5% - 8%Repairs and insurance 25% - 30%Contractual rental Rs. 50,000-9,000,000 per month. | The estimated fair value would increase / (decrease) if:<br>» contractual rentals were higher / (lower);<br>» occupancy rates were higher/ (lower);<br>» capitalization rate was (higher) / lower;<br>» repair and insurance was (higher) / lower; or<br>» market value per perch was higher / (lower) |

*(f) Income and expense*

During the year ended 31st March 2021 Rs. 318.0 Mn (2020: Rs. 549.44 Mn) rental and ancillary income from investment properties was recognised in the Group profit or loss. Direct operating expenses, including repairs and maintenance, arising from investment property that generated rental income amounted to Rs. 143.04 Mn (2020: Rs. 207.76 Mn). The Group did not incur any direct operating expenses arising from investment properties that did not generate rental income (2020: Nil).

*(g) Restrictions and obligations*

As at 31st March 2021, there were no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal (2020: Rs. Nil) except for the restriction mentioned as note (i) below. There are no obligations to construct or develop the Group's residential or development land investment property or has no obligation to complete any construction of any property as at the reporting date.

*i. Restrictions on realisability of bare land located at Boralesgamuwa*

Sri Lanka Land Reclamation and Development Corporation (SLRDC) has issued an acquisition notice for this land under the Weras Reservoir Project on 29th March 2013. Due to impracticability of estimating the compensation to be received from SLRDC or fair value of the land as at 31st March 2021, the said land is stated at its previous revalued amount in the Financial Statements.

## 17. Intangible assets

### 17.1 Reconciliation of carrying amount

| In thousands of rupees | Group | | | | Company | |
|---|---|---|---|---|---|---|
| | Goodwill | Trademarks | Computer Software | Total | Goodwill | Total |
| **Cost** | | | | | | |
| As at 1st April 2019 | 1,323,227 | 287,698 | 495,074 | 2,105,999 | 688,467 | 688,467 |
| Additions | - | 9,528 | 56,398 | 65,926 | - | - |
| **As at 31st March 2020** | **1,323,227** | **297,226** | **551,472** | **2,171,925** | **688,467** | **688,467** |
| As at 1st April 2020 | 1,323,227 | 297,226 | 551,472 | 2,171,925 | 688,467 | 688,467 |
| Additions | - | - | 80,400 | 80,400 | - | - |
| **As at 31st March 2021** | **1,323,227** | **297,226** | **631,872** | **2,252,325** | **688,467** | **688,467** |
| **Accumulated amortisation/ impairment losses** | | | | | | |
| As at 1st April 2019 | 71,746 | 147,095 | 270,032 | 488,873 | - | - |
| Charged during the year | - | 22,509 | 70,512 | 93,021 | - | - |
| **As at 31st March 2020** | **71,746** | **169,604** | **340,544** | **581,894** | **-** | **-** |
| As at 1st April 2020 | 71,746 | 169,604 | 340,544 | 581,894 | - | - |
| Charged during the year | - | 23,142 | 52,327 | 75,469 | - | - |
| **As at 31st March 2021** | **71,746** | **192,746** | **392,871** | **657,363** | **-** | **-** |
| **Net carrying value** | | | | | | |
| As at 31st March 2020 | 1,251,481 | 127,622 | 210,928 | 1,590,031 | 688,467 | 688,467 |
| **As at 31st March 2021** | **1,251,481** | **104,480** | **239,001** | **1,594,962** | **688,467** | **688,467** |

### 17.2 Impairment loss and subsequent reversal of goodwill

*(a) Consolidation goodwill*

Goodwill on acquisition as at the reporting date has been tested for impairment. For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (operating divisions) as follows.

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| FMCG | 634,760 | 634,760 | - | - |
| Corporate | 688,467 | 688,467 | 688,467 | 688,467 |
| | 1,323,227 | 1,323,227 | 688,467 | 688,467 |

There has been no permanent impairment of intangible assets that require a provision during the year. Recoverable value of goodwill has been estimated based on the expected future cash flows. When testing for impairment for goodwill, the recoverable amount is determined on the basis of value-in-use calculations. These calculations use cash flow projections based on financial budgets which are approved by management and are discounted at an appropriate pre-tax discount rate equivalent to the average treasury bond rate.

The key assumptions used are given below;

» Business Growth - long term average growth for each division. The weighted average growth rate used is consistent with the forecast included in industry reports

» Inflation - current inflation rates

» Margin - past performance and budgeted expectations

» Discount rate - risk free adjusted for the specific risk relating to the industry

*(b) Company - Merger goodwill*

The Company goodwill relates to the property assets and investments acquired through the merger of Millers PLC with C T Holdings PLC (previously Ceylon Theatres PLC) in the financial year 2007/08. At the reporting date, the market value of the said quoted investments and property assets exceed the book value and the recognized goodwill. Therefore, no impairment was deemed to be necessary to the carrying value of goodwill stated in the Financial Statements.

## 18. Investments in subsidiaries

### 18.1 Reconciliation of carrying amount

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| **Cost** | | | | |
| As at 1st April | - | - | 2,789,958 | 2,679,958 |
| Additions | - | - | - | 110,000 |
| As at 31st March | - | - | 2,789,958 | 2,789,958 |
| **Less : Provision for impairment** | | | | |
| As at 1st April | - | - | (707,752) | (504,333) |
| Impairment recognised | - | - | (139,520) | (203,419) |
| As at 31st March | - | - | 847,272 | (707,752) |
| Net carrying amount | - | - | 1,942,686 | 2,082,206 |

### 18.2 Breakdown of the cost by investment

| Name of the investee | Principal activity | Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Ownership interest and voting power | | Total cost of investment (In thousands of rupees) | | Ownership interest and voting power | | Total cost of investment (In thousands of rupees) | |
| As at 31st March | | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Quoted | | | | | | | | | |
| Cargills (Ceylon) PLC | R & WD | 69.84% | 69.87% | 168,763 | 168,763 | 69.87% | 69.87% | 168,763 | 168,763 |
| CT Land Development PLC | Real estate | 67.86% | 67.86% | 513,913 | 513,913 | 67.86% | 67.86% | 513,913 | 513,913 |
| Kotmale Holdings PLC | FMCG | 69.50% | 69.86% | 1,964,833 | 1,964,833 | - | - | - | - |
| | | | | 2,647,509 | 2,647,509 | | | 682,676 | 682,676 |
| Un-quoted | | | | | | | | | |
| C T Properties Limited | Real estate | 91.95% | 92.03% | 2,488,925 | 2,488,925 | 73.61% | 73.61% | 1,831,850 | 1,831,850 |
| Ceylon Theatres (Private) Limited | Entertainment | 85.54% | 85.54% | 300,432 | 300,432 | 55.00% | 55.00% | 275,432 | 275,432 |
| Cargills Quality Foods Limited | FMCG | 69.84% | 69.87% | 1,193,453 | 1,193,453 | - | - | - | - |
| Cargills Agrifoods Limited | FMCG | 69.84% | 69.87% | 45,630 | 45,630 | - | - | - | - |
| C P C Lanka Limited | FMCG | 69.84% | 69.87% | 14,200 | 14,200 | - | - | - | - |
| Cargills Quality Diaries (Private) Limited | FMCG | 69.84% | 69.87% | 75,000 | 75,000 | - | - | - | - |
| Cargills Distributors (Private) Limited | FMCG | 69.84% | 69.87% | 50,261 | 50,261 | - | - | - | - |
| Cargills Food Processors (Private) Limited | Restaurants | 69.84% | 69.87% | 221,500 | 221,500 | - | - | - | - |

## 18. Investments in subsidiaries (Contd.)

| Name of the investee | Principal activity | Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Ownership interest and voting power | | Total cost of investment (In thousands of rupees) | | Ownership interest and voting power | | Total cost of investment (In thousands of rupees) | |
| As at 31st March | | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Cargills Food Services (Private) Limited | Restaurants | 69.84% | 69.87% | 213,500 | 213,500 | - | - | - | - |
| Millers Limited | R & WD | 69.84% | 69.87% | 300,000 | 300,000 | - | - | - | - |
| Cargills Foods Company (Private) Limited | R & WD | 69.84% | 64.28% | 1,167,947 | 475,000 | - | - | - | - |
| Cargills Quality Confectioneries (Private) Limited | FMCG | 69.84% | 69.87% | 1,535,547 | 1,535,547 | - | - | - | - |
| Dawson Office Complex (Private) Limited | Real estate | 69.84% | 69.87% | 101 | 101 | - | - | - | - |
| Cargills Frozen Products (Pvt) Limited | FMCG | 69.84% | 69.87% | 50,250 | 50,250 | - | - | - | - |
| Ceylon Agro Development Company (Pvt) Ltd | FMCG | 69.84% | 69.87% | 160,019 | 160,019 | - | - | - | - |
| C T Property Management Company (Private) Limited | Real estate | 91.95% | 92.03% | - | - | - | - | - | - |
| C T Real Estate (Private) Limited | Real estate | 91.95% | 92.03% | - | - | - | - | - | - |
| C T Properties Lakeside (Private) Limited | Real estate | 91.95% | 92.03% | - | - | - | - | - | - |
| C T Properties GS (Pvt) Ltd | Real estate | 91.95% | 92.03% | 615,446 | 615,446 | - | - | - | - |
| Kotmale Products Limited | FMCG | 69.50% | 69.53% | 185,400 | 185,400 | - | - | - | - |
| Kotmale Milk Foods Limited | FMCG | 69.50% | 69.53% | - | - | - | - | - | - |
| Kotmale Dairy Products (Private) Limited | FMCG | 69.50% | 69.53% | 13,030 | 13,030 | - | - | - | - |
| Kotmale Milk Products Limited | FMCG | 69.50% | 69.53% | - | - | - | - | - | - |
| Frederick North Hotel Company Limited | Real estate | 69.84% | 69.87% | 311,000 | 311,000 | - | - | - | - |
| The Empire Investments Company (Private) Limited | Real estate | 69.84% | 69.87% | 776,000 | 776,000 | - | - | - | - |
| | | | | 9,717,641 | 9,024,694 | | | 2,107,282 | 2,107,282 |
| | | | | 12,365,150 | 11,672,203 | | | 2,789,958 | 2,789,958 |

### 18.2.1 Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

| | Number of wholly owned subsidiaries | | Number of non wholly owned subsidiaries | |
|---|---|---|---|---|
| In thousands of rupees | 2021 | 2020 | 2021 | 2020 |
| Retail & wholesale distribution | - | - | 2 | 2 |
| Real estate | - | - | 9 | 9 |
| FMCG | - | - | 13 | 13 |
| Restaurants | - | - | 2 | 2 |
| Entertainment | - | - | 1 | 1 |
| Intermediary Investment Company | - | - | 1 | 1 |
| | - | - | 28 | 28 |

## 18.3 Non-controlling interest

### 18.3.1 Details of non-wholly owned subsidiaries that have material non-controlling interests

(a) Summarised financial information

The summarised financial information below represents amounts before intra-group eliminations.

| In thousands of rupees | Cargills (Ceylon) PLC | | CT Land Development PLC | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| **Assets** | | | | |
| Current assets | 23,123,652 | 21,822,233 | 206,396 | 207,781 |
| Non-current assets | 59,468,926 | 49,375,858 | 4,755,874 | 4,743,616 |
| Total assets | 82,592,578 | 71,198,091 | 4,962,270 | 4,951,397 |
| **Liabilities** | | | | |
| Current liabilities | 38,945,230 | 39,546,115 | 262,642 | 216,590 |
| Non-current liabilities | 20,686,627 | 13,287,158 | 695,535 | 793,122 |
| Equity | 22,960,721 | 18,364,818 | 4,004,093 | 3,941,685 |
| Total equity and liabilities | 82,592,578 | 71,198,091 | 4,962,270 | 4,951,397 |
| **Equity attributable to:** | | | | |
| Owners of the company | 22,953,847 | 12,831,498 | 2,128,841 | 2,674,827 |
| Non-controlling interests | 6,874 | 5,533,320 | 1,875,252 | 1,266,858 |
| | 22,960,721 | 18,364,818 | 4,004,093 | 3,941,685 |

### 18.3.1 Details of non-wholly owned subsidiaries that have material non-controlling interests (Contd.)

| In thousands of rupees | Cargills (Ceylon) PLC | | CT Land Development PLC | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| Revenue (Including other income) | 114,671,077 | 109,237,070 | 392,861 | 628,677 |
| Expenses | (111,187,438) | (106,475,651) | (265,123) | (441,347) |
| Profit for the year | 3,483,639 | 2,761,419 | 127,738 | 187,330 |
| Other comprehensive income / (loss) | 2,477,636 | (15,914) | (4,395) | (8,146) |
| **Total comprehensive income** | **5,961,275** | **2,745,505** | **123,343** | **179,184** |
| **Profit for the year attributable to:** | | | | |
| Owners of the Company | 2,434,019 | 1,929,403 | 86,734 | 127,122 |
| Non-controlling interests | 1,049,620 | 832,016 | 41,004 | 60,208 |
| **Profit for the year** | **3,483,639** | **2,761,419** | **127,738** | **187,330** |
| **Other comprehensive income attributable to:** | | | | |
| Owners of the company | 1,731,124 | (11,119) | (2,984) | 5,529 |
| Non-controlling interests | 746,512 | (4,795) | (1,411) | 2,618 |
| **Other comprehensive income / (loss)** | **2,477,636** | **(15,914)** | **(4,395)** | **(8,146)** |
| **Total comprehensive income attributable to:** | | | | |
| Owners of the Company | 4,165,143 | 1,918,284 | 83,750 | 121,594 |
| Non-controlling interests | 1,796,132 | 827,221 | 39,593 | 57,590 |
| **Total comprehensive income for the year** | **5,961,275** | **2,745,505** | **123,343** | **179,184** |
| **Dividends paid to non-controlling interests** | **395,304** | **465,004** | **19,561** | **58,756** |
| **Details of net cash inflows / (outflows)** | | | | |
| Net cash inflow from operating activities | 11,630,537 | 6,476,207 | 64,322 | 93,879 |
| Net cash outflow from investing activities | (10,010,054) | (5,422,917) | 124,464 | (140,081) |
| Net cash inflow / (outflow) from financing activities | 752,879 | (3,389,641) | (65,113) | (187,271) |
| **Net cash inflow / (outflow)** | **2,373,362** | **(2,336,351)** | **123,673** | **(233,473)** |
| **Proportion of ownership interest and voting power held by non-controlling-interest** | **30.16%** | **30.13%** | **32.10%** | **32.14%** |

## 19. Investments in equity accounted investees

### 19.1 Breakdown of investments in equity accounted investees

| Name of the investee<br>As at 31st March<br>In thousands of rupees | Principal activity | Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Ownership interest and voting power % | | Total cost of investment (in thousands of rupees) | | Ownership interest and voting power % | | Total cost of investment (in thousands of rupees) | |
| | | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| C T CLSA Holdings Limited | Financial services | 25.81% | 25.81% | 159,314 | 154,636 | 25.81% | 25.81% | 33,342 | 33,342 |
| Cinema Entertainments (Private) Limited | Entertainment | 30.92% | 30.92% | 7,823 | 11,033 | 16.67% | 16.67% | 1,375 | 1,375 |
| Cargills Bank Limited | Banking | 53.17% | 53.17% | 5,679,548 | 6,052,386 | 25.29% | 25.29% | 2,871,452 | 2,871,452 |
| | | | | 5,846,685 | 6,218,055 | | | 2,906,169 | 2,906,169 |

### 19.2 Summarised financial information as included in their own financial statements of equity accounted investees

| For the year ended 31st March<br>In thousands of rupees | C T CLSA Holdings Limited | | Cinema Entertainments (Private) Limited | | Cargills Bank Limited | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Profit / (loss) and other comprehensive income | | | | | | | | |
| Revenue | 408,318 | 371,372 | 1,070 | 18,090 | 1,939,758 | 2,362,242 | 2,349,146 | 2,751,704 |
| Other income | 40,045 | 62,339 | 1,060 | 2,389 | 73,180 | 90,072 | 114,285 | 154,800 |
| Total Expenses | (327,432) | (385,802) | (12,512) | (19,902) | (2,756,885) | (3,118,914) | (3,096,829) | (3,524,618) |
| Profit / (loss) for the year | 120,931 | 47,909 | (10,382) | 577 | (743,947) | (666,600) | (633,398) | (618,114) |
| Other comprehensive income/ (loss) for the year | (6,328) | 3,662 | - | | 45,784 | 75,103 | 39,456 | 78,765 |
| Total comprehensive income for the year | 114,603 | 51,571 | (10,382) | 577 | (698,163) | (591,497) | (593,942) | (539,349) |
| Transactions with owners | | | | | | | | |
| Dividend paid | (96,154) | - | - | - | - | - | (96,154) | - |
| Balance sheet | | | | | | | | |
| Total assets | 1,699,326 | 854,106 | 37,051 | 73,359 | 46,532,534 | 39,138,534 | 48,268,911 | 40,065,999 |
| Total liabilities | (1,082,067) | (254,973) | (11,750) | (37,677) | (36.798,232) | (28,706,069) | (37,892,049) | (28,998,719) |
| Net assets | 617,259 | 599,133 | 25,301 | 35,682 | 9,734,302 | 10,432,465 | 10,376,862 | 11,067,280 |
| Percentage of ownership interest as at 31st March | 25.81% | 25.81% | 30.92% | 30.92% | 53.17% | 53.17% | | |

### 19.2 Summarised financial information as included in their own financial statements of equity accounted investees (Contd.)

| For the year ended 31st March In thousands of rupees | C T CLSA Holdings Limited | | Cinema Entertainments (Private) Limited | | Cargills Bank Limited | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Reconciliation of carrying amount of interests in associates | | | | | | | | |
| Group's of share of net assets of associates | 159,314 | 154,636 | 7,823 | 11,033 | 5,173,749 | 5,546,588 | 5,340,887 | 5,712,257 |
| Goodwill | - | - | - | - | 505,798 | 505,798 | 505,798 | 505,798 |
| Carrying amount of investment in associates | 159,314 | 154,636 | 7,823 | 11,033 | 5,679,547 | 6,052,386 | 5,846,685 | 6,218,055 |
| Share of profit / (loss) | 31,212 | 12,365 | (3,210) | 179 | (395,531) | (354,409) | (367,529) | (341,865) |
| Share of other comprehensive income | | | | | | | | |
| Items that will not be re-classified subsequently to profit or loss: | - | - | - | - | - | 7,388 | - | 7,388 |
| Items that may be re-classified subsequently to profit or loss: | (1,633) | 945 | - | - | 24,342 | 32,542 | 22,709 | 33,487 |
| Share of other comprehensive income | (1,633) | 945 | - | - | 25,967 | 39,930 | 22,709 | 40,875 |

**19.3** The summarised financial information presented above represents amounts shown in the associate's Financial Statements prepared in accordance with Sri Lanka Financial Reporting Standards (SLFRS). All of the above associates are accounted for using the equity method in these consolidated Financial Statements.

**19.4** None of the Group equity accounted investees are publicly listed entities and consequentially do not have published price quotations.

**19.5** The financial year end date of Cargills Bank Limited is 31st December due to the industry requirement and Financial Statements for the year ended 31st December 2020 have been used for the purposes of applying the equity method. Further, there are no significant transactions between the dates of the Financial Statements of the said companies and 31st March 2021 which require any adjustments.

### 19.6 Restriction on voting power

*Cargills Bank Limited*

The Group's voting rights in Cargills Bank Ltd is below 50% as per the investment conditions imposed by the regulator. As such the Group does not have controlling power over the investee and accordingly the investment in Cargills Bank Limited is equity accounted.

## 20. Other financial assets

### 20.1 Breakdown of other non-current investments

| | Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | Shares / Units (Numbers) | | Carrying Value (In thousands of Rs.) | | Shares / Units (Numbers) | | Carrying Value (In thousands of Rs.) | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Investments in quoted companies | | | | | | | | |
| Ceylon Printers PLC | 118,830 | 118,830 | 6,179 | 7,665 | 118,830 | 118,830 | 6,179 | 7,665 |
| Office Equipment PLC | 163,700 | 163,700 | 8,905 | 12,114 | 163,700 | 163,700 | 8,905 | 12,114 |
| Paragon (Ceylon) PLC | 213,060 | 213,060 | 8,948 | 12,720 | 213,060 | 213,060 | 8,948 | 12,720 |
| Overseas Realty (Ceylon) PLC | 4,500 | 4,500 | 69 | 54 | 4,500 | 4,500 | 69 | 54 |
| Lanka IOC PLC | 525,000 | 525,000 | 11,978 | 8,295 | 325,000 | 325,000 | 6,175 | 5,135 |
| Hotel Developers (Lanka) PLC | 27,700 | 27,700 | - | - | - | - | - | - |
| The HDFC Bank of Sri Lanka | 70,000 | 70,000 | 2,338 | 1,407 | 70,000 | 70,000 | 2,338 | 1,407 |
| Lanka Walltiles PLC | 25,776 | 1,499,628 | 24,294 | 61,634 | 25,776 | 1,499,628 | 24,294 | 61,634 |
| Sierra Cables PLC | 49,500 | 49,500 | 1,049 | 104 | - | - | - | - |
| Aitken Spence PLC | 267,500 | 267,500 | 12,049 | 8,213 | - | - | - | - |
| | | | 75,809 | 112,206 | | | 56,908 | 100,729 |
| Investments in un-quoted companies | | | | | | | | |
| Lanka Film Distributors Company (Private) Limited | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Other investments | | | | | | | | |
| Comtrust Gilt Edged Fund (Unit trust) | 15,166,600 | 15,166,600 | 451,776 | 181,794 | 40,519,339 | 12,481,794 | 425,417 | 137,614 |
| | | | 527,685 | 294,100 | | | 482,425 | 238,443 |

20.1.1 The Group's shareholdings in the ordinary share capital of Office Equipment PLC, Ceylon Printers PLC and Paragon (Ceylon) PLC range between 19.64% to 21.30%. However, these companies have not been treated as equity accounted investees since the Group exercises no significant influence in the operations of the companies concerned.

## 21. Inventories

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| Raw material and consumables | 1,798,132 | 1,565,882 | - | - |
| Work-in-progress | 46,304 | 80,713 | - | - |
| Finished goods | 9,919,211 | 8,792,613 | - | - |
| Goods in transit | 53,381 | 58,093 | - | - |
| Food and beverages - restaurant operations | 76,792 | 126,663 | - | - |
| | 11,893,820 | 10,623,964 | - | - |
| Less - provision for obsolete and slow moving items | (114,203) | (84,721) | - | - |
| | 11,779,617 | 10,539,243 | - | - |

## 22. Trade and other receivables

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| Trade receivables (other than from related companies) | 3,287,580 | 3,759,581 | 2 | 6 |
| Amounts due from related companies (Note 31.3) | 303,831 | 55,189 | 21,722 | 20,819 |
| Current tax assets | 572,811 | 1,067,110 | (657) | 3,167 |
| Advances and other receivables | 642,081 | 774,468 | 27,413 | 24,918 |
| Loans given to employees (Note 22.1) | 114,974 | 103,758 | - | - |
| Prepayments and accrued income | 1,937,056 | 2,013,975 | - | - |
| | 6,858,333 | 7,774,081 | 48,480 | 48,910 |
| Less : provision for impaired / doubtful debts (Note 22.3) | (266,589) | (232,691) | - | - |
| | 6,591,744 | 7,541,390 | 48,480 | 48,910 |

### 22.1 Loans given to employees

| | | | | |
|---|---|---|---|---|
| As at 1st April | 103,758 | 64,874 | - | - |
| Loans granted during the year | 26,846 | 67,626 | - | - |
| Recoveries | (15,630) | (28,742) | - | - |
| As at 31st March | 114,974 | 103,758 | - | - |

### 22.2 Credit and market risks, and impairment losses

Information about the Group's exposure to credit, and impairment losses for trade and other receivables, excluding construction contracts in progress, is included in Note 30.5.

### 22.3 Movement in the provision for impaired / doubtful debts

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| As at 1st April | 232,691 | 147,671 | - | - |
| Impairment losses recognised | 33,898 | 85,020 | - | - |
| As at 31st March | 266,589 | 232,691 | - | - |

## 23. Cash and cash equivalents

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| Cash and bank balances | 3,107,779 | 2,155,819 | 23,590 | 1,045 |
| Short term deposits with banks (Note 23.1) | 1,002,210 | 900,536 | 121,176 | 19,502 |
| Cash and cash equivalents | 4,109,989 | 3,056,355 | 144,766 | 20,547 |
| Bank overdraft (Note 26) | (2,794,707) | (4,379,726) | (267) | (346) |
| Cash and cash equivalents in the statement of cash flows | 1,315,282 | (1,323,371) | 144,499 | 20,201 |

### 23.1 Short term deposits with bank

| | Group | | Company | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| Fixed & other deposits | 1.002,210 | 900,536 | 121,176 | 19,502 |
| | 1,002,210 | 900,536 | 121,176 | 19,502 |

### 24. Stated capital

| | Group | | Company | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| Issued and fully paid shares (In thousand rupees) | | | | |
| Issued ordinary shares as at 1st April | 6,489,758 | 6,489,758 | 6,489,758 | 6,489,758 |
| Issued for the year | - | - | - | - |
| Issued ordinary shares as at 31st March | 6,489,758 | 6,489,758 | 6,489,758 | 6,489,758 |
| No. of shares in issue (In thousands) | | | | |
| Issued ordinary shares as at 1st April | 201,407 | 201,407 | 201,407 | 201,407 |
| Issued during the year | - | - | - | - |
| Issued ordinary shares as at 31st March | 201,407 | 201,407 | 201,407 | 201,407 |

Fully paid ordinary shares carry one vote per share and carry a right to dividends. All ordinary shares rank equally with regard to the Company's residual assets.

### 25. Reserves

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| Revaluation reserve (Note 25.1) | 3,141,595 | 1,767,962 | - | - |
| Fair value reserve (Note 25.2) | 49,670 | 32,667 | 53,140 | 40,796 |
| | 3,191,265 | 1,800,629 | 53,140 | 40,796 |

### 25.1 Revaluation reserve

The revaluation reserve arises on the revaluation of land as described in Note 13.2 and is reflected net of the amounts capitalised through a share issue. Distributions from the properties revaluation reserve can be made where they are in accordance with the requirements of the Company's articles and any other statutes.

### 25.2 Fair value reserve

The fair value reserve represents the cumulative net change in the fair value of equity securities designated at fair value through other comprehensive income (FVOCI); and the cumulative net change in fair value of debt securities at FVOCI until the assets are derecognised or reclassified. This amount is reduced by the amount of loss allowance.

## 26. Interest bearing loans and borrowings

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| **Non-current liabilities** | | | | |
| Loans from banks | 2,885,731 | 18,331 | - | - |
| Finance lease liabilities (Note 26.1) | - | 7,720 | - | - |
| Lease liabilities (Note 14.2) | 15,484,073 | 10,922,637 | 189 | 145 |
| | 18,369,804 | 10,948,688 | 189 | 145 |
| **Current liabilities** | | | | |
| Loans from banks | 15,447,113 | 13,877,919 | - | - |
| Finance lease liabilities (Note 26.1) | 3,606 | 4,116 | - | - |
| Bank overdraft | 2,794,707 | 4,379,726 | 267 | 346 |
| Lease liabilities (Note 14.2) | 1,123,546 | 850,431 | - | 28 |
| | 19,368,972 | 19,112,192 | 267 | 374 |

### 26.1 Finance lease liabilities

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| As at 1st April | 11,836 | 1,665 | - | - |
| Obtained during the year | 2,486 | 15,612 | - | - |
| Repayments during the year | (10,716) | (1,746) | - | - |
| As at 31st March | 3,606 | 15,531 | - | - |
| Finance charges allocated to future periods | - | (3,695) | - | - |
| Net liability | 3,606 | 11,836 | - | - |
| | | | | |
| Current portion of finance lease liabilities | 3,606 | 4,116 | - | - |
| Non-current portion of finance lease liabilities | - | 7,720 | - | - |
| Net liability | 3,606 | 11,836 | - | - |

**26.2** Information about the Group's exposure to risks is covered in Note 30.4.

## 26.3 Terms and repayment schedule

Terms and conditions of outstanding loans are as follows :

| Institution and facility | Principal amount Rs. '000 | Amount Outstanding Rs. '000 | Repayment terms & interest rate | Security offered |
|---|---|---|---|---|
| **Cargills (Ceylon) PLC** | | | | |
| Bank overdraft | | | | |
| Commercial Bank of Ceylon PLC | 200,000 | - | On demand, based on monthly AWPLR+1.0% | Corporate guarantee from C T Holdings PLC |
| Deutsche Bank | 45,000 | 43,639 | On demand, based on the prevailing market rates | Clean basis |
| MCB Bank Limited | 500,000 | 498,834 | On demand, based on monthly AWPLR | Clean basis |
| Nations Trust Bank PLC | 35,000 | - | On demand, based on weekly AWPLR+1.0% | Clean basis |
| Sampath Bank PLC | 100,000 | - | On demand, based on monthly AWPLR+1.0% | Clean basis |
| | | 542,373 | | |
| Short term loans | | | | |
| Bank of Ceylon | 1,500,000 | - | 1-12 months, based on the prevailing market rates | Clean basis |
| Commercial Bank of Ceylon PLC | 1,500,000 | 450,000 | 1-12 months, based on the prevailing market rates | Corporate guarantee for Rs. 50 Mn. from C T Holdings PLC |
| Hatton National Bank PLC | 250,000 | - | 1-4 months, based on weekly AWPLR | Clean basis |
| Nations Trust Bank PLC | 2,965,000 | 2,965,000 | 1-3 months, based on the prevailing market rates | Clean basis |
| Sampath Bank PLC | 1,800,000 | - | 1-6 months, based on the prevailing market rates | Clean basis |
| | | 3,415,000 | | |
| Long Term Loan | | | | |
| Commercial Bank of Ceylon PLC | 800,000 | 693,189 | Interest to be serviced monthly and capital to be repaid in 03 bi-annual installments | Clean basis |
| | | 693,189 | | |

### 26.3 Terms and repayment schedule (Contd.)

| Institution and facility | Principal amount | Amount Outstanding | Repayment terms & interest rate | Security offered |
|---|---|---|---|---|
| | Rs. '000 | Rs. '000 | | |
| **Cargills Foods Company (Private) Limited** | | | | |
| Bank overdraft | | | | |
| Bank of Ceylon | 115,000 | 1,569 | On demand, based on monthly AWPLR+0.5% | Clean basis |
| Cargills Bank Limited | - | 378,310 | On demand, based on the prevailing market rates | Fully secured against cash |
| Commercial Bank of Ceylon PLC | 50,000 | - | On demand, based on monthly AWPLR+1.0% | Corporate guarantee from Cargills (Ceylon) PLC |
| Deutsche Bank | 500,000 | 566,871 | On demand, based on the prevailing market rates | Clean basis |
| | | 946,750 | | |
| Short term loans | | | | |
| Bank of Ceylon | 500,000 | - | 1-12 months, based on the prevailing market rates | Clean basis |
| Commercial Bank of Ceylon PLC | 2,950,000 | 2,945,000 | 1-12 months, based on the prevailing market rates | Corporate guarantee of Rs.250.0 Mn. from Cargills (Ceylon) PLC |
| Hatton National Bank PLC | 3,250,000 | 3,250,000 | 1-4 months, based on weekly AWPLR | Clean basis |
| Standard Chartered Bank | 2,600,000 | 1,250,000 | 1-4 months, based on the prevailing market rates | Clean basis |
| Union Bank PLC | 300,000 | - | 1-4 months, based on monthly AWPLR+1.00% | Clean basis |
| Long Term Loan | | | | |
| Commercial Bank of Ceylon PLC | | 3,001,056 | Interest to be serviced monthly and capital to be repaid in 3 bi-annual installments | Clean basis |
| | | 11,392,806 | | |
| **Cargills Agrifoods Limited** | | | | |
| Bank overdraft | | | | |
| Cargills Bank Limited | - | 100,800 | On demand, based on the prevailing market rates | Fully secured against cash |
| Commercial Bank of Ceylon PLC | 150,000 | 7,523 | On demand, based on monthly AWPLR+1.0% | Corporate guarantee for Rs.155 Mn. from Cargills (Ceylon) PLC |
| National Develoment Bank PLC | - | - | On demand, based on the prevailing market rates | Clean basis |
| | | 108,323 | | |

| Institution and facility | Principal amount | Amount Outstanding | Repayment terms & interest rate | Security offered |
|---|---|---|---|---|
| | Rs. '000 | Rs. '000 | | |
| **Cargills Food Processors (Private) Limited** | | | | |
| Bank overdraft | | | | |
| Cargills Bank Limited | - | 64,273 | On demand, based on the prevailing market rates | Fully secured against cash |
| Commercial Bank of Ceylon PLC | 100,000 | - | On demand, based on monthly AWPLR +1.0% | Corporate guarantee for Rs.50 Mn. from Cargills (Ceylon) PLC |
| Deutsche Bank | 100,000 | - | On demand, based on the prevailing market rates | Clean basis |
| | | 64,273 | | |
| Short term loans | | | | |
| Commercial Bank of Ceylon PLC | 250,000 | - | 1-12 months, based on the prevailing market rates | Corporate guarantee from Cargills (Ceylon) PLC |
| | | - | | |
| | | 64,273 | | |
| **Cargills Food Services (Private) Limited** | | | | |
| Bank overdraft | | | | |
| Commercial Bank of Ceylon PLC | - | 1,735 | On demand, based on the prevailing market rates | Clean basis |
| Deutsche Bank | 5,000 | 4,462 | On demand, based on the prevailing market rates | Clean basis |
| | | 6,197 | | |
| Short term loans | | | | |
| Hatton National Bank PLC | 85,000 | 12,000 | 1-6 months, based on weekly AWPLR+0.5% | Clean basis |
| | | 12,000 | | |
| Long Term Loans | | | | |
| Hatton National Bank PLC | 11,700 | 8,775 | To be repaid over a period of 02 years in 24 equal monthly installments | Clean basis |
| | | 8,775 | | |

## 26.3 Terms and repayment schedule (Contd.)

| Institution and facility | Principal amount Rs. '000 | Amount Outstanding Rs. '000 | Repayment terms & interest rate | Security offered |
|---|---|---|---|---|
| **Cargills Quality Confectionaries (Private) Limited** | | | | |
| Bank Overdrafts | | | | |
| Commercial Bank of Ceylon PLC | 100,000 | 36,986 | On demand, based on monthly AWPLR +1.0% | Corporate guarantee for Rs.150 Mn. from Cargills (Ceylon) PLC |
| Short term loans | | | | |
| Hatton National Bank PLC | 200,000 | - | 1-4 months, based on weekly AWPLR | Corporate guarantee for Rs. 200 Mn. from Cargills (Ceylon) PLC |
| | | - | | |
| | | 36,986 | | |
| **Cargills Quality Dairies (Private) Limited** | | | | |
| Bank overdraft | | | | |
| Commercial Bank of Ceylon PLC | 50,000 | 21,990 | On demand, based on monthly AWPLR +1.0% | Corporate guarantee for Rs. 70 Mn. from Cargills (Ceylon) PLC |
| Cargills Bank Limited | - | 165,133 | On demand, based on the prevailing market rates | Fully secured against cash |
| Deutsche Bank | 100,000 | 98,107 | On demand, based on the prevailing market rates | Clean basis |
| Seylan Bank PLC | - | 9,449 | On demand, based on monthly AWPLR +2.5% | Clean basis |
| | | 294,679 | | |
| Short term loans | | | | |
| Commercial Bank of Ceylon PLC | 1,450,000 | 270,000 | 1-12 months, based on the prevailing market rates | Clean basis |
| Hatton National Bank PLC | 2,500,000 | 190,000 | 1-4 months, based on weekly AWPLR | Clean basis |
| Standard Chartered Bank | 1,150,000 | 1,150,000 | 1-12 months, based on the prevailing market rates | Clean basis |
| | | 1,610,000 | | |
| | | 1,904,679 | | |

| Institution and facility | Principal amount Rs. '000 | Amount Outstanding Rs. '000 | Repayment terms & interest rate | Security offered |
|---|---|---|---|---|
| **Cargills Quality Foods Limited** | | | | |
| Bank overdraft | | | | |
| Commercial Bank of Ceylon PLC | 50,000 | 30,253 | On demand, based on monthly AWPLR +1.0% | Corporate guarantee for Rs. 125 Mn. from Cargills (Ceylon) PLC |
| Deutsche Bank | 350,000 | 350,218 | On demand, based on the prevailing market rates | Clean basis |
| | | 380,471 | | |
| Short term loans | | | | |
| Commercial Bank of Ceylon PLC | 100,000 | 95,000 | 1-12 months, based on the prevailing market rates | Corporate guarantee from Cargills (Ceylon) PLC |
| Hatton National Bank PLC | 1,000,000 | 395,200 | 1-4 months, based on weekly AWPLR | Clean basis |
| Standard Chartered Bank | 750,000 | 500,000 | 1-12 months, based on the prevailing market rates | Clean basis |
| | | 990,200 | | |
| | | 1,370,671 | | |
| **Millers Limited** | | | | |
| Bank overdraft | | | | |
| Cargills Bank Limited | - | 13,460 | On demand, based on the prevailing market rates | Fully secured against cash |
| Deutsche Bank | 200,000 | 197,855 | On demand, based on the prevailing market rates | Clean basis |
| Hatton National Bank PLC | 200,000 | - | On demand, based on weekly AWPLR | Corporate Guarantee for Rs. 335 Mn. from Cargills (Ceylon) PLC |
| Commercial Bank of Ceylon PLC | 50,000 | 5,326 | | |
| | | 216,641 | | |
| Short term loans | | | | |
| Commercial Bank of Ceylon PLC | 200,000 | 40,000 | 1-12 months, based on the prevailing market rates | Corporate Guarantee for Rs. 215 Mn. from Cargills (Ceylon) PLC |
| Standard Chartered Bank | 250,000 | - | 1-3 months, based on the prevailing market rates | Corporate Guarantee for Rs. 250 Mn. from Cargills (Ceylon) PLC |
| | | 40,000 | | |
| | | 256,641 | | |

### 26.3 Terms and repayment schedule (Contd.)

| Institution and facility | Principal amount Rs. '000 | Amount Outstanding Rs. '000 | Repayment terms & interest rate | Security offered |
|---|---|---|---|---|
| **Ceylon Agro Development Company (Private) Limited** | | | | |
| Short term loans | | | | |
| Hatton National Bank PLC | 100,000 | 40,000 | 1-6 months, based on weekly AWPLR+0.5% | Clean basis |
| Long term loan | | | | |
| Hatton National Bank PLC | 9,529 | 8,331 | To be repaid over a period of 02 years in 23 equal monthly installments | Clean basis |
| | | 8,331 | | |
| | | 48,331 | | |
| **Kotmale Dairy Products (Private) Limited** | | | | |
| Bank overdraft | | | | |
| Bank of Ceylon | 10,000 | - | On demand, based on the prevailing market rates | Corporate guarantee from Kotmale Holdings PLC. Mortgage over stocks and book debtors |
| Seylan Bank PLC | - | 82,328 | On demand, based on the prevailing market rates | Clean basis |
| Import Loan facility / Series of Loan on Import | | | | |
| Bank of Ceylon | 40,000 | - | Based on the prevailing market interset rates | Corporate guarantee from Kotmale Holdings PLC. Mortgage over stocks and book debtors |
| Short term loans | | | | |
| Hatton National Bank PLC | 1,000,000 | 605,000 | 1-4 months, based on weekly AWPLR | Clean basis |
| Commercial Bank of Ceylon PLC | 100,000 | 100,000 | 1-12 months, based on the prevailing market rates | Letter of Comfort obtained from Cargills Quality Dairies (Private) Limited |
| | | 705,000 | | |
| | | 787,328 | | |

| Institution and facility | Principal amount Rs. '000 | Amount Outstanding Rs. '000 | Repayment terms & interest rate | Security offered |
|---|---|---|---|---|
| **Kotmale Milk Products Limited** | | | | |
| Bank overdraft | | | | |
| Pan Asia Bank Corporation Limited | 5,000 | - | On demand, based on the prevailing market rates | Corporate guarantee from Kotmale Holdings PLC |
| | | - | | |
| Import Loan facility | | | | |
| Pan Asia Bank Corporation Limited | 20,000 | - | Based on the prevailing market rates | Corporate guarantee from Kotmale Holdings PLC |
| **The Empire Investment Company (Private) Limited** | | | | |
| Short term loans | | | | |
| Hatton National Bank PLC | 150,000 | 150,000 | 1-4 months, based on weekly AWPLR | Corporate Guarantee for Rs. 150 Mn. from Cargills (Ceylon) PLC |
| | | 150,000 | | |
| **Ceylon Theatres (Pvt) Ltd** | | | | |
| Short term loans | | | | |
| Commercial Bank of Ceylon PLC | 50,000 | 35,899 | 59 equal monthly Installments of Rs 833,400.00 and final installment of Rs 829,400.00 (AWPLR + 2%) | Corporate Guarantee for Rs. 50 Mn. from C T Holdings PLC |
| Commercial Bank of Ceylon PLC | 10,000 | 9,332 | Covid 19 refinance- 4%. Capital repayments from March 21 (03 mnt grace period from Dec 21) | Corporate Guarantee for Rs. 25 Mn. from CT Land Development PLC |
| | | 45,231 | | |
| Bank overdraft | | | | |
| Commercial Bank of Ceylon PLC | 62,000 | 60,379 | Payable on demand (AWPLR +1.0%) | Corporate Guarantees of Rs 25 Mn each from C T Holdings PLC and CT Land Development PLC |
| | | 60,379 | | |
| | | 105,610 | | |
| **CT Land Development PLC** | | | | |
| Short term loans | | | | |
| Commercial Bank of Ceylon PLC | 174,500 | 169,062 | Payable on demand (AWPLR +1.0%) | Negative pledge executed over the "Majestic City" property situated at No. 10 Station Road, Colombo 4 |

### 26.3 Terms and repayment schedule (Contd.)

| Institution and facility | Principal amount Rs. '000 | Amount Outstanding Rs. '000 | Repayment terms & interest rate | Security offered |
|---|---|---|---|---|
| Bank overdraft | | | | |
| Commercial bank PLC | - | 54,940 | Payable on demand. Based on Market rates. | No security provided |
| | | 224,002 | | |
| C T Holdings PLC | | | | |
| Bank overdraft | | | | |
| Cargills Bank Ltd | - | 267 | Payable on demand. Based on the prevailing market rates | No security provided |
| Bank overdraft | | 2,794,707 | | |
| Short term loans | | 18,332,844 | | |
| | | 21,127,551 | | |

## 27. Employee benefits

### 27.1 Reconciliation of carrying amount

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| Balance as at 1st April | 1,316,770 | 1,142,816 | 31,128 | 26,051 |
| Current service cost | 143,539 | 112,960 | 1,477 | 170 |
| Interest cost | 138,085 | 124,970 | 3,114 | 2,488 |
| Benefits paid | (58,214) | (131,440) | - | (1,135) |
| Actuarial (gain)/ loss | 84,024 | 67,464 | (1,123) | 3,554 |
| **Balance as at 31st March** | **1,624,204** | **1,316,770** | **34,596** | **31,128** |
| (a) Amounts recognised in profit or loss | | | | |
| Current service cost | 143,539 | 112,960 | 1,477 | 170 |
| Interest cost | 138,085 | 124,970 | 3,114 | 2,488 |
| | **281,624** | **237,930** | **4,591** | **2,658** |
| (b) Amounts recognised in other comprehensive income | | | | |
| Actuarial (gain)/ loss | 84,024 | 67,464 | (1,123) | 3,554 |
| | **84,024** | **67,464** | **(1,123)** | **3,554** |

### 27.2 Actuaries

The Group engaged the actuaries, Messrs. Actuarial and Management Consultants (Private) Limited to carry out the actuarial valuation of different companies within the Group.

### 27.3 Actuarial assumptions & sensitivity analysis

(a) Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date:

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| Discount rate | 8% | 10% - 11% | 6.8% | 10% |
| Future salary growth | 5% - 10% | 5% - 10% | 7.5% | 7.5% |

In addition to the above, demographic assumptions such as mortality, withdrawal and disability, and retirement age were considered for the actuarial valuation. “A 67/07 mortality table” issued by the Institute of Actuaries, London was used to estimate the gratuity liability of all Group companies.

(b) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| Increase | | | | |
| Discount rate (1% movement) | (31,933) | (63,266) | (34,166) | (645) |
| Future salary growth (1% movement) | 106,215 | 74,879 | 34,918 | 575 |
| Decrease | | | | |
| Discount rate (1% movement) | 101,685 | 69,715 | 35,033 | 665 |
| Future salary growth (1% movement) | (37,060) | (68,009) | (34,272) | (570) |

### 27.4 Share-based payment arrangements of subsidiaries

*a) Description of share based payment arrangements*

An Employee Share Option Scheme (ESOS) proposed by the Directors of the subsidiary Cargills (Ceylon) PLC (CCP) for the benefit of it's employees and those of its subsidiaries (''Group'') was approved by the shareholders of CCP at an Extra Ordinary General Meeting held on 29th June 2017.

Under the terms of the ESOS, which are in compliance with the Listing Rules of the Colombo Stock Exchange, a maximum number of seven million six hundred seventy nine thousand nine hundred and ninety seven (7,679,997) ordinary voting shares could be issued which is equivalent to 3.0% of the issued capital of CCP. The share options would be granted in three tranches which would constitute:

a) First tranche - 3,839,999 options constituting 1.50% of the issued shares of the Company at an exercise price of Rs. 184.98

b) Second tranche - 1,919,999 options constituting 0.75% of the issued shares of the Company at an exercise price of Rs. 172.33; and

c) Third tranche - 1,919,999 options constituting 0.75% of the issued shares of the Company at an exercise price of Rs. 211.40;

### 27.4 Share-based payment arrangements of subsidiaries (Contd.)

Each of the aforesaid tranches are subdivided in to sub tranches with different vesting periods and exercise periods. Share options would be issued to employees who are eligible for the award of the share options for a consideration that is equivalent to the volume weighted average price during the period of thirty (30) market days immediately prior to the respective grant dates for each tranche.

The key terms and conditions related to the grants under these tranches are as follows; all options are to be settled by the physical delivery of shares.

| Type of Tranche | Number of options | Vesting Condition | Vesting Period | Vesting Date | Exercise Period | Exercise Duration |
|---|---|---|---|---|---|---|
| Tranche 1 | | | | | | |
| Sub Tranche 1 | 1,280,000 | Remaining in employment up until the vesting date. | 3 Months | September 30,2017 | October 1,2017 to March 31, 2019 | 1 Year & 6 Months |
| Sub Tranche 2 | 1,280,000 | | 9 Months | March 31,2018 | April 1,2018 to March 31, 2020 | 2 Years |
| Sub Tranche 3 | 1,279,999 | | 1 Year & 9 Months | March 31,2019 | April 1,2019 to March 31, 2021 | 2 Years |
| Tranche 2 | | | | | | |
| Sub Tranche 1 | 640,000 | Remaining in employment up until the vesting date. And meeting the performance related conditions relating to FY 2018/19. | 1 Year & 4 Months | July 31,2019 | August 1,2019 to March 31, 2020 | 8 Months |
| Sub Tranche 2 | 640,000 | | 2 Years | March 31,2020 | April 1,2020 to March 31, 2021 | 1 Year |
| Sub Tranche 3 | 639,999 | | 3 Years | March 31,2021 | April 1,2021 to March 31, 2022 | 1 Year |
| Tranche 3 | | | | | | |
| Sub Tranche 1 | 640,000 | Remaining in employment up until the vesting date. And meeting the performance related conditions relating to FY 2019/20. | 1 Year & 4 Months | July 31,2020 | August 1,2020 to March 31, 2021 | 8 Months |
| Sub Tranche 2 | 640,000 | | 2 Years | March 31,2021 | April 1,2021 to March 31, 2022 | 1 Year |
| Sub Tranche 3 | 639,999 | | 3 Years | March 31,2022 | April 1,2022 to March 31, 2023 | 1 Year |
| Total Share Options | 7,679,997 | | | | | |

Grant date

As per "SLFRS 2 - Share-based Payments" the entity should recognise the value/cost of the share options granted to employees through the ESOS scheme based on the Grant Date of the share options. The date of obtaining the shareholder approval for ESOS is recognised as the grant date for all 3 tranches of the ESOS scheme which is 29th June 2017.

### 27.4.1 Measurement of fair values

As required by SLFRS 2 on "Share-based Payment", the fair value of the ESOS was estimated at the grant date using the Binomial Valuation Model taking into consideration various terms and conditions upon which the share options are granted.

The inputs used in measurement of fair value at the grant date of ESOS were as follows:

| | Tranches | | |
|---|---|---|---|
| Description of the valuation input | Tranche 1 | Tranche 2 | Tranche 3 |
| Expected dividend yield rate (%) | 1.5 | 1.5 | 1.5 |
| Risk free rate (%) | 10.73 | 10.73 | 10.73 |
| Probability of share price increase (%) | 80 | 80 | 80 |
| Probability of share price decrease (%) | 20 | 20 | 20 |
| Size of annual increase of share price (%) | 18 | 18 | 18 |
| Size of annual reduction in share price (%) | 10 | 10 | 10 |
| **Exercise price (Rs.)** | **184.98** | **172.33** | **211.4** |

The probability of price movements of the Company share price has been arrived at by taking into consideration share price movements of Company during the last five year period.

### 27.4.2 Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the ESOS scheme were as follows:

| In thousands of options | Number of options 2021 | *WAEP 2021 (Rs.) | Number of options 2020 | *WAEP 2020 (Rs.) |
|---|---|---|---|---|
| Outstanding as at 1st April | 4,480 | 192.69 | 6,383 | 189.12 |
| Options not allocated | - | - | - | - |
| Forfeited during the year | (2,103) | 189.17 | (1,903) | 180.73 |
| Exercised during the year | (457) | 184.98 | - | - |
| Granted during the year | - | - | - | - |
| Outstanding as at 31st March | 1,920 | 198.38 | 4,480 | 192.69 |
| **Exercisable as at 31st March** | **-** | **-** | **1,280** | **184.98** |

*WAEP - Weighted Average Exercise Price

During the year 456,688 Options were exercised by employees, in respect of which 93,457 shares were issued during the year and 363,231 shares were issued after the year end.

Exercise period of the first tranche of the ESOS concluded on 31st March 2021 and no further options were issued in respect to Tranches 2 and 3 due to the qualification criteria not being met. Accordingly, there are no exercisable options at the reporting date.

## 28. Capital Grants

### 28.1 Reconciliation of carrying amount - Government grants

| In thousands of rupees | Group | |
|---|---|---|
| As at 31st March | 2021 | 2020 |
| **Gross** | | |
| As at 1st April | 116,907 | 116,907 |
| Received during the year | - | - |
| As at 31st March | 116,907 | 116,907 |
| **Accumulated amortisation** | | |
| As at 1st April | 77,970 | 66,487 |
| Amortised during the year | 11,483 | 11,483 |
| As at 31st March | 89,453 | 77,970 |
| **Net carrying value** | | |
| As at 31st March | 27,454 | 38,937 |

### 28.2 Grants received

| Granted By | Purpose of the grant | Basis of amortisation | In thousand of rupees | | | |
|---|---|---|---|---|---|---|
| | | | Amount received | Balance as at 1-Apr-20 | Amortised during the year | Balance as at 31-Mar-21 |
| United States Agency for International Development (USAID) and Connecting Regional Economies (USAID/CORE) | Kilinochchi project | Based on the corresponding expenditure being incurred | 92,002 | 30,109 | (9,075) | 21,034 |
| | Dehiattakandiya project | Based on depreciation applicable corresponding to the plant & machinery acquired from the grant. | 24,905 | 8,828 | (2,408) | 6,420 |
| | | | 116,907 | 38,937 | (11,483) | 27,454 |

## 29. Trade and other payables

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| **Current** | | | | |
| Trade creditors (other than from related companies) | 11,480,197 | 10,394,651 | - | - |
| Amounts due to related companies (Note 31.3) | 4,281 | 1,358 | 7,036 | 6,385 |
| Accruals, other accounts payable & provisions | 4,835,272 | 3,563,857 | 11,051 | 18,052 |
| Put options written on non-controlling interest | - | 3,659,385 | - | - |
| | 16,319,750 | 17,619,251 | 18,087 | 24,437 |
| **Non current** | | | | |
| Security deposits (Note 29.1) | 169,679 | 169,608 | - | - |
| | 169,679 | 169,608 | - | - |

### 29.1 Security deposits

This represents deposits which are repayable at the termination of tenancy agreements.

## 30. Financial instruments – Fair values and risk management

### 30.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| In thousands of rupees | | Financial assets at amortised cost | | FVTPL equity instruments | | FVOCI equity instruments | |
|---|---|---|---|---|---|---|---|
| As at 31st March | Note | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Group | | | | | | | |
| Financial Assets | | | | | | | |
| Financial assets measured at fair value | | | | | | | |
| - Other financial assets | 20 | - | - | 451,776 | 181,894 | 75,809 | 112,206 |
| Financial assets not measured at fair value | | | | | | | |
| - Trade receivables and amounts due from related companies | 22 | 3,591,411 | 3,814,770 | - | - | - | - |
| - Other financial assets | | 63,865 | 59,794 | - | - | - | - |
| - Other receivables | 22 | 757,055 | 878,226 | - | - | - | - |
| - Cash and cash equivalents | 23 | 4,109,989 | 3,056,355 | - | - | - | - |
| Total financial assets | | 8,522,320 | 7,809,145 | 451,776 | 181,894 | 75,809 | 112,206 |

| Financial liabilities | | Financial liabilities at Amortised cost | |
|---|---|---|---|
| Financial liabilities not measured at fair value | | | |
| - Interest bearing loans and borrowings | 26 | 37,738,777 | 30,060,880 |
| - Security deposits | 29 | 169,679 | 169,608 |
| - Trade creditors and amounts due to related companies | 29 | 11,484,478 | 10,396,009 |
| - Put liability | 29 | - | 3,659,385 |
| Total financial liabilities | | 49,392,934 | 44,285,882 |

| In thousands of rupees | | Financial assets at amortised cost | | FVTPL equity instruments | | FVOCI equity instruments | |
|---|---|---|---|---|---|---|---|
| As at 31st March | Note | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| **Company** | | | | | | | |
| Financial assets | | | | | | | |
| Financial assets measured at fair value | | | | | | | |
| - Other financial assets | 20 | - | - | 425,417 | 137,714 | 63,865 | 100,729 |
| | | | | | | | |
| Financial assets not measured at fair value | | | | | | | |
| - Trade receivables | 22 | 21,724 | 20,825 | - | - | - | - |
| - Other financial assets | | 63,865 | 59,794 | - | - | - | - |
| - Other receivables | 22 | 27,413 | 24,918 | - | - | - | - |
| - Cash and cash equivalents | 23 | 144,766 | 20,547 | - | - | - | - |
| Total financial assets | | 257,768 | 126,084 | 451,776 | 181,894 | 75,809 | 112,206 |

| Financial liabilities | | Financial liabilities at Amortised cost | |
|---|---|---|---|
| Financial liabilities not measured at fair value | | | |
| - Borrowings | 26 | 456 | 519 |
| - Security deposits | 29 | - | - |
| - Trade creditors | 29 | 7,036 | 6,385 |
| Total financial liabilities | | 7,492 | 6,904 |

### 30.2 Fair Value Hierarchy

The table below analyzes financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

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

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

Level 3: Quoted prices (unadjusted) in active markets for identical assets or liabilities

| In thousands of rupees | | Level 1 | | Level 2 | | Level 3 | | Total | |
|---|---|---|---|---|---|---|---|---|---|
| As at 31st March | Note | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| **Group** | | | | | | | | | |
| Freehold land and buildings | 13 | - | - | - | - | 16,676,737 | 13,418,484 | 16,676,737 | 13,418,484 |
| Investment property | 16 | - | - | - | - | 9,176,410 | 8,185,909 | 9,176,410 | 8,185,909 |
| Other Investments | 20.1 | 75,809 | 112,206 | 451,776 | 181,794 | 100 | 100 | 527,685 | 294,100 |
| **Company** | | | | | | | | | |
| Freehold land and buildings | | - | - | - | - | - | - | - | - |
| Investment property | 16 | - | - | - | - | 1,611,865 | 1,620,743 | 1,611,865 | 1,620,743 |
| Other Investments | 20.1 | 56,908 | 100,729 | 425,417 | 137,614 | 100 | 100 | 482,425 | 238,443 |

### 30.2.1 Assets and Liabilities Measured at Fair Value - Recurring

The following table shows the valuation techniques used by both Group in measuring level 3 fair values and the significant unobservable inputs used.

| Asset and liabilities | Valuation technique | Significant unobservable inputs | Sensitivity of the input to the fair value |
|---|---|---|---|
| Property, plant and equipment - Freehold land and building | Market comparable method:<br>This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property | Market value per perch of land/Price per square foot. The valuerhas used a range of pricesfor respective lands basedon adjusted fair value takinginto account other valuationconsiderations - Rs. 800,000 - Rs. 18,000,000 per perch | Estimated fair value will increase / decrease if Price per perch/ sq ft increases/ (decreases) |
| | Income method:<br>The net income generated by the property is used in conjunction with certain factors is used to calculate its fair value. | Cash flows from propertydiscounted at an appropriaterateContactual rental Rs. 50,000 - 9,000,000 per month. Capitalization rates 5% - 8% Repairs and insurance 25% - 30% | Estimated fair value will increase (decrease) if; market interest rate increases/ (decreases) |
| Investment property - Freehold land and building | Market comparable method:<br>This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property | Construction cost per squarefoot Rs. 24,000 Market price perperch. The valuer has used arange of prices for respectivelands based on adjusted fairvalue taking into account othervaluation considerations - Rs. 800,000 - Rs. 18,000,000 per perch | The estimated fair value would increase/ (decrease) if cost per square foot was higher/(lower)<br>Market value per perch was higher/(lower) |
| | Income method:<br>The net income generated by the property is used in conjunction with certain factors is used to calculate its fair value. | Contractual rentals agreed Occupancy rates 70% - 95% Capitalization rates 5% - 8% Repairs and insurance 25% - 30% Contractual rental Rs. 50,000 - 9,000,000 per month. | The estimated fair value would increase/ (decrease) if<br>Contractual rentals were higher/ (lower)<br>Occupancy rates were higher/ (lower)<br>Capitalization rate was (higher)/ lower<br>Repair and insurance was (higher)/ lower<br>Market value per perch was higher/ (lower) |

### 30.3 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2017.

The capital structure of the Group consists of below:

| In thousands of rupees | | Group | | Company | |
|---|---|---|---|---|---|
| As at 31st March | Note | 2021 | 2020 | 2021 | 2020 |
| **Debt (long and short term borrowings, excluding derivatives)** | | | | | |
| Interest bearing loans and borrowings | 26 | 37,738,776 | 30,060,880 | 456 | 519 |
| Put liability | | - | 3,659,385 | - | - |
| Net debt | | 37,738,776 | 33,720,265 | 456 | 519 |
| **Equity (all capital and reserves of the Group that are managed as capital)** | | | | | |
| Stated capital | 24 | 6,489,758 | 6,489,758 | 6,489,758 | 6,489,758 |
| Reserves | 25 | 3,191,265 | 1,800,629 | 53,140 | 40,796 |
| Retained earnings | | 13,678,172 | 12,899,459 | 1,125,945 | 910,356 |
| Non-controlling interest | | 7,954,517 | 5,317,420 | - | - |
| Total equity | | 31,313,712 | 26,507,266 | 7,668,843 | 7,440,910 |
| Total debt and equity | | 69,052,489 | 60,227,531 | 7,669,299 | 7,441,429 |

The Group is not subject to any externally imposed capital requirements.

### 30.4 Financial risk management

The Group has exposure to the following risks arising from financial instruments:

» credit risk

» liquidity risk and

» market risk

#### Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management processes are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management processes/ guidelines and procedures and reviews the adequacy of the risk management framework in relation to the risks. The Audit Committee is assisted in its oversight role by Risk Management team and Internal Audit, who undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### 30.5 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

The carrying amount of financial assets represents the maximum credit exposure.

| In thousands of rupees | | Group | | Company | |
|---|---|---|---|---|---|
| As at 31st March | Note | 2021 | 2020 | 2021 | 2020 |
| Trade receivables | 22 | 3,591,411 | 3,814,770 | 21,724 | 20,825 |
| Other receivables | 22 | 757,055 | 878,226 | 27,413 | 24,918 |
| Other financial assets | 20 | 63,865 | 59,794 | 63,865 | 59,794 |
| Cash and cash equivalents | 23 | 4,109,989 | 3,056,355 | 144,766 | 20,547 |
| | | 8,522,320 | 7,809,145 | 257,768 | 126,084 |

### 30.5.1 Trade receivables

Trade receivables net of provisions for impairments were at the aging set out below.

| | Group 2021 | Group 2020 | Company 2021 | Company 2020 |
|---|---|---|---|---|
| Neither past due nor impaired | 21,722 | 20,819 | 21,722 | 20,819 |
| 1 - 30 days | 2,162,652 | 1,787,865 | 2 | 6 |
| 31 - 60 days | 1,024,002 | 1,118,381 | - | - |
| 61 - 90 days | 210,807 | 447,982 | - | - |
| More than 90 days | 172,228 | 439,723 | - | - |
| | 3,591,411 | 3,814,770 | 21,724 | 20,825 |

Based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings, if available, the management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full.

#### Impairment and risk exposure

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment.

The movement in the provision for impairment in respect of trade and other receivables during the year is given in Note 22.3.

### 30.5.2 Cash and cash equivalents

The Group held cash and cash equivalents of Rs. 4.1 Bn at 31st March 2021 (2020: Rs. 3.06 Bn). The cash and cash equivalents are held with bank and financial institution counter-parties, with high credit ratings which are rated AAA (lka) to BBB-(lka), based on Fitch Ratings.

### 30.5.3 Corporate guarantees

The Group's policy is to provide financial guarantees only to subsidiaries. As at 31st March 2021, the Company had issued guarantees to certain banks in respect of credit facilities granted to subsidiaries (refer Notes 34.1 & 34.2)

### 30.6 Liquidity risk

Exposure to liquidity risk - Contractual maturities of financial liabilities at the reporting date.

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group holds cash and undrawn committed facilities to enable the Group to manage its liquidity risk.

The Group monitors its risk to shortage of funds by considering maturity of both the Group's financial investment and financial assets and other projected cash flow from operations.

The Group's objective is to maintain balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts over a wider spread of maturity periods. In liquidity risk management, the Group uses a mixed approach where it combines elements of cash flow matching approach and the liquid assets approach. The business units attempt to match cash outflows in each time bucket against a combination of contractual cash inflows that can be generated through the sale of assets, repurchase agreement or secured borrowings.

Contractual cash flows

| In thousands of rupees<br>Group | Note | Carrying value | Contractual maturity | Within 1 year | Between 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|---|
| **As at 31st March 2020** | | | | | | | |
| Bank overdraft | 26 | 4,379,726 | 4,379,726 | 4,379,726 | - | - | 4,379,726 |
| Loans from banks | 26 | 13,896,250 | 14,009,274 | 13,986,574 | 22,700 | - | 14,009,274 |
| Trade and other payables | 29 | 17,788,859 | 17,788,859 | 17,619,251 | 169,608 | - | 17,788,859 |
| Finance lease liabilities | 26.1 | 11,836 | 11,836 | 4,116 | 7,720 | - | 11,836 |
| Lease Liabilities | 14.2 | 11,773,068 | 24,654,286 | 2,157,100 | 9,865,697 | 12,631,489 | 24,654,286 |
| | | 47,849,739 | 60,843,981 | 38,146,767 | 10,065,725 | 12,631,489 | 60,843,981 |
| **As at 31st March 2021** | | | | | | | |
| Bank overdraft | 26 | 2,794,707 | 2,794,707 | 2,794,707 | - | - | 2,794,707 |
| Loans from banks | 26 | 37,738,777 | 40,380,491 | 22,010,687 | 18,369,804 | - | 40,380,491 |
| Trade and other payables | 29 | 16,319,750 | 16,319,750 | 16,319,750 | - | - | 16,319,750 |
| Finance lease liabilities | 26.1 | 3,606 | 3,858 | 3,606 | - | - | 3,606 |
| | | 56,856,840 | 59,498,806 | 59,498,806 | 18,369,804 | - | 59,498,806 |

Contractual cash flows of the Company are not material, and are therefore not disclosed seperately.

### 30.7 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### 30.7.1 Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the Sri Lankan rupees (LKR).The Group also has limited exposure in respect of recognised foreign currency assets and liabilities. Currency risk exposure is not material to the Group.

#### 30.7.2 Interest rate risk

The Group is exposed to interest rate risk on borrowings and deposits. The Group's interest rate policy seeks to minimise the cost and volatility of the Group's interest expense by maintaining a diversified portfolio of fixed rate, floating rate and inflation-linked liabilities.

The Group adopt policy of ensuring borrowings are maintained at manageable level while optimizing return. Interest rates are negotiated leveraging on the strength of the Cargills Group and thereby ensuring the availability of cost effective funds at all time, while minimizing the negative effect of market fluctuations. Further, the Group has considerable banking facilities with several reputed banks which has enabled the Group to negotiate competitive rates.

#### 30.7.3 Market Price Risk

Listed equity securities are susceptible to market price risk arising from uncertainties of future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity portfolio investments. The Group's equity risk management policies are;

» Equity investment decisions are based on fundamentals rather than on speculation; and

» Decisions are based on in depth macroeconomic and industry analysis as well as research reports on company performance. Market price risk exposure is not material to the Group.

#### 30.7.4 Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's and Group's profit before tax (through the impact on floating rate borrowings).

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| +100 basis points | (144,072) | (138,679) | (34,150) | (29,950) |
| -100 basis points | 144,072 | 138,679 | 34,150 | 29,950 |

## 31. Related parties

### 31.1 Transactions with key management personnel

According to the LKAS 24 - "Related Party Disclosures", Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including Executive & Non-Executive Directors) of the Company have been classified as Key Management Personnel of the entity.

(a) Mrs. R Page, wife of Mr. Ranjit Page , is a Director of the Double Yummm (Private) Limited with which Cargills Foods Company (Private) Limited had regular transactions in the ordinary course of business and the amount outstanding as at 31st March 2021 was Rs. 13.72 Mn (2020 - Rs. 19.92 Mn). Purchases for re-sale in the ordinary course of business for the year amounted to Rs. 123.71 Mn (2020 - Rs. 130.52 Mn) and rental income earned for the year is Nil (2020 - Rs. 0.58 Mn).

(b) Short term employment benefits paid to key management personnel have been disclosed in the Note 8.1 to these Financial Statements. There are no post employment benefits paid during the year.

(c) No unsecured loans to Directors have been granted during the year.

Close Family Members (CFM) of a KMP are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity. They may include;

(a) the individual's domestic partner and children;

(b) children of the individual's domestic partner; and

(c) dependents of the individual or the individual's domestic partner

CFM are related parties to the entity. There were no transactions with CFM during the year.

### 31.2 Other related party transactions

Transactions that are carried out in the ordinary course of business between the Company and other Group companies as well as between Group companies who are defined as related parties in Sri Lanka Accounting Standards (LKAS - 24 'Related party Disclosures') are disclosed below.

a) Transactions between the Company and the other Group companies

| Related Company | Common Directors | Transaction | 2021<br>Rs.'000 | 2020<br>Rs.'000 |
|---|---|---|---|---|
| C T Properties Limited | Ranjit Page<br>R. Selvaskandan<br>Louis Page<br>Joseph Page<br>Ms. Cecilia Page<br>Muttukumaru<br>S C Niles | Recovery of Expenditure<br>Settlement | (2,061)<br>3,800 | (1,003)<br>1,000 |
| Ceylon Theatres (Private) Limited | Louis Page<br>R. Selvaskandan<br>Joseph Page<br>Ms. Cecilia Page<br>Muttukumaru<br>S C Niles<br>M I Abdul Wahid | Rent Income<br>Settlement | -<br>3,570 | 7,048<br>1,028 |
| Millers Limited | M I Abdul Wahid | Rent Income<br>Settlement | -<br>- | 5,280<br>(5,280) |
| Cinema Entertainment (Private) Limited | R. Selvaskandan<br>S C Niles | Rent Income<br>Settlement | -<br>- | 2,341<br>(1,305) |
| Cargills (Ceylon) PLC | Louis Page<br>Ranjit Page<br>M I Abdul Wahid<br>Priya Edirisinghe<br>Sunil Mendis<br>Joseph Page | Recovery of Expenditure | (655) | (1,094) |

b) Transactions between Group companies

| In thousands of rupees | Balance as at 31-Mar-20 | Net Amount Received / (Paid) | Balance as at 31-Mar-21 | Purchase / Sale of Goods | Receipt / Rendering of Services | Interest Received / Paid | Dividend Received / Paid |
|---|---|---|---|---|---|---|---|
| Subsidiary | | | | | | | |
| Cargills (Ceylon) PLC | (1,042,435) | (271,178) | (1,313,613) | ✓ | ✓ | ✓ | ✓ |
| Cargills Foods Company (Private)Limited | 725,523 | 169,787 | 895,310 | ✓ | ✓ | ✓ | ✓ |
| Cargills Quality Foods Limited | (65,351) | 69,022 | 3,671 | ✓ | ✓ | ✓ | ✓ |
| Cargills Quality Diaries (Private)Limited | (416,371) | 37,744 | (378,627) | ✓ | ✓ | ✓ | ✓ |
| The Empire Investments Company (Private) Limited | 33,890 | 140,001 | 173,891 | - | ✓ | - | - |
| Kotmale Holdings PLC | 1,661 | (966) | 695 | - | ✓ | - | - |
| Kotmale Products Limited | (57,775) | (19,663) | (77,438) | - | - | - | - |
| Kotmale Milk Foods Limited | - | - | - | - | - | - | - |
| Kotmale Dairy Products (Private) Limited | 146,503 | (132,790) | 13,713 | ✓ | ✓ | ✓ | - |
| Kotmale Milk Products Limited | - | - | - | - | - | - | - |
| Cargills Quality Confectioneries (Private) Limited | (54,897) | 3,747 | (51,150) | ✓ | ✓ | - | - |
| Cargills Agrifoods Limited | (142,278) | (6,543) | (148,821) | ✓ | ✓ | ✓ | ✓ |
| C P C Lanka Limited | (53,910) | 18,705 | (35,205) | ✓ | ✓ | ✓ | ✓ |
| Cargills Food Processors (Private) Limited | 7,362 | (9,726) | (2,364) | ✓ | ✓ | ✓ | ✓ |
| Cargills Food Services (Private) Limited | (158) | (223) | (381) | ✓ | ✓ | ✓ | - |
| Millers Limited | (93,110) | (8,361) | (101,471) | ✓ | ✓ | ✓ | ✓ |
| Dawson Office Complex (Private) Limited | 66,111 | (66,111) | - | - | - | - | - |
| Ceylon Agro Development Company (Private) Limited | 2,494 | (2,476) | 18 | ✓ | - | - | - |
| CT Land Development PLC | (13,637) | (4,400) | (18,037) | ✓ | ✓ | - | ✓ |
| Ceylon Theatres (Private) Limited | 69,049 | (50,495) | 18,554 | ✓ | ✓ | - | - |
| C T Properties Limited | 916,969 | 30,201 | 947,170 | - | - | - | - |
| C T Property Management Company (Private) Limited | - | - | - | - | - | - | - |
| C T Real Estate (Private) Limited | (8,374) | 8,374 | - | - | - | - | - |
| C T Properties Lakeside (Private) Limited | - | - | - | - | - | - | - |
| C T Properties G S (Private) Limited | - | - | - | - | - | - | - |
| Frederick North Hotel Company Limited | 326 | (326) | - | - | - | - | - |
| Enterprise Solution | - | 3,200 | 3,200 | - | - | - | - |
| Equity accounted investees | | | | | | | |
| C T CLSA Holdings Limited | - | - | - | - | - | - | ✓ |
| Cinema Entertainments (Private) Limited | 1,729 | 1,090 | 2,819 | - | - | - | - |
| Cargills Bank Limited | 40,235 | 32,746 | 72,981 | - | - | - | - |

### 31.3 Related party balances

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| **(a) Amount due from subsidiary companies** | | | | |
| Ceylon Theatres (Private) Limited | - | - | 16,549 | 12,979 |
| Millers Limited | - | - | 1,765 | 5,281 |
| | - | - | 18,314 | 18,260 |
| **(b) Amount due from other related companies** | | | | |
| United Hotels Co. Limited | 66 | 303 | - | - |
| Cargills Bank Limited | 72,981 | 40,235 | - | - |
| Ceylon Hotels Corporation PLC | 257 | 522 | - | - |
| Galle Face Hotel Company Limited | 480 | 3,039 | - | - |
| Kandy Hotels Company (1938) PLC | 85 | 194 | - | - |
| Cinema Entertainments (Private) Limited | 3,483 | 10,896 | 3,408 | 2,559 |
| Cargills Foundation | 226,479 | - | - | - |
| | 303,831 | 55,189 | 3,408 | 2,559 |
| Total amounts due from related companies | 303,831 | 55,189 | 21,722 | 20,819 |
| **(c) Amounts due to subsidiary companies** | | | | |
| Cargills (Ceylon) PLC | - | - | 7,036 | 6,381 |
| C T Properties Limited | - | - | - | 4 |
| | - | - | 7,036 | 6,385 |
| **(d) Amount due to other related companies** | | | | |
| Unidil Packaging Ltd | 4,281 | 1,358 | - | - |
| | 4,281 | 1,358 | - | - |
| Total amounts due to related companies | 4,281 | 1,358 | 7,036 | 6,385 |

### 31.4 Parent Company and ultimate controlling entity

Odeon Holdings (Ceylon) (Private) Limited holds 42.09% (2020 – 41.85%) of the ordinary share capital of the Company.

## 32. Operating segments

The Group has six reportable segments, as described in Note 2.1, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different management strategies. For each of the strategic business units, the Group's chief decision maker reviews internal management reports at least on a quarterly basis.

### 32.1 Geographical information

The Group does not distinguish its turnover into significant geographical segments.

**32.2** The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2.1. Segment profit represents the profit before tax earned by each segment without allocation of corporate net income and Directors' salaries, share of profit of associates, other gains and losses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments:

(a) All assets are allocated to reportable segments other than interests in associates and assets used by the head office. Goodwill is allocated to reportable segments as described in Note 17.1. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

(b) All liabilities are allocated to reportable segments other than liabilities of the head office, if there are any.

| | Retail & Wholesale Distribution | | FMCG | | Restaurants | | Real Estate | | Entertainment | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 31-Mar | 31-Mar | 31-Mar | 31-Mar | 31-Mar | 31-Mar | 31-Mar | 31-Mar | 31-Mar | 31-Mar | 31-Mar | 31-Mar |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenue | | | | | | | | | | | | |
| Gross revenue | 89,589,107 | 86,643,155 | 27,470,785 | 24,682,579 | 3,422,733 | 4,152,067 | 347,468 | 559,710 | 18,092 | 266,632 | 120,927,120 | 116,304,143 |
| Eliminations of inter segment revenue | (84,336) | (345,011) | (7,791,228) | (8,142,067) | - | - | (31,650) | (96,461) | - | - | (7,849,932) | (8,583,539) |
| Corporate and other unallocated revenue | | | | | | | | | | | (136,127) | 96,461 |
| External revenue | 89,504,771 | 86,298,144 | 19,679,557 | 16,540,512 | 3,422,733 | 4,152,067 | 315,818 | 463,249 | 18,092 | 266,632 | 112,940,971 | 107,817,065 |
| Segment result | | | | | | | | | | | | |
| Results from operating activities | 2,629,699 | 3,133,941 | 4,002,056 | 3,582,985 | 448,625 | 386,134 | 55,990 | 360,786 | 123,999 | (78,403) | 7,012,371 | 7,385,442 |
| Corporate and other unallocated operating profit | | | | | | | | | | | 187,946 | (108,154) |
| Total results from operating activities | | | | | | | | | | | 7,200,317 | 7,277,288 |
| Reportable Segment Profit after tax | 657,025 | 926,708 | 2,887,451 | 2,263,280 | 226,655 | 198,146 | 152,835 | 187,841 | (155,423) | (108,560) | 3,768,543 | 3,467,414 |
| Corporate and other unallocated operating profit | | | | | | | | | | | (447,274) | (745,537) |
| | | | | | | | | | | | 3,321,269 | 2,721,877 |
| Reportable Segment Profit after attributable to owners of the parent | | | | | | | | | | | | |
| Reportable Segment Profit after attributable to owners of the parent | 458,866 | 599,535 | 2,016,596 | 1,580,786 | 158,296 | 138,439 | 103,744 | 120,906 | (132,949) | (94,812) | 1,518,452 | 2,344,854 |
| Corporate and other unallocated operating profit | | | | | | | | | | | (543,035) | (939,868) |
| | | | | | | | | | | | 2,061,487 | 1,404,986 |
| Net Finance Costs | (1,799,026) | (1,815,682) | (383,991) | (484,688) | (107,944) | (138,914) | (61,515) | (71,330) | (31,424) | (30,687) | (2,498,370) | (2,541,300) |
| Corporate and other unallocated | | | | | | | | | | | (235,749) | (139,431) |
| | | | | | | | | | | | (2,619,750) | (2,680,731) |
| Non Current Assets | | | | | | | | | | | | |
| Property, plant & equipment | 18,895,656 | 16,093,820 | 8,332,717 | 6,816,197 | 1,052,652 | 1,119,118 | 1,423,245 | 974,543 | 335,409 | 339,986 | 30,039,680 | 25,343,664 |
| Right of use asset | 12,136,959 | 8,752,383 | 796,542 | 47,742 | 1,236,080 | 1,109,031 | 45,666 | 48,447 | 311,340 | 20,694 | 14,526,586 | 9,978,297 |
| Investment properties | 143,800 | 118,429 | 21,989 | 34,267 | - | - | 6,438,220 | 7,226,229 | - | - | 6,604,009 | 7,378,925 |
| Intangible assets and goodwill | 164,029 | 148,728 | 723,861 | 47,033 | 111,395 | 135,782 | 4,385 | 5,425 | - | - | 1,003,670 | 336,968 |
| Other investments | - | - | 118 | 42 | 84 | 42 | 102,571 | 127,482 | - | - | 102,773 | 127,566 |
| Deferred tax assets | - | - | 13,036 | 12,838 | 3,192 | - | - | - | - | - | 16,228 | 12,838 |
| Total Segment Non-current assets | 31,340,444 | 25,113,360 | 9,888,263 | 6,958,119 | 2,403,403 | 2,363,973 | 8,014,087 | 8,382,125 | 646,749 | 360,680 | 52,292,946 | 43,178,258 |
| Prepayment on leasehold land and building | 200,912 | - | - | - | - | - | - | - | - | - | 200,912 | - |
| Investment in Subsidiary | - | - | - | - | - | - | - | - | - | - | - | - |
| | 31,541,356 | 25,113,360 | 9,888,263 | 6,958,119 | 2,403,403 | 2,363,973 | 8,014,087 | 8,382,125 | 646,749 | 721,360 | 52,493,858 | - |

### 32. Operating segments (Contd.)

| | Retail & Wholesale Distribution | | FMCG | | Restaurants | | Real Estate | | Entertainment | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 31-Mar | 31-Mar | 31-Mar | 31-Mar | 31-Mar | 31-Mar | 31-Mar | 31-Mar | 31-Mar | 31-Mar | 31-Mar | 31-Mar |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Current assets | | | | | | | | | | | | |
| Inventories | 9,292,815 | 8,004,536 | 2,405,479 | 2,382,345 | 79,011 | 128,178 | - | - | 1,567 | 2,532 | 11,778,872 | 10,517,591 |
| Trade and other receivables | 3,152,995 | 3,435,327 | 2,202,782 | 2,683,360 | 194,040 | 118,797 | 302,918 | 362,690 | 29,845 | 44,972 | 5,882,580 | 6,645,146 |
| Cash and cash equivalents | 1,903,586 | 1,516,537 | 1,516,329 | 836,051 | 368,645 | 175,968 | 24,935 | 11,324 | 4,309 | 18,842 | 3,817,804 | 2,558,722 |
| Total Segment current assets | 14,349,396 | 12,956,400 | 6,124,590 | 5,901,756 | 641,696 | 422,943 | 327,853 | 374,014 | 35,721 | 66,346 | 21,479,256 | 19,721,459 |
| Total Segement Assets | 45,890,752 | 38,069,760 | 16,012,853 | 12,859,875 | 3,045,099 | 2,786,916 | 8,341,940 | 8,756,139 | 682,470 | 427,026 | 73,973,114 | 62,899,717 |
| Investments in equity accounted investees | | | | | | | | | | | 5,846,685 | 6,218,055 |
| Corporate and other un-allocated assets | | | | | | | | | | | 12,334,620 | 11,251,135 |
| Total assets | | | | | | | | | | | 92,154,417 | 80,368,907 |
| Segment liabilities | | | | | | | | | | | | |
| Non-current liabilities | | | | | | | | | | | | |
| Borrowings | 15,713,686 | 9,719,642 | 721,628 | 32,272 | 1,249,722 | 1,068,854 | 51,744 | 11,204 | 312,612 | 35,724 | 18,049,393 | 10,867,696 |
| Employee benefits | 829,173 | 621,192 | 119,800 | 93,584 | - | - | 58,066 | 51,358 | 2,536 | 2,394 | 1,009,575 | 768,528 |
| Capital Grants | - | - | 27,456 | 38,936 | - | - | - | (83,978) | - | - | 27,456 | (45,042) |
| Trade and other payables | - | - | - | - | - | - | 169,679 | 175,102 | - | - | 169,679 | 175,102 |
| Deferred tax liabilities | 48,563 | 105,205 | 438,542 | 563,853 | (950) | 24,898 | 399,515 | 475,602 | - | 883 | 885,670 | 1,170,440 |
| Total segment non-current liabilites | 16,591,422 | 10,446,039 | 1,307,426 | 728,644 | 1,248,772 | 1,093,752 | 679,005 | 629,288 | 315,148 | 39,001 | 20,141,773 | 12,936,724 |
| Current liabilities | | | | | | | | | | | | |
| Trade and other payables | 12,592,150 | 10,541,374 | 2,379,279 | 2,286,327 | 535,415 | 624,491 | 1,010,625 | 89,958 | 149,798 | 28,780 | 16,667,267 | 13,570,930 |
| Current tax liabilities | 780,659 | 779,783 | 2,324,382 | 1,942,890 | 412,681 | 310,108 | 18,728 | 6,061 | 837 | 837 | 3,537,287 | 3,039,679 |
| Borrowings | 10,080,346 | 9,373,880 | 4,355,700 | 5,419,623 | 323,551 | 344,361 | 388,163 | 332,028 | 127,910 | 104,896 | 15,275,670 | 15,574,789 |
| Total segment current liabilities | 23,453,155 | 20,695,037 | 9,059,361 | 9,648,840 | 1,271,647 | 1,278,960 | 1,417,516 | 428,047 | 278,545 | 134,513 | 35,480,224 | 32,185,398 |
| Total segment liabilites | 40,044,577 | 31,141,076 | 10,366,787 | 10,377,484 | 2,520,419 | 2,372,712 | 2,096,521 | 1,057,335 | 593,693 | 173,514 | 55,621,997 | 45,122,122 |
| Corporate and unallocated liabilites | | | | | | | | | | | 5,218,707 | 8,739,519 |
| Total liabilities | | | | | | | | | | | 60,840,705 | 53,861,641 |

### 33. Commitments

The capital expenditure commitments of the Company and Group approved by the Directors were as follows:

#### 33.1 Capital commitments

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| (a) Subsidiary Company Cargills (Ceylon) PLC | | | | |
| Approved and contracted | 2,157,569 | 1,411,267 | - | - |

(b) The subsidiary Company CT Land Development PLC has awarded contracts in the previous year as a part of the company's refurbishment programme. from which a sum of Rs 32.2 Mn is outstanding.

### 33.2 Financial commitments

| In thousands of rupees | Group | | Company | |
|---|---|---|---|---|
| As at 31st March | 2021 | 2020 | 2021 | 2020 |
| (a) Settlement of letter of credits and import bills | 2,018,360 | 380,588 | - | - |
| | 2,018,360 | 380,588 | - | - |

## 34. Contingent liabilities

### 34.1 IFRIC 23 - Uncertainty over Income Tax Treatments

#### 34.1.1 Deferred tax on Freehold Land

The Inland Revenue Act No. 24 of 2017 and new tax rates including capital gains taxes were effective from 1 April 2018. Accordingly, the income tax charge for the year ended 31 March 2021 has been computed at rates applicable to the year of assessment 2020/21. The provision for deferred tax as at 31 March 2021 has been calculated at 10% on capital gains arising from revalued Land applicable post 1 April 2018.

The uncertain tax treatment relates to the interpretation of the new law relating to freehold land for tax purposes, where the Group had to exercise judgement to determine the provision required for deferred taxes on capital gains applicable to freehold land.

Having sought independent professional legal advice, the Group is of the view that the freehold land used in the business falls under the category of "Investment Assets" and that it is likely that the taxation authorities would accept the Group's tax treatment and accordingly, deferred tax has been provided on the related gain on revaluation post 1 April 2018.

In the event it is deemed that freehold land be considered as "Capital Assets used in the business", the Company and Group would have to make an additional deferred tax charge in the statement of profit or loss and other comprehensive income for the year ended 31st March 2021, as shown below:

| Statement of profit or loss and other comprehensive income<br>In millions of rupees | Group | | Company | |
|---|---|---|---|---|
| For the year ended 31st March | 2021 | 2020 | 2021 | 2020 |
| Freehold land classified as investment property which may have a P&L impact | 1,351 | 1,500 | 298 | 357 |
| Freehold land classified as property, plant & equipment which could have an OCI impact | 587 | 669 | - | - |

The above amounts have not been recognised in these consolidated financial statements because based on the independent professional and legal advice received.

### 34.1.2 Income Tax

a. The income tax exemptions and concessions claimed under the Inland Revenue Act No. 10 of 2006 for the years of assessment between 2006/07 to 2017/18, is being contested by the Department of Inland Revenue. Having sought professional advice, the Management is confident that the tax exemptions are applicable and as such no liabilities would arise. Where necessary, interim stay orders have been obtained on any recovery actions.The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. Accordingly, no additional provision has been made in the Financial Statements.

b. The Deputy Commissioner of Inland Revenue has made an additional assessment of Income Tax for the year ended 31st March 2018 of Rs. 49.5 Mn on the subsidiary Company CT Land Development PLC and also imposed a penalty of Rs. 29.6 Mn by considering the difference between the total value of credits in the subsidiary Company's current account and the declared revenue as undeclared revenue. The subsidiary Company's Financial Statements have been prepared on an accruals basis as per generally accepted accounting principles and have been duly audited and reported on by the Auditors. The declared revenue of the subsidiary Company according to its Financial Statements is accurate and the assumption made by the Deputy Commissioner that all deposits other than fund transfers need to be considered as revenue cannot be accepted. A full reconciliation between the subsidiary Company's declared revenue and the total value of deposits credited to our bank account has been carried out and included in an appeal made to the CGIR through its tax consultants.

   No adjustments have been made in the Financial Statements in this regard as the management of the subsidiary Company believes that there is no likelihood of an unfavourable outcome.

### 34.2 Bank guarantee

Cargills (Ceylon) PLC has provided Bank Guarantees to Lion Brewery (Ceylon) PLC and its subsidiary Pearl Springs (Pvt) Ltd to the value of Rs. 13.08 Mn to cover contingent tax liabilities in connection with the disposal of the investment in Millers Brewery Limited.

Cargills (Ceylon) PLC has provided Bank Guarantees to Sri Lanka Customs amounting to Rs. 2.5 Mn.

Corporate Guarantees are given by the Company and the subsidiary Company CT Land Development PLC to Commercial Bank of Ceylon PLC, which has granted banking facilities not exceeding Rs. 100 Mn to 25 Mn respectively to Ceylon Theatres (Pvt) Ltd.

There are no other material contingent liabilities as at the reporting date.

The Directors do not expect any claim on these guarantees. Accordingly, no provision has been made in the Financial Statements.

### 34.3 Letters of guarantee

The Company and subsidiaries Cargills (Ceylon) PLC and Kotmale holdings PLC have given letters of gurantee to Commercial Banks on behalf of subsidiary companies totalling to Rs. 1.95 Bn (2020: Rs. 2.125 Bn). The Directors do not expect any claim on these guarantees. Accordingly, no provision has been made in the Financial Statements for any possible losses.

## 35. Events after the reporting period

(a) Proposed Dividends

The Company and following subsidiaries have declared the following final dividends out of the profits for the year ended 31st March 2021

(i) Company - final dividend of Rs 2.90 per share (on 201,406,978 shares now in issue)

(ii) Subsidiary, Cargills (Ceylon) PLC – final dividend of Rs. 4.10 per share (on 257,677,731 shares now in issue)

The above final dividends are to be submitted for approval by the shareholders at the respective Annual General Meetings of the companies concerned. As required by the Section 56 (2) of the Companies Act No. 07 of 2007, the Boards of Directors of the respective companies have confirmed that the companies concerned satisfy the 'Solvency test'. In accordance with LKAS 10 - "Events after the reporting period", the proposed dividends have not been recognised as a liability in the Financial Statements.

Other than the above mentioned events no material events have occurred since the reporting date which require adjustments to or disclosure in the Financial Statements.

## 36. Going concern

C T Properties Limited

The Group recorded accumulated losses of Rs.1,599,121,794/- as at 31st March 2021 (2020: Rs. 1,589,032,808/-). This indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Note 16.2(g) indicates a potential restriction on the realisability of a land owned by the subsidiary. However, the net realisable values of the property assets and investments exceed the value at which such assets are stated in the statement of financial position. Further, the related party dues would not be demanded for repayment in a manner that would affect the Company's ability to function as a going concern due to the investments and borrowings for the same operations. Having taken into consideration the financial position and future prospects, the Directors have a reasonable expectation that the Company has adequate resources to continue to be in operation in the foreseeable future. Accordingly, the Directors have adopted a Going Concern method of accounting of the subsidiary concerned as at the reporting date.

C T Real Estate (Pvt) Limited

The Company had accumulated losses as at the reporting date of Rs. 85,838,477/- (2020: Rs. 97,985,486) and Company's total liabilities exceeded its total assets by Rs. 84,590,121/- (2020: Rs. 96,737,130). These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. In order to mitigate this going concern, it was resolved at the Extra Ordinary General Meeting of the Board of Directors of C T Properties Limited held on 4 August 2017 that, Group companies will not claim any borrowings or liabilities that would adversely affect the financial position of the Company. However, the financial statements of the Company have been prepared on a going concern basis without making adjustments that may be required to reclassify assets and liabilities, if the Company is unable to continue as a going concern. The validity of the above going concern assumption is based on the financial support of its ultimate parent company, C T Holdings PLC.

## 36. Going concern (Contd.)

C T Properties G S ( Pvt) Limited

The Company's accumulated losses amounts to Rs. 320,295,625/- as at 31 March 2021 (2020: Rs. 336,961,515) and company's total current liabilities exceeds current assets by Rs.690,140,925 (2020 : Rs. 688,806,815). These factors indicate an existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. In order to mitigate this going concern, it was resolved at the Extra Ordinary General Meeting of the Board of Directors of C T Properties Limited held on 4 August 2017 that in respect of the property situated at Kotahena, carried at value of Rs. 1,518,500,000, the Company would look to dispose the property at a price higher than the carrying value due to the piling work already done at the site. Therefore, the financial statements of the Company have been prepared on a going concern basis without making adjustments that may be required to reclassify assets and liabilities, if the Company is unable to continue as a going concern.

The validity of the above going concern assumption is based on the financial support of its ultimate parent Company C T Holdings PLC.

C T Property Management Company ( Pvt) Limited

The Company had accumulated losses as at the reporting date of Rs. 2,235,244/- (2020: Rs. 2,081,087) and Company's total liabilities exceeded its total assets by Rs. 2,235,224/- (2020: Rs. 2,081,067/-). These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

In order to mitigate this going concern, it was resolved at the Extra Ordinary General Meeting of the Board of Directors of C T Properties Limited held on 4 August 2017 that the Group companies will not claim any borrowings or liabilities that would adversely affect the financial position of the Company.

However, the financial statements of the Company have been prepared on a going concern basis without making adjustments that may be required to reclassify assets and liabilities, if the Company is unable to continue as a going concern. The validity of the above going concern assumption is based on the financial support of its ultimate parent company, C T Holdings PLC. Further, the Company does not have any source of revenue for the year and has terminated all employees.

Ceylon Theatres (Pvt) Ltd

The Company had net current asset deficiency of Rs. 242,823,818 as at 31 March 2021 (2020 : Rs. 103,842,045) and has recognized current year losses of Rs. 161,514,269 (2020 : 108,561,266). Notwithstanding this, the financial statements have been prepared on a going concern basis. The Company is fairly confident that it can secure amendments to the covenants and to the terms of its current bank borrowings. At this time, the Company is attempting to secure various options from its lenders to amend the terms of its credit facilities. The Company has received government assistance in terms of a Term Loan of Rs. 10 Mn. The continuation of the Company’s activities depends on the resumption of its operations within a reasonable time and restore, and then maintain, its profitability. These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. This is because management believes that the aforementioned measures it has taken or intends to take will mitigate the effect of the conditions and events that cast doubt on the appropriateness of this assumption.

## 37. Impact Due to the COVID-19

Following the spread of global pandemic COVID-19 in Sri Lanka and due to impose of quarantine curfew and lockdown, the Group business operations were affected from Mid-March to Mid-May 2020. The overall impact of the pandemic on the different sectors of the Group varies according to the specific circumstances. The retail sector continued operations albeit on a reduced scale with volumes dependent on home deliveries. Despite the suddenness of the imposition of the curfew and the inability of much of the staff to report for work due to the travel ban between districts, the retail sector successfully mobilised the available staff and reassigned resources to respond to the immediate needs of supplying basic essentials to customers. The FMCG sector continued operations on a lower scale, based on the changing customer demands for the particular time. This sector, however, continued milk collection from dairy farmers without interruption throughout the period. The restaurants were largely non-operational, with only delivery operations being carried out.

Of the other operating segments, the banking sector, under Cargills Bank, continued operations throughout the lockdown period whereas the Financial Services sector was not operational during the period of closure of the Colombo Stock Exchange. All investment properties of the Group were shut down during the lockdown period and all cinemas operated by the subsidiary, Ceylon Theatres (Pvt) Ltd has been fully or partially shut down for most of the year.

The health and wellbeing of our employees, customers and other affected parties are paramount and we have established several protocols to protect them and to minimise contact. We are prioritising those that are most susceptible to COVID-19 including those with underlying health conditions.

The Group has evaluated its financial position and tested for any material impairment due to the effects of COVID-19. The Group is satisfied that there were no indications that required to make an adjustment into financial statements. The Group had strong net asset values and cash position and availability of banking facilities to continue its business operations.

In view of the rapidly evolving dynamic environment created by the COVID-19 pandemic, the Group is cautiously optimistic of the future in anticipation of the gradual revival of the economy and will continue to closely observe the market developments and take all decisions and measures in order to ensure the Group remains a going concern and continues to deliver shareholder value.

## 38. Comparative information

Comparative Information is re-classified wherever necessary to conform to the current year's presentation in order to provide a better presentation.

## 39. Directors' responsibility statement

Board of Directors is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards.

The Board of Directors acknowledges their responsibility for Financial Statements as set out in the Annual Report of the Board of Director's, Statement of Directors' Responsibility, and the certification on the Statement of Financial Position.

# FIVE YEAR REVIEW - GROUP

| As at/ for the year ended 31st March<br>In thousands of rupees | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| **Financial Results** | | | | | |
| Revenue | 112,940,971 | 107,817,065 | 95,547,360 | 92,134,483 | 85,037,781 |
| Results from operations | 7,200,318 | 7,170,944 | 5,233,973 | 6,802,234 | 5,798,305 |
| Net finance costs | (2,619,650) | (2,680,731) | (1,425,141) | (1,319,208) | (1,131,121) |
| Profit before taxation | 4,311,617 | 4,254,692 | 3,888,474 | 5,791,257 | 4,690,108 |
| Tax expenses | (990,348) | (1,532,815) | (1,504,237) | (2,051,792) | (2,023,094) |
| Profit after tax for the year from discontinued operations | - | - | - | - | - |
| Profit for the year | 3,321,269 | 2,721,877 | 2,384,237 | 3,739,465 | 2,667,014 |
| **Attributable to -** | | | | | |
| Owners of the parent | 2,061,487 | 1,404,986 | 1,642,617 | 2,597,342 | 1,747,876 |
| Non-controlling Interest | 1,259,782 | 1,316,891 | 741,620 | 1,142,123 | 919,138 |
| | 3,321,269 | 2,721,877 | 2,384,237 | 3,739,465 | 2,667,014 |
| **Financial Position** | | | | | |
| Stated capital | 6,489,758 | 6,489,758 | 6,489,758 | 6,489,758 | 3,194,008 |
| Reserves | 16,869,437 | 14,700,088 | 14,958,595 | 14,167,708 | 15,600,031 |
| Total equity attributable to equity holders of the parent | 23,359,195 | 21,189,846 | 21,448,353 | 20,657,466 | 18,794,039 |
| Non-controlling interest | 7,954,517 | 5,317,420 | 4,765,746 | 4,239,636 | 3,405,406 |
| Total equity | 31,313,712 | 26,507,266 | 26,214,099 | 24,897,102 | 22,199,445 |
| **Borrowings** | | | | | |
| Borrowings | 19,368,972 | 19,112,192 | 16,935,443 | 14,719,710 | 15,817,948 |
| Non-current payables | 169,679 | 169,608 | 3,456,493 | 3,089,325 | 2,761,159 |
| | 19,538,652 | 19,281,800 | 20,391,936 | 17,809,035 | 18,579,107 |
| **Net Assets** | | | | | |
| Current assets | 22,545,215 | 21,196,782 | 21,026,746 | 18,717,656 | 15,514,916 |
| Current liabilities | (39,581,165) | (40,077,347) | (34,569,514) | (30,865,988) | (30,499,922) |
| Net current liabilities | (17,035,950) | (18,880,565) | (13,542,768) | (12,148,332) | (14,970,526) |
| Non-current liabilities | (21,259,540) | (13,784,294) | (6,555,370) | (5,973,075) | (5,163,367) |
| Non-current assets | 69,609,202 | 59,172,125 | 46,312,237 | 43,018,509 | 42,347,818 |
| Total net assets | 31,313,712 | 26,507,266 | 26,214,099 | 24,897,102 | 22,199,445 |
| **Ratios & Statistics** | | | | | |
| Growth in Revenue (%) | 4.75 | 12.84 | 3.70 | 8.35 | 17.46 |
| Earnings per share (Rs.) | 10.24 | 6.98 | 8.16 | 12.90 | 8.68 |
| Growth in earnings (%) | 46.73 | (14.47) | (36.76) | 48.60 | 7.48 |
| Shareholders' funds per share (Rs.) | 115.98 | 104.71 | 106.49 | 102.57 | 93.31 |
| Growth in shareholders' funds (%) | 10.76 | (1.67) | 3.83 | 9.91 | (0.35) |
| Return on shareholders' funds (%) | 8.83 | 6.66 | 7.66 | 12.57 | 9.30 |
| Non-current assets to shareholders' funds (%) | 297.99 | 280.58 | 215.92 | 208.25 | 225.25 |
| Current ratio (times) | 0.57 | 0.53 | 0.61 | 0.61 | 0.51 |
| Debt equity ratio (times) | 0.62 | 1.14 | 0.78 | 0.72 | 0.84 |
| Dividend per share (Rs.) | - | 4.60 | 5.50 | 5.50 | 5.20 |
| Dividend cover (times) | - | 1.52 | 1.48 | 2.34 | 1.67 |
| Market price per share (Rs.) | 170.00 | 160.00 | 162.90 | 175.00 | 148.90 |
| Price earnings ratio (times) | 16.60 | 22.94 | 19.97 | 13.57 | 17.16 |
| Net asset value per share | 155.47 | 131.61 | 130.15 | 123.62 | 110.22 |

Note

All per share details have been calculated, for all periods, based on the number of shares in issue as at 31st March 2021.

# GROUP DIRECTORY

## Parent Company

**C T Holdings PLC**
Address: No 8, Sir Chittampalam A Gardiner Mawatha, Colombo 02.
Phone: +94112431243
Fax: +94112447956
Email: info@ctholdings.lk
Chairman Emeritus: Mr. Anthony A Page
Directors: Louis Page (Chairman), Ranjit Page, Priya Edirisinghe, Sunil Mendis, J B L De Silva, Cecilia Page Muttukumaru, Dr. A Aravinda Page, Joseph Page, R Selvaskandan, A D B Talwatte, Imtiaz Abdul Wahid, S C Niles

## Retail and Wholesale Distribution

**Cargills (Ceylon) PLC**
Address: 40, York Street, Colombo 01.
Phone: +94112427777
Fax: +94112338704
Email: ccl@cargillsceylon.com
Directors: Louis Page (Chairman), Ranjit Page, Imtiaz Abdul Wahid, Priya Edirisinghe, Sanjeev Gardiner, Y Kanagasabai, Sunil Mendis, Joseph Page, Errol Perera, Asoka Pieris, Deva Rodrigo (up to 27 August 2020), Ms. Indira Malwatte (w. e. f. 1 February 2020), Asite Talwatte (w. e. f. 28 August 2020)

**Cargills Foods Company (Private) Limited**
Address: 40, York Street, Colombo 01
Phone: +94112427777
Fax: +94112338704
Directors: Ranjit Page (Chairman), Imtiaz Abdul Wahid, Asoka Pieris, Priya Edirisinghe, Y Kanagasabai, Sunil Mendis

**Millers Limited**
Address: 40 York Street, Colombo 1
Phone: +94112427777
Fax: +94112338704
Directors: Imtiaz Abdul Wahid, D G O Dias, Dilantha Jayawardhana

## FMCG

**Cargills Quality Foods Limited**
Address: 40, York Street, Colombo 01.
Phone: +94112427777
Fax: +94112338704
Directors: Ranjit Page (Chairman), Imtiaz Abdul Wahid, S L W Dissanayake, Dilantha Jayawardhana

**Cargills Distributors (Private) Limited**
Address: 40, York Street, Colombo 01.
Phone: +94112427777
Fax: +94112338704
Directors: Imtiaz Abdul Wahid, Dilantha Jayawardhana

**Cargills Quality Dairies (Private) Limited**
Address: 40, York Street, Colombo 01.
Phone: +94112427777
Fax: +94112338704
Directors: Imtiaz Abdul Wahid, D G O Dias, S L W Dissanayake, Dilantha Jayawardhana

**Cargills Agrifoods Limited**
Address: 40, York Street, Colombo 01.
Phone: +94112427777
Fax: +94112338704
Directors: Imtiaz Abdul Wahid, Dilantha Jayawardhana

**CPC (Lanka) Limited**
Address: 40, York Street, Colombo 01.
Phone: +94112427777
Fax: +94112338704
Directors: Imtiaz Abdul Wahid, Dilantha Jayawardhana

# Group Directory

### Ceylon Agro Development Company (Private) Limited
Address: 40, York Street, Colombo 01.
Phone: +94112427777
Fax: +94112338704
Directors: Imtiaz Abdul Wahid, Haridas Fernando, Keerthi Gunasekara, Talaal Maruzook, Saranga Wijesundara

### Kotmale Holdings PLC
Address: 40, York Street, Colombo 01.
Phone: +94112427777
Fax: +94112338704
Directors: Ranjit Page (Chairman), Imtiaz Abdul Wahid, Priya Edirisinghe, Sunil Mendis, Joseph Page
Asite Talwatte (w.e.f 18 Dec 2020)

### Kotmale Products Limited
Address: 40, York Street, Colombo 01.
Phone: +94112427777
Fax: +94112338704
Directors: Imtiaz Abdul Wahid, S L W Dissanayake

### Kotmale Milk Foods Limited
Address: 40, York Street, Colombo 01.
Phone: +94112427777
Fax: +94112338704
Directors: Imtiaz Abdul Wahid, S L W Dissanayake

### Kotmale Dairy Products (Private) Limited
Address: 40, York Street, Colombo 01.
Phone: +94112427777
Fax: +94112338704
Directors: Imtiaz Abdul Wahid, S L W Dissanayake

### Kotmale Milk Products Limited
Address: 40, York Street, Colombo 01.
Phone: +94112427777
Fax: +94112338704
Directors: Imtiaz Abdul Wahid, S L W Dissanayake

### Cargills Frozen Products (Private) Limited
Address: 40, York Street, Colombo 01.
Phone: +94112427777
Fax: +94112338704
Directors: Imtiaz Abdul Wahid, D G O Dias, S L W Dissanayake, Dilantha Jayawardhana

### Cargills Quality Confectionaries (Private) Limited
Address: 40, York Street, Colombo 01.
Phone: +94112427777
Fax: +94112338704
Directors: Imtiaz Abdul Wahid, Dilantha Jayawardhana

### Cargills Enterprise Solutions (Private) Limited
Address: 40, York Street, Colombo 01.
Phone: +94112427777
Fax: +94112338704
Directors: Ranjit Page, Imtiaz Abdul Wahid, R Theagarajah, Rohan Muttiah, S C Niles

## Restaurants

### Cargills Food Processors (Private) Limited
Address: 40, York Street, Colombo 01.
Phone: +94112427777
Fax: +94112338704
Directors: Imtiaz Abdul Wahid, Dilantha Jayawardhana

### Cargills Foods Services (Private) Limited
Address: 40, York Street, Colombo 01.
Phone: +94112427777
Fax: +94112338704
Directors: Imtiaz Abdul Wahid, Dilantha Jayawardhana

## Real Estate

### CT Land Development PLC
Address: 4th Floor, Majestic City, 10 Station Road, Colombo 04.

Phone: +94112508673-4

Fax: +94112592427

Email: info@majesticcity.lk

Directors: R Selvaskandan (Chairman), Joseph Page, Mrs. M G Perera, Priya Edirisinghe, Sunil Mendis, S C Niles, Louis Page, Ranjit Page, Dr. T Senthilverl

### C T Properties Limited
Address: 28th Floor, West Tower, World Trade Centre, Colombo 01.

Phone: +94112005700

Fax: +94112336727

Email: info@ctproperties.lk

Directors: Ranjit Page (Chairman), R Selvaskandan, Joseph Page, Cecilia Page Muttukumaru, S C Niles, Louis Page, Errol Perera, Jayantha Perera

### C T Property Management Company (Private) Limited
Address: 28th Floor, West Tower, World Trade Centre, Colombo 01.

Phone: +94112005700

Fax: +94112336727

Directors: R Selvaskandan (Chairman), Joseph Page, S C Niles, Louis Page, Errol Perera, Jayantha Perera

### C T Real Estate (Private) Limited
Address: 28th Floor, West Tower, World Trade Centre, Colombo 01.

Phone: +94112005700

Fax: +94112336727

Directors: R Selvaskandan (Chairman), Joseph Page, Cecilia Page Muttukumaru, S C Niles, Louis Page, Errol Perera, Jayantha Perera

### C T Properties Lakeside (Private) Limited
Address: 28th Floor, West Tower, World Trade Centre, Colombo 01.

Phone: +94112005700

Fax: +94112336727

Directors R Selvaskandan (Chairman), Joseph Page, Cecilia Page Muttukumaru, S C Niles, Louis Page, Errol Perera, Jayantha Perera

### C T Properties G S (Private) Limited
Address: 28th Floor, West Tower, World Trade Centre, Colombo 01.

Phone: +117468500

Fax: +117468502

Directors: Louis Page (alternate - R Selvaskandan), Ranjit Page (alternate - S C Niles)

### Dawson Office Complex (Private) Limited
Address: 40 York Street, Colombo 01.

Phone: +94112427777

Fax: +94112338704

Director: Imtiaz Abdul Wahid, Dilantha Jayawardhana

### Frederick North Hotel Company (Private) Limited
Address: 40 York Street, Colombo 01.

Phone: +94112427777

Fax: +94112338704

Directors: Imtiaz Abdul Wahid, S C Niles

### The Empire Investment Company (Private) Limited
Address: 40 York Street, Colombo 01.

Phone: +94112427777

Fax: +94112338704

Directors: Ranjit Page, S C Niles, Anthony A Page

# Group Directory

## Entertainment

### Ceylon Theatres (Private) Limited

Address: No 8, Sir Chittampalam A Gardiner Mawatha, P O Box 2042, Colombo 02.

Phone: +94112431243, +94112555565

Fax: +94112447956

Chairman Emeritus: Mr. Anthony A Page

Directors: Louis Page (Chairman), Errol Perera, Joseph Page, Cecilia Page Muttukumaru, S C Niles, Mrs. M G Perera, Imtiaz Abdul Wahid, R Selvaskandan

### Cinema Entertainments (Private) Limited

Address: No 8, Sir Chittampalam A Gardiner Mawatha, Colombo 02.

Phone: +94112478752, +94112478753

Fax: +94112478754

Directors: Errol Perera (Chairman) (alternate - S C Niles), M I J A Cader (alternate - M J R Hasheem), G R Pathmaraj, R Selvaskandan, M M J N I Cader

## Banking & Financial Services

### Cargills Bank Limited

Address: 696 Galle Road, Colombo 04.

Phone: +94117640000

Fax: +94112055575

Email: info@cargillsbank.com,

Directors: Ranjit Page(Chairman), Senarath Bandara (w e f 01 Oct 2020), Rajendra Theagarajah (up to 30 September 2020), P S Mathavan, Mangala Boyagoda, Faizal Salieh, Richard Ebell, Ms. Ruvini Fernando, Ms. Marianne Page, Yudhishtran Kanagasabai

### C T CLSA Holdings Limited

Address: 4-15, Majestic City, 10 Station Road, Colombo 04.

Phone: +94112552290

Fax: +94112552289

Directors: Priya Edirisinghe (Chairman), Cecilia Page Muttukumaru, Louis Page, Donald Skinner, Zakir Mohamedally

### C T CLSA Securities (Private) Limited

Address: 4-14, Majestic City, 10 Station Road, Colombo 04.

Phone: +94112552290

Fax: +94112552289

Email: info@ctclsa.lk

Directors: Cecilia Page Muttukumaru (Chairperson), Priya Edirisinghe, Donald Skinner, Kanishka Hewage

### C T CLSA Capital (Private) Limited

Address: 4-15 A, Majestic City, 10 Station Road, Colombo 04.

Phone: +94112584843, +94112503523

Fax: +94112580181

Email: capital@ctclsa.lk

Directors: Cecilia Page Muttukumaru (Chairperson), Donald Skinner, S C Niles, Zakir Mohamedally

### Comtrust Asset Management Limited

Address: 4-07, Majestic City, 10 Station Road, Colombo 04.

Phone: +94112506347, +94112506204

Fax: +94112506347

Email: info@comtrust.lk

Directors: Cecilia Page Muttukumaru (Chairperson), Donald Skinner, Joseph Page

# INFORMATION OF SHAREHOLDERS

### 1. Distribution of Shareholders

| Size of Shareholdings | 31st March 2021 | | | | 31st March 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | Shareholders | | Holdings | | Shareholders | | Holdings | |
| | Numbers | % | Numbers | % | Numbers | % | Numbers | % |
| 1 - 1,000 Shares | 760 | 49.58 | 143,598 | 0.07 | 689 | 47.62 | 135,897 | 0.07 |
| 1,001 - 10,000 Shares | 443 | 28.90 | 1,722,031 | 0.86 | 437 | 30.20 | 1,649,575 | 0.82 |
| 10,001 - 100,00 Shares | 260 | 16.96 | 7,819,679 | 3.88 | 252 | 17.41 | 7,420,175 | 3.68 |
| 100,001 - 1,000,000 Shares | 51 | 3.33 | 16,001,337 | 7.94 | 50 | 3.46 | 14,181,180 | 7.04 |
| Over 1,000,000 Shares | 19 | 1.24 | 175,720,333 | 87.25 | 19 | 1.31 | 178,020,151 | 88.39 |
| Total | 1,533 | 100.00 | 201,406,978 | 100.00 | 1,447 | 100.00 | 201,406,978 | 100.00 |

### 2. Analysis of Shareholders

| Size of Shareholdings | 31st March 2021 | | | | 31st March 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | Shareholders | | Holdings | | Shareholders | | Holdings | |
| | Numbers | % | Numbers | % | Numbers | % | Numbers | % |
| Institutions | 124 | 8.09 | 118,372,470 | 58.77 | 120 | 8.29 | 121,093,333 | 60.12 |
| Individuals | 1,409 | 91.91 | 83,034,508 | 41.23 | 1,327 | 91.71 | 80,313,645 | 39.88 |
| Total | 1,533 | 100.00 | 201,406,978 | 100.00 | 1,447 | 100.00 | 201,406,978 | 100.00 |

| Size of Shareholdings | 31st March 2021 | | | | 31st March 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | Shareholders | | Holdings | | Shareholders | | Holdings | |
| | Numbers | % | Numbers | % | Numbers | % | Numbers | % |
| Residents | 1,400 | 91.32 | 176,292,331 | 87.53 | 1,316 | 90.95 | 170,267,877 | 84.54 |
| Non-Residents | 133 | 8.68 | 25,114,647 | 12.47 | 131 | 9.05 | 31,139,101 | 15.46 |
| Total | 1,533 | 100.00 | 201,406,978 | 100.00 | 1,447 | 100.00 | 201,406,978 | 100.00 |

# Information of Shareholders

### 3. Major Shareholders

| Name of Shareholder | 31st March 2021 | | 31st March 2020 | |
|---|---|---|---|---|
| | Number of Shares | % | Number of Shares | % |
| Odeon Holdings (Ceylon) (Pvt) Ltd | 84,781,323 | 42.09 | 84,281,323 | 41.85 |
| Mr. Anthony A. Page | 17,501,287 | 8.69 | 17,501,287 | 8.69 |
| Mr. Ranjit Page | 16,788,809 | 8.34 | 15,077,014 | 7.49 |
| Ms. M.M. Page | 10,899,173 | 5.41 | 10,344,872 | 5.14 |
| Sir Chittampalam A Gardiner Trust | 10,120,004 | 5.02 | 10,120,004 | 5.02 |
| Employees Provident Fund | 7,686,987 | 3.82 | 7,686,987 | 3.82 |
| Mr. Joseph Page | 7,069,172 | 3.51 | 7,069,172 | 3.51 |
| Mrs. T. Selvaratnam | 5,667,250 | 2.81 | 5,667,250 | 2.81 |
| Mrs. Tanya Selvaratnam | 2,821,500 | 1.40 | 2,821,500 | 1.40 |
| Mr. T Selvaratnam | 2,821,500 | 1.40 | 2,821,500 | 1.40 |
| Melstacorp PLC | 1,623,050 | 0.81 | 1,623,050 | 0.81 |
| Citibank New York S/A Norges Bank Account 2 | 1,526,018 | 0.76 | - | - |
| SSBT - Retail Employees Superannuation Trust | 1,487,829 | 0.74 | 1,464,919 | 0.73 |
| Mrs. Cecilia Page Muttukumaru | 1,460,266 | 0.73 | 1,332,000 | 0.66 |
| Northern Trust Company S/A Hosking Global Fund PLC | 1,384,808 | 0.69 | 2,141,614 | 1.06 |
| Ms. A.M. Basnayake | 1,078,473 | 0.54 | 1,049,659 | 0.52 |
| Ms. P R Page | 1,002,884 | 0.50 | - | - |
| SSBT-Sunsuper Pty. Ltd. As Trustee for Sunsuper Super Annuation Fund | 927,107 | 0.46 | - | - |
| The Galle Face Hotel Co. Ltd | 915,503 | 0.45 | 915,503 | 0.45 |
| Citibank Hong Kong S/A Hostplus Pooled Superannuation Trust | 820,996 | 0.41 | 796,282 | 0.40 |
| BNYMSANV Re-LF Ruffer Absolute Return Fund | - | - | 3,288,000 | 1.63 |
| BNYMSANV Re-LF Ruffer Investment Funds : LF Ruffer Pacific and Emerging Markets Fund | - | - | 2,200,000 | 1.09 |
| BNYMSANV Re-LF Ruffer Total Return Fund | - | - | 2,100,000 | 1.04 |
| Others | 23,023,039 | 11.43 | 21,105,042 | 10.48 |
| Total | 201,406,978 | 100.00 | 201,406,978 | 100.00 |

### 4. Share Valuation

The market value of ordinary shares of the Company on 31st March 2021 was Rs. 170.00 (2020 - Rs. 160.00). The highest and lowest values recorded during the year ended 31st March 2021 were Rs. 198.00 (2020 - Rs 199.00) and Rs. 136.00 (2020 - Rs. 130.10) respect.

### 5. Public shareholding

| Description | 2021 | 2020 |
|---|---|---|
| Shareholders (No's) | 1,517 | 1,435 |
| Shareholding (%) | 35.56 | 36.99 |
| Float adjusted market capitalisation (Rs.'000) | 12,176,585 | 11,920,071 |

The Company complies with the minimum public holding requirement of the main board as per option 1 of Section 7.13.1 (a) of the CSE Listing Rules.

# NOTES

# NOTICE OF MEETING

Notice is hereby given that the Ninetieth Annual General Meeting (AGM) of C T Holdings PLC will be held at the Board Room of the Company's Corporate Office at Level 28, West Tower, World Trade Centre, Echelon Square, Colombo 1 to be convened through an 'online virtual' platform by using 'audio visual' tools on Thursday, 01 July 2021 at 10.30 a.m. and the business to be brought before the meeting will be:

To Read the Notice convening the Meeting, and

1) To receive and consider the Annual Report of the Directors and the financial statements for the year ended 31 March 2021 with the report of the Auditors thereon.
2) To declare a dividend as recommended by the Directors.
3) To re-elect Directors
   a. Mr. J. C. Page, and
   b. Mr. R. Selvaskandan who retire by rotation, and
   c. Mr. L. R. Page,
   d. Mr. J B L De Silva,
   e. Mr. A T P Edirisinghe, who retire in terms of Section 210 (2) (b) of the Companies Act No. 07 of 2007 having surpassed seventy years of age and offer themselves for re-election in terms of Section 211 (1) and (2) of the Companies Act No, 07 of 2007.

Ordinary Resolution (i)
"Resolved that Mr. L. R. Page, a retiring Director, who has attained the age of Seventy-One years be and is hereby reappointed a Director of the Company and it is hereby declared that the age limit of Seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the appointment of the said Director", and

Ordinary Resolution (ii)
"Resolved that Mr. J B L De Silva, a retiring Director, who has attained the age of Seventy-Four years be and is hereby reappointed a Director of the Company and it is hereby declared that the age limit of Seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the appointment of the said Director", and

Ordinary Resolution (iii)
"Resolved that Mr. A T P Edirisinghe, a retiring Director, who has attained the age of Seventy-Five years be and is hereby reappointed a Director of the Company and it is hereby declared that the age limit of Seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the appointment of the said Director", and

4) To authorise the Directors to determine contributions to charities.
5) To authorise the Directors to determine the remuneration of the Auditors, Messrs. KPMG, who are deemed re-appointed as auditors at the Annual General Meeting of the Company in terms of Section 158 of the Companies Act No. 7 of 2007.

The Annual Report and Financial Statements of C T Holdings PLC for the year ended 31 March 2021 is available on the:
The Colombo Stock Exchange website - https://www.cse.lk/home/company-info/CTH.N0000/financial

Please note our inability to post a CD containing the Annual Report and printed Notice of Meeting and related circulars to individual shareholders on account of the restrictions on movement currently in place due to the COVID-19 pandemic.
For clarification on how to download and/ or access the Annual Report and Financial Statements, please contact the undersigned on +94 77 772 6582 during normal office hours (8.30 a.m. to 5.00 p.m.)

By order of the Board
C T Holdings PLC

S L W Dissanayake
*Company Secretary*

Colombo
08 June 2021

Notes:

i. A member is entitled to appoint a proxy to attend and vote at the meeting in his or her stead and the proxy need not be a member of the Company. A Form of Proxy is enclosed for this purpose.

ii. The Board of Directors, having taken note of the health and safety guidelines issued by the Health Authorities in view of the COVID-19 pandemic and the Colombo Stock Exchange issuing guidelines to the listed entities to hold Shareholder Meetings virtually, has decided to hold the Annual General Meeting (AGM) through an "online virtual" platform by using "audio visual" tools in conformity with the applicable regulatory provisions.

iii. Shareholders who wish to participate in the Annual General Meeting through the online platform are kindly requested to complete and forward the "Registration of Shareholder details form" with e-signature or scan of the signed document to the email address ctholdingsagm@ctholdings.lk with the email subject title "CTHAGM 2021" or post it to the registered address mentioned below to be received not less than 48 hours before the date of the meeting. Shareholders are requested to provide their email address legibly in the space provided in in order to forward the weblink if they wish to participate at the meeting through the online platform.

iv. The Deputy Chairman, certain members of the Board and key essential officials for the administration of formalities to conduct the meeting, will be physically present at the Company's Corporate Office

v. Voting on the items listed in the Agenda will be registered by using an online platform and the procedure to be followed when voting will be explained to the shareholders prior to the commencement of the meeting.

vi. Shareholders who wish to appoint a member of the Directors as his/her proxy to represent them at the AGM may do so by completing the Form of Proxy accordingly. In such event the email address of the proxy holder will not be required.

vii. Shareholders may send their questions/comments on the items listed in the Agenda of the Notice convening the AGM by email to ctholdingsagm@ctholdings.lk to be received not less than 48 hours before the date of the meeting.

viii. The duly completed instrument appointing the proxy should be deposited at the Registered Office of the Company or a scanned copy of the same should be emailed to ctholdingsagm@ctholdings.lk to be received not less than 48 hours before the date of the the meeting.

ix. Only registered shareholders and registered proxy holders will be permitted to log-in and participate in the AGM virtually.

x. The Company intends to proceed to hold the AGM as planned on 01 July 2021 irrespective of whether it is declared a public holiday since the aforesaid measures will enable full participation at the meeting.

xi. In the event the Company is required to take any further action in relation to the Meeting in the best interests of the shareholders in the context of the COVID-19 pandemic, and / or any communications, guidelines, directives or orders issued by the Government of Sri Lanka, notice of such action shall be given by way of additional announcement/s made to the Colombo Stock Exchange.

# NOTES

# FORM OF PROXY

*I/We ..........................................................................................................................................................................

bearing NIC No.................................................of ...........................................................................................................

........................................................................................................................... being a *member/members of C T HOLDINGS PLC (the Company) hereby appoint

(1)*Mr/Mrs/Miss .............................................................................................................................................................

bearing NIC No.................................................of ...........................................................................................................

(e-mail address.......................................................) whom failing *Mr.Mrs/Miss.............................................................................

..........................................................................................................................................................................

bearing NIC No................................................ of ............................................................................................................

(e-mail address .............................................................................................) or failing him/her,

(2) The Chairman of the Meeting as my/our proxy to vote as indicated for me/us and on my / our behalf at the Ninetieth Annual General Meeting of the Company to be held on 01 July 2021 and at any adjournment thereof.

| No. | Resolution | For | Against |
|---|---|---|---|
| 1. | To adopt the Financial Statements for the year ended 31st March 2021 | | |
| 2. | To declare a dividend as recommended by the Directors | | |
| 3a. | To re-elect Mr. J. C. Page as a Director | | |
| 3b. | To re-elect Mr. R. Selvaskandan as a Director | | |
| 3c. | To re-elect Mr. L. R. Page as a Director | | |
| 3d. | To re-elect Mr J B L De Silva as a Director | | |
| 3e. | To re-elect Mr A T P Edirisinghe as a Director | | |
| 4. | To authorise the Directors to determine contribution to charities | | |
| 5. | To authorise the Directors to determine the remuneration of the Auditors, Messrs. KPMG, who are deemed re-appointed as Auditors at the Annual General Meeting. | | |

Signed on this ...................................................... day of ....................................................... 2021

Signature of member(s):............................................... Witnesses: ..................................................................

Note:
(a) *Strike out whichever is not desired
(b) Instructions as to completion of the Form of Proxy are set out in the reverse hereof
(c) A Proxy holder need not be a Member of the Company
(d) Please indicate with an “X” in the cage provided how your Proxy holder should vote. If no indication is given, or if there is, in the view of the Proxy holder, any doubt (by reason of the manner in which the instructions contained in the Proxy have been completed) as to the way in which the Proxy holder should vote, the Proxy holder in his/her discretion may vote as he/she thinks fit

### Instructions as to Completion

1. To be valid, the completed Form of Proxy should be deposited at the Registered Office of the Company at No: 08, Sir Chittampalam A. Gardiner Mawatha, Colombo 2 or electronic document with e-signature or scan of the signed document emailed to ctholdingsagm@ctholdings.lk, with the subject tittle 'CTH-AGM 2021' not less than 48 hours before the time appointed for the holding of the Meeting.
2. In perfecting the form, please ensure that all details are legible. If you wish to appoint a person other than the Chairman as your proxy, please fill in your full name and address, the name, address and email address of the proxy holder and sign in the space provided and fill in the date of signature.
3. The instrument appointing a Proxy shall, in the case of an individual, be signed by the appointer or by his Attorney and in the case of a Corporation must be executed under its Common Seal or in such other manner prescribed by its Articles of Association or other constitutional documents.
4. If the Proxy Form is signed by an Attorney, the relevant Power of Attorney or a notarially certified copy thereof, should also accompany the completed Form of Proxy, if it has not already been registered with the Company.
5. In the case of joint holders, only one need sign. The votes of the senior holder who tenders a vote will alone be counted.
6. In the case of non-resident Shareholders, the stamping will be attended to upon return of the completed form of proxy to Sri Lanka.

# CORPORATE INFORMATION

**Name of Company**
C T Holdings PLC

**Registration No**
PQ 210

**Legal Form**
Quoted Public Company with limited liability incorporated in Sri Lanka on 29th September 1928 and re-registered under the Companies Act No. 7 of 2007.

**Chairman Emeritus**
Anthony A Page

**Board of Directors**
Louis Page (Chairman)
Ranjit Page (Deputy Chairman / Managing Director)
J B L De Silva
Priya Edirisinghe
Sunil Mendis
Cecilia Page Muttukumaru
Dr. A Aravinda Page
Joseph Page
R Selvaskandan
A D B Talwatte
Imtiaz Abdul Wahid
S C Niles (Executive Director)

**Company Secretary**
Sarath Dissanayake

**Registered Office**
No 8, Sir Chittampalam A Gardiner Mawatha, Colombo 2, Sri Lanka
Telephone: +94 11 2431243
Email: info@ctholdings.lk
Fax: +94 11 2447956
Postal Address: PO Box 327, Colombo

**Exchange Listing**
Colombo Stock Exchange

**Executive Committee**
Priya Edirisinghe (Chairman)
Ranjit Page
Sunil Mendis
A D B Talwatte
Imtiaz Abdul Wahid

**Audit Committee**
Priya Edirisinghe (Chairman)
J B L De Silva
Sunil Mendis
A D B Talwatte

**Remuneration Committee**
Louis Page (Chairman)
J B L De Silva
Priya Edirisinghe
Sunil Mendis

**Nominations Committee**
Louis Page (Chairman)
Priya Edirisinghe
Sunil Mendis
Ranjit Page

**Related Party Transactions Review Committee**
Priya Edirisinghe (Chairman)
J B L De Silva
Sunil Mendis
A D B Talwatte

**Auditors**
KPMG, Chartered Accountants

**Tax Consultants**
PricewaterhouseCoopers, Chartered Accountants

**Bankers**
Cargills Bank Ltd
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
Nations Trust Bank PLC
Sampath Bank PLC
Standard Chartered Bank

Concept & Designed by
Copyline a great equation

CREATING VALUE SINCE 1928

C T Holdings PLC
No 08, Sir Chittampalam A Gardiner Mawatha, Colombo 02.