



Ceylon
Tea
Brokers


CEYLON TEA BROKERS PLC

Defying **Challenges** Achieving **Growth**

ANNUAL REPORT 2020 | 2021







Our growth strategy has been infused with the right combination of strength, resilience and a fearless attitude that will help us overcome future challenges. When the pandemic struck, and many struggled with the trials of operating in a new normal, we took progressive steps in change management, moving our processes online so that we remained very much on the pulse of the market while maintaining the safety of our team. Our hard work has borne fruit as we record a year of growth, inching up the numbers amidst challenge, and much like tea in hot water, we will continue to grow stronger with time.

TABLE OF CONTENTS

BUSINESS OVERVIEW

Introduction to the Report	03
Who we are (Vision, Mission and Values)	04
Milestones	05
Financial Highlights	06
Chairman's Message	07
Chief Executive Officer's Review	14
Board of Directors	16

MANAGEMENT DISCUSSION AND ANALYSIS

Our Strategy	20
Our Business Model	22
Stakeholder Relationships and Materiality	24
External Environment	28
Operational Performance Review	38
Future Outlook	45

GOVERNANCE REPORTS

Chairman's Statement on Corporate Governance	47
Corporate Governance	48
Report of the Audit Committee	53
Report of the Related Party Transactions Review Committee	55
Report of the Risk Management Committee	56
Report of the Remuneration Committee	57
Report of the Nomination Committee	58
Directors' Statement on Internal Control	59
Summary of Compliance	60
Annual Report of the Board of Directors on the Affairs of the Company	75
Risk Management	79

FINANCIAL REPORTS

Financial Calendar	86
Statement on Directors' Responsibilities for Preparation of Financial Statements	87
Independent Auditor's Report	88
Consolidated Statement of Profit or Loss and Other Comprehensive Income	92
Consolidated Statement of Financial Position	93
Consolidated Statement of Changes in Equity	94
Consolidated Statement of Cash Flows	95
Notes to the Consolidated Financial Statements	96

SUPPLEMENTARY INFORMATION

Investor Relations	147
Notice of the Annual General Meeting	150
Form of Proxy	151
Corporate Information	IBC



This Annual Report is published within three months of the date of the Consolidated Statement of Financial Position. The web version is also published online on the same date as the date of issue of this Annual Report at www.ceylontebrokers.com/key-financials

INTRODUCTION TO THE REPORT

Our vision is to be a dynamic and leading service organisation, which we aim to achieve through stakeholder engagement, reducing our environmental impact, developing our people, and creating sustainable value through our business model. Our annual report (hereinafter referred to as the 'report') demonstrates our continued commitment to conducting business in a responsible and sustainable manner. Our focus is on creating sustainable value in our economy, society and environment.

This report consists of both financial and non-financial reporting disclosures regarding our economic, social and environmental performance for the year 2020/21 and future outlook.

REPORTING SCOPE AND BOUNDARIES

The contents of this report relate to the operations of Ceylon Tea Brokers PLC "Company" including its fully owned subsidiary, Logicare (Pvt) Ltd. collectively referred to as "Group". The Company does not have any other subsidiaries, associates, joint ventures, overseas operations or other businesses for the purpose of reporting except for Logicare (Pvt) Ltd. The Company's shareholding structure, operations and its geographical presence are disclosed on page 148 and 04 respectively.

Non-financial information presented in this report refers to the Company unless explicitly stated.

The forward looking statements included in the report are written based on our perceptions, opinions and views relying on the external and internal information that were available at the time of writing this report.

REPORTING FRAMEWORK

Financial reporting

The Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

Corporate governance reporting

- | Laws and Regulations of the Companies Act No. 7 of 2007
- | Listing Rules of the Colombo Stock Exchange
- | Code of Best Practices on Corporate Governance issued by CA Sri Lanka

Reporting Cycle

The Annual Report 2020/21 of Ceylon Tea Brokers PLC reports for the 12 months period from 1st April 2020 to 31st March 2021. This period is consistent with the Company's usual annual reporting cycle.

DETERMINING MATERIALITY

Materiality analysis is a key process that enables the Company to define key triple bottom line issues that are vital to our business and stakeholders, both internal and external. Our focus on materiality is based on material aspects recognised by both internal and external stakeholders. This process is crucial to drive performance, improve our sustainability framework and use the corporate governance practices at all levels of the Group.

The Company conducts regular external stakeholder engagement in ascertaining aspects material to its significant stakeholders. In addition, materiality is also assessed internally in ascertaining the aspects material to the Company and to fine-tune and streamline its strategy and processes to manage these material issues.

Restatements and Significant Changes from the Previous Report and Date of Most Recent Previous Report

The Company's most recent report was for the financial year 2019/20. There have not been any changes in reporting scope and/or boundaries from the previous year. The Company has restated numbers and statements of 2019/20 wherever necessary, to conform to the current year's presentations.

Feedback and Further Information and Suggestions

The Company has strived to respond to your comments and suggestions received during the previous financial year and welcome your comments and suggestions on this Report.

Contact Us

Mr. Nishantha Adhikari - Financial Controller
Ceylon Tea Brokers PLC
Level 7, 'Millennium House', 46/58, Nawam Mawatha, Colombo 02, Sri Lanka.

BUSINESS OVERVIEW

WHO WE ARE

The first stand-alone Tea broking Company to be listed on the Colombo Stock Exchange. Today we are one of the well-respected entities in the field, having achieved considerable growth in a short period of time. Proudly holding our own and competing against the might of long-established broking firms, we continue to grow in strength and stature supported by a solid management team. Commitment, experience and expertise being our guiding principles, our success is driven by a team of talented young people, whose enthusiasm and know-how has marked them out as some of the best in the trade.

Currently, we handle produce of over 164 Tea factories in the country which amounts to around 14.77% of the total volumes sold at the Colombo Tea Auction. Having earned the confidence of our clients, we continue to strengthen our relationships with them, while actively venturing out to gain and secure new ones to further our progress in the future.

OUR VISION

To be a dynamic and leading service organisation.

OUR MISSION

In our core business of Tea broking, to be the preferred choice of the industry.

Provide a professional and fully-integrated service, thus adding value to our clients, employees, shareholders and the country.

Be a socially responsible corporate citizen.

OUR VALUES

Ability | Credibility | Integrity | Teamwork

BUSINESS ACTIVITIES / KEY SERVICE AREAS

We are a licensed Produce Broker for Tea registered under Sri Lanka Tea Board bearing License No. PB/102/2021.

Act as an intermediary between Tea Producers and Tea Buyers.

Tea Broking / Marketing

Providing warehousing solutions to the producer clients (Tea Factories) for their Teas pending sales and providing Third Party Logistics Services (3PL).

Warehousing

Financing

Provide financing facilities in the form of loans and advances to producer clients (Tea Factories) to meet their working capital requirements, purchase machinery and to expand their operations.

Manufacturing Advisory Services

Provided manufacturing advises and personalised services to producer clients (Tea Factories) in order to improve their product quality.

MARKET SERVED

The factories whose Teas are marketed through us cover all elevations namely Uva High, Uva Medium, Western High, Western Medium and Low Grown.

WHERE WE OPERATE

Ceylon Tea Brokers PLC

Head Office: Level 7, 'Millennium House', 46/58, Nawam Mawatha, Colombo 02, Sri Lanka.

Sample Room: No. 74, De Waas Lane, Grandpass, Colombo 14, Sri Lanka

Warehouses: No. 74, De Waas Lane, Grandpass, Colombo 14, Sri Lanka.

No. 885F, Duwawaththa Road, Kotikawaththa, Angoda, Sri Lanka.

Logicare (Private) Limited

A wholly owned subsidiary of CTB PLC which is providing warehousing to the producer clients (Tea factories) for their teas pending sale and providing third party logistics services (TPL)

Head Office: Level 7, 'Millennium House', 46/58, Nawam Mawatha, Colombo 02, Sri Lanka.

Warehouses: No. 1, Muthurajawela Road, Muthurajawela. Sri Lanka.

BUSINESS OVERVIEW

MILESTONES

1963

Foundation laid with a partnership formed by M/s C.J.C De Silva, R.E.P. Abeywardena and J. Peiris.

1999

Incorporated as a private limited company.

2005

Acquired by the Capital Alliance Group.

2006

Renamed Ceylon Tea Brokers (Pvt) Ltd.

2007

Converted to a Public Company.

2010

Listed on the Colombo Stock Exchange as the first standalone Tea Broking Company.

2015

Corporate office shifted to a strategic location at Nawam Mawatha, Colombo 02.

2016

Bronze Award – ‘Service Organisation Category’ at the 52nd Annual Report Awards competition organised by CA Sri Lanka.

2017

- | Acquisition of Logicare (Pvt) Ltd to enter into the logistics business
- | Silver Award – ‘Service Organisation Category’ at the 53rd Annual Report Awards competition organised by CA Sri Lanka.
- | Merit Award – ‘SME Category’ at the CMA Excellence in Integrated Reporting Awards 2017 organised by CMA Sri Lanka.
- | Annual Staff Get-Together and Employee Award Ceremony.

2018

- | First ever Rights Issue.
- | Silver Award – ‘Service Organisation Category’ at the 54th Annual Report Awards competition organised by CA Sri Lanka.
- | Best Integrated Report – ‘SME Category’ at the CMA Excellence in Integrated Reporting Awards 2018 organised by CMA Sri Lanka.
- | Overall Merit Award at the CMA Excellence in Integrated Reporting Awards 2018 organised by CMA Sri Lanka.

2019

- | Achieved a profit after tax of Rs. 113.55 Mn for the year ended 31st March 2019.
- | Silver Award – ‘Service Organisation Category’ at the 55th Annual Report Awards competition organised by CA Sri Lanka.
- | Best Integrated Report – ‘SME Category’ at the CMA Excellence in Integrated Reporting Awards 2019 organised by CMA Sri Lanka.
- | Overall Merit Award at the CMA Excellence in Integrated Reporting Awards 2019 organised by CMA Sri Lanka.

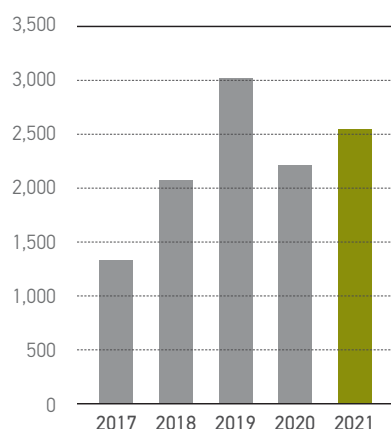
2021

- | Achieved a market share of 15.28% on the value of Teas sold.
- | Commencement of Online Auctions by the Tea Trade.

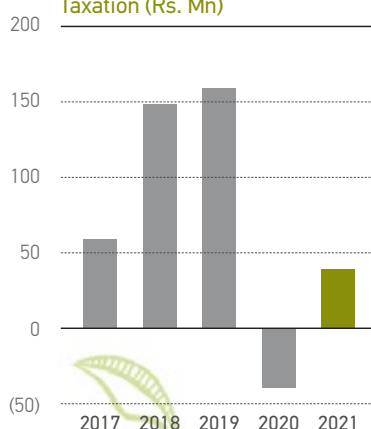
FINANCIAL HIGHLIGHTS

Five Year Summary as at 31st March	Group	Company	Group	Company	Group	Company	Group	Company	Company
	2021	2021	2020	2020	2019	2019	2018	2018	2017
Revenue (Rs. Mn)	693.59	518.68	692.63	580.64	769.65	769.65	655.92	655.92	419.72
Expenses (Rs. Mn)	(653.88)	(373.50)	(731.62)	(543.15)	(609.43)	(600.15)	(506.23)	(499.47)	(359.92)
Profit / (Loss) Before Taxation (Rs. Mn)	39.71	145.18	(38.99)	37.49	160.22	169.50	149.69	156.44	59.80
Profit / (Loss) After Taxation (Rs. Mn)	1.00	107.53	(62.50)	21.54	113.55	115.28	100.04	106.79	41.53
Total Assets (Rs. Mn)	2,547.21	1,968.18	2,228.34	1,663.82	3,040.77	2,598.68	2,080.51	2,087.15	1,341.50
Shareholder's Funds (Rs. Mn)	431.02	633.44	449.45	541.98	574.07	582.56	464.49	471.25	237.71
Return on Shareholder's Funds After Tax (%)	0.23	16.98	(13.90)	3.97	19.78	19.79	21.54	22.66	17.47
Return on Assets After Tax (%)	0.04	5.46	(2.80)	1.29	3.73	4.44	4.80	5.12	3.10
Net Assets Per Share (Rs.)	2.36	3.47	2.46	2.97	3.15	3.19	2.54	2.58	2.08
Earnings Per Share (Rs.)	0.005	0.59	(0.34)	0.12	0.62	0.63	0.76	0.81	0.33
Dividend Per Share (Distribution from during the year profit) (Rs.)	0.350	0.350	0.080	0.080	0.350	0.350	0.325	0.325	0.175
Current Ratio (Times)	1.05	1.22	1.39	1.51	1.15	1.26	1.09	1.09	1.13
Total Asset Turnover (Times)	0.27	0.26	0.31	0.35	0.25	0.30	0.32	0.31	0.31
Market Price (Rs.)	3.1	3.1	2.30	2.30	2.70	2.70	3.60	3.60	3.50
P/E Ratio (Times)	620	5.25	(6.76)	19.17	4.35	4.29	4.73	4.44	10.61
Earning Yield (Rs.)	0.0016	0.19	(0.15)	0.05	0.23	0.23	0.21	0.23	0.09
Price/Book Value Ratio (Times)	1.31	0.89	0.93	0.77	0.86	0.85	1.42	1.39	1.68

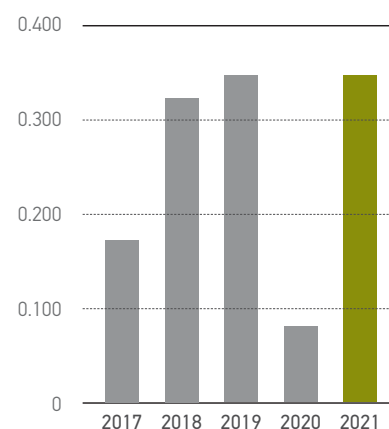
Total Assets (Rs. Mn)



Profit / (Loss) Before Taxation (Rs. Mn)



Dividend Per Share (Rs.)



1 Rs./Mn
PAT Group

2019/20 - Rs. (62.5) Mn

694 Rs./Mn
Revenue Group

2019/20 - Rs. 693 Mn

0.005 Rs.
EPS Group

2019/20 - Rs. (0.34)

CHAIRMAN'S MESSAGE



As was predicted last year, the outbreak of Covid 19 pandemic was a setback to Sri Lanka's external sector. The country's trade performance however reflected an improvement in 2020 with the trade deficit narrowing down to USD 6 Bn from USD 8 Bn in 2019.

The Company fared exceptionally well in 2020/2021 in comparison to the previous year amidst the many challenges the country as a whole had to face. Achieving a much higher bottom line and recording a further improvement in the market share are the special highlights for the period under review. I will deal with the Company's performance and some specifics of the Sri Lankan tea industry later on in this report.

SRI LANKAN ECONOMY

The Sri Lankan economy was battered following the outbreak of the Covid 19 pandemic which affected almost all industries in the country with the spread intensifying twice through the year under review and a third wave being experienced at the time of writing.

As per the Central Bank Annual Report for the year 2020, the country's economy recorded a real GDP contraction of 3.6% as against a 2.3% positive growth in 2019.

Agriculture, Forestry and Fishing related activities declined by 2.4% in the year 2020 compared to a growth of 1% in the previous year largely due to the disruption caused by the Covid 19 pandemic. The total tea production took a big hit with a 7.1% decline when compared with a 1.3% drop recorded in 2019. Services related activities and the industry sector also suffered with contractions of 1.5% and 6.9% respectively in the year under review as against 2.2% and 2.6% growths in 2019.

The per capita GDP for 2020 stated as USD 3,682 is lower than USD 3,852 in 2019.

The industrial activities, the most affected segment due to the outbreak of the pandemic was largely responsible for the negative growth of the GDP. In spite of the 6.9% decline in growth, this sector accounted for 25.5% of the GDP compared with 26.4% in 2019. The services sector continues as the largest contributor to the economy with a share of 58.7% in 2020 even though recording a negative growth, whilst its corresponding share for 2019 was 57.5%. Agriculture, forestry and fisheries are responsible for a 7% share of the GDP, which is marginally above the 6.9% recorded for the previous year.

The unemployment rate continues to rise with 2020 at 5.5% from 4.8% in the previous year with the females, youth and educationally qualified categories reporting the highest rates. The general price levels as measured by the National Consumer Price Index (NCPI, 2013 = 100) and Colombo Consumer Price Index (CCPI, 2013 = 100) witnessed a continuously increasing trend during the year and largely followed the movement of prices in the food category.

CCPI based annual average inflation moved up to 4.6% by the end of 2020 from a year earlier at 4.3%.

As was predicted last year, the outbreak of Covid 19 pandemic was a setback to Sri Lanka's external sector. The country's trade performance however reflected an improvement in 2020 with the trade deficit narrowing down to USD 6 Bn from USD 8 Bn in 2019. The sizeable reduction of USD 2 Bn between the deficits recorded for the 2 years, i.e. 2019 and 2020 was mainly due to the significant reduction in imports. The trade deficit as a percentage of GDP decreased to 7.4% in 2020 compared to 9.5% in 2019 whilst the current account deficit decreased to 1.3% of GDP compared to 2.2% in 2019.

The continuation of the Covid 19 pandemic poses significant challenges to the external sector in general and the economy in particular in 2021.

CHAIRMAN'S MESSAGE

SRI LANKA TEA INDUSTRY

Tea Production – (Mn Kilos)

Elevation	2020	2019	2018	2017	2016	2015	2014
High Grown	62.20	63.05	64.97	64.64	64.42	75.40	78.90
Medium Grown	46.55	47.17	47.13	45.65	44.51	51.00	49.20
Low Grown	169.73	189.90	191.84	197.42	183.64	202.38	210.00
Total	278.48	300.12	303.94	307.72	292.57	328.78	338.10

Tea production continued to be disappointing with the year under review recording a sharp decline of 21.6 Mn kilos (7.2%) against the previous year with Low Grown accounting for largest deficit of 20 Mn kilos. High and Mid Grown elevations too were marginally lower to 2019. Last year's output was the lowest since 276.86 Mn kilos in 1997. The absence of fertilizer application for most part of 2019, the extreme hot weather during the first quarter of 2020 and more importantly, the disruption caused by the Covid 19 pandemic brought about the significantly low production in 2020.

Over the last 7 years, Sri Lanka's tea production has been steadily declining with total production almost 60 Mn kilos behind 2014. The Low Grown elevation was largely responsible for this disappointing performance with a 40 Mn kilos loss in the said period. Sri Lanka's share of the global 'cake' now stands at below 5%. This trend if not arrested will seriously affect the sustainability of the producers particularly the smallholder segment who are responsible for approximately 75% of the green leaf harvest. Adding to this, the continuously declining availability of 'Ceylon Tea' will negatively impact the marketing front particularly the Middle Eastern countries and Russia who between them account for over 60% of Sri Lanka's exports, being compelled to look for alternate suppliers. However, at the time of compiling this report, a welcome recovery is evident with the crop figures released for January to May 2021 recording 134.7 Mn kilos, a gain of 31.6 Mn kilos, i.e. 30.66% over the corresponding period last year. This includes a 34% improvement for the Low Grown segment, with High & Medium Grown increasing by 25% in each category.

Be that as it may, the government's recent proposal to switch from the use of chemical fertiliser to organic for all agriculture including tea with immediate effect will only hamper plans to increase production. Further, this proposed initiative could result in a short to medium term drop in the quality of green leaf harvested and consequently, the quality of the manufactured tea. Whilst this proposed move is laudable in view of the increasing global awareness towards a sustainable economy based on the "Triple Bottom Line" of "People, Planet & Profit", a well thought out plan over a 5 – 10 year period would be prudent rather than an overnight change which can result in an irreparable loss to the Tea Industry and consequently the economy. In this regard, we strongly recommend a scientific approach which should include experts on this subject and all associated stakeholder organisations in the plantation sector to formulate the correct strategy.

There also appears to be a mistaken notion regarding increased Maximum Residue Levels (MRLs) occurring through the use of chemical fertiliser. As per our understanding, increased MRLs in the final product occur predominantly from excessive and incorrect use of pesticides and weedicides. The application of these products is now carefully monitored and generally

Be that as it may, the government's recent proposal to switch from the use of chemical fertiliser to organic for all agriculture including tea with immediate effect will only hamper plans to increase production.

adhered to by the plantation sector including smallholders. It is for this reason that “Ceylon Tea” is considered the cleanest tea and the Colombo Auctions continue to record higher averages than any other Center.

Colombo Auction Averages (per kilo)

Elevation	High Grown		Medium Grown		Low Grown		Total	
	LKR	Approx. USD	LKR	Approx. USD	LKR	Approx. USD	LKR	Approx. USD
2020	580.90	3.13	553.94	2.99	666.32	3.59	628.21	3.39
2019	513.19	2.87	468.73	2.62	577.18	3.23	546.33	3.06
2018	577.92	3.56	521.06	3.21	601.74	3.70	584.08	3.59
2017	606.64	3.98	564.64	3.70	637.42	4.18	620.14	4.07
2016	449.85	3.09	419.59	2.88	486.74	3.34	468.61	3.22
2015	388.38	2.86	362.57	2.67	416.32	3.06	402.14	2.96
2014	420.36	3.22	410.13	3.14	488.06	3.74	461.86	3.54
2013	402.98	3.12	398.65	3.09	469.91	3.64	444.42	3.44

The disruption caused by the Global pandemic and the adverse weather conditions in some producing countries resulted in a tight supply position, signs of which were emerging from the early part of 2020. As a consequence, Sri Lanka's tea prices gained both in rupee and US dollar terms. As evident from the above table, all elevational averages and the total national average for 2020 were much higher than the previous year. Low Grown and the National Average for 2020 in rupee terms are higher than the previous record averages of 2017. The 2017 & 2018 US Dollar equivalent averages however are still higher than 2020 as a result of the 21.7% & 14.1% depreciation of the Sri Lanka Rupee last year compared with 2017 & 2018 respectively.

Tea Export Earnings (Including re-exports with imported teas)

Year	Qty	Value	Average FOB Price per kg	Approximate Value	Approximate Average FOB Price per Kilo
	(Mn/kg)	(Rs/Bn)	(Rs)	USD/Bn	USD
2020	265.57	230.17	866.70	1.24	4.67
2019	292.66	240.64	822.25	1.35	4.60
2018	282.36	231.75	820.75	1.43	5.05
2017	288.98	233.34	807.44	1.53	5.30
2016	288.77	184.78	639.88	1.27	4.39
2015	306.97	182.05	593.08	1.34	4.36
2014	327.87	212.91	649.37	1.63	4.97
2013	319.66	199.44	623.91	1.54	4.83

The total export quantity for 2020 is 27.1 Mn kilos lower than in 2019 and is the lowest since 262.9 Mn kilos in 1999. The export revenue too declined by Rs 10 Bn from 2019's record earnings of Rs 240.64 Bn and is also lower than those of 2017 & 2018. Last year's export earnings in US dollar terms at USD 1.24 Bn is much below the highest ever revenue of USD 1.63 Bn earned in 2014 and is the lowest since USD 1.14 Bn in 2009. The encouraging feature however is the FOB price per kilo at Rs 866.70 is the highest on record. In USD terms however, although higher than 2019, is lower than some of the previous years. This is due to the continuous decline in the value of the Rupee against the major currencies of the world.

CHAIRMAN'S MESSAGE

GLOBAL PERSPECTIVE

As per the information set out in the Interim Publication of the International Tea Committee's Annual Bulletin of Statistics, tabulated below are the top five Producers, Exporters and Importers of tea in 2020.

Producers			Exporters			Importers		
No.	Country	Qty	No.	Country	Qty	No.	Country	Qty
		(Mn/kg)			(Mn/kg)			(Mn/kg)
1	China*	2740.0	1	Kenya	518.9	1	Pakistan	251.6
2	India	1255.6	2	China	348.8	2	Russian Federation **	142.0
3	Kenya	569.5	3	Sri Lanka	265.6	3	UK	110.8
4	Turkey	280.0	4	India	207.0	4	USA	105.7
5	Sri Lanka	278.5	5	Vietnam	130.0	5	Egypt	93.8
*Predominantly green tea			Includes imported tea re-exported where applicable			**Excluding other CIS Countries		

As per the interim details available, global production at approximately 6,000 Mn kilos shrank by 150 Mn kilos in 2020 compared with 2019. Whilst China and India continue to hold the top two slots of this table, both countries have recorded declines in the year under review. Sri Lanka's performance in the global scenario has suffered further being edged out by Turkey and we have now slipped to the fifth position on the producer table. Sri Lanka however managed to retain the number three position among global exporters even with a much lower export volume, which it has held for some time. What is of concern is that Sri Lanka is losing its formidable presence in the global tea market with her exports to 4 of the 5 leading tea importing countries being insignificant. The Russian Federation is the only exception but the volume lags behind India who also has exported more than double the quantity of Sri Lanka to Iran. It is encouraging to note that exports to China have recorded a 27% increase year on year. This destination has been increasing its off take from Sri Lanka continuously since 2011. Exports to most other destinations have recorded declines due to a host of factors but mainly on account of the lower production. China continues to earn the highest export revenue from among all the tea producing countries with little over USD 2 Bn. Sri Lanka is still the second highest export earner in value but is only marginally ahead of Kenya. This comparatively disappointing performance for export earnings in spite of the higher auction and FOB prices is entirely due to the sharp drop in production referred to earlier. Given this scenario, getting back to a crop of 320 Mn kilos or more is essential to increase the country's export quantities to the global markets, particularly in the Middle East and Russia/CIS States which still have a preference for "Ceylon Tea". The premium attached to "Ceylon Tea" coupled with the comparatively higher percentage of value added exports out of Sri Lanka compared to other producer/exporting countries has enabled Sri Lanka to maintain the number two position in export value of earnings. This however may not be sustainable.

We therefore reiterate what we stated last year that Sri Lanka must adapt multiple strategies to increase the value of tea exports through bold, innovative and dynamic initiatives. This is important in order to maintain and expand our presence in the constantly increasing global tea market both in terms of volume and value.

COMPANY PERFORMANCE

As stated at the beginning of my message, in spite of the challenges faced by the tea industry mainly on account of the Covid 19 pandemic, the company posted one of its best ever results in the comparatively short history as a Public Listed Company. In a year of very low output, it is remarkable that the company handled a higher quantity than 2019/20, thereby increasing its market share which has been steadily improving since 2016/17. The specific details which reflect this position and of interest to the shareholders are set out here under:

	Quantity of Tea Marketed through the Company	Value of Tea Marketed through the Company	Revenue Generated by the Company	Profit After Tax	Total Equity
	Mn/kg	Rs./Mn	Rs./Mn	Rs./Mn	Rs./Mn
2020/21	42.5	28,049.0	518.7	107.5	633.4
2019/20	41.2	23,119.0	580.6	21.5	542.0
2018/19	35.0	22,830.0	769.6	115.3	582.6
2017/18	34.3	22,402.0	655.9	106.8	471.3
2016/17	29.9	16,114.4	419.7	41.5	237.7
2015/16	31.3	12,518.9	334.0	25.9	208.7
2014/15	34.7	16,073.0	435.5	54.7	212.4
2013/14	33.3	16,131.0	466.8	56.2	186.3
2012/13	29.6	12,443.0	368.3	39.8	149.8
2011/12	27.4	10,800.0	327.7	56.5	138.6

Further to the above details, I set out below the performance at a glance showing some salient comparative data on market share:



Our Management team must be highly commended and appreciated for the excellent performance in what could be termed as a challenging year. This achievement is a reflection of their commitment to provide an excellent service to all our clients including the buyers. It has boosted not only the company's overall performance, but the image as well.

Another point that deserves commendation is the ability of the team to astutely manage the diverse financial needs of the clientele of the company. The prudent lending strategy

adopted resulted in the company not having to make an extraordinary charge for impairment provisions/write-offs which we had to in 2019/20 that resulted in a significant decline in profit last year. As a consequence thereof, the interest income in the year under review was much lower to the previous year which culminated in a reduction of total revenue. The bottom-line impact however was favourable. We also assisted our producer clients in a more sustainable manner resulting in win-win situation.

A significant feature in the year 2020/21 was the change in the manner of conducting the weekly tea auctions from the 137 year old "out-cry" auction system to the electronic platform which the industry was compelled to embrace in order to continue holding of tea auctions with only a slight break at the beginning of the Covid 19 pandemic in April 2020.

In spite of the teething problems at the initial stage, the quick adaptability to the new mechanism by both brokers and buyers helped in no small measure to boost the confidence of all concerned on the new format. Our team's dynamism and ability to speedily grasp the 'nitty-gritties' of the new platform is noteworthy.

CORPORATE DEVELOPMENT & MANAGEMENT FOCUS

The Board and Management on the back of excellence in providing services to our clients has focused on the need to secure the dynamics of continuous improvement. Our growth trajectory has consequently resulted in strengthening our team. We have also maintained and struck a delicate balance of a propriety environment within a publicly owned enterprise which is essential for a service organization such as ours, and augers well for the future.

CHAIRMAN'S MESSAGE

In the Low Grown sector, our gains continue to signpost progress towards our goals. The industry due largely to a surfeit of factories have driven some small factory operators towards consolidation and the resultant need of our clients to lean on the broker for a myriad of support services. We have positioned ourselves well to meet these requirements.

In the High Grown sector in particular and Medium Grown in general dominated by traditional relationships of Regional Plantation Companies, we have made inroads and look forward to further improvements in the short to medium term.

Our revenue streams reflect the change of this focus with interest income now falling below the brokerage revenue as it should be.

Notwithstanding the shortfall in interest income, our net profit for the year reflects the success we have achieved in new relationships, consolidating on the strength of our existing clients, and also better managing financial accommodation to clients.

LOGICARE (PVT) LTD

The year 2020/21 has been a year like no other for the logistics industry and created immense challenges for all stakeholders. Strict control measures taken to reduce the spread of COVID 19, lead to labour shortages, congestion, and delivery delays. Logistic companies had to adapt to these challenges and provide a safer, less congested work environment for employees due to the increased health and safety concerns. As we had already invested in automated warehouse processes and advanced software technology platforms, we moved to this new normal quickly.

Logicare dedicated a significant portion of our resources to help new and existing customers to survive and succeed under the threat of a devastating global pandemic. With our broad service portfolio, agile technology platforms, the unwavering commitment of our employees and service providers, found ourselves in a unique position to help our customers adopt to the changes created by the pandemic.

Consequently, in spite of the pandemic situation, we were able to expand our presence in the market and attract new customers throughout 2020/21. During the year under review, Logicare forged its presence in new industry verticals such as Electrical, Pharmaceutical, Fashion Retail and Grocery Retail.

We also managed to capitalize on new opportunities that arose, such as the increased demand for online fulfillment and last-mile delivery. Global e-commerce sales have seen steady growth over the past few years and spiked in 2020 due to stay-at-home orders and concerns to minimize exposure to Covid 19, which prevented shoppers from visiting retail locations. We decided to leverage on this growing trend. As a result, we launched LogiNext, an online fulfillment and last-mile delivery platform available to retailers to enhance their customers' online shopping experience. LogiNext assists online merchants to manage and grow their businesses while offering integrated logistics solutions ranging from order fulfillment, last-mile delivery to return management. Having already partnered with some of the fastest growing e-commerce retailers, we are confident that this would significantly contribute to the revenue portfolio in the future.

In a year of very low output, it is remarkable that the company handled a higher quantity than 2019/20, thereby increasing its market share which has been steadily improving since 2016/17.

The year under review was another year of consolidation for this fledgling subsidiary of Ceylon Tea Brokers PLC. At the time of compiling this report, the utilization of our warehouses has reached its maximum capacity due to the increased demand from 3PL clients. Therefore, with enhanced utilization levels and favourable rates, we expect a significant improvement in revenue and consequently profitability in 2021/22.

DIVIDEND

Following the improved performance, I am pleased to report that the Directors have declared a dividend of =/35 Cts. per share for the financial year 2020/21 compared with =/08 Cts. per share in 2019/20. The total payout amounts to Rs.63.8 Mn, which is a 59% payout ratio of the distributable profits. The balance amounting to Rs.43.7 Mn has been transferred to reserves thus enhancing the total equity.

DIRECTORATE

The directorate remains unchanged and the position of the Board as presently constituted is given elsewhere in this report.

The Director/Chief Operating Officer (COO), Mr. Saminda Deshapriya, relinquished his position as an Executive Director & COO with effect from 10th June 2021 to enable him to function as a fulltime Executive Director and Chief Executive Officer of Logicare (Pvt) Ltd., which is gradually expanding its footprint in the logistics sector. Mr. Deshapriya continues to be a Director of Ceylon Tea Brokers PLC. Saminda has been with the Company for 15 years and has played a significant role in the development of Ceylon Tea Brokers over the years. We as a Company in general and the Board in particular owe a deep debt of gratitude for all his efforts. We look forward to his dynamism and commitment in driving Logicare (Pvt) Ltd. to its next stage of growth, whilst continuing to serve as a valuable Member on the Board of Ceylon Tea Brokers PLC.

Consequent to this change, Mr. Dinesh Fernando who joined the Company in 2016 as General Manager and was appointed as an Executive Director in 2019 takes over as the Chief Operating Officer from 10th June 2021. We take this opportunity to congratulate Dinesh and wish him all the best with the added responsibilities that come with this position. We are confident that he would fulfill this role admirably given the dynamism he has displayed from the time he joined the Company.

ACKNOWLEDGEMENT

My appreciation to my colleagues on the Board for their participation and valued guidance in the decision making process of the Company. My thanks to the Management and Staff at all levels for their loyalty, dedication and professionalism that enabled our Company to achieve these results in spite of the challenging environment. Our grateful thanks to all our Clients for the privilege of serving them, which as mentioned in previous Reports, is the foundation of our corporate objectives. To our Bankers, Colombo Brokers' Association, Colombo Tea Traders' Association, Sri Lanka Tea Factory Owners' Association, Planters' Association of Ceylon, Tea Exporters' Association, The Sri Lanka Tea Board, Ministry of Plantation Industries and all organizations that we interact with, for their continued support. Finally, but by no means the least, we gratefully acknowledge the support of our shareholders for their confidence in the Company, which encourages us for the future.

CONCLUDING THOUGHT

Following the tradition of previous years, let me leave you with our corporate theme for 2021 which we shared with our management at the beginning of the year:

"IT IS NEVER WRONG TO DO THE RIGHT THING."



Chrisantha Perera
Chairman

10th June 2021

CHIEF EXECUTIVE OFFICER'S REVIEW



Guided by our Vision, Mission and Values, we will continue to in our endeavour to expand the business while building a more equitable and thriving future to all who connect with Ceylon Tea Brokers.

Ceylon Tea Brokers have proven to be a resilient company through good times and bad over a decade with 2020 proving this to be true beyond what we could have imagined. Together with the rest of the world, Ceylon Tea Brokers navigated uncharted territory- a global pandemic.

It was a year that presented both unprecedented challenges and a sharper focus on opportunities ahead of us all.

Year 2020 was a turbulent year for the industry. Uncertainty in the business environment along with low volumes had a notable impact on the industry. In spite of adverse business conditions, CTB managed to continue in its growth trajectory with an increase in market share YOY.

In the year under review, we continued to retain the market leader status in the low grown sector. The High & Medium category witnessed reasonable growth. The company achieved a total market share of 14.77% on quantity sold for the financial year 2020/2021 compared with 14.34% in 2019/2020 thus maintaining a steady growth.

Despite the decline in production and the Covid-19 pandemic which restricted smooth business operations, CTB managed to conclude the year on a strong note recording a notable profit after tax of Rs. 107.5 Mn. This could be viewed as a remarkable achievement as this was accomplished with a substantially lower interest income due to a lower lending portfolio.

The management took initiative in agile risk management which helped create more value per transaction in order to mitigate bad debt provisions which affected the bottom line of Ceylon Tea Brokers in year 2019/2020.

BRANCHING OUT

Logicare (Pvt) Ltd which commenced operations in 2019 has shown a reasonable growth. The modern warehousing project will provide Services mainly to 3PL clients.

The company specializes in logistics, transport and other supply chain related activities.

COVID-19

In the fiscal year 2020, the Covid-19 pandemic impacted our business operations, including our employees, customers, partners and communities. In order to mitigate the impact, Ceylon Tea Brokers adhered to several risk management methods in order to protect the employees and the smooth running of the business.

From the beginning of the pandemic, our focus was squarely upon two things.

- 1) Securing the wellbeing, health and safety of our employees.
- 2) Steering the company successfully through the unprecedented crisis.

We are proud to report we achieved both.

The extent to which the Covid-19 pandemic impacts our business going forward will depend on numerous evolving factors we cannot reliably predict, including the duration and the scope of the pandemic.

OUR OPPORTUNITY

Although this year has taught us that no business is 100% resilient, those fortified with digital technology are more resilient and more capable of transforming when faced with sweeping changes like those we are experiencing. We at Ceylon Tea Brokers, hope to adopt digital tools and platforms for the purpose of preparing for the future.

The Colombo Tea Auction's transition to an e-auction which facilitated uninterrupted foreign exchange inflow to Sri Lanka during the pandemic was a notable feature in the year concluded. An industrial shift to technology from the traditional outcry system.

LOOKING AHEAD

Whilst we stand strong in the low grown sector, the high and medium have shown reasonable improvement in market share. We hope to further develop this segment which has immense opportunity. In the concluded financial year, we have been strengthening our resources, technical skills etc in order to capture the opportunities that may arise in the high grown segment.

CEYLON TEA BROKERS - DIRECTORATE

The Ceylon Tea Brokers' Board of Directors is an integral part in shaping the company's overall strategy as they bring wide experience, expertise and insights to the important issues facing the company. As we work to create a company that is profit, people and planet positive, the board's continued commitment to meaningful social impact will further drive this initiative.

THANK YOU

2020 was anything but easy. The only way through such a year was teamwork. Therefore, I would like to extend my heartfelt thanks to all our employees. They have demonstrated resilience and great commitment during this unprecedented period. We would like to thank our shareholders, for the trust they have placed in us. We will continue to do everything we can to remain worthy of this confidence.

THE FUTURE OF CEYLON TEA BROKERS

Since established as Ceylon Tea Brokers (Pvt) Ltd. in 2005 as a successor to De Silva Abeywardena & Peiris, which commenced in 1963, we have been committed to being a catalyst for positive change. Over the past 15 years, we have taken on board all that we have learned in good times and in bad, and together we have created a resilient Company that connects with our partners, customers and communities. We look forward to the future with confidence and optimism to be a profitable and growth oriented Company. Guided by our Vision, Mission and Values, we will continue in our endeavour to expand the business while building a more equitable and thriving future for all who connect with Ceylon Tea Brokers PLC.



Waruna De Silva
Director / Chief Executive Officer

10th June 2021

BOARD OF DIRECTORS

CHRISANTHA PERERA

Chairman / Independent Non-Executive Director

Date of Appointment:
30th October 2009

Qualifications & Experience:

Associated with the Tea Industry for over 50 years. Retired as Chairman/CEO of Forbes & Walker Ltd in 2005 after serving for 44 years.

Other Current Appointments:

Presently serves on the Boards of two Plantation Companies and their respective holding Companies as well as other public listed and private companies. A Director of Logicare (Pvt) Ltd.

Previous Appointments:

Chairman of the Sri Lanka Tea Board, Sri Lanka Insurance Corporation Ltd., Public Enterprises Reform Commission and Bank of Ceylon.

Served as an Appointed Member of the Monetary Board of the Central Bank of Sri Lanka.

Shareholding:
3,500,000 Shares

Membership of Board Subcommittees:

- | Chairman of the Risk Management Committee
- | Chairman of the Remuneration Committee
- | Chairman of the Nomination Committee
- | A Member of the Audit Committee

NIRAJ DE MEL

Deputy Chairman / Independent Non-Executive Director

Date of Appointment:
1st April 2019

Qualifications & Experience:

Commenced the career at Forbes & Walker Limited and has over 40 years of experience in the tea industry.

Other Current Appointments:

Founder/Director of The Mel's Ceylon (Pvt) Ltd.

Previous Appointments:

Managing Director of Hayleys Global Beverages (Pvt) Ltd, Vanrees (Ceylon) Ltd and Bosanquet & Skrine Ltd. Chief Operating Officer of C.S. Asia Teas (Pvt) Ltd and a former Director of Mabroc Teas (Pvt) Ltd. Chairman of the Sri Lanka Tea Board and the Tea Exporters' Association. Chief Executive Officer of the Tea Association of Sri Lanka and In-Country Manager of Ethical Tea Partnership (ETP), UK.

Shareholding:
50,000 Shares

Membership of Board Subcommittees:

- | A Member of the Related Party Transactions Review Committee
- | A Member of the Risk Management Committee
- | A Member of Remuneration Committee (Appointed w.e.f 10th June 2021)

AJITH FERNANDO

Managing Director

Date of Appointment:
1st February 2005

Qualifications & Experience:

A Fellow of the Chartered Institute of Management Accountants, UK and holds a Master of Arts (MA) in Financial Economics from the University of Colombo. He has over 30 years' experience in the money and capital markets.

Other Current Appointments:

Founder of the Capital Alliance Group and currently functions as group CEO. Chairman of Logicare (Pvt) Ltd.

Previous Appointments:

Has worked with some of the leading financial institutions in Sri Lanka.

Shareholding:
48,837,837 Shares

Membership of Board Subcommittees:

- | A Member of the Risk Management Committee
- | A Member of the Nomination Committee

WARUNA DE SILVA*Director / Chief Executive Officer***Date of Appointment:**

23rd March 2009

Qualifications & Experience:

He has over 20 years of experience in Tea broking. Joined Ceylon Tea Brokers in 2008 and was appointed as the Chief Executive Officer of the Company on 01st May 2017. Holds a Master of Business Administration (MBA) from the Cardiff Metropolitan University, UK. Completed an Executive MSc in Supply Chain Management, an Executive MSc in Human Resource Management and an Executive MSc in Project Management from Asia E-University Malaysia. A passed finalist of CMA Australia. Completed Executive education on Strategy and Leadership from Wharton Business School Philadelphia (USA) and holds the ADP Certificate. Completed Executive education on Strategy & Enterprisewide Transformation from Rice University Texas (USA) & MIT Sloan School of Management, Boston (USA). Doctor of Business Administration candidate at University of Kelaniya.

Other Current Appointments:

A Director of Logicare (Pvt) Ltd.

Previous Appointments:

Manager-Tea at Forbes & Walker Limited.

Shareholding:

None

Membership of Board Subcommittees:

| A Member of the Risk Management Committee

SAMINDA DESHAPRIYA*Director / Chief Operating Officer***Date of Appointment:**

1st April 2016

Qualifications & Experience:

A Member of the Association of Business Executives (MABE), UK and the Chartered Institute of Marketing (MCIM), UK. Holds a Master of Business Administration (MBA) from Australian Institute of Business (AIB), Australia and a Master of Science in Logistics and Supply Chain Management (MSc) from Birmingham City University, UK.

Joined Ceylon Tea Brokers in 2006 and has over fifteen years of experience in all operations of the Company in different capacities.

Mr. Deshapriya resigned from Chief Operating Officer position w.e.f. 10th June 2021.

Other Current Appointments:

Director / Chief Executive Officer of Logicare (Pvt) Ltd.

Previous Appointments:

None

Shareholding:

416,000 Shares

Membership of Board Subcommittees:

| A Member of the Risk Management Committee

DINESH FERNANDO*Director / Chief Operating Officer***Date of Appointment:**

24th May 2019

Qualifications & Experience:

Master of Business Administration (MBA) from the University of Colombo. An Affiliate member of the Association of Chartered Certified Accountants (ACCA), UK and a Member of the Association of Business Executives (MABE), UK. Holds a Bachelor of Arts (Hons) degree in Business & Marketing from the Coventry University, UK.

Joined Ceylon Tea Brokers PLC in 2016 as a General Manager. Has over 19 years of experience in tea broking.

Mr. Fernando was appointed as the Chief Operating Officer of the Company w.e.f. 10th June 2021

Other Current Appointments:

None

Previous Appointments:

A Senior Manager at Mercantile Produce Brokers Limited

Shareholding:

None

Membership of Board Subcommittees:

| A Member of the Risk Management Committee

BUSINESS OVERVIEW

BOARD OF DIRECTORS

THILINA NONIS

Executive Director

Date of Appointment:

24th May 2019

Qualifications & Experience:

Joined Ceylon Tea Brokers in 2006 and was appointed as the Head of Marketing of the Company on the 1st April 2017. Has over 18 years of experience in tea broking.

Other Current Appointments:

None

Previous Appointments:

Commenced career at Somerville & Company (Pvt) Ltd and later worked at Asia Siyaka Commodities PLC and Bartleet Produce Marketing (Pvt) Ltd.

Shareholding:

10,000 shares

Membership of Board Subcommittees:

| A Member of the Risk Management Committee

ZAMEEL MOHAMED

Executive Director

Date of Appointment:

24th May 2019

Qualifications & Experience:

Holds a Master of Business Administration (MBA) from the London Metropolitan University, UK. Joined Ceylon Tea Brokers PLC in 2018 as a Senior General Manager and has over 21 years of experience in tea broking.

Other Current Appointments:

None

Previous Appointments:

Senior General Manager at Bartleet Produce Marketing (Pvt) Ltd.
The "Tea Convener" of the Tea Sub-Committee of the Colombo Brokers' Association (CBA).

Shareholding:

None

Membership of Board Subcommittees:

| A Member of the Risk Management Committee

SHIROMAL COORAY

Non-Executive Director

Date of Appointment:

9th October 2006

Qualifications & Experience:

A Fellow Member of the Chartered Institute of Management Accountants, UK and holds a Master of Business Administration (MBA) from the University of Colombo. A senior finance professional with wide experience in the private sector in number of industries.

Other Current Appointments:

Chairman and Managing Director of Jetwing Travels (Private) Limited – one of the leading inbound/outbound travel management companies in Sri Lanka. The Chairman of Jetwing Hotels Limited, the premier hospitality brand of Sri Lanka, that owns and manages 30 hotels and 10 villas in Sri Lanka. An Independent Non-Executive Director of Commercial Bank of Ceylon PLC. She is also an Independent Non-Executive Director of Allianz Insurance Lanka Limited and Allianz Life Insurance Lanka Limited, and holds other directorates in hotels, finance, and investment banking.

Previous Appointments:

Chairman of the Sri Lanka Institute of Directors (SLID), and the President of the Sri Lanka Association of Inbound Tour Operators (SLAITO). Director – Finance and Administration on the Board of J Walter Thompson. Non- Executive Director on the Boards of Capital Alliance Finance PLC, Trade Finance and Investments PLC and served on the Boards of many other private and public companies.

Shareholding:

10,908,751 Shares

Membership of Board Subcommittees:

| A Member of the Remuneration Committee

SHARMALI PERERA*Non-Executive Director***Date of Appointment:**

9th October 2006

Qualifications & Experience:

An Associate Member of the Chartered Institute of Management Accountants, UK. A founding member of Capital Alliance Group and has been with Capital Alliance since its inception in year 2000. A senior finance professional with well over 20 years of experience in the finance industry.

Other Current Appointments:

Chief Risk and Compliance Officer of the Capital Alliance Group and a Director of Capital Alliance Securities (Pvt) Limited, Capital Alliance Investments Limited, Finnovation (Pvt) Limited, Tempest P E Partners (Pvt) Limited and Logicare (Pvt) Limited

Previous Appointments:

Has worked with some of the leading financial institutions in Sri Lanka.

Shareholding:

1,390,492 Shares

Membership of Board Subcommittees:

- | Chairperson of the Audit Committee
- | A Member of the Related Party Transactions Review Committee

B.R.L. FERNANDO*Independent Non-Executive Director***Date of Appointment:**

5th May 2010

Qualifications & Experience:

A Fellow member of the Institute of Chartered Accountants of Sri Lanka (CASL). A senior professional with wide experience in the private sector in number of industries.

Other Current Appointments:

Non-Executive Chairman of the Commercial Development Company PLC, Noorani Estate's (Pvt) Ltd., First Guardian Equities (Pvt) Ltd, Tropical Abundance (Pvt) Ltd, and Tropibar (Pvt) Ltd. Functions as a Non-Executive Director of St Nicholas Education Services Ltd.

Previous Appointments:

Chairman of CIC Holdings PLC, Chemanex PLC and CIC Group of Companies and Deputy Chairman of the Commercial Bank of Ceylon PLC.

Shareholding:

22,640 Shares

Membership of Board Subcommittees:

- | Chairman of the Related Party Transactions Review Committee
- | A Member of the Audit Committee
- | A Member of the Risk Management Committee
- | A Member of the Remuneration Committee
- | A Member of the Nomination Committee

DHAYAN H. MADAWALA*Independent Non-Executive Director***Date of Appointment:**

1st December 2015

Qualifications & Experience:

Associated with the Tea Industry for over 45 years. A Fellow of the National Institute of Plantation Management (FIPM).

Other Current Appointments:

None

Previous Appointments:

Director/CEO of Hapugastenne Plantations PLC and Udupussellawa Plantations PLC. A Director of James Finlay Plantation Holdings Ltd., Finlays Tea Estates (Lanka) Ltd., Newburgh Green Teas (Pvt) Ltd., and Finwood Lanka (Pvt) Ltd.

Shareholding:

3,425 Shares

Membership of Board Subcommittees:

- | A Member of the Risk Management Committee
- | A Member of the Related Party Transactions Review Committee

OUR STRATEGY

Our strategy focused on three key elements which are a competent team, operational excellence and service excellence. We continue to drive our strategies through Processes, People and Technology in order to achieve our vision, mission and objectives.

COMPETENT TEAM

We believe that a competent team with the required skills, experience and commitment is essential for us to achieve our strategic objectives. Therefore, we continue to invest in acquiring and improving human resources in order to serve our clients better.

We, as a Group, strive to have the right people, in the right place. We have developed a comprehensive Human Resource Policy, which has contributed to managing, retaining and attracting talent to the Group. We provide training and development opportunities to our employees in order to enhance their interpersonal and technical skills.

Further, we focused extensively on team building because we believe that Tea Broking is a team effort. None of our internal systems would have made any sense if we could not serve our clients and for this, we needed a highly motivated team. We did this by significantly strengthening our team by recruiting quite a few young and dynamic members to the Company. Our comparatively young team has displayed capabilities beyond their years, and has brought the Company to a level that is quite satisfactory and in achieving customer satisfaction levels that are extraordinary.

OPERATIONAL EXCELLENCE

As an important part of our strategy we continue to improve our processes in order to optimise our cost through operational excellence. We managed to maintain our operational cost irrespective of the growth in business by improving our processes and operational efficiencies.

We have integrated most of our systems and have been able to cut down on the amount of paperwork involved as well as the delays experienced before, by eliminating the errors that would naturally creep in when using a non-integrated system. At the same time, we streamlined our processes and brought them in line with best practices in the market, thereby reducing operational cost as well as increasing efficiency and accuracy in order to give our clients a superior service.

SERVICE EXCELLENCE

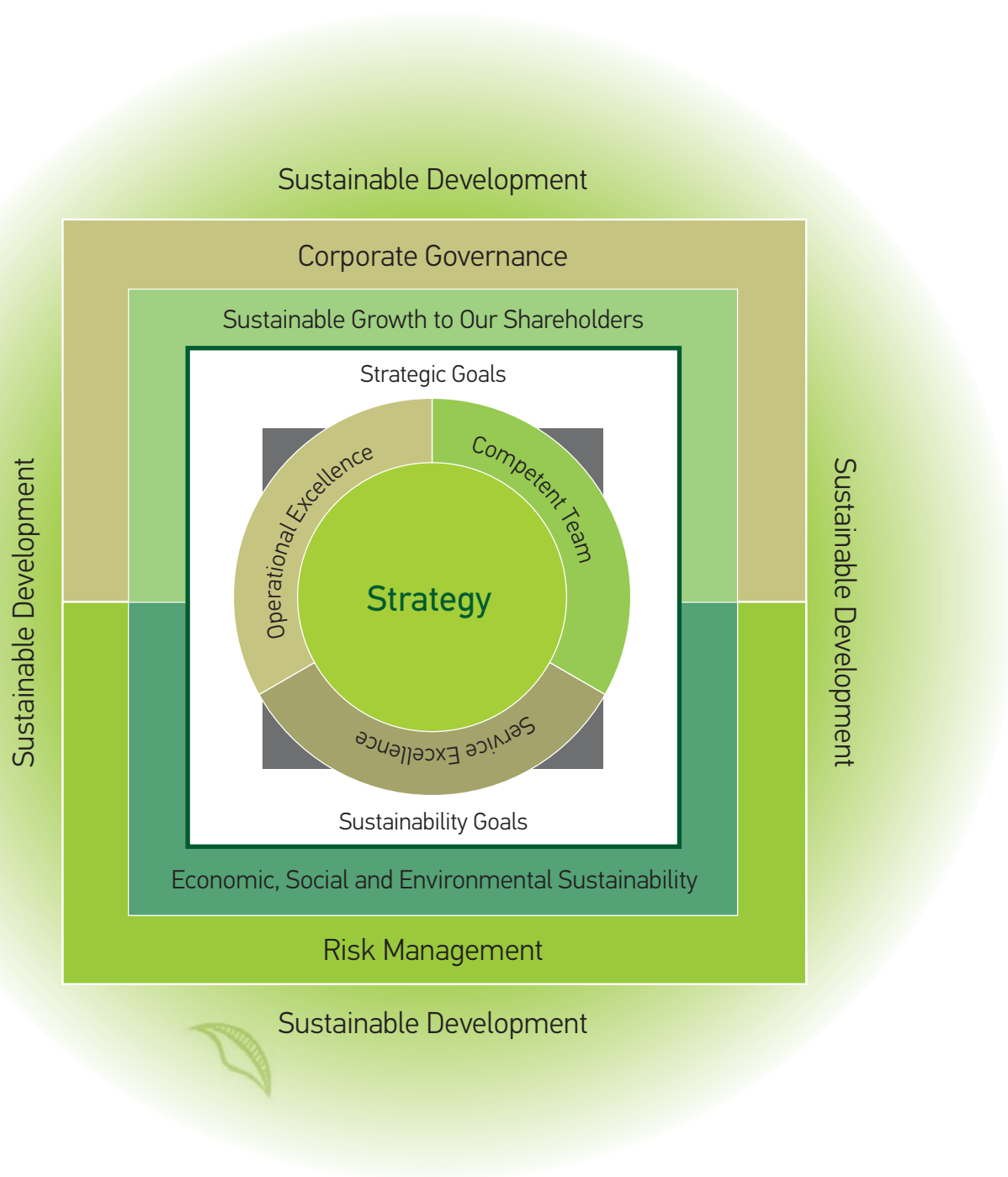
Since Tea broking is purely a service, providing a superior service to our clients is vital to our growth. Thus, “service excellence” is the most imperative strategic focus to our long-term sustainability. With this in mind, we will constantly endeavour to upgrade our services by investing in correct human and technological resources in order to provide a professional service to our clients.

Arising from our strategy we have developed a set of strategic objectives which reflects in our budgets and business plans for the future. These objectives are monitored and altered regularly to align with the changes in macro and micro environments.

SUSTAINABLE DEVELOPMENT

Being a socially responsible corporate citizen is part of our mission and we believe that our Group cannot sustain in isolation and our long-term sustainability depends on the positive impact of our business activities to our economy, our society and our environment. Therefore, the ultimate objective of our corporate strategy is to create value to all our stakeholders and we will continue to monitor the impact of our actions on the economy, society and environment.

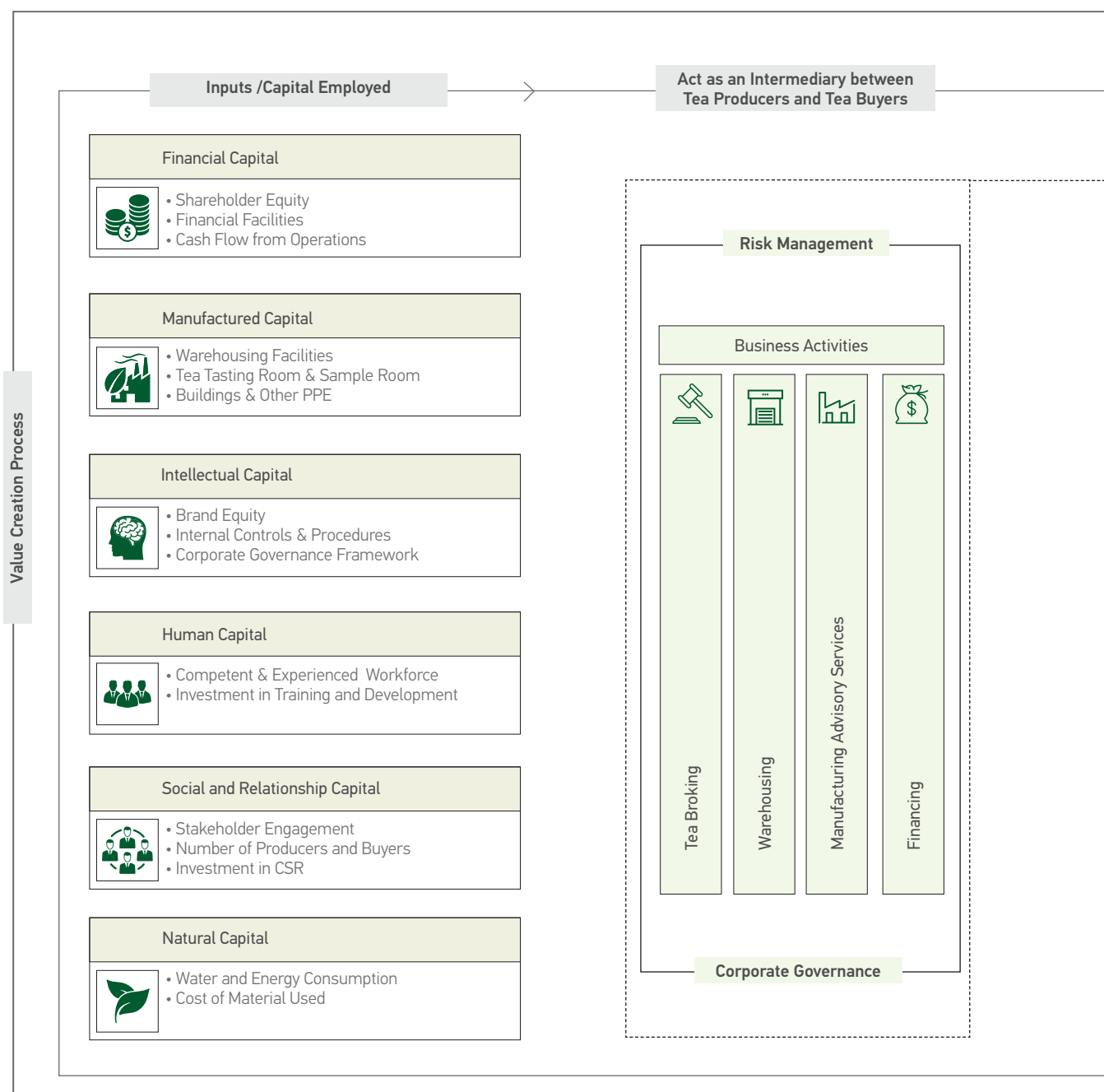
We believe that a competent team with the required skills, experience and commitment is essential for us to achieve our strategic objectives. Therefore, we continue to invest in acquiring and improving human resources in order to serve our clients better.

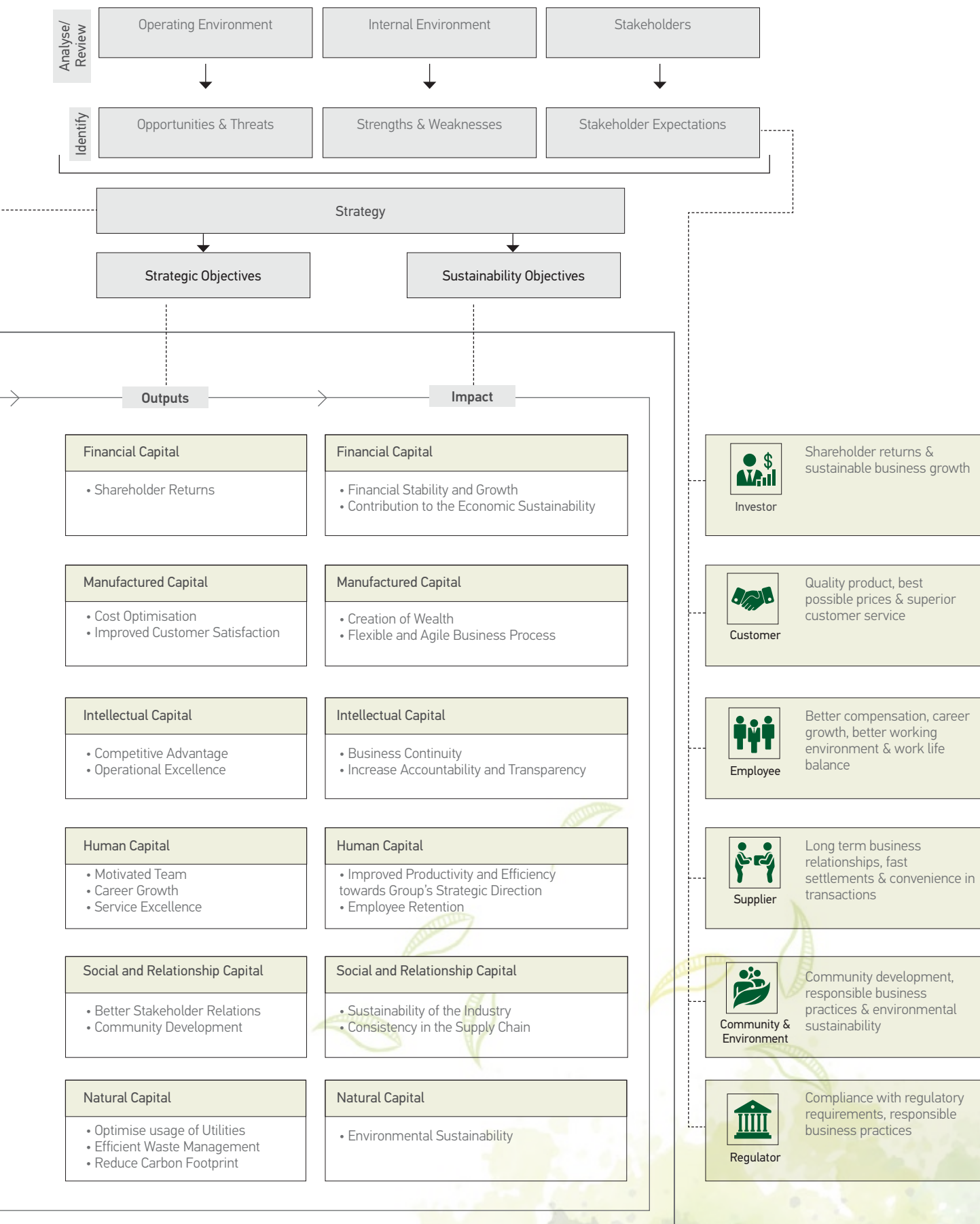


MANAGEMENT DISCUSSION & ANALYSIS

OUR BUSINESS MODEL

Our business model explains how we create value using our capital and transform them through our business activities and their output and impact to our stakeholders, society and environment. We regularly review our external environment and identify the risks and opportunities relevant to our Group and revise the components of the business model and our strategies accordingly. As a socially responsible corporate citizen we continuously improve our processes and technology to reduce the adverse social and environmental effects that may arise from our business model.





STAKEHOLDER RELATIONSHIPS AND MATERIALITY

STAKEHOLDER RELATIONSHIPS

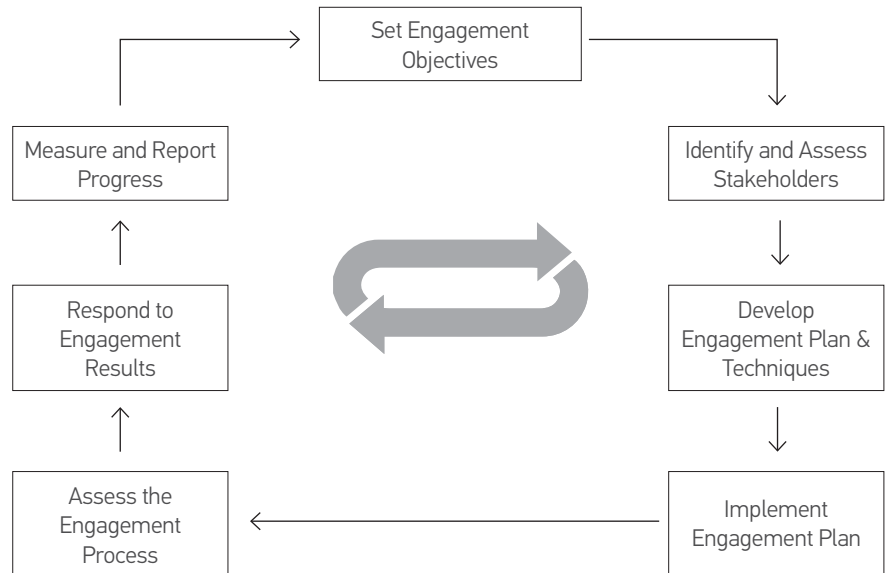
Our Stakeholders

The Group assesses the importance and the impact of each Stakeholder to the Group and relevant management actions are implemented accordingly. The Group has identified six Stakeholder groups who can be significantly affected by its business activities, output or outcomes or whose actions significantly affect the ability of the Group to create value over time. The said Stakeholders are graphically depicted.

Stakeholder Engagement Process





The Group believes that stakeholder engagement is a strategic activity and it is vital to sustainable development and promoting good governance. Thus, connecting with our many and varied Stakeholders is an essential aspect of our operations.

Stakeholder engagement is the process used by the organisation to ensure effective engagement of relevant Stakeholders for the purpose of achieving Group Objectives. Under the stakeholder management framework of the Group, Stakeholders are identified, analysed, engaged and the effectiveness of engagement is measured on a regular basis through feedbacks. The Group's Stakeholder engagement process is as follows:







Annually ● Quarterly ● Monthly ● Weekly ● As an when required ●

STAKEHOLDER ENGAGEMENT

Stakeholder	Ways of Engagement	Frequency of Engagement	Stakeholder Expectations	Stakeholder Management
Shareholders/ Investors 	<ul style="list-style-type: none"> Annual General Meeting Annual report Interim Financial Statements Corporate website Announcements in CSE 	<ul style="list-style-type: none"> ● ● ● ● ● 	<ul style="list-style-type: none"> Shareholder returns and growth Risk management Business continuity Strengthening the Corporate Governance practices 	<ul style="list-style-type: none"> Profit maximization whilst safeguarding shareholder interests. Transparent and reliable disclosures Communicating future business plans
Tea Producers 	<ul style="list-style-type: none"> One to one meetings Monthly and quarterly performance reviews Weekly Market reports and other market information on global and Sri Lankan Tea industry Regular factory visits by Manufacturing advisors and marketing executives Conduct seminars for factory owners and their staff on "importance of maintaining quality of Tea" Customer satisfaction survey 	<ul style="list-style-type: none"> ● ● ● ● ● ● 	<ul style="list-style-type: none"> Best prices for their produce Financial support to meet their working capital requirements Technical advisory support to improve the quality of the produce Efficient communication and convenience in transactions Efficient service in warehousing activities 	<ul style="list-style-type: none"> Maintaining consistent demand and fair prices at the auctions Flexible financial solutions Manufacturing advisory services to improve the quality of the produce to meet buyers' requirements Efficient communication systems Real time updates on auction prices Efficient unloading process at warehouses
Tea Buyers 	<ul style="list-style-type: none"> Weekly engagement at auction One to one meetings with buyers Weekly market reports and other market information on Global and Sri Lankan Tea industry 	<ul style="list-style-type: none"> ● ● ● 	<ul style="list-style-type: none"> Quality product at a reasonable price Efficient communication and convenience in transactions Efficient service in warehousing activities 	<ul style="list-style-type: none"> Fair pricing Effective communication of Auction prices Providing efficient pre and post auction services Efficient service in loading process at warehouses
Employees 	<ul style="list-style-type: none"> Regular staff meetings Formal and informal discussion Internal communication channels Training programs Recreational activities Employee survey 	<ul style="list-style-type: none"> ● ● ● ● ● ● 	<ul style="list-style-type: none"> Industry competitive remuneration packages Career Growth Better working environment Work-life balance Equal opportunity Health and safety Job Security 	<ul style="list-style-type: none"> Fair remuneration and promotions based on the annual performance evaluations Training & development opportunities Equal treatment Increase the efficiency in effective communication channels

STAKEHOLDER RELATIONSHIPS AND MATERIALITY

Annually ● Quarterly ● Monthly ● Weekly ● As an when required ●

Stakeholder	Ways of Engagement	Frequency of Engagement	Stakeholder Expectations	Stakeholder Management
Suppliers and service providers 	<ul style="list-style-type: none"> Written Communications Regular meetings 	<ul style="list-style-type: none"> ● ● 	<ul style="list-style-type: none"> Favorable terms and conditions Speed settlement Long term business relationship Convenience in transactions Business growth 	<ul style="list-style-type: none"> Maintaining mutually rewarding partnerships Providing future business opportunities On time settlements
Industry Bodies/ Associations 	<ul style="list-style-type: none"> The Company actively engaged with the industry bodies and associations such as Sri Lanka Tea Board, the Colombo Brokers' Association, the Colombo Tea Traders' Association, the Tea Traders' Association, the Sri Lanka Private Tea Factory Owners' Association and participated at meetings, events & AGM's organized by such associations 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> Sustainability of the Industry Development of the relevant community groups 	<ul style="list-style-type: none"> Adhering to rules and regulations of the relevant industry bodies and associations Effective communications
Community and Environment 	<ul style="list-style-type: none"> Providing training opportunities and internships to graduates and under graduates CA Sri Lanka certified training partner for students in business and corporate levels Actively participate in seminars organized by our producer clients to Tea small holders and educate them CSR initiatives 	<ul style="list-style-type: none"> ● ● ● ● 	<ul style="list-style-type: none"> Community development Responsible business practices Employment opportunities Environment Sustainability 	<ul style="list-style-type: none"> Facilitate internships and training opportunities for students pursuing degrees in Agriculture and Accountancy Carry out CSR Programs
Government and Regulators 	<ul style="list-style-type: none"> Directives and circulars Meetings and consultations Press releases Periodic returns Attend meetings Written communication 	<ul style="list-style-type: none"> ● ● ● ● ● ● 	<ul style="list-style-type: none"> Compliance with requirements under governing bodies Responsible business practices Support in surveillances carried out 	<ul style="list-style-type: none"> Regular monitoring on compliance requirements & internal controls Independent Assurance Liaise with relevant representatives of the regulators Responsible business practice through maintaining transparency and accountability

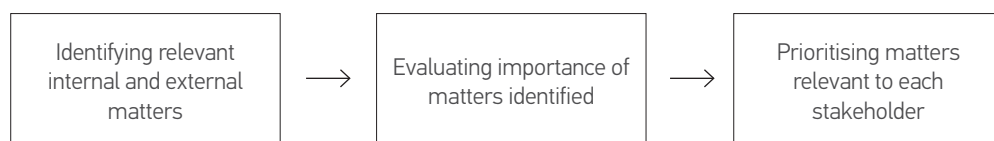
Materiality

Materiality of issues can be considered as the issues which substantially affect the Group's value creation process and sustainability over the short, medium and long term. Meeting the needs and aspirations and addressing the material issues of our Stakeholders is the foundation of the Group's strategy. Our focus on materiality is based on material aspects recognised by both internal and external Stakeholders.

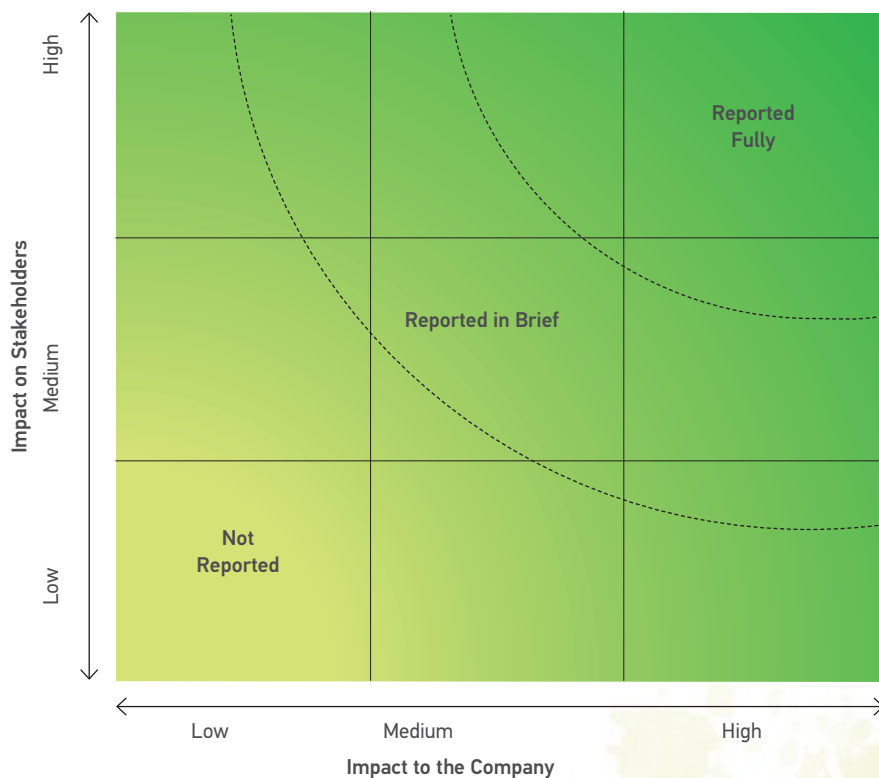
Materiality Determination Process

Materiality analysis is a key process that enables the Group to define key triple bottom line issues that are vital to our business and Stakeholders, both internal and external. This process is crucial to drive performance, improve our sustainability framework and use the corporate governance practices at all levels of the Group. The Group conducts regular external Stakeholder engagement in ascertaining aspects material to its significant Stakeholders. In addition, materiality is also assessed internally in ascertaining the aspects material to the Group and to fine-tune and streamline its strategy and processes to manage these material issues.

Materiality determination process of the Group is graphically depicted below;



Once we prioritise the material issues, relevant disclosures are made based on the impact of the each material issue to each Stakeholder and to the Group as illustrated below;



EXTERNAL ENVIRONMENT

This section of the report provides a comprehensive analysis of the global economic and business environment as well as the Sri Lankan economy. Moreover, this section reviews in detail the impact of the external environment including the global and local macro-economic trends on the Tea Industry in Sri Lanka, hence providing a broader context to the Company's performance during the financial year 2020/21.

GLOBAL ECONOMY

The COVID-19 pandemic heavily impacted the global economy during the year 2020, plummeting growth, and negatively affecting almost every aspect of the economic landscape. While the world economy is on a path of revival, it does so at a slower pace as some economies are slow to re-open due to the prevalent spread of the COVID-19 virus. Even though the vaccination programme roll out is in effect, return to normalcy is yet to pick up speed as new variants of the virus keeps emerging across the globe.

The International Monetary Fund estimates a global economic growth rate of 6.0 per cent during the year 2021, which is expected to moderate to 4.4 per cent in 2022 following the projected contraction of 3.3 per cent during 2020. Economic growth in the second half of 2020 reflected a higher than expected improvement as eased lockdowns and adapted new methods of navigating the pandemic. However, the recession stemming from the pandemic is expected to generate greater losses even than the 2008 financial crisis. Emerging market economies and low-income developing countries are expected to suffer greater losses during the medium term.

Global GDP

GDP Growth Rate	2020 (%)	Projection	
		2021 (%)	2022 (%)
World Output	(3.3)	6.0	4.4
Advanced Economies	(4.7)	5.1	3.6
United States	(3.5)	6.4	3.5
Euro Area	(6.6)	4.4	3.8
Japan	(4.8)	3.3	2.5
United Kingdom	(9.9)	5.3	5.1
Canada	(5.4)	5.0	4.7
Other Advanced Economies	(2.1)	4.4	3.4
Emerging Market and Developing Economies	(2.2)	6.7	5.0
China	2.3	8.4	5.6
India	(8.0)	12.5	6.9
ASEAN-5	(3.4)	4.9	6.1
Russia	(3.1)	3.8	3.8

Source: IMF World Economic Outlook, April 2021

As the global economic revival strengthens in 2021, global trade is expected to accelerate to 8.4 per cent with the exception of tourism and transportation sectors. Nevertheless, industries such as telecommunication and pharmaceutical are expected to surge higher during the latter part of 2021.

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At the global level, increasing trade and commodity prices are expected to widen the current account position. Rapidly increasing food prices have already elevated the headline inflation rates in sub-Saharan Africa and Asia. While inflation in advanced economies is expected to remain at a moderate level at 1.5 per cent, inflation in emerging market and developing economies is expected to remain around the 3.1 per cent mark in 2021-22.

The effect on employment across the globe remained highly unequal triggering a considerable negative impact on youth and lower skilled individuals in emerging and developing economies. In contrast, advanced economies experienced a sharp drop in employment in a number of specific industries such as wholesale and retail, transportation, accommodation, and food industries. However, some sectors such as information and communication and finance and insurance witnessed growth in employment during the pandemic.

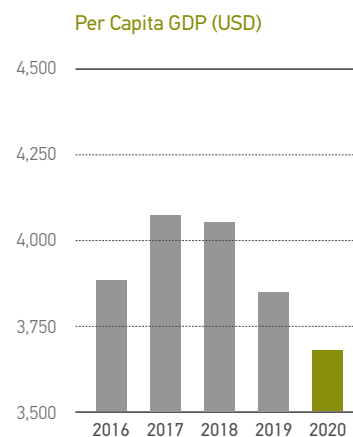
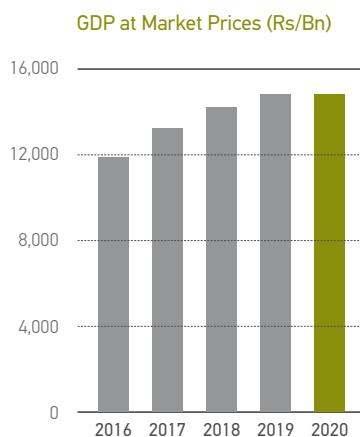
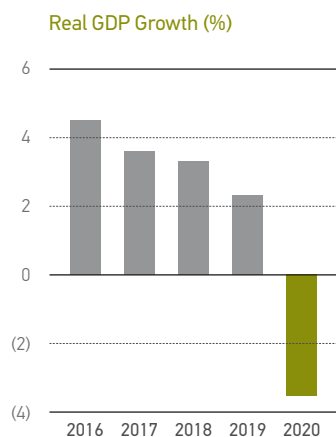
SRI LANKAN ECONOMY

The adverse impact of the COVID – 19 pandemic on socio-economic activities across the nation triggered an economic down turn leading to a growth contraction of 3.6 pre cent. The country's GDP at current market prices stood at Rs. 14,973.0 billion in 2020 compared to Rs. 15,013.0 billion in 2019. Sri Lanka's GDP per capita was at USD 3,682 in 2020 in comparison to USD 3,852 recorded in 2019. The combined pressure of the contraction in GDP at current market prices and the depreciation of the Sri Lankan Rupee against the US Dollar triggered the decline in GDP per capita in dollar terms.

Macroeconomic Performances (2016 – 2020)

Indicator	Unit	2020	2019	2018	2017	2016
Real GDP Growth	%	(3.6)	2.3	3.3	3.6	4.5
GDP at Market prices	Rs./Bn	14,973.0	15,013.0	14,291.0	13,328.0	11,996.0
Per Capita GDP	USD	3,682.0	3,852.0	4,057.0	4,077.0	3,886.0
Annual Average Inflation	%	4.6	4.3	4.3	6.6	4.0

Source: Central Bank of Sri Lanka



MANAGEMENT DISCUSSION & ANALYSIS

EXTERNAL ENVIRONMENT

GDP Growth – Sector wise

The country's agricultural sector recorded a contraction of 2.4 per cent in 2020 in contrast to the growth of 1.0 per cent recorded in 2019. A number of agricultural activities such as fishing, tea, growing of oleaginous fruits, forestry and logging and animal production witnessed a setback due to the restrictions that followed the COVID-19 pandemic. Tea production in particular suffered a down turn during the first wave of the pandemic in March 2020 due to the difficulties arising from the countrywide lockdown. Nevertheless, agricultural activities such as growing of vegetables, rice, cereals, fruits and spices improved contributing favourably to the agricultural sector.

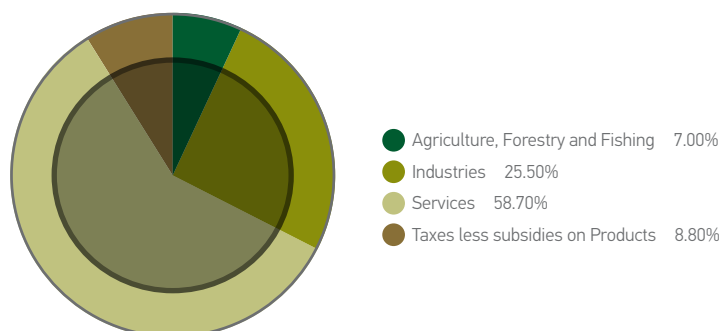
Meanwhile, the services sector continued to be the largest contributor to the country's GDP growth recording a growth of 58.7 per cent in 2020.

GDP Growth – Sector Wise

Sector	Growth %		Contribution to Growth %		As a Percentage of GDP %	
	2020	2019	2020	2019	2020	2019
Agriculture, Forestry and Fishing	(2.4)	1.0	(0.2)	0.1	7.0	6.9
Industries	(6.9)	2.6	(1.8)	0.7	25.5	26.4
Services	(1.5)	2.2	(0.8)	1.3	58.7	57.5
Taxes less subsidies on Products	(8.0)	2.4	(0.7)	0.2	8.8	9.2
GDP	(3.6)	2.3	(3.6)	2.3	100.0	100.0

Source: Central Bank of Sri Lanka

Sector-wise Contribution to GDP - 2020



Favourable weather conditions led to an all-time high level in paddy production (5.1 million metric tonnes) in 2020, recording an increase of 11.5 per cent in comparison to the previous year. In contrast, tea production registered a notable decline of 7.2 per cent in 2020 due to the change in weather conditions and a marked shortage in labour as a result of COVID-19

Tea production registered a notable decline of 7.2 per cent in 2020 due to the change in weather conditions and a marked shortage in labour as a result of COVID-19 containment measures.

containment measures. Production of high, medium and low grown tea declined by 1.3 per cent, 0.9 per cent and 10.5 per cent respectively in 2020. In addition, the average yield in the smallholder sector decreased to 1,765 kilograms per hectare from 1,938 kilograms per hectare in 2019.

Illustrating the negative impact of the COVID-19 pandemic on construction, manufacturing, mining and quarrying Industries, the industry sector activities declined by 6.9 per cent in 2020 when compared to the growth of 2.6 per cent recorded in 2019. Construction, and mining and quarrying activities indicated declines of 13.2 per cent and 12.5 per cent respectively in 2020. The slowdown of economic activities in major export markets led to a decline in demand for export products in a number of industries, in particular the textile and wearing apparel related manufacturing industry. Hence, the value addition from manufacturing declined by 3.9 per cent in 2020, in comparison to the growth of 1.8 per cent recorded in 2019. Tourism and transportation related activities illustrated a contraction of 1.5 per cent in 2020 in comparison to the growth of 2.2 per cent recorded in 2019. However, the pandemic had a positive impact on certain services activities such as IT and telecommunication.

Unemployment

The pandemic triggered a surge in unemployment, recording an increase up to 5.5 per cent in 2020 in comparison to the rate of 4.8 per cent recorded in 2019. As a result, labour force participation rate (LFPR) decreased to 50.6 per cent in 2020 from 52.3 per cent in 2019. While the majority of job loss occurred in the temporary and casual categories in industry and services sectors, employment in the agricultural sector grew as a result of exemptions granted during lockdown periods.

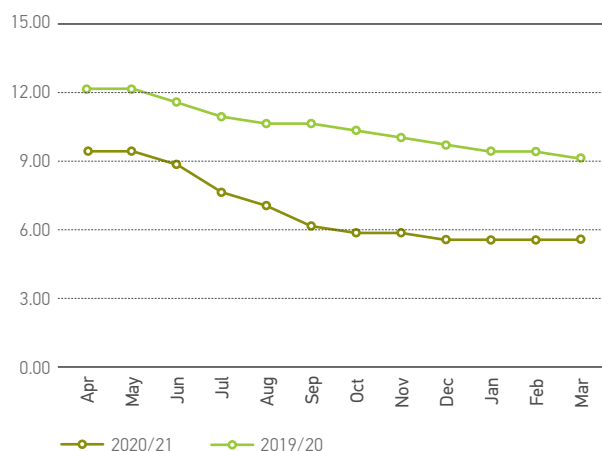
Inflation

During the latter part of the year 2020 Colombo Consumer Price Index (CCPI) based headline inflation was marginally higher at 4.6 per cent in comparison to the 4.3 per cent recorded in 2019. Downward adjustment of prices as a result of the reduction in Value Added Tax (VAT) and the removal of Nations Building Tax (NBT) alongside the reduction of Telecommunication Levy by the end of 2019 eased the high inflation rate that occurred during the early part of the year 2020.

Interest Rates

In response to monetary policy easing measures, market deposit rates decreased substantially. The Average Weighted New Deposit Rate (AWNDR) and Average Weighted New Fixed Deposit rates (AWNFD) indicated low rates at 4.93 per cent and 5.07 per cent respectively during the year under review. Market lending rates too declined to historic lows in response to eased monetary policies. As such, the weekly Average Weighted Prime Lending Rate (AWPLR) decreased to 5.81 per cent by the end of 2020.

Movement of Monthly Average Weighted Prime Lending Rate (AWPLR) (%)



Distribution of Loans and Advances by Commercial Banks

The quarterly survey of Commercial Banks' loans and advances to the private sector revealed an accelerated year-on-year growth of 15.1 per cent in credit in the form of personal loans and advances as at end of 2020. Meanwhile, credit extension to the agricultural and fishing sectors indicated a moderate growth of 3.9 per cent. Tea, paddy, rubber and coconut sub-sectors recorded a considerable expansion in credit in 2020. Credit extension to the industry sector grew by 4.7 per cent year-on-year as at end of 2020.

MANAGEMENT DISCUSSION & ANALYSIS

EXTERNAL ENVIRONMENT

Sectoral Distribution of Loans and Advances granted by Commercial Banks

Sector	End 2020 Rs. Billion	End 2019 Rs. Billion	% Share in 2020	Change %
Agriculture and Fishing	489.70	471.10	7.70	3.90
Industry	2,540.10	2,427.00	39.80	4.70
Services	1,716.70	1,692.80	26.90	1.40
Personal Loans & Advances	1,632.10	1,418.50	25.60	15.10
Total	6,378.60	6,009.40	100.00	6.10

Source: Central Bank of Sri Lanka

Exports

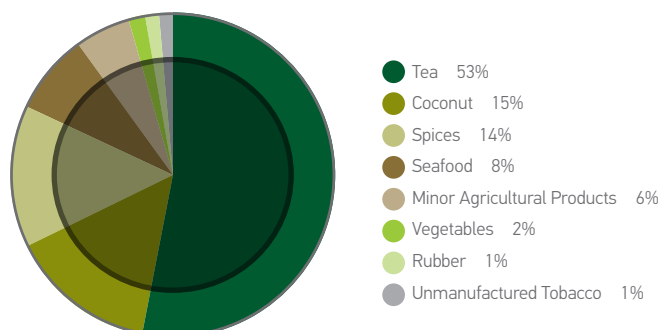
The export market endured a downturn with the onset of the COVID-19 pandemic and resulting restrictions. A confluence of factors such as subdued external demand, disruptions to shipping and supply chains, issues in importing inputs and adverse price movements further deteriorated the performance of the export market. As such, total exports earnings declined by 15.9 per cent at USD 10,047 million in 2020.

Earnings from industrial exports decreased by 18.6 per cent in 2020 in comparison to the previous year, while earnings from the textiles and garment sector, the largest export revenue generating sector declined by 21.0 per cent year-on-year. However, the food, beverages and tobacco category recorded an increase in earnings of 3.8 per cent in comparison to the previous year, mainly driven by the export of value added coconut-based products.

Meanwhile, export earnings from tea, seafood and unmanufactured tobacco declined during 2020, whereas earnings from spices, coconuts, minor agricultural products, rubber, and vegetables increased. Meanwhile, both volumes and unit values of tea exports weakened substantially during the first wave of COVID-19 pandemic, but recovered to some extent later in the year. However, overall export earnings from agricultural activities decreased by 5.1 per cent in 2020 when compared to the previous year. Export earnings from mineral declined during the year to 25.9 per cent in comparison to the previous year. The contribution of revenue generated from mineral to the total export earnings stood at 0.2 per cent as at end of 2020.

Earnings from Tea, seafood and unmanufactured tobacco declined during the year 2020, whereas earnings from spices, coconuts, minor agricultural products, rubber, and vegetables increased.

Composition of Agricultural Export Revenue % - 2020



Composition of Exports

Category	2020		2019		Change in Value USD Mn.	Y-o-Y change %	Contribution to Change %
	Value USD Mn.	Share %	Value USD Mn.	Share %			
Agricultural exports	2,336.2	23.3	2,461.9	20.6	(125.6)	(5.1)	6.6
Industrial Exports	7,672.0	76.4	9,426.3	78.9	(1,754.3)	(18.6)	92.7
Mineral Exports	25.1	0.2	33.9	0.3	(8.8)	(25.9)	0.5
Unclassified Exports	14.1	0.1	17.9	0.2	(3.8)	(21.4)	0.2
Total Exports	10,047.4	100.0	11,940.0	100.0	(1,892.5)	(15.9)	100.0

Source: Central Bank of Sri Lanka

Imports

The year 2020 witnessed an overall decline in imports, driven mainly by the policy decision to impose restrictions on non-essential goods, low oil prices in the global market as well as the decrease in importation of intermediate goods due to subdued economic activities in the country as well as disruptions to the global supply chain. Import expenditure decreased to 19.5 per cent in 2020 at a total import expenditure of USD 16,055 million. The largest import segment during 2020 was the intermediate goods segment recording an expenditure of USD 9,076 million. Expenditure on crude and refined petroleum declined to USD 2,325 million from USD 3,677 million in 2019, mainly due to the decline in prices and volumes. Import expenditure on textiles and textile articles decreased by 19.7 per cent in comparison to 2019 due to decreased production volumes of garment and difficulties in sourcing textiles amid the pandemic. Nevertheless, the country's food and beverage import expenditure increased from USD 1,426.9 million in 2019 to USD 1,554.4 million in 2020.

Meanwhile, import expenditure on investment goods and non-food consumer goods declined by 22.6 per cent and 27.0 per cent respectively in comparison to the previous year. The considerable decrease in import expenditure in non-food consumer goods can be attributed to the restrictions imposed on importing motor vehicles for personal use.

Compositions of Imports

Category	2020		2019		Change in Value USD Mn.	Y-o-Y change %	Contribution to Change %
	Value USD Mn.	Share %	Value USD Mn.	Share %			
Consumer Goods	3,401.7	21.2	3,956.5	19.80	(554.9)	(14.0)	14.3
Intermediate Goods	9,076.5	56.5	11,369.6	57.00	(2,293.1)	(20.2)	59.1
Investment Goods	3,563.2	22.2	4,602.6	23.10	(1,039.4)	(22.6)	26.8
Unclassified Imports	14.0	0.1	8.3	0.04	5.7	68.8	(0.1)
Total Imports	16,055.4	100.0	19,937.0	100.00	(3,881.7)	(19.5)	100.0

Source: Central Bank of Sri Lanka

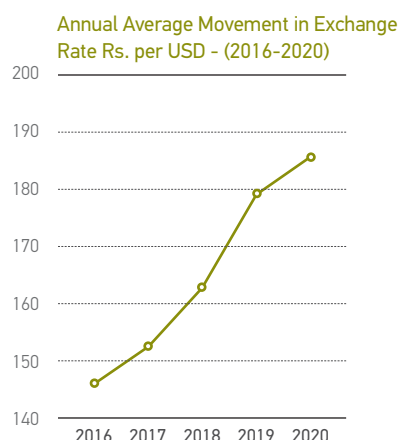
Exchange Rates

Driven by a confluence of factors, the Sri Lankan Rupee depreciated against the US dollar and other major currencies on both nominal and real terms. In April 2020 the Sri Lankan Rupee depreciated to Rs 199.75 against the US dollar, recording peak depreciation for the entire year. The Government and the Central Bank intervened to ease the depreciation pressure that prevailed throughout the year 2020. While the Government took policy decisions to curtail the import of non-essential goods, and restricted other outflows, the Central Bank intervened in the domestic

MANAGEMENT DISCUSSION & ANALYSIS

EXTERNAL ENVIRONMENT

foreign exchange market through supply of foreign exchange and entering in to sell-buy swap agreements with LCBs. Transaction volumes in the domestic market declined in 2020 to USD 18,408 million in comparison to USD 19,377 million recorded in 2019.



GLOBAL TEA INDUSTRY

World Production of Tea

Global tea production for the year 2020 was 6,012.81 million kilos, which indicated a drop of 2.23 per cent when compared to 2019. China maintained the position as the largest producer of tea followed by India, Kenya, Turkey and Sri Lanka. However, tea production growth in China, India and Sri Lanka decreased during the year by 2.12 per cent, 9.65 per cent and 7.21 per cent respectively in comparison to 2019. Meanwhile, Kenya recorded a growth in production of 24.12 per cent while Turkey increased their production from 267.80 million kilos to 280.00 million kilos in 2020, indicating a 4.56 per cent growth.

World Production of Tea

Country	2020	2019	Variance	
	(Mn/Kg)	(Mn/Kg)	(Mn/Kg)	%
China (Mainland)	2,740.00	2,799.38	(59.38)	(2.12)
India	1,255.60	1,389.70	(134.10)	(9.65)
Kenya	569.54	458.85	110.69	24.12
Turkey	280.00	267.80	12.20	4.56
Sri Lanka	278.49	300.13	(21.65)	(7.21)
Other	889.19	934.23	(45.05)	(4.82)
Total	6,012.81	6,150.10	(137.29)	(2.23)

Source: Central Bank of Sri Lanka

Kenya exported 518.92 million kilos of tea in 2020, maintaining its position as the largest tea exporter in the world. In 2019 Kenya exported 496.76 million kilos of tea. Total tea exports in 2020 recorded a drop by 3.98 per cent at 1,827.06 million kilos. Tea exports from China, Sri Lanka, India and Vietnam plunged in 2020 in comparison to 2019, whereas India recorded a variance of a negative 16.46 per cent, exporting 207 million kilos of tea as at end of 2020 in comparison to 247.80 million kilos exported in 2019.

World Exports of Tea

Country	2020	2019	Variance	
	(Mn/Kg)	(Mn/Kg)	(Mn/Kg)	%
Kenya	518.92	496.76	22.17	4.46
China (Mainland)	348.82	366.55	(17.73)	(4.84)
Sri Lanka	265.60	292.66	(27.06)	(9.25)
India	207.00	247.80	(40.80)	(16.46)
Vietnam	130.00	134.91	(4.91)	(3.64)
Other	356.72	364.10	(7.38)	(2.03)
Total	1,827.06	1,902.78	(75.71)	(3.98)

Includes imported tea re-exported where applicable

Source: International Tea Committee

In 2020, total world tea imports for consumption decreased by 4.88 per cent from 1,819.20 million kilos in 2019 to 1,730.40 million kilos in 2020. Pakistan remained the largest tea importing country with an increase in tea imports from 205.66 million kilos in 2019 to 251.59 million kilos during 2020. The Russian Federation, United Kingdom, USA, and Egypt were other major tea importing nations of 2020. However, tea imports for consumption in all major tea importing countries dropped during 2020 with the exception of Pakistan and the United Kingdom.

Tea Imports for Consumption

Country	2020	2019	Variance	
	(Mn/Kg)	(Mn/Kg)	(Mn/Kg)	%
Pakistan	251.59	205.66	45.93	22.33
Russian Federation	142.00	147.30	(5.30)	(3.60)
United Kingdom	110.79	104.14	6.65	6.39
USA	105.69	117.18	(11.49)	(9.81)
Egypt	93.80	108.98	(15.18)	(13.93)
Other	1,026.53	1,135.94	(109.41)	(9.63)
Total	1,730.40	1,819.20	(88.80)	(4.88)

Source: International Tea Committee

SRI LANKAN TEA INDUSTRY

Tea Production

Tea production in Sri Lanka declined in 2020 amidst unfavourable weather conditions for tea growth, and disruptions to the labour force from COVID-19 containment measures that were necessary and imposed. As such, tea production in the country decreased by 7.2 per cent in 2020 from 300.1 million kilos in 2019 to 278.5 million kilos. Production of high, medium and low grown tea decreased during the year 2020 by 1.3 per cent, 1.3 per cent and 10.6 per cent respectively.

Tea Production (Mn/Kg)

Elevation	2020	2019	Variance	
	(Mn/Kg)	(Mn/Kg)	(Mn/Kg)	%
High Grown	62.2	63.0	(0.8)	(1.3)
Mid Grown	46.5	47.2	(0.6)	(1.3)
Low Grown	169.7	189.9	(20.2)	(10.6)
Total	278.5	300.1	(21.6)	(7.2)

Price of tea at the Colombo Tea Auction (CTA) improved during the year 2020 in both Rupee and US dollar terms. A number of factors contributed to the high rate of tea auction prices. Significant drop in supply of tea from major tea exporting countries driven by pandemic restrictions as well as reduced local production drove the elevated averages in auction prices. The average price of Tea increased by 15.0 per cent in Rupee Terms whilst average price of Tea in US Dollar terms increased by 10.8 per cent. CTA averages stood at Rs 628.21 for the year 2020 in comparison to Rs 546.33 recorded in 2019.

The average price of Tea increased by 15.0 per cent in Rupee Terms whilst average price of Tea in US Dollar terms increased by 10.8 per cent.

278.5 (Mn/Kg)

Tea Production

2019 - 300.1 Mn/Kg

265.6 (Mn/Kg)

Tea Exports (Sri Lanka)

2019 - 292.7 Mn/Kg

MANAGEMENT DISCUSSION & ANALYSIS

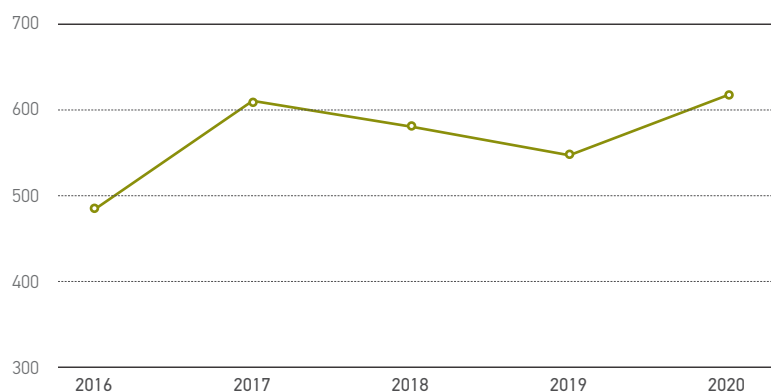
EXTERNAL ENVIRONMENT

Colombo Auction Averages

Elevation	2020		2019		Variance		Variance %	
	LKR	USD	LKR	USD	LKR	USD	LKR	USD
High Grown	580.90	3.13	513.19	2.87	67.71	0.26	13.19	9.08
Mid Grown	553.94	2.99	468.73	2.62	85.21	0.36	18.18	13.88
Low Grown	666.32	3.59	577.18	3.23	89.14	0.36	15.44	11.25
Total	628.21	3.39	546.33	3.06	81.88	0.33	14.99	10.81

The year 2020 recorded higher CTA prices when compared to the previous year for tea produced at all three (high, medium, low) elevations. Elevation wise prices in high, medium and low grown tea increased by Rs 67.71, Rs 85.21 and Rs 89.14, from 2019 levels, respectively. As the Sri Lankan Rupee depreciated against the US dollar, average CTA prices in US dollar terms rose by 0.33 USD in 2020 in comparison to 2019.

Colombo Tea Auction Prices (LKR)



Sri Lanka exported 265.57 million kilos of tea in 2020, indicating a decrease in comparison to the 292.66 million kilos of tea exported in 2019. Nevertheless, the average FOB price per kilo increased from Rs 822.25 in 2019 to Rs. 866.70 in 2020. Average FOB price per kilo of tea in US dollar terms increased marginally from 4.60 USD in 2019 to 4.67 USD in 2020. Even though domestic exporters attracted a higher average FOB price per kilo of tea in 2020, the total value of tea exports declined by 4.4 per cent vis-a-vis 2019.

The year 2020 recorded higher CTA prices when compared to the previous year for tea produced at all three (high, medium, low) elevations.

580.90 (Rs.) ↑
High Grown
Auction Averages
 2019 - Rs. 513.19

553.94 (Rs.) ↑
Mid Grown
Auction Averages
 2019 - Rs. 468.73

628.21 (Rs.) ↑
Average Auction
price per kg
 2019 - Rs. 546.33

4.67 (USD) ↑
FOB Price Per Kg
 2019 - USD 4.60

666.32 (Rs.) ↑
Low Grown
Auction Averages
 2019 - Rs. 577.18

Tea Export Earnings (Including re-exports with imported Teas)

Year	Qty. Mn/Kg	Value Rs/Bn	Average FOB Price per Kg (Rs.)	Value (USD/Bn)	Average FOB Price per Kg (USD)
2020	265.57	230.17	866.70	1.24	4.67
2019	292.66	240.64	822.25	1.35	4.60

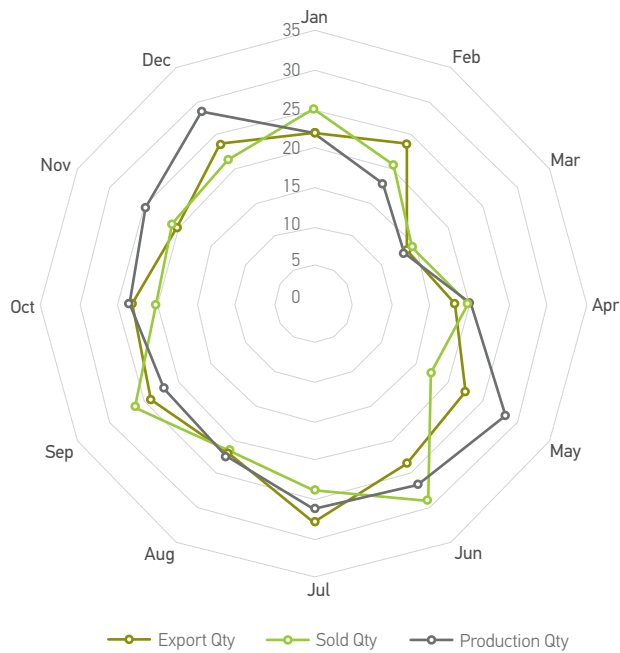
Source: Sri Lanka Customs - Statistical Division

866.70 (Rs.) ↑

**Average FOB
Price per Kg**

2019 - Rs. 822.25

Monthly Sri Lankan Tea Production, Sold,
and Export Quantity - 2020 (Mn/Kg)



230.17 (Rs./Bn) ↓

**Total Value of Tea
Export Earnings**

2019 - Rs. 240.64 Bn

OPERATIONAL PERFORMANCE REVIEW

Ceylon Tea Brokers PLC (CTB PLC) concluded yet another successful financial year as at March 31, 2021, navigating troubled waters with characteristic resilience. During the year under review, the Company continued to establish our strong position amidst a myriad of external challenges. This operational performance review discusses in detail the Company's crisis response to unprecedented challenges, and the manner in which we continued to pursue growth.

OUR RESPONSE TO COVID-19 RELATED CHALLENGES

The COVID-19 pandemic triggered a set of unprecedented challenges across the globe. The entire world had to reckon with numerous social and economic challenges amidst public health woes and loss of life. A large number of businesses across the world, and Sri Lanka witnessed negative impacts, which threatened their very survival. In Sri Lanka, the sudden onset of the threat of COVID - 19 spread set in motion uncertainty, and caused disruptions to business continuity in the absence of sufficient IT infrastructure to adapt to the new status quo.

Implementation of "E-Auction" platform, replacing traditional outcry physical tea auction mode which changed the industry dynamics and enabled the company to effectively manage operation with minimal physical presence. The COVID-19 pandemic triggered a set of

In this context, we, at CTB PLC adopted a set of dynamic strategies to continue our business operations. The following table illustrates our crisis response, detailing challenges and the solutions that the Company implemented.

Challenges	Strategies
Conduct business operations under lockdown environment	<ul style="list-style-type: none"> Increased investments in IT infrastructure to facilitate work-from-home (WFH) arrangements. Continued physical operations with the participation of a minimum number of staff to avoid overcrowding and divided team operations to continue operations. Implementation of "E-Auction" platform, replacing traditional outcry physical tea auction mode which changed the industry dynamics and enabled the company to effectively manage operation with minimal physical presence.
Employee Safety and Wellbeing	<ul style="list-style-type: none"> Priority given to ensuring the health and safety of the team that drives the business and remains as the most prized asset of the Company. Adopting COVID - 19 safety guidelines stipulated by the World Health Organization (WHO) Implementing the WFH work arrangement while also improving efficiency. Educating all employees on safety measures including safety tips, preventive measures and vaccination drives. Providing relief and aid to all the employees during lockdown periods. Conducting random voluntary PCR tests to ensure the safety and wellbeing of the employees who are required to be physically present at the office premises. Ensuring employment security of all employees during the pandemic period, and continuing to pay their full remuneration.
Disruption to the Supply chain due to travel restrictions and Lockdown	<ul style="list-style-type: none"> Ensuring customer centric service and safeguarding health and safety during the tea valuation process, loading and unloading operations. Expediting digital rollouts and engagement with customers. Continuous monitoring of costs and ensuring cost efficiency. Continuous communication with the board and the management team to ensure seamless operational excellence even during the pandemic.

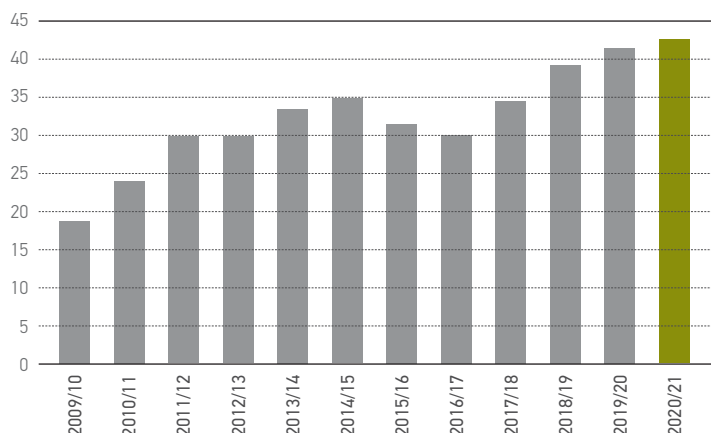
The Company's dynamic team fuelled growth during the year through sheer commitment, resilience, and the ability to embrace technology and changes with agility. The entire team welcomed change, and worked tirelessly towards maintaining a high level of customer engagement and satisfaction in the new digital environment, while also conforming to health and safety guidelines endorsed by local and global healthcare authorities. As such, the Company witnessed a commendable performance during the year under review.

BROKING

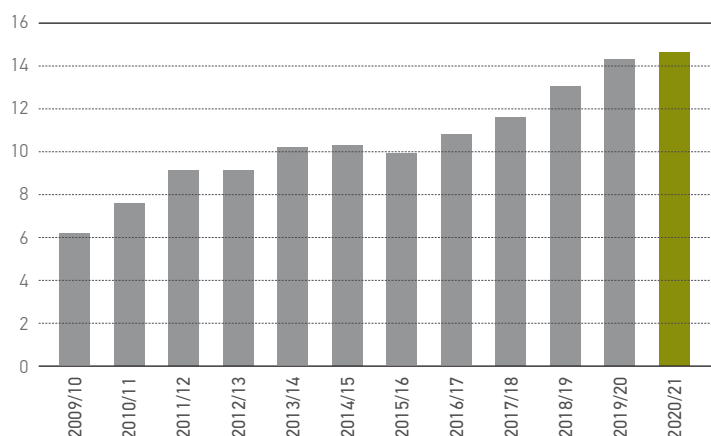
With the onset of the COVID-19 pandemic and the lockdown that followed, tea auctions shifted modus operandi to an e-platform replacing the traditional outcry system. This shift had long been in the pipeline, and the restrictions of the pandemic accelerated its implementation. With the ready support of key stakeholders in the tea industry, the state-of-the-art digital platform for tea auction commenced functioning within merely two-weeks. The first online Tea auction was held on April 04, 2020.

During the year under review, CTB PLC sold 42.47 million kilos of tea compared to 41.21 million kilos of tea sold in the financial year 2019/20. The Company's market share on quantity sold for the year recorded an average of 14.77 per cent during the year as against 14.34 per cent recorded in the previous year. The average price per a kilo of tea for the year 2020/21 was Rs. 658.99, indicating an increase of 17.46 per cent from Rs. 561.02 in 2019/20. During the year under review, tea prices were significantly higher driven by the drop in local production as well as the considerable drop in exports from global competitors as a result of disruptions caused by the pandemic.

Qty Sold (Mn/Kg)



Market Share on Qty Sold (%)



42.5 (Mn/Kg)



Quantity Sold

2019/20 - 41 Mn/Kg

14.77 (%)



Market Share on Quantity sold

2019/20 - 14.34%

19.19 (%)



Low Grown Market Share

2019/20 - 18.16%

7.88 (%)



High & Medium Grown Market Share

2019/20 - 8.03%

280.5 (Rs./Mn)



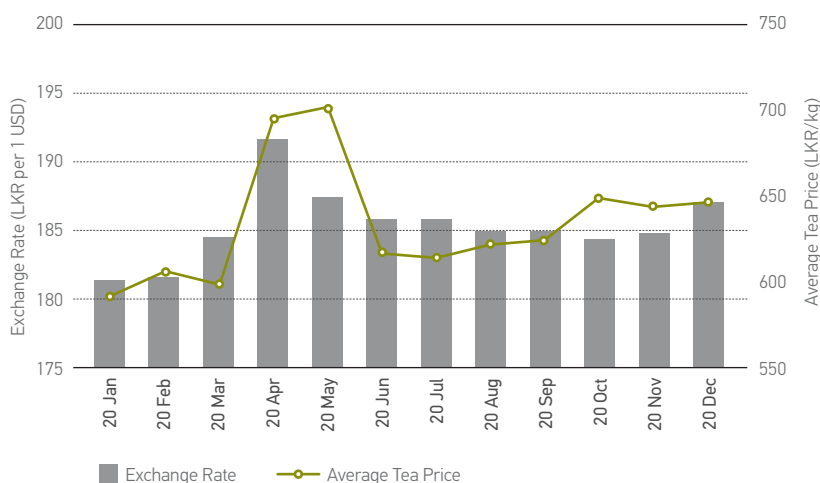
Broking Revenue

2019/20 - Rs. 231.5 Mn

OPERATIONAL PERFORMANCE REVIEW

The Company's market share in high and medium grown tea segments declined slightly from 8.03 per cent in 2019/20 to 7.88 per cent in 2020/21. However, our market share from the low grown tea segment improved from 18.16 per cent during the previous year to 19.19 per cent during the year under review. Accordingly, CTB PLC's overall rank in terms of market share improved to the 2nd position, while the ranks in terms of market share of low, high and medium grown tea segments remained at position number 1 and 6 respectively.

Monthly Average Tea Sold Price (LKR/Kg) Vs Exchange Rate (LKR per 1 USD) - 2020



LOGISTICS AND WAREHOUSING

The pandemic triggered a challenging environment to the logistics industry. Logistics companies were forced to adopt strict COVID-19 containing methods which led to labour shortages, congestion at warehouses, and delivery delays. Nevertheless, we turned to technology in terms of advanced software systems and automated warehouse processes to meet customer requirements and enable existing and new customers to carry on business operations without undue interruptions in spite of the global pandemic.

As such, in spite of the pandemic we succeeded in expanding our presence in the market and attracting new customers from various industry verticals throughout the year 2020/21. During the year under review, Logicare expanded our presence in new industry verticals such as Electric goods, Pharmaceutical, Fashion Retail and Grocery retail.

Meanwhile, the pandemic gave rise to global e-commerce as consumers faced travel restrictions and feared the spread of the virus. Taking a strategic decision to leverage on the surge in demand for online fulfilment and last-mile delivery, we launched "LogiNext" our online fulfilment and last-mile delivery platform in 2020. During the year under review, LogiNext partnered with some of the fastest-growing e-commerce retailers in Sri Lanka as their integrated e-commerce logistics solutions provider.

During the year under review, average utilization of our logistics and transportation services improved to 84 per cent when compared to 63 per cent in the previous year. Revenue increased to Rs. 179.28 million during the year under review indicating a growth of 56.0 per cent (increasing by Rs. 64.45 million) in comparison to Rs. 114.83 generated during the previous year. Given our increased capacity levels and favourable market rates, we expect a significant improvement in profitability during the year 2021/22.

MANUFACTURING ADVISORY

Our manufacturing advisors play a vital role in organizational growth, as their advice and guidance on improving the quality of tea that our clients produce enable us to obtain competitive prices at the auction. Our manufacturing advisors are stationed permanently in various tea producing areas across the country, and provide a personalized service to our clients to assist them in improving the quality of their tea.

Our manufacturing advisory team faced numerous difficulties during the pandemic period as they had to limit the number of visits to tea factories in adherence to health and safety guidelines issued by the government. However, the team resumed duties once the government declared tea industry as an essential service. And, they continued to adhere to relevant measures and acted in a responsible manner to curb the spread of the virus.

FINANCIAL PERFORMANCE

Highlights of the Income Statement – Group

	2020/21 (Rs.)	2019/20 (Rs.)	Variance (Rs.)	Variance (%)
Revenue	693,594,801	692,627,544	967,257	0.14
Operating Expenses	(190,867,904)	(120,376,158)	(70,491,746)	(58.56)
Gross Profit	502,726,897	572,251,386	(69,524,489)	(12.15)
Marketing Expenses	(38,922,081)	(135,358,434)	96,436,353	71.25
Administration Expenses	(290,883,888)	(244,663,293)	(46,220,595)	(18.89)
Profit from Operations	172,920,928	192,229,659	(19,308,731)	(10.04)
Net Finance Expenses	(133,209,223)	(231,218,466)	98,009,243	42.39
Profit/(Loss) Before Taxation	39,711,705	(38,988,807)	78,700,512	201.85
Income Tax	(38,711,161)	(23,508,387)	(15,202,774)	64.67
Profit/(Loss) for the year	1,000,544	(62,497,194)	63,497,738	101.60

Revenue

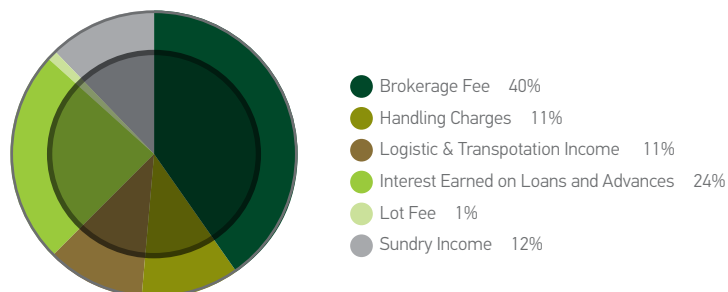
In spite of the challenges of the COVID-19 pandemic, Group revenue remained static during the financial year that ended as at 31st March 2021. We recovered the decline in revenue in the Company given the improvement in Logistics and Transportation income of the subsidiary, which helped to maintain the same level of revenue with a marginal increase.

Revenue of CTB PLC

	2020/21 (Rs.)	2019/20 (Rs.)	Change
Group	693,594,801	692,627,544	967,257
Company	518,680,946	580,642,759	(61,961,813)

During the year under review, we implemented a sustainable strategy towards increasing revenue contribution from tea broking activities, while also adopting a prudent financing approach. However, the significant reduction of gross interest Income caused a drop in overall Company revenue.

Group Revenue Composition - 2020/21



693.6 (Rs./Mn) ↑
Group Revenue
 2019/20 - Rs. 692.6 Mn

502.7 (Rs./Mn) ↓
Group - Gross Profit
 2019/20 - Rs. 572.3 Mn

172.9 (Rs./Mn) ↓
Group - Profit from Operations
 2019/20 - Rs. 192.2 Mn

1 (Rs./Mn) ↑
Group - Profit after Tax
 2019/20 - (Rs. 62.5 Mn)

OPERATIONAL PERFORMANCE REVIEW

Revenue Composition - Group

Source of Income	2020/21 (Rs.)	2019/20 (Rs.)	Variance (Rs.)	Variance (%)	Contribution to Total Revenue 2020/21 (%)
Brokerage Fee	280,490,521	231,501,030	48,989,491	21	40
Handling Charges	78,329,985	82,654,522	(4,324,537)	(5)	11
Logistic & Transportation Income	79,354,271	10,942,681	68,411,590	625	11
Interest Earned on Loans and Advances	164,170,229	281,181,254	(117,011,025)	(42)	24
Lot Fee	7,769,023	7,266,468	502,555	7	1
Sundry Income	83,480,772	79,081,589	4,399,183	6	12
Total Revenue	693,594,801	692,627,544	967,257	0	100

Meanwhile, the reduction in Minimum Lending Rate (MLR) decided by the Colombo Brokers' Association (CBA) negatively impacted the gross interest income. However, low-cost borrowings in the low Interest rate environment compensated for the reduction of gross Interest income.

Revenue Composition - Company

	2020/21	2019/20
Brokerage income	54.1%	39.9%
Interest income on loans and advances	31.7%	48.4%

During the year under review, the Company intensified focus on the core business activity (Broking), which helped the Company to achieve sustainable growth in revenue and net profit. In the meantime, the Company's management adopted a conservative approach to credit risk to avoid losses on extended credit given to customers. The increase in the Company's market share during the year testifies to the success of this strategy.

Expenses

Expense category	Group			Company		
	2020/21 (Rs.)	2019/20 (Rs.)	Variance (Rs.)	2020/21 (Rs.)	2019/20 (Rs.)	Variance (Rs.)
Operating Expenses	190,867,904	120,376,158	70,491,746	19,995,117	19,888,029	107,088
Marketing Expenses	38,922,081	135,358,434	(96,436,353)	33,710,556	133,307,569	(99,597,013)
Administration Expenses	290,883,888	244,663,293	46,220,595	243,204,541	209,164,381	34,040,160
Net Finance Expenses	133,209,223	231,218,466	(98,009,243)	76,588,882	180,793,469	(104,204,587)

The Company's operating expenses rose during the year under review as a result of increased expenditure on the operations of the subsidiary company. The subsidiary operated only during 10 months of the financial year that ended on March 31, 2020, since commencing commercial operations. The depreciation charges however were applicable for the entire year, while majority of the capitalization occurred towards the end of the financial year 2019/20.

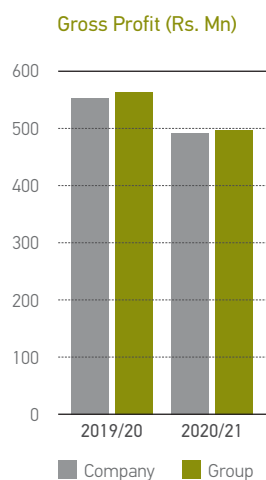
Meanwhile, marketing expenses reduced significantly during the year, indicating improved credit quality of the customers which resulted in decreased impairment on loans and advances extended to tea suppliers. During the current financial year, the Company made impairment provisions/written offs amounting to Rs. 20.9 Mn in comparison to Rs. 119.85 Mn provided/written off during 2019/20.

During the year under review, administration expenses increased as a result of profit bonus paid in line with the performance driven profit-sharing scheme established at company level. Moreover, the full year of operations of the subsidiary contributed to the increase in administration expense apart from the increase at company level.

As a result of the conservative approach to credit management and low interest rates, we managed to reduce the overall net finance cost of the Group and Company. Nevertheless, majority of the Group/ Company are linked to AWPLR, which is reviewed monthly. AWPLR faced continuous decline in view of the down turn in economic activities due to lockdowns and travel restrictions imposed periodically.

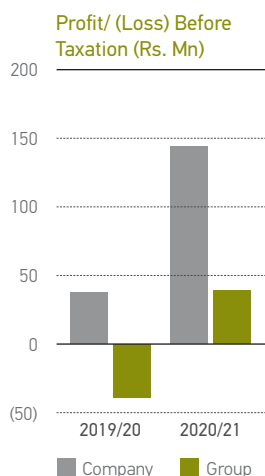
Profitability

The Group's gross profit declined by 12 per cent during the year under review. However, at the Company level, gross profit margins remained at commendable levels. The rise in operating cost at the Group level diluted gross profit margins to 72 per cent from 83 per cent in comparison to the previous year.

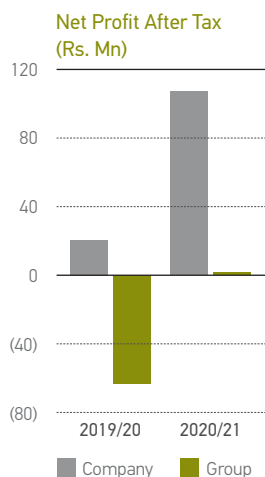


The Group's and Company's profit before tax improved significantly during the financial

year 2020-21, as a result of reduction of the impairment provision/written offs as well as decreased finance cost.



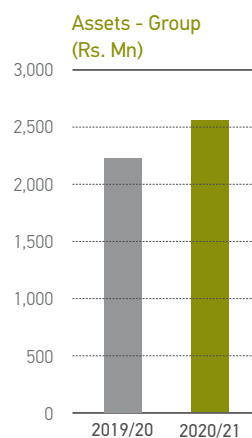
Recording a creditable performance amidst COVID-19 woes, the Group recorded a marginal profit for the year ended March 31, 2021. The improvement in the Company's profitability directly contributed to the increase in overall profitability at Group level. Improved credit quality through stringent credit control helped to reduce a significant amount of impairment provisions/ written offs in comparison to Rs. 119.85 Mn provisions/written offs recorded in 2020.



FINANCIAL POSITION – GROUP

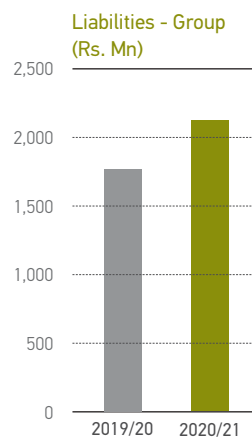
Assets

Total assets of the Group stood at Rs. 2,547.21 million as at March 31, 2021 when compared to Rs. 2,228.34 million recorded during the corresponding period in 2020. The asset growth can be attributed to trade receivables arising from the Tea auction concluded on the last date of the financial year under review.



Liabilities

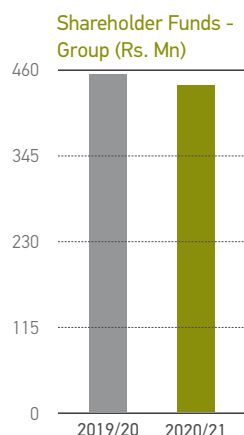
Total liabilities of the Group increased by 18.9 per cent to Rs. 2,116.2 million in 2020/21 from Rs. 1,778.9 million in 2019/20, mainly due to the increase in trade payable at Company level



OPERATIONAL PERFORMANCE REVIEW

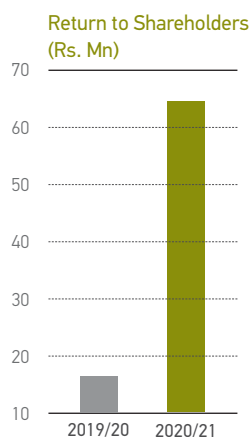
Shareholder Funds

Total shareholder funds in the Group as at 31st March 2021 amounted to Rs. 431.02 million indicating a decline of Rs. 18.4 million in comparison to the previous financial year as a result of decreased retained earnings.



Return To Shareholders

The Group's dividend policy seeks to strike the correct balance between short term shareholder returns and sustainable business expansion in the long run. Accordingly, the group declared a sum of Rs. 63.84 million from the profit attributable for 2020/21 as dividends which amounted for Rs. 0.35 per share.



ECONOMIC VALUE-ADDED STATEMENT (EVA)

The economic dimension of sustainability directly links with the Group's impact on the economic conditions of our stakeholders as well as economic systems at local, national and global levels. The below table illustrates the distribution flow of capital among different stakeholders, and key economic impacts of the organization across the society.

Group Economic Value Addition Statement

	2020/21 Rs.	2019/20 Rs.
Value Created		
Revenue	693,594,801	692,627,544
Total Value Created	693,594,801	692,627,544
Value Distributed		
Operating Costs	220,950,076	173,953,468
Employee wages and benefits	212,842,463	180,641,316
Payments to government	15,430,745	45,873,573
Payments to providers of capital	160,443,981	287,695,578
Community investments	302,971	1,001,952
Total Value Distributed	609,970,236	689,165,887
Total Value Retained		
	83,624,565	3,461,657
Total Value Created		
	693,594,801	692,627,544
Value Retained Expansion & Growth		
Profit Retained	1,000,544	(62,497,194)
Depreciation & Amortisation	82,624,021	65,958,851
Total Value Retained Expansion & Growth	83,624,565	3,461,657

As we conclude a turbulent and eventful financial year, Ceylon Tea Brokers PLC remains committed to seeking sustainable growth through focusing on our environmental, social and economic impact on the larger society as well as our stakeholders. Building on the momentum of change that we built during the concluding financial year, we plan on pursuing viable growth through greater focus on Innovation, efficiency and digitalization.

83.6 (Rs./Mn) ↑

Total Value Retained

2019/20 - Rs. 3.5 Mn

693.6 (Rs./Mn) ↑

Total Value Created

2019/20 - Rs. 692.6 Mn

FUTURE OUTLOOK

GLOBAL ECONOMY

A stronger recovery is projected in 2021 and 2022 for the global economy with a growth projected at 6 per cent in 2021 and 4.4 per cent in 2022. Among advanced economies, the United States is expected to surpass its pre-COVID level this year while many others in the same group are expected to return to their pre-COVID levels only in 2022. Similarly, among emerging market and developing economies, China has already returned to pre-COVID levels in GDP whereas many other countries in the same group are not expected to do so until well into 2023.

Advanced economies are expected to grow by 5.1 per cent and 3.6 per cent in 2021 and 2022, respectively. The United States is projected to grow by 6.4 per cent in 2021 and 3.5 per cent by 2022. This is mainly supported by the large fiscal support and continued monetary accommodation. Growth in the Euro area is projected to rise from 6.6 per cent contraction in 2020 to 4.4 per cent growth in 2021 and 3.8 per cent in 2022. Although Emerging Markets and Developing economies are projected to record a strong growth of 6.7 per cent in 2021, the expected recoveries are subjected to regional differences in the severity of the pandemic, idiosyncratic features of their economies and health systems, exposure to specific shocks such as those on commodity exports or tourism and policy space available to aggressively respond to the pandemic.

Emerging and Developing Asia which contracted by 1 per cent in 2020 is expected to grow to 8.6 per cent in 2021 mainly as a result of the expected strong growth of China and India. Chinese economy is expected to grow by 8.4 per cent in 2021 whilst India by 12.5 per cent. In the meantime, Oil Prices are projected to grow by 30 per cent in 2021 consistent with the projected global recovery. Food prices are also expected to rise during 2021. Beyond 2022 global growth

is projected to moderate to 3.3 per cent into the medium term. However, GDP levels are expected to remain well below pre-pandemic trend path through 2024 for most of the countries.

As IMF suggests in their latest World Economic Outlook report, future developments in countries and across countries will depend on the path of the pandemic, policy actions, evolution of financial conditions and commodity prices, and the capacity of the economy to adjust to health-related impediments to activity. The flux of these drivers and their interaction with country-specific characteristics is expected to determine the speed of recovery and the extent of medium term scarring.

SRI LANKAN ECONOMY

High levels of uncertainty is to continue even after one year of declaring COVID-19 pandemic with many possible upside and downside risks. Revival of the economy is still much dependent on the race between virus and the vaccination. At the time of compiling this report, Sri Lanka is recovering from its third wave of the pandemic. Sri Lankan economy is expected to recover stronger in 2021 and sustain a high growth momentum over the medium term. Local and international vaccination drive together with the return of economic activities to normal levels are expected to support the economy in achieving the expected growth in 2021.

The reduction in trade volumes curtailed both export earnings and import expenditure to a considerable extent in 2020. Earnings from exports are expected to strengthen in the near future with the predicted recovery in the global demand and the policies to improve the tradeable sector. Expenditure on imports declined by 19.5 per cent in 2020 compared to 2019. Nevertheless, close management of expenditure on imports in

The reduction in trade volumes curtailed both export earnings and import expenditure to a considerable extent in 2020. Earnings from exports are expected to strengthen in the near future with the predicted recovery in the global demand and the policies to improve the tradeable sector.

2021 is further required to manage external sector pressures in the near term.

Tourism sector was incapacitated by the global isolation measures and the closure of borders to tourists. Earnings from tourism recorded a sharp decline in 2020. Vulnerability of earnings from tourism to unexpected domestic and global disruptions has highlighted the need to diversify Sri Lanka's exports to other services with high potential, while continuing to harness the full potential of the tourism sector. The pandemic emphasized on the importance of IT/BPO, transport services, financial services and other professional services as key services of export sectors that the country must focus on beyond tourism to enhance foreign exchange earnings on a sustainable basis.

MANAGEMENT DISCUSSION & ANALYSIS

FUTURE OUTLOOK

TEA INDUSTRY

Sri Lanka's tea production for the first half of 2021 shows a healthy recovery with a 24 per cent gain YoY and more importantly, is the highest for the period since 2015. This is a good sign going forward. However, the recent policy decision by the government to immediately shift to the use of only organic fertilizer in agriculture and banning the import of chemical fertilizer dampens all hopes of a good crop year in the short term and severe long term repercussions for productivity as well as for quality of the world famous "Ceylon Tea". Adding to this, the declining work force in the tea sector, the lower investment in replanting and the adverse weather conditions will only make the situation worse. Another point of concern is that the tea prices have not shown an appreciable gain in rupee terms in spite of the depreciation of the Sri Lankan rupee vis-à-vis the US dollar. This calls for enhancing the quality standard of "Ceylon Tea" and making every effort to meet the requirements of consuming countries, thereby providing the importers the necessary confidence to pay more for our teas. Whilst these issues are prevalent and real, Sri Lanka can easily overcome them since they are within our control and capabilities. In the current global context of the pandemic, tea in addition to being a refreshing beverage, has definitely come up as an immune booster which must be exploited to the maximum.

We are confident therefore that a better future lies ahead for TEA.

LOGISTICS INDUSTRY

Sri Lanka has positioned itself as the Logistical hub in South Asia. Logistics services include container trucking, warehousing, ports, and shipping, but exclude domestic transport of passengers, fisheries and inter-regional domestic cargo

transportation. The Covid-19 Pandemic impacted to downsize the global and local trade activities which bottomed out in the 2nd quarter of 2020, recording strong rebound in subsequent months. The WTO therefore anticipates world trade to increase by 8 per cent in 2021. Port activities were significantly impacted by the pandemic in March and through the 2nd quarter as well as in the 4th quarter of 2020, resulting in container and cargo handling activities recording a contraction. The third-party logistics (3PL) operations and last mile delivery services had a significant demand throughout the year under review. The logistic sector was proactive while activation of Business Continuity Plans to overcome challenges arising out of the COVID-19 pandemic was well timed. Accordingly, technology-based solutions offered to customers helped to augment the top-line, while the strong focus on operational efficiency was responsible for reducing the strain on the bottom line of the 3PL operation.

Services sector contributed 58.7 per cent to GDP of the country in 2020 compared to 57.5 per cent in 2019. Wholesale and retail trade, transportation and storage, and accommodation and food service activities recorded a contraction of 5.0 per cent from 2019 levels, whilst contributing 22.7 per cent to GDP in 2020 compared to 23.0 per cent in 2019. The main reason for the decline is the restriction on mobility due to COVID-19.

Transportation of goods and passengers, including warehousing activities contracted by 6.7 per cent in 2020 in value added terms in comparison to the growth of 1.4 per cent in the previous year. Air, land and water transportation, all three declined sharply compared to 2019 as a result of setbacks in tourism and restrictions on mobility.

THE GROUP

Tea Broking Segment

Total quantity of Teas sold by all the brokers at the e-Auction increased from 68.59 million kilos during the first quarter of the year 2020/21 to 79.19 million kilos during 2021/22 first quarter. CTB PLC sold 12.22 million kilos from April 2021 to June 2021 compared to 9.67 million kilos during the corresponding period last year. Tea Broking segment of the Group has achieved a considerable growth with improved market share under adverse market conditions. The Company's market share on quantity sold for the period April to June 2021 recorded at 15.43 per cent maintaining the 2nd highest rank among all brokers. The position of High and Medium grown improved during the first quarter of 2021/22 from 6th to 5th position whilst maintaining the number one slot in the low grown segment.

The Management of the Company believes that with continuous effort to enhance the market share in the High & Medium grown segment, the profitability of the Tea Broking segment will improve during the financial year 2021/22. Further, the Company's continuous investment in human and technology resources is expected to enhance the operational efficiency and service levels creating a sustainable competitive advantage to the Company in the long run.

Warehousing and Logistics Segment

The pandemic spread across the world led to closure of country borders and lock downs that resulted in restricted mobility of goods. Despite the pandemic, we succeeded to expand our presence in the market and attract new customers during the year 2020/21. The Company launched a new brand 'LogiNext' to cater to the demand surged for last-mile delivery with COVID-19 travel restrictions across the country. It is expected that the profitability of Logicare will witness a significant improvement during the year 2021/22 with both existing and new clientele.

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE

The Board believes that good Corporate Governance practices are fundamental to the Company's competitiveness, growth and sustainability. Therefore, The Board of Directors have implemented a set of corporate values which are ability, credibility, integrity and teamwork to lead the Company with high ethical values and accountability in our commitment to good governance practices.

The report below demonstrates how the Company has complied with the Corporate Governance regulations and the best practices given in the Continuing Listing Requirements issued by the Colombo Stock Exchange, Companies Act No 07 of 2007 and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

As required in the above Code, I hereby confirm that I am not aware of any material violations of any of the provisions of the Code of Business Conduct and Ethics by any Director or any member of the Key Management of the Ceylon Tea Brokers PLC.



C P R Perera
Chairman

10th June 2021



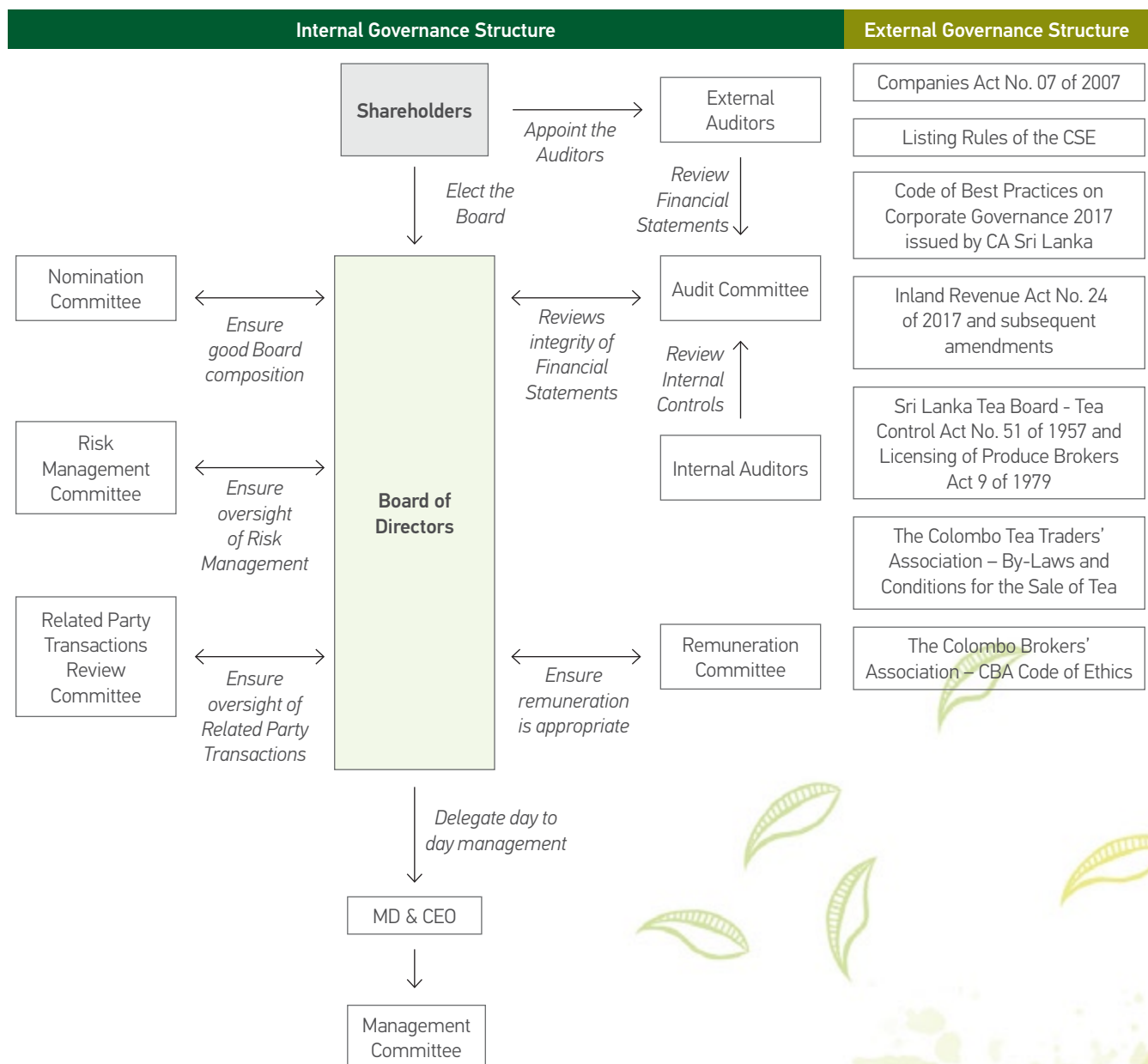
CORPORATE GOVERNANCE

Corporate Governance is the mechanism, by which a Company is directed and controlled to the best interest of all stakeholders of the Company. Strong business ethics, sound risk management framework, effective and efficient internal controls are considered as key ingredients of a good corporate governance system.

CORPORATE GOVERNANCE FRAMEWORK

The Board has the overall responsibility for compliance to ensure transparency and accountability to all stakeholders. Therefore, the Board has introduced a corporate governance framework to execute its policies and monitor effectiveness.

This framework includes both internal and external governance structures of the Company.



INTERNAL GOVERNANCE STRUCTURE

Internal governance includes the adherence to internal policies and procedures, internal controls, risk management systems within a structure that includes the Board, Board Sub Committees, and the Management Committee. Internal governance structure also has an Internal Audit function which ensures independent assurance on internal controls.

EXTERNAL GOVERNANCE STRUCTURE

External Governance Structure includes all aspects of compliance to regulations and best practices required by the external stakeholders.

The Corporate Governance practices adopted by the Company have complied with the mandatory regulatory requirements given in the Continuing Listing Requirements issued by the Colombo Stock Exchange and the Companies Act No 07 of 2007. Further, the Company has voluntarily adopted the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

Level of compliance to the above regulations and best practices are given on the pages 60 to 74.

Further, the business activities of the Company have complied with the regulatory requirements given by the other external Stakeholders such as Department of Inland Revenue, Sri Lanka Tea Board, the Colombo Tea Traders' Association, and the Colombo Brokers' Association.



CODE OF BUSINESS CONDUCT AND ETHICS

The Group introduced its new Code of Business Conduct and Ethics for Directors, Key Management Personnel and employees in January 2018 which covers the following aspects in order to promote the good governance and an ethical business environment.

- | Accurate Accounting and Record Keeping
- | Anti-Bribery and Corruption
- | Anti-Money Laundering
- | Charitable Contributions (CSR)
- | Compliance with Laws, Rules and Regulations including Insider Trading laws
- | Confidentiality
- | Conflict of Interest
- | Corporate Opportunities
- | Entertainment and Gifts
- | Fair Dealing
- | Grievance handling and Disciplinary procedures
- | Illegal, Immoral and Unethical Behaviours
- | Intellectual Property Rights
- | Non-Discriminative and Safe Work Environment
- | Non-Solicitation (Wilful Solicitation)
- | Protection and proper use of Company assets
- | Trade Marks and Service Marks
- | Use of Technological Assets and Information Security
- | Whistle Blowing

SUSTAINABILITY AS A PRECAUTIONARY APPROACH

We believe sustainability management is an important precautionary approach to economic, social and environmental risk management. The Company applies the precautionary principles mainly from two angles:

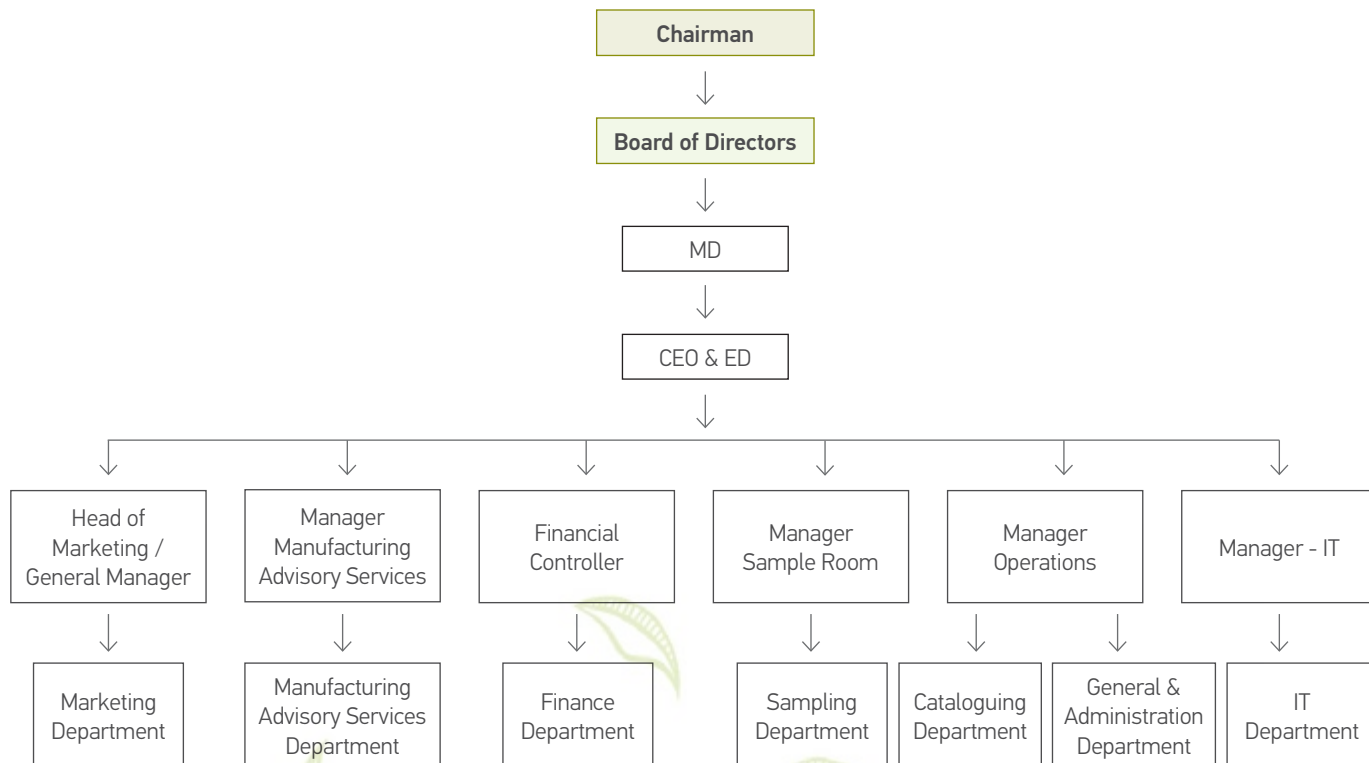
- | Compliance Review with the applicable laws and regulatory requirements and operational Policies and Procedures.
- | Obligation to take anticipatory action to prevent harm of any kind.

Decisions taken by the Company with regard to the application of the precautionary principle should be "open, informed, and democratic" and "must include affected parties".

CORPORATE GOVERNANCE

ORGANISATIONAL STRUCTURE

The Company has established a cohesive organisational governance structure made up of well-defined roles and responsibilities, greater accountability and clear reporting lines. This well-defined structure assists the group in executing strategies and driving performance with responsibility and accountability for conducting operations and managing risk.



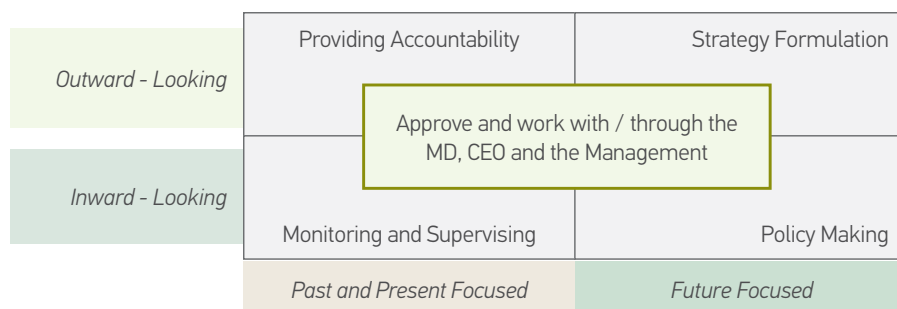
THE BOARD

The Board is responsible for the Company's shareholders to ensure at all times that the activities of the Company are conducted with the highest ethical standards and in the best interest of all Stakeholders. The Board consists of professionals from various industries such as tea broking, plantations, finance, banking, accounting and management. Board of Directors possesses the necessary skills, experience and knowledge to direct, lead and control the Company.

Age Group	Male	Female	Total
Under 30 Years	0	0	0
30 to 50 Years	5	0	5
Over 50 Years	5	2	7
Total	10	2	12

Key responsibilities of the Board include formulation and implementation of strategies, policy making, reviewing and approving business plans and budgets, reviewing and comparing actual results against the budgets, ensuring effective internal controls and risk management, ensuring effective compliance with laws, regulations and ethical standards.

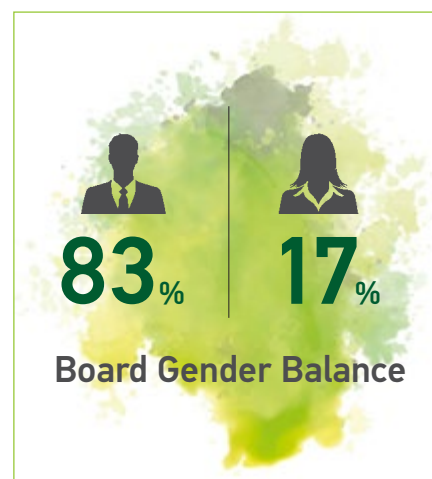
The relationship between the Board and the Management is crucial for effective Corporate Governance. The following diagram explains that Management is the heart of the four governance functions of the Board.



The Board is of the view that the period of service as a Board member exceeding nine years rendered by Mr. C P R Perera and Mr. B R L Fernando does not compromise their independence and objectivity in discharging their functions as Directors. Accordingly, the Board has determined that Mr. C P R Perera, Mr. B R L Fernando, Mr. R J N De Mel and Mr. D H Madawala are 'Independent' Directors as per the criteria set out in the Listing Rules of the Colombo Stock Exchange.

Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are separate with a clear distinction of responsibilities, which ensures the balance of power and authority.



Composition of the Board and Independence

The Board of Ceylon Tea Brokers PLC comprises twelve members at the end of the financial year under review, six of whom including the Chairman are Non-Executive Directors.

The Board has determined that four Non-Executive Directors – Messrs C P R Perera, B R L Fernando, D H Madawala and R J N De Mel are 'Independent' as per the criteria set out in the Listing Rules of the Colombo Stock Exchange (CSE) and the said Directors have submitted signed declarations in this regard. Detail resume of each Director is given in the Board of Directors section of this Annual Report from pages 16 to 19.

GOVERNANCE REPORTS

CORPORATE GOVERNANCE

Board Meetings

The results of the Company are regularly considered and monitored against the budget at Board Meetings at which a standard agenda is discussed together with any other matters that require the attention of the Board. The Board has met four times during the year and attendance for each Board Meeting is given below.

Attendance at Meetings for 2020/21

Name of the Director	Position	Attended	Eligibility to Attend
Mr. C P R Perera	Chairman/ Independent Non-Executive Director	4	4
Mr. R J N De Mel	Deputy Chairman/ Independent Non-Executive Director	4	4
Mr. W A T Fernando	Managing Director/ Executive Director	4	4
Mr. D G W De Silva	Chief Executive Officer/ Executive Director	4	4
Mr. K H S Deshapriya	Chief Operating Officer/ Executive Director (Resigned as COO w.e.f 10th June 2021)	4	4
Mr. B R L Fernando	Independent Non-Executive Director	4	4
Ms. N T M S Cooray	Non-Executive Director	4	4
Ms. H M S Perera	Non-Executive Director	4	4
Mr. D H Madawala	Independent Non-Executive Director	4	4
Mr. K A D Fernando	Executive Director (Appointed as the COO w.e.f 10th June 2021)	4	4
Mr. H T D Nonis	Executive Director	2	4
Mr. Z Mohamed	Executive Director	4	4

Board Sub Committees

Board has appointed the following Sub Committees in order to fulfil its oversight role more effectively.

- | Audit Committee
- | Related Party Transactions Review Committee
- | Risk Management Committee
- | Remuneration Committee
- | Nomination Committee

CORPORATE GOVERNANCE

REPORT OF THE AUDIT COMMITTEE

COMPOSITION

The Audit Committee appointed by and responsible to the Board of Directors comprises of the following Non-Executive Directors;

Ms. H M S Perera (Non-Executive Director) - Chairperson

Mr. C P R Perera (Independent Non-Executive Director)

Mr. B R L Fernando (Independent Non-Executive Director)

REGULAR ATTENDEES BY INVITATION

The following members of the corporate management team also regularly attended the meetings by invitation of the Committee.

Mr. D G W De Silva - Executive Director / Chief Executive Officer

Mr. K A D Fernando - Executive Director / Chief Operating Officer

Mr. K H S Deshapriya - Executive Director / Chief Operating Officer (Former)

Mr. A M N Adhikari - Financial Controller

Ms. K B N P Perera - Manager Client Financing

Mr. P K S Senevirathna - Assistant Manager Finance

Representatives from external auditors, Messrs KPMG and representatives from internal auditors, Messrs PricewaterhouseCoopers also attended one meeting and two meetings respectively during the year by invitation of the Committee.

TERMS OF REFERENCE

The Audit Committee has been established for the purpose of assisting the Board in fulfilling its oversight responsibilities. The terms of reference of the Audit committee have been clearly defined and the main scope is as follows:

- | Ensure the integrity of the Financial Statements of the Company
- | Evaluate the Internal Controls and Risk management systems
- | Compliance with legal and regulatory requirements
- | Review the scope and results of the External Audit and its effectiveness, and independence
- | Review the Internal Audit function

MEETINGS

The Committee met six times during the year under review and the activities and views of the Committee have been communicated to the Board of Directors where necessary.

Name of the Director	Attended	Eligibility to Attend
Ms. H M S Perera - Chairperson	6	6
Mr. C P R Perera	6	6
Mr. B R L Fernando	6	6

FINANCIAL REPORTING

The Committee monitors compliance to the regulatory requirements on financial reporting given in the Sri Lanka Accounting Standards (SLFRS & LKAS) promulgated by the Institute of Chartered Accountants of Sri Lanka, Companies Act No 7 of 2007 and Listing Rules of the Colombo Stock Exchange.

The Audit Committee along with the Management reviewed the Quarterly Financial Statements and Annual Financial Statements for the year ended 31st March 2021 focusing on the quality and accuracy of the Financial Statements including compliance with the relevant regulatory requirements.

The Committee also reviews the effectiveness of the financial reporting systems in place to ensure the reliability of the information provided to Shareholders and other Stakeholders.

INTERNAL AUDIT

To fulfill its responsibility to evaluate the internal Controls and risk management systems, the Committee has obtained the services of PricewaterhouseCoopers and conducted an internal audit during the year. The scope of the Internal Audit was reviewed and discussed by the Committee with the Internal Auditors and the Management before the commencement of the Audit. The Internal Audit Report issued by the Internal Auditors was evaluated with the Management and implementation on key recommendations given by the Internal Auditors was also reviewed during the year.

CORPORATE GOVERNANCE

REPORT OF THE AUDIT COMMITTEE

EXTERNAL AUDIT

The scope of the External Audit was assessed and discussed by the Committee with the External Auditors and the Management before the commencement of the Audit. The Management Letter issued by the External Auditors was discussed with the Management and remedial action was recommended wherever necessary.

The Audit committee having evaluated the performance of the external Auditors, has recommended to the Board of Directors that Messrs. KPMG, Chartered Accountants of No: 32A Sir Mohamed Macan Markar Mawatha, Colombo 2, to be re-appointed as the external Auditors for the year ending 31st March 2022 subject to the approval of the Shareholders at the Annual General Meeting.

The fees payable to the Auditors were also reviewed by the Committee and submitted to the Board of Directors for approval.

Independence of the External Audit

The Audit Committee has reviewed the other services provided by the External Auditors to the Company, to ensure that their independence as Auditors has not been compromised.

The Audit Committee is satisfied that the Company's accounting policies and internal Controls provide a reasonable assurance that the affairs of the Company are managed in accordance with the company policies and that Company Assets are properly accounted for and adequately safeguarded.



H M S Perera
Chairperson – Audit Committee

10th June 2021



CORPORATE GOVERNANCE

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The scope of the Committee covers the requirements of the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (SEC) as well as the Section 9 of the Listing Rules issued by the Colombo Stock Exchange (CSE) on Related Party Transactions.

COMPOSITION

Related Party Transactions Review Committee comprises of Four Directors as given below;

Mr. B R L Fernando (Independent Non-Executive Director) - Chairman
 Mr. R J N De Mel (Independent Non-Executive Director)
 Ms. H M S Perera (Non-Executive Director)
 Mr. D H Madawala (Independent Non-Executive Director)

REGULAR ATTENDEES BY INVITATION

The following members of the corporate management team also regularly attended the meetings by invitation of the Committee.

Mr. K H S Deshapriya - Executive Director / Chief Operating Officer (Former)
 Mr. A M N Adhikari - Financial Controller
 Ms. K B N P Perera - Manager Client Financing
 Mr. P K S Senevirathna - Assistant Finance Manager

TERMS OF REFERENCE

- | Assist the Board in reviewing all Related Party Transactions carried out by the Company.
- | Review the Related Party Transactions of the Company to ensure that these transactions are in accordance with the Code of Best Practices on Related Party Transactions issued by the SEC and Section 9 of the Listing Rules issued by the CSE on Related Party Transactions and the Code of Best Practice on Corporate Governance issued by the CASL.
- | Update the Board of Directors at quarterly Board Meetings.

MEETINGS

Due to the Covid-19 pandemic the committee met only thrice during the financial year 2020/21. Quarterly meetings were held except for the second quarter of the financial year and the attendance for the said meetings are given below.

Name of the Director	Attended	Eligibility to Attend
Mr. B R L Fernando - Chairman	3	3
Mr. R J N De Mel	2	3
Ms. H M S Perera	3	3
Mr. D H Madawala	3	3

Minutes of meetings were circulated to the Board of Directors for their information and review.

PROCEDURES FOLLOWED BY THE COMMITTEE

- | The senior management is requested to update the Committee on all related party transactions during its quarterly meetings.
- | The senior management is also requested to inform the committee regarding the proposed non-recurrent transactions prior to the completion of such transactions.
- | In terms of recurrent related party transactions, the Committee reviews and assesses ongoing relationships with the Related Party to determine whether they are in compliance with the Committee's guidelines and that the related party transaction remains appropriate.

ACTIVITIES DURING THE YEAR

During the year under review, the Committee reviewed all the Related Party Transactions and the nature of such transactions at its meetings and communicated the observations and recommendations of the Committee to the Board of Directors.

Details of the related party transactions entered into by the Company during the year is disclosed in Note 26 to the financial statements.

DECLARATION

A declaration by the Board of Directors on compliance with the rules pertaining to the Related Party Transactions appears on the Report of the Board of Directors on page 77 of this Annual Report.



B R L Fernando
 Chairman – Related Party Transactions
 Review Committee

10th June 2021

CORPORATE GOVERNANCE

REPORT OF THE RISK MANAGEMENT COMMITTEE

COMPOSITION

Risk Management Committee comprises of Ten Directors, out of which four are Non-Executive Directors as given below;

Mr. C P R Perera
(Independent Non-Executive Director) - Chairman

Mr. R J N De Mel
(Independent Non-Executive Director)

Mr. B R L Fernando
(Independent Non-Executive Director)

Mr. W A T Fernando
(Managing Director/Executive Director)

Mr. D H Madawala
(Independent Non-Executive Director)

Mr. D G W De Silva
(Executive Director/ Chief Executive Officer)

Mr. K A D Fernando
(Executive Director/Chief Operating Officer)

Mr. K H S Deshapriya
(Executive Director/Chief Operating Officer - Former)

Mr. Z Mohamed (Executive Director)

Mr. H T D Nonis (Executive Director)

REGULAR ATTENDEES BY INVITATION

The following members of the corporate management team also regularly attended the meetings by invitation of the Committee.

Mr. A M N Adhikari - Financial Controller
Ms. K B N P Perera - Manager Client Financing
Mr. P K S Senevirathna - Assistant Finance Manager

In addition to the above, the legal consultant of the Company also attended meetings by invitation of the Committee as and when required.

TERMS OF REFERENCE

The Risk Management Committee has terms of reference, dealing with its authority and duties, which is established for the purpose of assisting the Board in fulfilling its oversight responsibilities relating to risk management and internal controls which includes;

- I Reviewing the adequacy of the risk management framework and the internal controls to mitigate the potential risks and their impact to the Company and its operations.
- I Assessing all types of potential risks of the Company including the credit risk and reporting to the Board of Directors through verbal briefings and tabling the minutes of the Committee meetings at quarterly Board Meetings.

MEETINGS

Due to the Covid-19 pandemic the committee met only thrice during the financial year 2020/21 and the attendance for the said meetings are given below;

Name of the Director	Attended	Eligibility to Attend
Mr. C P R Perera - Chairman	3	3
Mr. R J N De Mel	2	3
Mr. B R L Fernando	2	3
Mr. D H Madawala	3	3
Mr. W A T Fernando	3	3
Mr. D G W De Silva	3	3
Mr. K H S Deshapriya	2	3
Mr. K A D Fernando	3	3
Mr. Z Mohamed	2	3
Mr. H T D N Nonis	2	3

ACTIVITIES DURING THE YEAR

The Committee assisted the Board of Directors in reviewing the effectiveness of the risk management framework of the Company and recommended changes wherever necessary.

Complete review on the Risk Management Framework is given from page 79 to 84 of this Annual Report.



C P R Perera
Chairman – Risk Management Committee

10th June 2021

CORPORATE GOVERNANCE

REPORT OF THE REMUNERATION COMMITTEE

COMPOSITION

The Remuneration Committee appointed by and responsible to the Board of Directors comprises of the following Non-Executive Directors;

Mr. C P R Perera
(Independent Non-Executive Director) – Chairman
Ms. N T M S Cooray
(Non-Executive Director)
Mr. B R L Fernando
(Independent Non-Executive Director)
Mr. R J N De Mel
(Independent Non-Executive Director)
(Appointed w.e.f. 10th June 2021)

REGULAR ATTENDEES BY INVITATION

The Managing Director of the Company attended meetings by invitation.

TERMS OF REFERENCE

The Remuneration Committee operates within agreed terms of reference and is committed to ensure that the remuneration packages align with performance of the employees. The Remuneration Committee reviews the performance of the Executive Directors against the set objectives and recommends the remuneration payable to them. The Board makes the final determination after considering such recommendations. No Director is involved in determining his own remuneration.

REMUNERATION POLICY

Remuneration Policy is formulated to attract and retain highly qualified, experienced Executive Directors and Key Management Personnel and motivate them to achieve set objectives. The remuneration packages are linked to the individual performances and the Company's overall performance.

A profit share scheme based on the performance of the Company is in place as a part of remuneration of the Key Management Team including Executive Directors in order to align their interests with those of the Company and Stakeholders and to give these Directors appropriate incentives to perform at the highest levels. This Scheme is subject to an annual review by the committee.

Salaries and the other benefits are also reviewed annually considering the individual performances, Company's performance and the levels of remuneration in the industry.

The aggregate remuneration paid to the Executive and Non-Executive Directors during the year under review appears on Page 144 under Directors' remuneration.

MEETINGS

The Committee met twice during the year under review and the attendance for the said meetings is given below.

Name of the Director	Attended	Eligibility to Attend
Mr. C P R Perera - Chairman	2	2
Ms. N T M S Cooray	2	2
Mr. B R L Fernando	2	2



C P R Perera
Chairman – Remuneration Committee

10th June 2021

CORPORATE GOVERNANCE

REPORT OF THE NOMINATION COMMITTEE

COMPOSITION

The Nomination Committee appointed by and responsible to the Board of Directors comprises of the following Directors;

Mr. C P R Perera (Independent Non-Executive Director) – Chairman

Mr. W A T Fernando (Managing Director/ Executive Director)

Mr. B R L Fernando (Independent Non-Executive Director)

TERMS OF REFERENCE

The Nomination Committee makes recommendations to the board on all new Board appointments and re-appointments. The Committee regularly assesses the structure, size, composition and competencies of the Board and make recommendations to the Board with regard to any changes. The findings of such assessments are considered when appointing new Directors to the Board or when incumbent Directors come up for re-election.

Upon the appointment of a new Director to the Board a brief resume of the Director which includes his expertise and other directorships are communicated to the Shareholders through the Colombo Stock Exchange.

ACTIVITIES DURING THE YEAR

During the year under review, the Committee discussed on the process of succession planning relating to executive directors and the Corporate Management. The necessary recommendations were made to the Board of Directors to put action plans in place to manage succession.

RE-ELECTION / RE-APPOINTMENT OF DIRECTORS AT THE TWELFTH ANNUAL GENERAL MEETING

Details of the Directors who are subject to re-election / re-appointment at the twelfth Annual General Meeting are given under the Notice of the Annual General Meeting on page 150.

MEETINGS

The Committee met twice during the year under review and the attendance for the said meetings is given below.

Name of the Director	Attended	Eligibility to Attend
Mr. C P R Perera - Chairman	2	2
Mr. W A T Fernando	2	2
Mr. B R L Fernando	2	2



C P R Perera

Chairman – Nomination Committee

10th June 2021

CORPORATE GOVERNANCE

DIRECTORS' STATEMENT ON INTERNAL CONTROL

Responsibility

The Board is responsible for the adequacy and effectiveness of Ceylon Tea Brokers PLC's system of internal controls. However, such a system is designed to manage the Company's key areas of risk within an acceptable risk profile, rather than eliminate the risk of failure to achieve the business objectives of the Company. Accordingly, the system of Internal Controls can only provide a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

Internal Control Process

The Risk Management Committee and the Audit Committee review the effectiveness of the risk management framework and internal controls, the effectiveness of the audit, review of compliance and internal audit processes. The Management Committee and the Credit Committee which are under the supervision and direction of the Board of Directors implement policies and procedures at an operational level in order to strengthen the internal controls. Internal Auditors review the effectiveness of risk management practices and the internal controls of the Company whilst the External Auditors review the internal controls over the financial reporting process.

Detailed review on risk management and internal controls is given from page 79 to 84 under Risk Management.

Confirmation

Based on the above processes, the Board confirms that the financial reporting system of the Company has been designed to provide a reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes has been done in accordance with Sri Lanka Accounting Standards and other regulatory requirements.

By order of the Board



H M S Perera
Chairman – Audit Committee



C P R Perera
Chairman



W A T Fernando
Managing Director

10th June 2021

CORPORATE GOVERNANCE

SUMMARY OF COMPLIANCE

Voluntary Compliance with the Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka is as follows:

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
A	Directors		The Board comprises of Twelve directors out of which six are Non Executive Directors as at 31st March 2021.
A.1	The Board		
A.1.1	Board Meetings	Yes	The Board has met four times during the year and attendance for the Board Meetings is given in the Page 52 of this report.
A.1.2	Role of the Board	Yes	Key responsibilities of the Board includes; <ul style="list-style-type: none"> Formulation and implementation of strategies Reviewing and approving business plans and budgets Reviewing and comparing actual results against the budgets Ensuring effective internal controls and risk management Ensuring effective compliance with laws, regulations and ethical standards.
A.1.3	Act in Accordance with the Laws of the Country	Yes	The Board has ensured that the Directors have adhered to all applicable laws, rules and regulations.
A.1.4	Access to the Company Secretary	Yes	All Directors have access to the advice and services of the Company Secretary M/s. PW Corporate Secretarial (Pvt.) Ltd., who is responsible to the Board in ensuring that Board procedures are followed and that applicable rules and regulations are complied with.
	Appropriate Insurance Cover	Yes	The Group has obtained a Directors and Officers Liability Insurance Cover.
A.1.5	Independent Judgement	Yes	The Board members are required to refrain from matters of self interest and to bring independent judgement to the decision making process.
A.1.6	Adequate Time and Effort	Yes	Directors dedicate adequate time and effort to matters pertaining to the Board and the Group to ensure that their duties and responsibilities are satisfactorily discharged. Directors dedicate sufficient time before a meeting to review Board papers and request additional information and clarification and follow up on issues consequent to the meeting.
A.1.7	Resolution to be presented to the Board	Yes	One third of Directors can call for a resolution to be presented to the Board where they feel it is in the best interest to the Group to do so.
A.1.8	Appropriate Training	Yes	Majority of the Directors have experience in the Tea Industry and every Director is given appropriate training when they are first appointed to the Board.

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
A.2	Chairman and Chief Executive Officer (CEO)	Yes	The roles of the Chairman and the Chief Executive Officer are separate with a clear distinction of responsibilities, which ensures balance of power and authority.
A.3	Chairman's Role	Yes	Main responsibility of the Chairman is to lead and manage the Board and its Committees, so that they can function effectively. The Chairman ensures that the Board is in complete control of the Group's affairs and alerts to its obligations to all Shareholders and other Stakeholders.
A.4	Financial Acumen	Yes	All Directors have sufficient financial acumen and knowledge on matters of finance. Majority of the Non-Executive Directors have previous experience in Banking and Finance related Companies. Mr. B R L Fernando (Independent Non-Executive Director) is a Fellow Member of the CA Sri Lanka. Mr. W A T Fernando (Managing Director), Ms. N T M S Cooray (Non-Executive Director) and Ms. H M S Perera (Non-Executive Director) are members of Chartered Institute of Management Accountants, UK (CIMA).
A.5	Board Balance		
A.5.1	Non Executive Directors	Yes	Six out of twelve Directors were Non-Executive Directors at the conclusion of last AGM. The names of Non-Executive Directors are given on page 52 and a brief resume of each Director is available on pages 16 to 19.
A.5.2	Independent Non Executive Directors	Yes	Four out of Six Non-Executive Directors were independent at the conclusion of last AGM. The names of Independent Non-Executive Directors are given on page 52.
A.5.3	Independence of Non Executive Directors	Yes	All Independent Non-Executive Directors have met the criteria set out in the Listing Rules of CSE and this code to be recognising as independent. A special disclosure in this regard is available on page 51.
A.5.4	Annual Declaration of Non Executive Directors	Yes	The Non-Executive Directors have submitted the required declaration, which was used for determining the independence of the Independent Directors.
A.5.5	Determination of independence of the Directors	Yes	The Board has made an annual determination as to the independence or non-independence of each Non-Executive Director based on a declaration made by the Non-Executive Directors and as per criteria set out by the Colombo Stock Exchange Listing Rules. The special declaration on the determination of independence of Independent Non-Executive Directors, is presented on page 51 and 76.
A.5.6	Alternate Directors	Not Applicable	No alternative Directors were appointed during the year.
A.5.7 & A.5.8	Senior Independent Director	Not Applicable	Roles of the Chairman and the Managing Director are clearly separated.

CORPORATE GOVERNANCE

SUMMARY OF COMPLIANCE

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
A.5.9	Chairman conducting Meetings with Non Executive Directors	Yes	The Chairman conducts meetings with the Non-Executive Directors, without the presence of Executive Directors as necessary.
A.5.10	Recording of concerns in the Board Minutes	Yes	Concerns raised by the Directors which could not be unanimously resolved during the year, such individual concerns (if any) were recorded in the minutes.
A.6	Supply of Information		
A.6.1	Management's obligation to provide appropriate and timely information to the Board	Yes	Directors are provided with monthly reports on financial and operational performance of the Group, minutes of the Board Sub Committees and other Management Committees and any other information as necessary. The Chairman ensures that all Directors are properly briefed on issues arising at Board Meetings.
A.6.2	Providing relevant information prior to the Board Meetings	Yes	The minutes, agenda and papers required for Board Meeting are provided to Directors with adequate time to study them to facilitate its effective conduct.
A.7	Appointments to the Board		
A.7.1	A Nomination Committee	Yes	The Board has appointed a Nomination Committee to make recommendations to the Board on all new Board appointments. Composition of the Nomination Committee is given on page 58.
A.7.2	Assessment of the Board Composition	Yes	The Nomination Committee and the Board continuously assess the Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Group. The findings of such assessment should be taken into account when new Board appointments are considered and when incumbent Directors come up for re-election.
A.7.3	Disclosure on New Directors to Shareholder	Yes	Upon the appointment of a new Director to the Board, the Group discloses the following details to shareholders through CSE. <ul style="list-style-type: none"> l a brief resume of the Director l the nature of his expertise in relevant functional areas l the names of companies in which the Director holds Directorships l 'independence' of such directors
A.8	Re-election		
A.8.1	Appointment of Non-Executive Directors	Yes	Non-Executive Directors are appointed for specified terms subject to re-election and to the provisions in the Companies Act relating to the removal of a Director, and their re-appointment are not automatic.
A.8.2	Re-Election	Yes	All Directors including the Chairman of the Board are subject to election by Shareholders at the first opportunity after their appointment, and to re-election thereafter are done in accordance with the Articles of Association of the Company. Refer page 76 under Annual Report of the Board of Directors.

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
A.9	Appraisal of Board Performance		
A.9.1 & A.9.2	Annual Performance Evaluation of the Board and its Sub Committees	In Progress	<p>Performance evaluation of the Board and its Sub Committees are done by way of discussions at the Board Meetings.</p> <p>However, the board is in the process of implementing a mechanism to periodically evaluate its own performance in order to ensure that responsibilities set out in A.1.2 are discharged in a satisfactory manner.</p>
A.9.3	Review the performance of the Directors at the time of re-election	Yes	The Board reviews the performance of each director in terms of participation, contribution and engagement at the time of re-election.
A.9.4	Disclosure of performance evaluation criteria	Yes	This section itself would serve the purpose of disclosure.
A.10	Disclosure of information in respect of Directors	Yes	<p>The following information in relation to Directors are disclosed in this report.</p> <p>Name, qualifications, nature of expertise, other Directorships of Listed Companies and other companies and brief profile on page 16 to 19.</p> <p>Material Business Relationships on page 141 to 143.</p> <p>Nature of the Directorship on page 52.</p> <p>Number of Board Meetings attended on page 52.</p> <p>Memberships of Board Sub Committees and attendance pages 53 to 58.</p>
A.11	Appraisal of Chief Executive Officer (CEO)		
A.11.1	Setting Annual Targets	Yes	Financial and Non Financial Targets are set at the beginning of the financial year as budgets and KPI's which are in line with the Group's short term and long term business objectives.
A.11.2	Performance Evaluation	Yes	Performance of the CEO and the management team are evaluated by the Board quarterly and at the end of each financial year. Actual performances against targets are compared and with the reasons and justifications in the event that the targets are not achieved.

CORPORATE GOVERNANCE

SUMMARY OF COMPLIANCE

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
B	Director's Remuneration		
B.1	Remuneration Procedure		
B.1.1	Remuneration Committee	Yes	The Board has appointed a Remuneration Committee to make recommendations to the Board, within agreed terms of reference, on the Group's framework of remunerating Executive Directors.
B.1.2	Composition of the Remuneration Committee	Yes	The Remuneration Committee comprises three Non-Executive Directors out of which two including Chairman are Independent.
B.1.3	Chairman and the members of Remuneration Committee	Yes	Composition of the Remuneration Committee is given on page 57.
B.1.4	Determination of remuneration of Non-Executive Directors	Yes	The Board collectively determines the remuneration of the Non-Executive Directors including the members of the Remuneration Committee, within the limits set in the Articles of Association.
B.1.5	Consultation of the Chairman and access to professional advice	Yes	The Remuneration Committee consults the Chairman and/or CEO about its proposals relating to the remuneration of other Executive Directors and has access to professional advice from within and outside the Group, in discharging their responsibilities.
B.2	The level and make up of Remuneration		
B.2.1	Remuneration Packages of Executive Directors	Yes	The Remuneration Committee provides the packages needed to attract, retain and motivate Executive Directors of the quality required with reasonable limits.
B.2.2	Design of the remuneration packages of Executive Directors to promote long term success	Yes	Remuneration packages of Executive Directors are designed to promote long term success of the business.
B.2.3	Comparison of remuneration with other Companies	Yes	The Remuneration Committee cautiously compare the levels of remuneration of the Group with other companies in the industry.
B.2.4	Comparison of remuneration with other Companies in the Group	Yes	The Remuneration Committee is sensitive to remuneration and employment conditions in other companies of the Group.
B.2.5	Performance related elements of remuneration of Executive Directors	Yes	A profit share scheme based on the performance of the Group is in place as a part of the remuneration of Executive Directors to align their interests with those of the Group and main Stakeholders and to give these Directors appropriate incentives to perform at the highest levels.
B.2.6	Executive Share Options	Yes	No share options were issued to Executives during the year.

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
B.2.7	Executive Directors' remuneration	Yes	The Remuneration Committee follows the provisions set out in Schedule E of the Code as required.
B.2.8 & B.2.9	Early termination of Executive Directors	Not Applicable	Special early termination clauses are not included in the contract of employment of Executive Directors that would entitle them for extra compensation. However, any such compensation would be determined by the Board of Directors. No Executives Directors were terminated during the year.
B.2.10	Levels of remuneration for Non-Executive Directors	Yes	Remuneration for Non-Executive Directors reflects the time commitment and responsibilities of their role, taking into consideration market practices. No share options were granted to Non-Executive Directors.
B.3	Disclosure of Remuneration		
B.3.1	Disclosure of Remuneration	Yes	Composition of the Remuneration Committee and the Group's Remuneration Policy is given in the page 57 Aggregate remuneration paid to Executive and Non-Executive Directors during the year under review appears on page 144 under Director's Remuneration.
C	Relations with Shareholders		
C.1	Constructive use of the Annual General Meeting (AGM) and conduct of General Meetings		
C.1.1	Notice of the AGM and Related Documents	Yes	The Notice of Meeting and related documents are dispatched to the Shareholders 15 working days prior to the AGM, as per Section 135 of the Companies Act No.07 of 2007.
C.1.2	Separate resolution for all separate issues at the Annual General Meeting	Yes	Group proposes a separate resolution at the AGM on each substantially separate issue and in particular, propose a resolution at the AGM relating to the adoption of the report and accounts.
C.1.3	Use of Proxy Votes	Yes	An effective mechanism is in place to count all proxy votes and indicate proxies lodged on each resolution and the balance for and against the resolution and withheld, is conveyed to the Chairman.
C.1.4	Availability of Chairman of the Board Sub Committees to respond to queries at the AGM	Yes	The Chairmen of the Audit, Remuneration and Nomination Committees are usually present at the Annual General Meeting to facilitate Shareholders' inquiries.
C.1.5	Procedures of voting at the Annual General Meeting	Yes	The Notice of Meeting outlines the procedure relating to voting at the Annual General Meeting.

CORPORATE GOVERNANCE

SUMMARY OF COMPLIANCE

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
C.2	Communication with shareholders		
C.2.1	Communication Channels	Yes	Group uses the Annual General Meeting, Annual Report, Quarterly Financial Statements, Corporate disclosures to the CSE and the Corporate Website as Channels to communicate with Shareholders.
C.2.2	Policy and Methodology for Communication	Yes	<p>The Group's policy in communication with shareholders includes the sharing of all financial and non-financial information as per the statutory requirements and as well as the sharing of all price sensitive information.</p> <p>The methodology of communication with Shareholders is multi-faceted to ensure accurate and timely information.</p>
C.2.3	Implementation of Policy	Yes	The implementation of the policy and the methodology is done through the adoption of the above mentioned channels of communication.
C.2.4	Disclose the contact person for shareholder communications	Yes	The contact person in relation to all matters pertaining to the Shareholders is the Company Secretary.
C.2.5	Directors awareness on major issues and concerns of Shareholders	Yes	The Chairman ensures that all Directors are aware of major issues and concerns of shareholders. Such issues are discussed at Board Meetings.
C.2.6	Contact person in relation to shareholders' matters	Yes	The contact person in relation to all matters pertaining to the Shareholders is the Company Secretary.
C.2.7	Response to shareholders	Yes	The Chairman and the Directors answer all the queries raised by the Shareholders at the AGM. Appropriate responses formulated and actions taken to address Shareholder concerns by the Board are communicated to the shareholders by the Company Secretary.
C.3	Major and Material Transactions		
C.3.1	Disclosure on 'major and material transactions'	Yes	There was no transaction during the year that fell within the definition of a major transaction defined by the Companies Act No. 07 of 2007 or SEC Law and CSE Regulations which materially affect the net asset base of the Group.
C.3.2	Compliance with the disclosure requirements and the shareholder approval by special resolution	Yes	The Group has complied with the disclosure requirements and the shareholder approval by special resolution as required by the rules and regulations of the Securities and Exchange Commission (SEC) and by the Colombo Stock Exchange (CSE).

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
D	Accountability and Audit		
D.1	Financial and Business Reporting (Annual Report)		
D.1.1	Presenting the annual report including financial statements	Yes	The Group has strictly complied with all the statutory requirements pertaining to preparing and publishing of Interim Financial Statements, Annual Financial Statements and Annual Reports.
D.1.2	The Board's responsibility in presenting balanced and understandable information	Yes	The Board is responsible for presenting a balanced and understandable assessment extends to interim and other price sensitive public reports and reports to regulators, as well as to information required for statutory requirements. The 'Statement of Directors' Responsibilities' for preparation and presentation of Financial Statements is given on page 87 of this Annual Report.
D.1.3	Declaration from the Chief Executive Officer and Chief Financial Officer	Yes	Relevant declarations from the Chief Executive Officer and the Financial Controller were obtained prior to the Board approves the Financial Statements for the financial period.
D.1.4	Directors' Report in the Annual Report	Yes	The Annual Report of the Board of Directors on the affairs of the Group is given on pages 75 to 78 of this Annual Report which contains the relevant declarations required by this Code.
D.1.5	Statement of Directors' and Auditor's responsibility for the Financial Statements / Directors Statement on Internal Control	Yes	The 'Statement of Directors' Responsibilities' for preparation and presentation of Financial Statements is given on page 87 of this Annual Report and the Auditor's responsibilities are set out on the 'Independent Auditors' Report' on pages 88 to 91 of the Annual Report. Statement on Internal Controls is given on page 59 of the Annual Report.
D.1.7	Summon an Extraordinary General Meeting to notify serious loss of capital	Not Applicable	This situation did not arise during the financial year under review.
D.1.8	Disclosure of Related Party transactions	Yes	<p>The Board has adequately and accurately disclosed the related party transactions in this Annual Report as required in this Code.</p> <p>Refer Report of the Related Party Transactions Review Committee on page 55 and Related Parties and Related Party Transactions Disclosures on pages 141 to 143.</p>

CORPORATE GOVERNANCE

SUMMARY OF COMPLIANCE

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
D.2	Internal Control		
D.2.1	Directors to review on Risk management and Internal Controls	Yes	The Audit Committee, the Risk Management Committee and the Board as a whole review the risks facing the Group and the effectiveness of the system of internal controls on a quarterly basis.
D.2.2	Disclosures in the Annual Report on Risk Management and Internal Controls	Yes	<p>The following disclosures as required by the Code are included in this Report;</p> <ul style="list-style-type: none"> Report of the Audit Committee – on pages 53 to 54 Report of the Risk Management Committee – on page 56 Directors' Statement on Internal Controls – on page 59 Enterprise Risk Management Framework – on pages 79 to 84 Annual Report of the Board of Directors – on pages 75 to 78 Statement on Directors' Responsibilities for Preparation of Financial Statements – on page 87
D.2.3	Internal Audit	Yes	The Group has obtained the service of Messrs. PricewaterhouseCoopers as the Independent Internal Auditor of the Group to serve this purpose.
D.2.4	Review of the effectiveness of the risk management and internal controls	Yes	<p>The Internal Auditors review the internal control system including internal control over financial reporting.</p> <p>The Audit Committee and the Risk Management Committee reviews the process and effectiveness of the risk management and internal controls, and report to the Board.</p> <p>Refer the Directors' Statement on Internal Control on page 59 for details.</p>
D.2.5	Responsibilities of Directors to maintain a sound system of internal control	Yes	The Directors' responsibility for maintaining a sound system of internal control is given in the Directors' Statement on Internal Control on page 59.
D.3	Audit Committee (AC)		
D.3.1	Composition of the Audit Committee	Yes	The Audit Committee comprises three Non-Executive Directors and two of them are Independent. Details are given on page 53.
D.3.2	Duties of the Audit Committee and Terms of Reference of the Audit Committee	Yes	Audit Committee is responsible for reviewing the scope and results of the audit and its effectiveness, and the independence and objectivity of the Auditors. The Terms of Reference of the Audit Committee is given in the Report of the Audit Committee on page 53.
D.3.3	Disclosures	Yes	Refer Report of the Audit Committee on pages 53 to 54 for the relevant disclosures on the composition of the Audit Committee and the independence of the auditors.

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
D.4	Related Party Transactions Review Committee (RPTRC)		
D.4.1	A related party and related party transactions	Yes	The Group has considered Related parties and related party transactions as defined in the LKAS 24.
D.4.2	Related Party Transactions Review Committee (RPTRC)	Yes	The Group formed a Board Related Party Transactions Review Committee in November 2015. The Committee comprises four Directors, of whom three are Independent Non-Executive Directors and one is a Non-Executive Director. The Chairman of the Committee is an Independent Non-Executive Directors. Arrangements will be made to comply with the requirement under Section D.4.2 of the Code in due course. Composition of the RPTRC is given on page 55.
D.4.3	Terms of Reference of the Related Party Transactions Review Committee (RPTRC)	Yes	Refer Report of the Related Party Transactions Review Committee (RPTRC) on page 55 for the Terms of Reference of the RPTRC.
D.5	Code of Business Conduct and Ethics		
D.5.1	Disclosure of Code of Business Conduct & Ethics	Yes	Group has a Code of the Business Conduct and Ethics for Directors and Key Management and relevant declaration is given in the 'Annual Report of the Board of Directors in the Affairs of the Company on the pages 75 to 78.'
D.5.2	Process to ensure that material and price sensitive information is promptly identified and reported.	Yes	The Group has a process in place to ensure that material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.
D.5.3	Policy and process to ensure for monitoring and disclosure of shares purchased by any Director, Key Management Personnel or any other employee involved in financial reporting	Yes	All the employees involved in financial reporting are required to declare details of their dealings in shares of the CTB PLC to the Company Secretary immediately. In addition, the Directors and KMP's too are required to disclose their dealings in shares of CTB PLC to the Company Secretary, enabling her to inform such transactions to the CSE.
D.5.4	Affirmation Statement by Chairman	Yes	Refer the 'Chairman's Statement on Corporate Governance' on page 47.
D.6	Corporate Governance Disclosures		
D.6.1	Disclosure of Corporate Governance	Yes	This Corporate Governance Report from page 47 to 74 would serve the purpose of relevant disclosure.

CORPORATE GOVERNANCE

SUMMARY OF COMPLIANCE

Section II – Shareholders			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
E	Institutional Investors		
E.1	Shareholder Voting		
E.1.1	Communication with Shareholders	Yes	The Annual General Meeting provides the forum for shareholders to express their views. The Chairman ensures that any views expressed by investors to him personally or at General Meetings are discussed with the Board. The Directors consider the importance to understand the views of shareholders and, in particular, any issues which concern them.
E.2	Evaluation of Governance Disclosures	Yes	This section of the Annual Report contains the Group's governance arrangements and institutional investors are encouraged to give due weight to all relevant factors drawn to their attention.
F	Other Investors		
F.1	Investing/Divesting Decisions	Yes	Interim Financial Statements, Annual Consolidated Financial Statements and Annual Reports are published on the CSE website and these reports provide information that enables shareholders to carry out adequate analysis or seek independent advice in investing or divesting decisions.
F.2	Shareholder Voting	Yes	The shareholders are encouraged to participate at General Meetings and exercise their voting rights. Instructions with regard to appointing a proxy and the manner in which a Proxy Form should be completed are available in the Proxy Form circulated with the Annual Report
G	Internet of Things and Cyber Security	Yes	The Group implemented a comprehensive IT policy which covers the security of IT assets and the information assets. The Board's Audit Committee and the Risk Management Committee continuously discussed the importance of cyber risk management.
H	Environment, Society and Governance (ESG)		ESG principles are reported in a holistic manner throughout this report in the following sections: Corporate Governance – on page 47 to 74. Enterprise Risk Management – on page 79 to 84.

Level of compliance to the Continuing Listing Requirements Section 7.10 on Corporate Governance Rules issued by the Colombo Stock Exchange (CSE)

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
7.10 Compliance			
a./b./c.	Compliance with Corporate Governance Rules	Yes	The Group is in compliance with the Corporate Governance Rules and any deviations are explained where applicable
7.10.1 Non-Executive Directors (NED)			
a./b./c.	At least two members or one third of the Board, whichever is higher should be Non-Executive Directors	Yes	Six out of Twelve Directors were Non-Executive Directors at the conclusion of last AGM.
7.10.2 Independent Directors			
a.	Two or one third of Non-Executive Directors, whichever is higher shall be "independent"	Yes	Four out of Six Non-Executive Directors were independent at the conclusion of last AGM.
b.	Each Non-Executive Director to submit a signed and dated declaration of his/ her independence or non-independence	Yes	Independence of the Directors has been determined in accordance with CSE Listing Rules and the Four Independent Non-Executive Directors have submitted signed declaration of their independence.
7.10.3 Disclosures Relating to Directors			
a./b.	Board shall annually determine the independence or otherwise of Non-Executive Directors	Yes	The Board has made an annual determination as to the independence or non-independence of each Non-Executive Director based on a declaration made by the Non-Executive Directors and as per criteria set out by the Colombo Stock Exchange Listing Rules.
c.	A brief resume of each Director should be included in the Annual Report including the directors' experience	Yes	Refer Board of Directors section of the Annual Report from pages 16 to 19.
d.	Provide a resume of new Directors appointed to the Board along with details	Yes	Detailed resumes of the new Directors appointed during the financial year were submitted to the CSE.
7.10.4 Criteria for Defining Independence			
a. to h.	Requirements for meeting the criteria to be an Independent Director	Yes	All four Independent Non-Executive Directors have met the criteria on defining independence as per the Listing rules, except for Messrs C P R Perera and B R L Fernando who have exceeded nine years of service. The Board being of the view this does not compromise their independence and objectivity have deemed them independent.

CORPORATE GOVERNANCE

SUMMARY OF COMPLIANCE

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
7.10.5 Remuneration Committee			
a. 1	Remuneration Committee shall comprise of Non-Executive Directors, a majority of whom will be independent	Yes	The Remuneration Committee comprises of three Non-Executive Directors of whom two are independent directors.
a. 2	One Non-Executive Director shall be appointed as Chairman of the Committee by the Board of Directors	Yes	An Independent Non-Executive Director is the Chairman of the Committee.
b.	Remuneration Committee shall recommend the remuneration of the CEO and the Executive Directors	Yes	The Remuneration Committee recommends the remuneration of the CEO and the Executive Directors. The Board makes the final determination after considering such recommendations.
c. 1	Names of Remuneration Committee members	Yes	Composition of the Remuneration Committee is given on page 57.
c. 2	Statement of Remuneration policy	Yes	Group's Remuneration Policy is given on page 57.
c. 3	Aggregate remuneration paid to Executive Directors and Non-Executive Directors	Yes	Aggregate remuneration paid to Executive and Non-Executive Directors during the year under review appears on page 76 under Director's Remuneration.
7.10.6 Audit Committee			
a. 1	Audit Committee shall comprise of Non-Executive Directors, a majority of whom should be independent	Yes	The Audit Committee comprises three Non-Executive Directors out of which two are Independent. Refer page 53.
a. 2	A Non-Executive Director shall be the Chairman of the committee	Yes	Chairman of the Audit Committee is a Non-Executive Director.
a. 3	CEO and CFO should attend Audit Committee meetings	Yes	CEO and the Financial Controller participates the Audit Committee meetings by invitation.
a. 4	The Chairman of the Audit Committee or one member should be a member of a professional accounting body	Yes	Two members of the Audit Committee including the Chairman are members of a professional accounting body.
b	Functions of the Audit Committee	Yes	The Audit Committee carries out all the functions prescribed in this section. Role of the Audit Committee is given on page 53.
b. 1	Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements in accordance with SLFRS/ LKAS	Yes	The Audit Committee assists the Board in fulfilling its oversight responsibilities for the integrity of the financial statements of the Group.
b. 2	Overseeing the compliance with financial reporting requirements, information requirements as per laws and regulations	Yes	The Audit Committee has the overall responsibility for overseeing the preparation of financial statements in accordance with the laws and regulations of the country and also recommending to the Board, on the adoption of best accounting policies.

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
b. 3	Ensuring the internal and risk management controls, are adequate, to meet the requirements of the SLFRS/LKAS	Yes	The Audit Committee assesses the effectiveness of the internal controls and risk management with the support of the Risk Management Committee.
b. 4	Assessment of the independence and performance of the Entity's External Auditors	Yes	The Audit Committee assesses the external auditor's performance and independence.
b. 5	Make recommendations to the Board pertaining to External Auditors	Yes	The Committee is responsible for appointment, reappointment, removal of External Auditors and also the approval of the remuneration and terms of Engagement
c. 1	Names of the Audit Committee members shall be disclosed	Yes	Refer Report of the Audit Committee on page 53.
c. 2	Audit Committee shall make a determination of the independence of the external auditors	Yes	Refer Report of the Audit Committee on page 54.
c. 3	Report on the manner in which the audit Committee carried out its functions	Yes	Refer Report of the Audit Committee on pages 53 to 54.

Level of Compliance to the Continuing Listing Requirements Section 9 on Related Party Transactions issued by the Colombo Stock Exchange (CSE)

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
9.2 Related Party Transactions Review Committee			
9.2.2	Composition	Yes	Related Party Transactions Review Committee comprises of four Directors, who are Non-Executive Directors. Chairman of the Committee is an Independent Non-Executive Director. Refer page 55.
9.3 Disclosures			
9.3.2 Disclosures in the Annual Report			
a	Non-recurrent Related Party Transactions	Yes	Details of the Non-recurrent Related Party Transactions are given on pages 142 to 143.
b	Recurrent Related Party Transactions	Yes	Details of the Recurrent Related Party Transactions are given on page 141.
c	Report of the Related Party Transactions Review Committee	Yes	Refer page 55.
d	A declaration by the Board of Directors	Yes	Refer page 77 under the Annual Report of the Board of Directors.

CORPORATE GOVERNANCE

SUMMARY OF COMPLIANCE

Level of Compliance under Section 168 of the Companies Act No 07 of 2007

Section No.	Requirement	Compliance status	Reference
168 (1) (a)	The nature of the business of the Company together with any change thereof during the accounting period	Yes	Annual Report of the Board of Directors on page 75.
168 (1) (b)	Signed financial statements of the Company for the accounting period completed	Yes	Consolidated Financial Statements from pages 92 to 146.
168 (1) (c)	Auditors' Report on financial statements of the Company	Yes	Independent Auditors' Report on pages 88 to 91.
168 (1) (d)	Accounting policies and any changes therein	Yes	Notes to the Consolidated Financial Statements from pages 96 to 146.
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period	Yes	Annual Report of the Board of Directors from pages 75 to 78.
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Yes	Director's Remuneration on page 76.
168 (1) (g)	Corporate donations made by the Company during the accounting period	Yes	Refer Annual Report of the Board of Directors on page 77.
168 (1) (h)	Information on the Directorate of the Company during and at the end of the accounting period	Yes	Refer Board of Directors section from pages 16 to 19.
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Yes	Refer Notes to the Consolidated Financial Statements on page 112.
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Yes	Refer Report of the Audit Committee on page 54.
168 (1) (k)	Acknowledgment of the contents of this Report and signatures on behalf of the Board	Yes	Refer Statement on Directors' Responsibilities for Preparation of Financial Statements on page 87 and Annual Report of the Board of Directors on pages 75 to 78.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Board of Directors of Ceylon Tea Brokers PLC has pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2021.

GENERAL

The Company was incorporated in terms of the Companies Act, No.17 of 1982 under the name of “De Silva Abeywardena and Peiris (Private) Limited” on 15th June 1999, changed its name to Ceylon Tea Brokers (Private) Limited on 5th April 2006 and was converted to a public company on 21st June 2007. The Company which was re-registered as per the Companies Act, No.7 of 2007 on 20th January 2010 with PB 1280 as the new number assigned to the Company, obtained a listing on the Diri Savi Board of the Colombo Stock Exchange on 16th March 2010 and changed its name to Ceylon Tea Brokers PLC on 3rd May 2010. The registration number of the Company is PB 1280 PQ.

SUBSIDIARY

Logicare (Pvt) Limited is a fully owned subsidiary of Ceylon Tea Brokers PLC which provides warehouse facility to the clients of the parent as well as to third party clients.

PRINCIPAL ACTIVITIES

The Company's principal activities during the year were Tea Broking and providing financing facilities to its producer clients for their working capital requirements. This Report together with the Financial Statements, reflect the state of affairs of the Company.

The Group continues to own the leasehold rights of a land in Muthurajawela under the name of Logicare (Pvt) Limited, the fully

owned subsidiary of Ceylon Tea Brokers. Logicare commenced its commercial operations during the year 2019 as the warehousing facility provider of Ceylon Tea Brokers' producer clients. Logicare also operates as a total supply chain solutions provider which includes, specialised logistics, transport and other supply chain related services to external clients based on their unique requirements.

VISION, MISSION AND VALUES

The Company's vision, mission and values are available on page 04.

CODE OF BUSINESS CONDUCT AND ETHICS

The Company has adopted a Code of Business Conduct and Ethics for Directors and Members of the Key Management. The Directors and all the employees conduct their activities with the highest level of ethical standards and integrity in achieving the corporate objectives of the Company.

REVIEW OF BUSINESS PERFORMANCE

Review of business performance of the Company is available in the Chairman's message, and Chief Executive Officer's review.

DISCLOSURES

The Annual Report of the Company complies with the disclosure requirements of Sri Lanka Accounting Standards (SLFRs/ LKASs), Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and Code of Best Practices on Corporate Governance issued by Institute of Chartered Accountants of Sri Lanka.

FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

The Consolidated Financial Statements of the Group have been prepared in accordance with the Sri Lanka Accounting Standards (LKAS) and Sri Lanka Financial Reporting Standards (SLFRSs), issued by The Institute of Chartered Accountants of Sri Lanka and comply with requirements of the Companies Act No. 07 of 2007 and Listing Rules of the Colombo Stock Exchange. Consolidated Financial Statements for the year ended 31st March 2021 duly signed by the Financial Controller and two Directors, are given on page 92 to 95 The policies adopted thereof are given on page 96 to 146.

Figures pertaining to the previous periods have been re-stated where necessary to conform to the presentation for the year under review.

AUDITORS

Messrs KPMG, Chartered Accountants served as the Auditors of the Group. The Auditors do not have any interest in the Company or Group other than providing Audit and Non Audit services.

A sum of Rs. 750,000/- is payable by the Group to the Auditors as Audit Fees for the year under review.

The Auditors have also provided Non-Audit services during the year and the fee payable there for amounts to Rs. 50,000/-.

The Report of the Auditors on the Financial Statements of the Company is given on page 88 to 91 under Consolidated Financial Statements.

GOVERNANCE REPORTS

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

INDEPENDENCE OF AUDITORS

Based on the declaration provided by Messrs KPMG, Chartered Accountants and to the extent that the Directors are aware, the Auditors do not have any relationship with (other than that of the Auditor), or interest in, the Company, which in the opinion of the Board, may reasonably be considered to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by The Institute of Chartered Accountants of Sri Lanka as at the reporting date.

THE BOARD OF DIRECTORS

As at 31st March 2021, the Board of Directors of the Company consisted of Twelve members.

Mr. C P R Perera	- Chairman / Independent Non Executive Director
Mr. R J N De Mel	- Deputy Chairman / Independent Non Executive Director
Mr. W A T Fernando	- Managing Director
Mr. D G W De Silva	- Chief Executive Officer
Mr. K H S Deshapriya	- Chief Operating Officer (up to 10th June 2021)
Mr. B R L Fernando	- Independent Non Executive Director
Ms. N T M S Cooray	- Non Executive Director
Ms. H M S Perera	- Non Executive Director
Mr. D H Madawala	- Independent Non Executive Director
Mr. K A D Fernando	- Executive Director (Appointed as COO w.e.f. 10th June 2021)
Mr. H T D Nonis	- Executive Director
Mr. Z Mohamed	- Executive Director

A detailed resume of each Director of the Company is available on page 16 to 19.

Mr. K A D Fernando who is an Executive Director was appointed as the Chief Operating Officer of the Company with effect from 10th June 2021 in place of Mr. K H S Deshapriya. Mr. Deshapriya continues to serve as a Non-Executive Director of the Company.

Mr. B R L Fernando who is over 70 years of age, offers himself for re-appointment as a Director in pursuance of Section 211 of the Companies Act with the recommendation of the Directors. A resolution proposing the re-appointment of Mr. B R L Fernando who is 79 years of age, to the Board of the Company, declaring that the age limit of 70 years shall not apply to the said Director, will be placed before the shareholders at the forthcoming Annual General Meeting.

Mr. C P R Perera who is over 70 years of age, offers himself for re-appointment as a Director in pursuance of Section 211 of the Companies Act with the recommendation of the Directors. A resolution proposing the re-appointment of Mr. C P R Perera who is 77 years of age, to the Board of the Company, declaring that the age limit of 70 years shall not apply to the said Director, will be placed before the shareholders at the forthcoming Annual General Meeting.

Mr. K H S Deshapriya retires by rotation at the Annual General Meeting in terms of Article 87(i) of the Articles of Association and being eligible, is recommended by the Board for re-election at the forthcoming Annual General Meeting.

INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

The Board has determined that four Non-Executive Directors – Messrs C P R Perera, B R L Fernando D H Madawala and R J N de Mel are 'Independent' as per the criteria set out in the Listing Rules of the Colombo Stock Exchange and the said Directors have submitted signed declarations in this regard.

The Board is of the view that the period of service as a Board member exceeding nine years rendered by Mr. C P R Perera and Mr. B R L Fernando does not compromise their independence and objectivity in discharging their functions as Directors.

BOARD MEETINGS AND SUB COMMITTEE MEETINGS

The number of Board meetings and Sub Committee meetings held during the year and the attendance of Directors at these meetings are given on Corporate Governance Section from page 47 to 58.

DIRECTORS' REMUNERATION

The aggregate remuneration paid to the Directors' during the year under review was Rs.42,334,853/-.

DIRECTORS SHAREHOLDINGS

The relevant interest of Directors in the shares of the Company as at 31st March 2021 as recorded in Interest Register are given on page 147 of the Annual Report under Shareholdings of Directors

INTEREST REGISTER

The Company maintains an Interests Register in terms of the Companies Act, No. 7 of 2007, which is deemed to form part and parcel of this Annual Report and available for inspection upon request.

All related party transactions which encompasses the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period are recorded in the Interests Register in due compliance with the applicable rules and regulations of the relevant Regulatory Authorities.

STATED CAPITAL

The Stated Capital of the Company is Rs. 333,200,000/- representing 182,400,000 Ordinary shares.

SHAREHOLDER INFORMATION

Information on the distribution of shareholding, analysis of shareholders, market values per share, earnings, dividends, net assets per share, twenty largest shareholders of the Company, Directors' shareholding, percentage of shares held by the public as per the Listing Rules of the Colombo Stock Exchange are given on page 147 to 149 under Investor Highlights and Information.

DONATIONS

The Directors have approved Rs. 302,971/- as CSR expenses (2019/20 Rs.1,001,952.29)

DIVIDENDS

The Directors have approved a final dividend of cents thirty five (Rs.0.35) per share for the year under review and consequent to obtaining a Certificate of Solvency from the Auditors and the said dividend was paid on 12th July 2021.

PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment and changes during the year are given in Note 11 of the Consolidated Financial Statements.

LAND HOLDINGS

The Company does not own any freehold land or buildings.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the adequacy and effectiveness of the Company's system of internal controls and risk management framework. Detail review in this regard is given in the page 79 to 84 under the Corporate Governance.

CORPORATE GOVERNANCE

Company has complied with the Corporate Governance regulations and the best practices given in the Continuing Listing Requirements issued by the Colombo Stock Exchange, Companies Act No 07 of 2007 and the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka. Level of Compliance to these mandatory regulatory requirements and best practices are given on the page 60 to 74 under the Corporate Governance section.

MATERIAL FORESEEABLE RISK FACTORS

Information pertaining to material foreseeable risk factors is given under the Risk Management section on page 79 to 84.

EVENTS OCCURRING AFTER THE REPORTING DATE

No circumstances have arisen and no material events have occurred during the period between the reporting date and the date of signing of Financial Statements by Directors that require disclosure or adjustment to the financial statements other than those disclosed in Note 29 to the Financial Statements on page 144 of this Annual Report.

DECLARATION

The Directors declare that:

- I. the Company has not engaged in any activity, which contravenes laws and regulations of the country to the best of their knowledge.
- II. all material interests in contracts involving the Company
- III. the Company has made all endeavours to ensure equitable treatment of all shareholders.
- IV. the business is a going concern and that the Directors have reviewed the Company's budgets, capital expenditure requirements and future cash flows and are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future. Accordingly, the Financial Statements are prepared considering the Company as a going concern.
- V. they have conducted a review of the internal controls, covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence.
- VI. the Company has complied with Section 9 of the Listing Rules on Related Party Transactions issued by the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2021.

GOVERNANCE REPORTS

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

ANNUAL GENERAL MEETING


The Annual General Meeting will be held on 26th August 2021 at 11.30 a.m. at the Ground Floor Auditorium of the Ceylon Chamber of Commerce, No.50, Nawam Mawatha, Colombo 02.

The notice of the Annual General Meeting appears on page 150.

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



C P R Perera
Chairman



W A T Fernando
Managing Director



Neelika Subasinghe
P W Corporate Secretarial (Pvt) Ltd
Secretaries

10th June 2021
Colombo

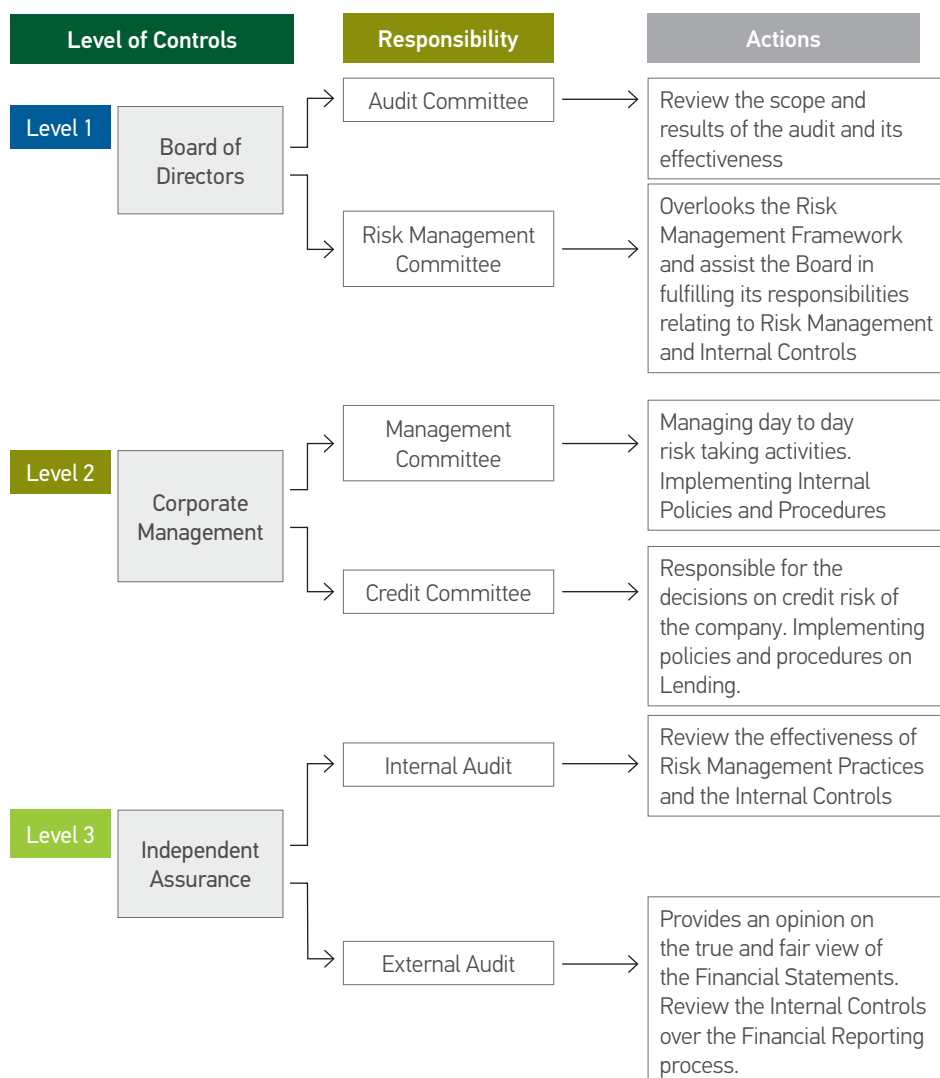


RISK MANAGEMENT

Risk implies future uncertainty about deviation from expected earnings or expected outcome. Therefore, risk management is vital for any business entity irrespective of in which industry it operates. As per the Corporate Governance Framework the Board is responsible for ensuring an effective risk management process and a sound system of internal controls to safeguard shareholders' investments and the Company's assets.

RISK MANAGEMENT FRAMEWORK

The Company has established a Risk Management Framework with three levels of control in place under the supervision and direction of its Board of Directors and supported by the Corporate Management Team and employees at all levels. A graphical overview of the Company's risk management framework is given below.



Level 1 – Board of Directors

The Board of Directors gives the leadership to risk management framework of the Company as a part of its good governance practices.

The Board has delegated this responsibility to its two main subcommittees which are Risk Management Committee and the Audit Committee. These two subcommittees conduct meetings at least once in every quarter and update the Board of Directors at the board meetings on the effectiveness of the risk management framework and internal controls, effectiveness of the audit, review of compliance and internal audit processes.

Level 2 – Corporate Management

Management Committee and the Credit Committee which operates at the corporate management level are responsible for managing the risks of day to day business activities. These two committees which are under the supervision and direction of the Board of Directors implement policies and procedures at operational level in order to strengthen the internal controls.

Level 3 – Independent Assurance – Internal Audit / External Audit

Internal Audit reviews the effectiveness of risk management practices and the internal controls of the Company whilst the External Audit reviews the internal controls over the financial reporting process. This independent assurance assists the Board of Directors to identify any gaps in the current risk management framework and internal controls.

GOVERNANCE REPORTS

RISK MANAGEMENT

RISK STRATEGY

The Risk Strategy of the Company is to establish formal mechanisms to ensure that best efforts are taken to appropriately identify the risks and maximize any potential opportunities arising from such risks events and mitigate and minimize the adverse effects stemming from those identified risks. This is operationalised through the embedding of risk management in business operations and strategic decision making process.

RISK APPETITE

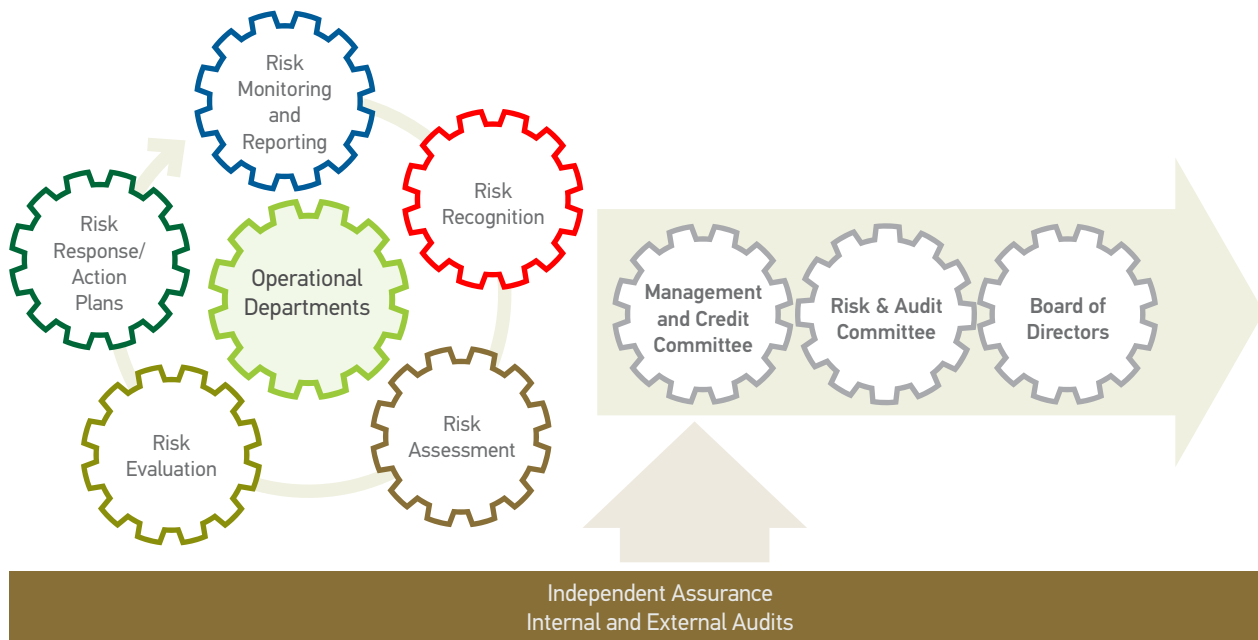
The Company's risk appetite is the amount of risk it is prepared to accept in pursuing its strategic objectives based on its key value drivers. The Company's stated Risk Appetite provides a decision-making framework for the strategic and operational treatment of risk and is used as an internal tool by the central Enterprise Risk Management Division as means of calibrating the level of tolerance of risk on a Company wide level.

CEYLON TEA BROKERS PLC RISK APPETITE STATEMENT

Ceylon Tea Brokers PLC operates within a low overall risk range. The Company has a zero tolerance with regards to governance, reputation and regulatory non- compliance, and a low tolerance to business disruption, health and safety of its stakeholders, and employee satisfaction and a medium level of tolerance towards strategic objectives related to earnings volatility.

RISK MANAGEMENT PROCESS

Whilst the overall setting of risk appetite is set at a Company level, the CTB's ERM process is a bottom-up approach, starting at business level as depicted in the process diagram below.



Key Risks

1. Credit Risk
2. Market Risk
3. IT Risk
4. Business Continuity Risk
5. Compliance Risk

RISK REGISTER

The key risk areas which may interrupt the achievement of corporate objectives of the Company along with risk responses and action plans implemented to mitigate them are given from pages 81 to 84.

Rating of Risks

The level of risk for each risk event is determined by rating risks based on:

- Likelihood of occurrence – Rating of probability of occurrence from 1 to 5
- Severity of impact – Rating of the impact to the business from 1 to 5.
- Velocity of Risk – assessment of the speed at which the impact of the risk would affect the organisation.

Below table elaborates the risk rating of the each risk identified in the above risk register.

Impact / Severity	5	Catastrophic / Extreme Impact	5	10	15	20	25
	4	Major / Very High Impact	4	8	12	16	20
	3	Moderate / High Impact	3	6	9	12	15
	2	Minor Impact	2	4	6	8	10
	1	Low / Insignificant Impact	1	2	3	4	5
			Rare / Remote to occur	Unlikely to occur	Possible to occur	Likely to occur	Almost certain to occur
			1	2	3	4	5
<div> ■ Ultra High ■ High ■ Medium ■ Low □ Insignificant </div> <div>Occurrence / Likelihood</div>							

Velocity represents the speed at which the risk event would affect the Company. The impact of the risk event is felt immediately if the risk item has a high velocity.

The key risk areas which may interrupt the achievement of corporate objectives of the Company along with risk responses and action plans implemented to mitigate them are given below.

Headline Risk	Risks	Implications	Impact to Company	Likelihood of Occurrence	Score	Velocity	Measures/Actions
Credit Risk	High Credit exposure of the Company	Increased cost of finance, Poor Recoverability, Increased bad debt provisions and reduced profitability	5	1	5	High	Regularly monitoring client's advance ratios by the Credit Committee, Review of facility agreements and securities, Regular Visits to Factories
	Reduced Liquidity	Increased cost of finance, Loss of Business, Disruptions to operations	5	1	5	High	Regular review of Book debts, Annual Credit Rating Review

RISK MANAGEMENT

Headline Risk	Risks	Implications	Impact to Company	Likelihood of Occurrence	Score	Velocity	Measures/Actions
Credit Risk (contd.)	Low recoverability of Loans & Advances	Increased cost of finance, Increased bad debt provisions and reduced profitability, Loss of Revenue	5	1	5	High	Regularly monitoring client's advance ratios by the Credit Committee, Review of facility agreements and securities, Regular Visits to Factory, Carrying out critical evaluation on both quantitative and qualitative information pertaining to high risk clients
	Fluctuations of Interest Rates	Increased cost of finance, reduced profitability	3	2	6	High	Adjust the interest rates on lending to reflect the changes in the market rates.
Market Risk	Loss of Marks	Loss of Revenue, Loss of Market share and reputation	5	3	15	High	Provide a better service to the clients to increase customer retention, Constant dialogue with clients and regular factory visits to understand the clients requirements / satisfaction
	Low prices for the Teas Catalogued	Loss of Revenue, Loss of Business, Loss of Profitability and reputation	5	5	25	High	Manufacturing Advisory Services, Relationship building, Restrict the advances granted on Tea Stocks up to a certain limit, Closely monitor the market trends, Holding regular Information sharing meeting to evaluate weekly performances
	Increased number of claims and disputes over quality of Teas sold	Loss of Reputation, Loss of prices at the auctions, Increased unsold percentages	4	2	8	Low	Constant dialogue with clients and regular factory visits to factories/buyers to understand the clients requirements / satisfaction
	Increased number of Tea withdrawals	Loss of Reputation, Loss of prices at the auctions, Increased exposure to credit risk	3	2	6	Medium	Constant dialogue with Sri Lanka Tea Board officials and clients. Regular factory visits to factories to understand the reasons for withdrawals
	Customer Dissatisfaction with services	Loss of Revenue, Loss of Market share and reputation	5	2	10	High	Provide a better service to the clients to increase customer retention, Constant dialogue with clients and regular factory visits to understand the clients requirements / satisfaction

Headline Risk	Risks	Implications	Impact to Company	Likelihood of Occurrence	Score	Velocity	Measures/Actions
IT Risk	Data and information security	Disruptions to operations, loss of reputation, loss of Competitive advantage,	5	2	10	High	Periodical review of User access rights, Carrying out Vulnerability Assessment and Penetration Testing (VAPT), Ensure protection from virus guards and firewalls, Data classification and segregation
	Network Security	Disruptions to operations, loss of reputation, loss of Competitive advantage	5	2	10	High	Periodical review of User access rights, Carrying out Vulnerability Assessment and Penetration Testing (VAPT), Ensure protection from virus guards and firewalls
	Lack of User awareness and IT skills	Loss of Competitive advantage, Potential data theft	3	2	6	Low	Encouraging use of a complex passwords, Periodical review of user access rights, regular trainings to increase user awareness on cyber attacks
	Technology and Infrastructure security	Disruptions to operations, loss of reputation, loss of Competitive advantage	5	1	5	High	Obtaining an appropriate insurance cover, Fixation of tools to monitor server room environment
Business Continuity Risk	Lack of Succession planning	Disruptions to operations and quality of service, loss of business	4	2	8	High	Development of a succession planning framework (competency & skill) with current situation, Regular performance appraisal, training and development
	Lack of adequate training	Disruptions to operations and quality of service, loss of business	4	2	8	High	Development of a succession planning framework (competency & skill) with current situation, Regular performance appraisal, training and development
	Data theft	Disruptions to operations and quality of service, loss of business, loss of reputation, increased cost due to penalties	5	1	5	High	Periodical review of user rights and activity, increasing awareness on potential cyber attacks

RISK MANAGEMENT

Headline Risk	Risks	Implications	Impact to Company	Likelihood of Occurrence	Score	Velocity	Measures/Actions
Business Continuity Risk (contd.)	Natural Disasters/ Biological Disasters	Disruptions to operations, loss of business, increased costs	5	1	5	High	Data backups, Business Continuity Planning, Obtain Relevant Insurance Policies. Monitoring Server room environment & use of network monitoring tool.
Compliance Risk	Unacceptable employee behaviour	Disciplinary issues, Loss of Company Reputation	2	1	2	Low	Conduct induction programs to educate employees on regular basis, Regular meetings with staff (Formal/informal) Staff training and development
	Non-compliances with health and safety guidelines	Disruptions to operations, loss of Company reputation, Increased cost due to penalties/ expenses	3	1	3	Medium	Roll out of plan to contain the spread of Virus Availability of insurance covers
	Non-compliances to laws and regulations due to oversights	Disruptions to operations, loss of Company reputation, Increased cost due to penalties/ expenses	3	2	6	High	Implementation of checks and controls to ensure compliance to laws and regulations

The Risk Management Committee on a quarterly basis evaluate the process and identify areas for improvement.



FINANCIAL REPORTS

Financial Calendar	86
Statement on Directors' Responsibilities for Preparation of Financial Statements	87
Independent Auditor's Report	88
Consolidated Statement of Profit or Loss and Other Comprehensive Income	92
Consolidated Statement of Financial Position	93
Consolidated Statement of Changes in Equity	94
Consolidated Statement of Cash Flows	95
Notes to the Consolidated Financial Statements	96

FINANCIAL CALENDAR

Interim Reports

1st Quarter	28th July 2020
2nd Quarter	13th November 2020
3rd Quarter	27th January 2021
4th Quarter	31st May 2021

Audited Financial Statements

As at 31st March 2020	27th August 2020
As at 31st March 2021	20th July 2021

Meetings

11th Annual General meeting was held on 24th September 2020
12th Annual General meeting to be held on 26th August 2021

Dividends

Final dividend for the year 2018/19 of Rs. 0.35 per share was paid on 14th June 2019
Final dividend for the year 2019/20 of Rs. 0.08 per share was paid on 4th September 2020
Final dividend for the year 2020/21 of Rs. 0.35 per share was paid on 12th July 2021

FINANCIAL REPORTS

STATEMENT ON DIRECTORS' RESPONSIBILITIES FOR PREPARATION OF FINANCIAL STATEMENTS

The Directors are required by the Companies Act, No.7 of 2007 to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the financial year and the income and expenditure of the Company and its subsidiary for the financial year.

The Directors are also responsible in ensuring that the financial statements comply with any regulation made under the Companies Act, which specifies the form and content of financial statements and any other requirements which apply to the Company's financial statements under any other law.

The Directors ensure that the financial statements presented in this Annual Report have been prepared using appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments' and estimates and in compliance with the Sri Lanka Accounting Standards, Companies Act, No.7 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No.15 of 1995.

The Directors are responsible for ensuring that the Company keeps sufficient accounting records, which discloses the financial position of the Company with reasonable accuracy, which will enable them to have the financial statements prepared and presented as aforesaid.

They are also responsible for taking measures to safeguard the assets of the Company and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to prevention and detection of fraud and other irregularities.

The Directors are also confident that the Company has adequate resources to continue in operation and have applied the going concern basis in preparing the financial statements.

By Order of the Board
CEYLON TEA BROKERS PLC



C P R Perera
Chairman



W A T Fernando
Managing Director

10th June 2021
Colombo

INDEPENDENT AUDITOR'S REPORT



KPMG
(Chartered Accountants)
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TO THE SHAREHOLDERS OF CEYLON TEA BROKERS PLC**Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of Ceylon Tea Brokers PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31st 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 set out on pages 92 to 146 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 31st 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.

Provision for Impairment allowance for Loans and advances to Tea Suppliers	
Refer to note 3.2.4.5 for Significant Accounting Policies and explanatory note no 15 of the financial statements.	
Risk Description	Our response
<p>The Group has recognized a total impairment provision of Rs. 167.5 Million as at 31st March 2021 for the loans and advances given to tea suppliers amounting to Rs.982 Million as at 31st March 2021.</p> <p>Impairment allowances represent management's best estimate of the expected credit losses on loans and advances given to tea suppliers at the reporting date. They are calculated individually and on a collective basis for portfolios of receivables of a similar nature.</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> Obtaining an understanding of and assessing the design, implementation and operating effectiveness of the key internal controls management has established in arriving at criteria used for provision computations and to ensure the accuracy of the impairment provision. Testing the completeness and accuracy of key inputs into models and computations. Further, we assessed the reasonability of the model methodology and key assumptions.

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M.R. Mihular FCA P.Y.S. Perera FCA C.P. Jayatilake FCA
T.J.S. Rajakarier FCA W.W.J.C. Perera FCA Ms. S. Joseph FCA
Ms. S.M.B. Jayasekara FCA W.K.D.C. Abeyratne FCA S.T.D.L. Perera FCA
G.A.U. Karunaratne FCA R.M.D.B. Rajapakse FCA Ms. B.K.D.T.N. Rodrigo FCA
R.H. Rajan FCA M.N.M. Shameel FCA Ms. C.T.K.N. Perera ACA
A.M.R.P. Alahakoon ACA

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA,
Ms. P.M.K. Sumanasekara FCA, W.A.A. Weerasekara CFA, ACMA, MRICS

Provision for Impairment allowance for Loans and advances to Tea Suppliers	
Refer to note 3.2.4.5 for Significant Accounting Policies and explanatory note no 15 of the financial statements.	
Risk Description	Our response
<p>Further, COVID-19 outbreak resulted in loss of income for majority of the corporates as well as for the individuals which increases the credit risk and the outbreak significantly affected on the macro economic forecasts which affects the recoverability of the loans and advances given to tea suppliers.</p> <p>The calculation of impairment allowances is inherently judgmental in many cases. The Group uses both specific assessment and collective assessment for impairment and specific receivables are individually assessed for impairment by considering objective evidence and based on the expected realization of those balances. Collective impairment allowances are calculated using statistical models, and the amount of loss incurred and making adjustments to current and expected economic and credit conditions. The inputs to these models are subject to management judgment and model overlays are often required.</p> <p>Therefore, impairment of loan and advances given to tea suppliers remains one of the most significant judgment made by management particularly in light of the current uncertain economic outlook in the Sri Lanka and potential impact of the global Covid-19 outbreak.</p>	<ul style="list-style-type: none"> Assessing the recoverability of a sample of customers and reviewing the underlying documents to verify the details recorded in the database such as the credit limits, historical patterns of receipts and reviewing cash received subsequent to year end for its effect in reducing amounts outstanding at year end etc. and perform re-computation over the computation. Challenging how management had assessed the impact of Covid-19 within the ECL model to assess whether that it was appropriately considered in the measurement of ECLs at year end. In particular, we challenged Management's assessment of the likelihood of a severe economic downturn caused by Covid-19 at the reporting date with reference to the reasonable and supportable information available to management at that date; Assessing whether management's severe downside macro-economic scenario adequately captured the potential macro-economic downside risks arising as a result of the Covid-19 outbreak, based on reasonable and supportable information available to management at the reporting date; Assessing the appropriateness of the Group's disclosures in the financial statements using our understanding obtained from our testing and against the requirements of the Sri Lanka Accounting Standards.

Impairment assessment of Goodwill and Investments in subsidiaries	
Refer to note 3.2.7 for Significant Accounting Policies and explanatory note no 13.1 of the financial statements.	
Risk Description	Our response
<p>As at 31st March 2021, the goodwill was carried at Rs. 43.5 million. Management allocated goodwill to the respective cash-generating units ("CGUs") as disclosed in Note 13 to the financial statements. The recoverable amounts of the identified CGUs have been determined based on value-in-use calculations.</p> <p>As at 31st March 2021, the Company's investment in subsidiary amounted to Rs. 433 million. The subsidiary operates in provision of warehouse facilities and logistics and have indicators of impairment as at the reporting date. Investments that do not generate adequate returns may be an indication of impairment. Management performed the impairment assessment for subsidiaries with indicators of impairment and determined their recoverable amounts based on value-in-use calculations.</p> <p>We identified the audit of management's impairment assessment of goodwill and investment in subsidiary as a key audit matter due to the magnitude of the carrying value and subjectivity in the assessment of the recoverable amounts which requires estimation and the use of assumptions.</p>	<p>Our audit procedures included,</p> <ul style="list-style-type: none"> Obtaining an understanding of management's impairment assessment process by examining the indications of possible impairment in subsidiary. Evaluating the reasonableness of the group's impairment model methodology, key assumptions for its revised cash flow projections such as discount rates, cost inflation and business growth with reference to the internally and externally derived sources including Group budgetary process and reasonableness of the historical forecasts. Assessing the value in use computations for recoverable amounts with impairment indications and discussion with management of the Group. Assessing the adequacy of the disclosures in the financial statements in respect of impairment testing.

INDEPENDENT AUDITOR'S REPORT



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 will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 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:

- I 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.
- I 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 Company and the Group's internal control.
- I Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- I Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- I 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.
- I Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditors' report is 4557.



Chartered Accountants
Colombo, Sri Lanka
20th July 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 31st March					
	Note	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Revenue	5	693,594,801	692,627,544	518,680,946	580,642,759
Operating Expenses		(190,867,904)	(120,376,158)	(19,995,117)	(19,888,029)
Gross Profit		502,726,897	572,251,386	498,685,829	560,754,730
Marketing Expenses		(38,922,081)	(135,358,434)	(33,710,556)	(133,307,569)
Administration Expenses		(290,883,888)	(244,663,293)	(243,204,541)	(209,164,381)
Profit from Operations		172,920,928	192,229,659	221,770,732	218,282,780
Finance Income	6.1	20,193,876	5,538,758	20,137,106	5,409,958
Finance Expenses	6.2	(153,403,099)	(236,757,224)	(96,725,988)	(186,203,427)
Net Finance Expenses	6	(133,209,223)	(231,218,466)	(76,588,882)	(180,793,469)
Profit/ (Loss) Before Taxation	7	39,711,705	(38,988,807)	145,181,850	37,489,311
Income Tax Expenses	8	(38,711,161)	(23,508,387)	(37,651,938)	(15,948,247)
Profit /(Loss) for the Year		1,000,544	(62,497,194)	107,529,912	21,541,064
Total Other Comprehensive Income / (Expense)					
Actuarial Loss on Retirement Benefit Obligations	22.2	(6,546,193)	(1,155,829)	(2,132,762)	(1,141,866)
Taxation on other comprehensive income	18	1,571,086	323,632	511,863	319,722
Total Other Comprehensive Income / (Expense) Net of Tax		(4,975,107)	(832,197)	(1,620,899)	(822,144)
Total Comprehensive Income/ (Loss) for the Year		(3,974,563)	(63,329,391)	105,909,013	20,718,920
Profit / (Loss) attributable to:					
Equity holders of the company		1,000,544	(62,497,194)	107,529,912	21,541,064
Profit /(Loss) for the Year		1,000,544	(62,497,194)	107,529,912	21,541,064
Total comprehensive income attributable to:					
Equity holders of the company		(3,974,563)	(63,329,391)	105,909,013	20,718,920
Total Comprehensive Income/ (Loss) for the Year		(3,974,563)	(63,329,391)	105,909,013	20,718,920
Earning Per Share - basic and diluted	9	0.005	(0.34)	0.59	0.12
Dividend Per Share	10	0.08	0.35	0.08	0.35

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Company/ Group set out on pages 96 to 146.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 31st March	Note	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
ASSETS					
Non Current Assets					
Property, Plant and Equipment	11	696,397,472	718,468,373	12,258,902	16,007,944
Right of use Assets	12.1	217,717,669	262,058,691	37,129,476	53,631,466
Intangible Assets	13	79,976,594	48,733,220	3,216,916	5,199,865
Deferred Tax Assets	18	13,520,432	13,365,538	13,520,432	13,365,538
Investment in Subsidiary	14	-	-	433,000,000	433,000,000
Loans and Advances to Tea Suppliers	15.1	49,925,879	55,568,950	49,925,879	55,568,950
Refundable Deposit on Lease Premises	12.2	4,029,080	3,629,801	4,029,080	3,629,801
Total Non Current Assets		1,061,567,126	1,101,824,573	553,080,685	580,403,564
Current Assets					
Trade and Other Receivables	16	652,207,762	101,565,183	586,543,180	58,633,826
Loans and Advances to Tea Suppliers	15.2	764,540,540	975,639,911	764,540,540	975,639,911
Cash and Cash Equivalents	17	68,891,097	49,313,045	64,011,892	49,138,185
Total Current Assets		1,485,639,399	1,126,518,139	1,415,095,612	1,083,411,922
Total Assets		2,547,206,525	2,228,342,712	1,968,176,297	1,663,815,486
EQUITY AND LIABILITIES					
Equity					
Stated Capital	19	333,200,000	333,200,000	333,200,000	333,200,000
Retained Earnings		97,824,452	116,248,589	300,243,668	208,784,229
Total equity attributable to owners of the company		431,024,452	449,448,589	633,443,668	541,984,229
Non Current Liabilities					
Interest Bearing Borrowings	20.2	643,248,895	896,222,223	130,388,895	347,222,223
Lease Payable	21	28,722,183	52,297,813	23,979,180	42,156,257
Retirement Benefit Obligations	22	29,675,844	18,701,349	22,068,653	16,290,437
Total Non Current Liabilities		701,646,922	967,221,385	176,436,728	405,668,917
Current Liabilities					
Interest Bearing Borrowings	20.1	813,525,103	676,806,672	649,848,272	672,278,030
Lease Payable	21	23,212,957	37,909,851	18,177,077	16,168,645
Trade and Other Payables	23	506,968,296	65,291,608	461,077,499	20,928,454
Amount Due to Related Party		-	-	51,272	2,321,567
Tax Payables		22,906,605	1,042,381	22,906,605	1,042,381
Bank Overdrafts	17	47,922,190	30,622,226	6,235,176	3,423,263
Total Current Liabilities		1,414,535,151	811,672,738	1,158,295,901	716,162,340
Total Liabilities		2,116,182,073	1,778,894,123	1,334,732,629	1,121,831,257
Total Equity and Liabilities		2,547,206,525	2,228,342,712	1,968,176,297	1,663,815,486

The Financial Statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Group/Company set out on pages 96 to 146.

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



A.M.N. Adhikari
Financial Controller

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Approved and signed for and on behalf of the Board of Directors of Ceylon Tea Brokers PLC.



C.P.R. Perera
Chairman



W. A. T. Fernando
Managing Director

10th June 2021
Colombo

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31st March	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
GROUP			
Balance as at 1st April 2019	333,200,000	240,869,815	574,069,815
Total Comprehensive Income For the Year			
Loss for the Year	-	(62,497,194)	(62,497,194)
Other Comprehensive Income For the Year	-	(832,197)	(832,197)
Dividend paid during the year	-	(63,840,000)	(63,840,000)
Reversal of Unpresented Dividend Cheques	-	2,548,165	2,548,165
Balance as at 31st March 2020	333,200,000	116,248,589	449,448,589
Balance as at 1st April 2020	333,200,000	116,248,589	449,448,589
Total Comprehensive Income For the Year			
Profit for the Year	-	1,000,544	1,000,544
Other Comprehensive Expense for the Year	-	(4,975,107)	(4,975,107)
Transactions with equity holders			
Dividend paid during the year	-	(14,592,000)	(14,592,000)
Reversal of Unpresented Dividend Cheques	-	142,426	142,426
Balance as at 31st March 2021	333,200,000	97,824,452	431,024,452
COMPANY			
Balance as at 1st April 2019	333,200,000	249,357,144	582,557,144
Total Comprehensive Income For the Year			
Profit for the Year	-	21,541,064	21,541,064
Other Comprehensive Income for the Year	-	(822,144)	(822,144)
Dividend paid during the year	-	(63,840,000)	(63,840,000)
Reversal of Unpresented Dividend Cheques	-	2,548,165	2,548,165
Balance as at 31st March 2020	333,200,000	208,784,229	541,984,229
Balance as at 1st April 2020	333,200,000	208,784,229	541,984,229
Total Comprehensive Income For the Year			
Profit for the Year	-	107,529,912	107,529,912
Other Comprehensive Expense for the Year	-	(1,620,899)	(1,620,899)
Transactions with equity holders			
Reversal of Unpresented Dividend Cheques	-	142,426	142,426
Dividend paid during the year	-	(14,592,000)	(14,592,000)
Balance as at 31st March 2021	333,200,000	300,243,668	633,443,668

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Group and the Company set out on pages 96 to 146.

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 31st March	Note	Group		Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
Cash Flows From Operating Activities					
Profit / (Loss) Before Taxation		39,711,705	(38,988,807)	145,181,850	37,489,311
Adjustment for;					
Depreciation/Amortisation	11,12,13	82,624,021	65,958,851	24,778,987	25,591,382
Interest Income	6.1	(20,193,876)	(5,538,758)	(20,137,106)	(5,409,958)
Interest Expense	6.2	153,403,099	236,757,224	96,725,988	186,203,427
Impairment of Loans and Advances given to Tea Suppliers	15.3	20,891,635	119,845,955	20,891,635	119,845,955
Gain on Disposals of Property, Plant and Equipment		(38,369)	(100,955)	(38,369)	(100,955)
Provision for Retirement Benefit Obligations	22.1	5,380,577	4,345,992	4,274,229	3,784,633
Operating Profit Before Working Capital Changes		281,778,792	382,279,502	271,677,214	367,403,795
Decrease in Loans and Advances given to Tea Suppliers	15	195,850,808	512,916,482	195,850,808	512,916,482
(Increase)/Decrease in Trade and Other Receivables	16	(551,405,175)	309,390,849	(528,645,342)	339,372,432
Increase/(Decrease) in Trade and Other Payables	23	441,819,114	(161,252,233)	440,291,471	(203,884,671)
(Decrease)/Increase in Related Party Payable		-	-	(2,270,295)	389,102
Cash Generated from Operations		368,043,539	1,043,334,600	376,903,856	1,016,197,140
Retirement Benefit Obligations Paid	22.1	(952,275)	(4,248,275)	(628,775)	(4,151,400)
Income Tax Paid		(15,430,745)	(45,873,573)	(15,430,745)	(45,873,573)
Net Cash Flow Generated from Operating Activities		351,660,519	993,212,752	360,844,336	966,172,167
Cash Flow From Investing Activities					
Interest / Investment income Received	6.1	19,954,597	4,241,079	19,897,827	4,241,079
Initial payment to Acquisition of Leased motor vehicles		-	(908,000)	-	-
Acquisition of Property, Plant and Equipment	11	(14,249,190)	(30,421,883)	(2,588,138)	(2,714,714)
Additions to Work In Progress		-	(239,073,164)	-	-
Acquisition of Intangible Assets	13	(33,249,413)	(4,311,526)	-	(4,311,526)
Proceeds on Disposal of Property, Plant and Equipment		81,500	244,522	81,500	244,522
Refundable Deposit		-	(2,097,450)	-	(2,097,450)
Investment in shares of subsidiary		-	-	-	(200,000,000)
Net Cash Flow Generated from/(Used in) Investing Activities		(27,462,506)	(272,326,422)	17,391,189	(204,638,089)
Cash Flow From Financing Activities					
Interest Paid		(148,382,464)	(217,526,040)	(92,056,948)	(157,249,384)
Loans Obtained During the Year		5,528,216,762	5,178,507,872	5,403,216,762	4,900,000,000
Loan Repayment made during the Year		(5,640,836,986)	(4,868,111,111)	(5,640,836,985)	(4,868,111,111)
Proceeds from Commercial Papers issued	20.1.1	-	678,000,000	-	678,000,000
Repayment of Commercial Papers redeemed	20.1.1	-	(678,000,000)	-	(678,000,000)
Payment of lease liabilities		(46,325,237)	(47,544,864)	(21,904,560)	(21,281,666)
Dividend Paid		(14,592,000)	(63,840,000)	(14,592,000)	(63,840,000)
Net Cash Flow Generated from / (Used In) Financing Activities		(321,919,925)	(18,514,143)	(366,173,731)	(210,482,161)
Net Increase/(Decrease) in Cash and Cash Equivalents		2,278,088	702,372,187	12,061,794	551,051,917
Cash and Cash Equivalents at the beginning of the Year		18,690,819	(683,681,368)	45,714,922	(505,336,995)
Cash and Cash Equivalents at the end of the Year (Note 17)		20,968,907	18,690,819	57,776,716	45,714,922

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Group/Company set out on pages 96 to 146.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 Reporting Entity

Ceylon Tea Brokers PLC (the “Company”) is a Company domiciled and operating in Sri Lanka, incorporated on 15th June 1999 and listed on the Colombo Stock Exchange on 20th January 2010. The Company’s registered office and the principal place of business are located at Level 7, Millennium House, No. 46/58, Nawam Mawatha, Colombo 02.

The Company has a fully owned subsidiary, Logicare (Private) Limited, which was acquired in 2017, is a private Company with limited liability incorporated in Sri Lanka under the provisions of the Companies Act No. 07 of 2007. The immediate and the ultimate parent of the subsidiary is the Ceylon tea brokers PLC. The Ordinary shares of the company have a primary listing on the CSE.

The staff strength of the Group and the Company was 103, and 61 respectively in 2020/21.

Corporate information is presented in the inner back cover of this Annual Report.

1.2 Principal Activities and Nature of Operations

The principle activities of the Company were tea brokering and financing. The principal activity of the subsidiary is to carry on business providing warehousing facilities for clients of parent and services related to third party logistics (TPL). There were no significant changes in the nature of principal activities of the Company and the Group during the financial year.

1.3 Consolidated Financial Statements

The Consolidated financial statements of the Company as at, and for the year ended 31st March 2021 comprise the financial statements of Company(Parent Company) and its subsidiary (together referred to as the “Group”)

2. BASIS OF PREPARATION

2.1 Statement Of Compliance

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS & LKAS) promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and with the requirement of Companies Act No 7 of 2007 and provide appropriate disclosures as required by the Listing Rules of the CSE.

The Group did not adopt any inappropriate accounting treatments, which are not in compliance with the requirements of the SLFRSs and LKASs.

Details of the Group’s significant accounting policies followed during the year are given in Notes 3.

2.2 Responsibility for Financial Statements

The Board of Directors of the Company is responsible for the preparation and fair presentation of the financial statements of the Group and the Company as per the provision of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards.

These financial statements include the following components:

- I an Income Statement and a Statement of Comprehensive Income providing the information on the financial performance of the Group and the Company for the year under review. Refer page 92;
- I a Statement of Financial Position providing the information on the financial position of the Group and the Company as at the year end. Refer page 93;
- I a Statement of Changes in Equity depicting all changes in shareholders’ funds during the year under review of the Group and the Company. Refer page 94;

I a Statement of Cash Flows providing the information to the users, on the ability of the Group and the Company to generate cash and cash equivalents and utilisation of those cash flows. Refer page 95;

I Notes to the Financial Statements comprising Significant Accounting Policies and other explanatory information. Refer pages 96 to 146.

The Consolidated Financial Statements were authorized for issue by the Company’s Board of Directors in accordance with the resolution passed by the Board of Directors on 10th June 2021.

2.3 Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for the following material items in the statement of financial position.

I Liability for Retirement Benefit Obligation is recognized as the present value of the defined benefit obligation based on actuarial valuation as per LKAS 19: Employee benefits.

2.4 Going Concern Basis of Accounting

The Management has made an assessment of the Group’s and the Company’s ability to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation or cessation of business. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group’s ability to continue as going concern. Therefore, the Financial Statements of the Group continue to be prepared on going concern basis.

2.5 Functional and Presentation Currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the company operates (the functional currency).

The Consolidated Financial Statements have been presented in Sri Lankan Rupees, which is the Group's/ Company's functional and presentation currency. All the financial information presented in Sri Lankan Rupees has been rounded to the nearest Rupee.

2.6 Use of Estimates and Judgments

The preparation of Consolidated Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRSs / LKASs) requires the management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from the other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that financial year or in the period of the revision and future periods if the revision affects both current and future financial years.

2.7 Presentation of Financial Statements

The assets and liabilities of the Group and the Company presented in the statement of financial position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

No adjustment have been made for inflationary factors affecting the Financial Statements.

2.8 Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by LKAS 1: Presentation of Financial Statements and amendments to LKAS 1 on "Disclosure Initiatives".

2.9 Offsetting

Financial assets and financial liabilities are offset and the net amount report in the statement of financial position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on net basis, or to realize the assets and settle the liability simultaneously.

2.10 Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The comparative information have been reclassified where necessary to conform to the current year's presentation.

2.11 Use of Estimates, Judgments and Assumptions

The preparation of financial statements of the Group in conformity with Sri Lanka Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported values of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making a judgment about the carrying values of assets

and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2.11.1 Determination Of Fair Values

'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 and the Company has access at that date. The fair value of a liability reflects its non-performance risk. Several of the Group's and the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

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

Level 1: inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: inputs are inputs 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: inputs are inputs that are not based on observable market data (unobservable inputs).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.11.2 Fair Value of Non-Financial Assets

The fair value used by the Group and the Company in the measurement of non-financial assets is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market that is accessible by the Group and the Company for the asset or liability.

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

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

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

2.11.3 Useful Lives of Depreciable Assets

Management reviews its estimation of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the useful life of certain property, plant and equipment.

2.11.4 Business Combination

Management applies its judgment to determine whether the control indicators set out in the SLFRS 3 “Business Combination”.

Management uses valuation techniques in determining the fair values of the various elements of a business combination. The fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

2.11.5 Defined Benefit Obligation

The cost of the defined benefit plans are determined using an actuarial valuation. Management’s estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as mortality rates, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expense.

2.11.6 Fair Value Of Financial Instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm’s length transaction at the reporting date.

2.11.7 Recognition of Deferred Tax Assets

Management applies significant judgment to the extent the deferred tax assets can be recognised based on an assessment of the probability of the Group’s future taxable income against which the deferred tax

assets can be utilised. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various future tax jurisdictions.

2.11.8 Provisions For Liabilities, Commitments and Contingencies

The Group receives legal claims in the normal course of business. Management has made judgements as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depends on the due processes in respective legal jurisdictions.

3. SIGNIFICANT ACCOUNTING POLICIES**3.1 Changes in Accounting Policies****3.1.1 New and Amended Standards and Interpretations**

In these Financial Statements, the Group applied for the first time following amendments to Accounting Standards, which are effective for annual periods beginning on or after 01st April 2020.

The Group and the Company have not early adopted any other standard, interpretation or amendment that has been issued but not effective.

3.1.1.1 Amendments To SLFRS 3: Definition of A Business

In November 2018, the CA Sri Lanka issued amendments to the definition of a business in SLFRS 3 on “Business Combinations” (SLFRS 3) to help entities determine whether an acquired set of activities and assets is a business or not. These amendments clarified the minimum requirements for a business, removed the assessment of whether market participants are capable of replacing any missing elements and added

guidance to help entities assess whether an acquired process is substantive, narrowed the definitions of a business and of outputs, and introduced an optional fair value concentration test.

These amendments had no impact on the Consolidated Financial Statements of the Group, but may impact future periods should the Group enter into any business combinations.

3.1.1.2 Amendments To LKAS 1 and LKAS 8: Definition of Material

In November 2018, the CA Sri Lanka issued amendments to LKAS 1 and Sri Lanka Accounting Standard – LKAS 8 on “Accounting Policies, Changes in Accounting Estimates and Errors” to align the definition of ‘material’ across the standards and to clarify certain aspects of the term ‘definition’. The new definition states that, ‘Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose Financial Statements make on the basis of those Financial Statements, which provide financial information about a specific reporting entity.’

These amendments had no impact on the Consolidated Financial Statements of, nor is there expected to be any future impact to, the Group.

3.1.1.3 Amendments to the Conceptual Framework for Financial Reporting

CA Sri Lanka issued a revised Conceptual Framework which included some new concepts, updated definitions and recognition criteria for assets and liabilities and clarified some important concepts. Key changes include:

- l increasing the prominence of stewardship in the objective of financial reporting
- l reinstating prudence as a component of neutrality

- l defining a reporting entity, which may be a legal entity, or a portion of an entity
- l revising the definitions of an asset and a liability
- l removing the probability threshold for recognition and adding guidance on derecognition
- l adding guidance on different measurement basis, and
- l stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

These amendments had no impact on the Consolidated financial statements of the Group.

3.2 Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently for all periods presented in the financial statements by the Group and the Company unless otherwise indicated.

3.2.1 Consolidation

3.2.1.1 Basis of Consolidation

The Group’s financial statements comprise, Consolidated financial statement of the Company and its Subsidiary in terms of the Sri Lanka Accounting Standard- SLFRS 10 on “Consolidated Financial Statements”.

3.2.1.2 Business Combination

Group applied definition of a business (amendments to SLFRS 03) to business combinations whose acquisition dates are on or after 1 April 2020 in assessing whether it had acquired a business or a group of assets. The details of accounting policies are set out below.

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Group measures goodwill at the acquisition date as:

- l the fair value of the consideration transferred; Minus
- l the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Any goodwill that arises is tested annually for impairment (refer note 3.2.7). When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

3.2.1.3 Subsidiary

Subsidiary is entities controlled by the Group. The financial statement of subsidiary are included in the consolidated financial statements from the date, that control commence, until the date that control ceases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.2.1.4 Loss Of Control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.2.1.5 Transactions Eliminated On Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra group transactions are eliminated in preparing the consolidated financial statements. 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.

3.2.1.6 Material Gains or Losses, Provisional Values or Error Corrections

There were no material gains or losses, provisional values or error corrections recognised during the year in respect of business combinations that took place in previous periods.

3.2.2 Foreign Currency

All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are effected. Monetary assets and liabilities denominated in foreign currency as at reporting date are retranslated into functional currency equivalents at the spot exchange rate prevailing at the reporting date.

Differences arising on settlement or translation of monetary items are recognised

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

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

3.2.3 Assets and Bases of Their Valuation

Assets classified as current assets in the Statement of Financial Position are cash and bank balances and those, which are expected to be realized in cash during the normal operating cycle, or within one year from the Balance Sheet date, whichever is shorter. Assets other than current assets are those, which the Group and the Company intends to hold beyond the one year period calculated from the reporting date.

3.2.3.1 Property, Plant and Equipment

3.2.3.1.1 Recognition and Measurement
Property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the asset will flow to the Group and cost of the asset can be reliably measured.

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

3.2.3.1.2 Owned Assets

The cost of an item of property, plant and equipment comprise its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

The cost of self-constructed assets includes the cost of materials, direct labor, and any other costs directly attributable to bringing the asset to the working condition for its intended use. This also includes cost of dismantling and removing the items and restoring in the site on which they are located and borrowing costs on qualifying assets.

Purchased software that is integrate to the functionality of the related equipment is capitalized as part of equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for separate items (major component) of property, plant and equipment.

3.2.3.1.3 Capital Work-In-Progress

The cost of capital work-in-progress is the cost of purchase or construction together with any related expenses thereon. Capital work-in-progress is transferred to the respective asset accounts at the time of first utilization or at the time the asset is commissioned.

3.2.3.1.4 Leased Assets

Assets obtained under the finance lease, which effectively transfer to the Group substantially, all risks and benefits incidental to the ownership of the leased assets, are treated as if they have been purchased outright and are capitalized at their cash

price. Assets acquired by way of a finance lease are measured at an amount equal to the lower of their fair value and the present value of minimum lease payments at the inception, less accumulated depreciation and accumulated impairment losses. The principal/capital elements payable to the lessor are shown as liability/obligation.

Assets held under the finance lease are amortized over the shorter of the lease period or the useful life of equivalent owned assets, unless ownership is not transferred at the end of the leased period.

3.2.3.1.5 Subsequent Costs

The Group recognises in the carrying amount of property, plant and equipment the cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss as incurred.

3.2.3.1.6 Borrowing Costs

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset which takes a substantial period of time to get ready for its intended use or sale, are capitalised as a part of the asset. The amounts of the borrowing costs which are eligible for capitalisation are determined in accordance with LKAS 23 - Borrowing Costs.

Borrowing costs that are not capitalised are recognised as expenses in the period in which they are incurred and charged to the Statement of Profit or Loss and Other Comprehensive Income.

3.2.3.1.7 Depreciation

Depreciation is recognized in profit or loss on the straight-line basis over the estimated useful lives of each part of item of Property, Plant and Equipment. Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognized. Depreciation is not charged on Freehold Land.

The estimated useful lives of Property Plant and Equipment used by the Group and the Company are as follows:

	Annual Rate	Useful Life (Years)
Lease Hold Right Over Land	2.60%	39
Computer	25.00%	04
Furniture And Fittings	12.50%	08
Motor Vehicle	25.00%	04
Office Equipment	12.50%	08
Weight Scale	12.50%	08
Wooden Pallets	10.00%	10
Racking System	2.78%	36
Building	2.78%	36
Machinery & Electrical Equipment	12.50%	08
Software	25.00%	04

Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3.2.3.1.8 Derecognition

The carrying amount of an item of property, plant and equipment is de-recognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on de-recognition

are recognized within sundry income in profit or loss.

When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognised as required by Sri Lanka Accounting Standard – LKAS 16 on “Property, plant and equipment”.

3.2.3.2 Intangible Assets

3.2.3.2.1 Initial Recognition and Measurement

An intangible asset is recognized where it is probable that economic benefits are attributable to the assets will flow to the entity and cost of the assets can be measured reliably and carried at cost less accumulated amortization and accumulated impairment losses.

Separately acquired intangible assets are measured on initial recognition at cost. The cost of such separately acquired intangible assets include the purchase price, import duties, non-refundable purchase taxes and any directly attributable cost of preparing the asset for its intended use.

The cost of intangible assets acquired in a business combination is the fair value of the asset at the date of acquisition.

The cost of an internally generated intangible asset arising from the development phase of an internal project which is capitalised includes all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the Management. Other development expenditure and expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding is expensed in the income statement as and when incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.2.3.2.2 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 is recognized in profit or loss as incurred.

3.2.3.2.3 Subsequent Measurement

After initial recognition an intangible asset is stated at its costs less any accumulated amortisation and any accumulated impairment losses.

The useful economic life of an intangible asset is assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

3.2.3.2.4 Computer Software

All computer software costs incurred, which are not internally related to associate hardware, which can be clearly identified,

reliably measured and its probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of intangible assets. Amortization is calculated at an annual rate of 25%.

3.2.3.2.5 Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

3.2.3.2.5.1 Initial Recognition and Measurement

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

3.2.3.2.5.2 Subsequent Measurement

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3.2.4 Financial Assets**3.2.4.1 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 and the Company 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.

3.2.4.2 Classification and Subsequent Measurement of Financial Assets

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its

fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Transaction cost in relation to financial assets and financial liabilities at fair value through profit or loss are dealt with through the Income Statement. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15. Refer to the accounting policies in section 3.2.11.1, Revenue from contracts with customers.

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.

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 Company'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 derecognition 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.

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. non-recourse 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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.

3.2.4.3 Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Group's changes its objective of the business model for managing such financial assets.

Financial Liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

3.2.4.4 Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognized when:

- I The rights to receive cash flows from the asset have expired,
- I The Group and the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company has transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognized to the extent of the Group's and the Company's continuing involvement in it.

In that case, the Group and the Company also recognizes an associated liability. The transferred asset and the associated liability

are measured on a basis that reflects the rights and obligations that the Group and the Company has retained.

3.2.4.5 Impairment of Financial Assets**i. Impairment Policy:****Financial instruments and contract assets**

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- I the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- I the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- | significant financial difficulty of the borrower or issuer;
- | a breach of contract such as a default or being more than 90 days past due;
- | the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- | it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- | the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

3.2.5 Financial Liabilities

On initial recognition, the Company classifies financial liabilities, other than financial guarantees and loan commitments, into one of the following categories:

- | Financial liabilities at amortised cost; and
- | Financial liabilities at fair value through profit or loss.

3.2.5.1 Classification and Subsequent Measurement of Financial Liabilities

The subsequent measurement of financial liabilities depends on their classification.

i. Financial Liabilities at Amortised Cost

Financial Liabilities issued by the Group that are not designated at fair value through profit or loss are recognised initially at fair value plus any directly attributable transaction costs, by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method. Deposit liabilities including savings deposits, current deposits, fixed/time deposits, call deposits, certificates of deposit and debentures are classified as financial liabilities measured at amortised cost.

The EIR amortisation is included in 'Interest expense' in the Income Statement. Gains and losses too are recognised in the Income Statement when the liabilities are derecognised as well as through the EIR amortisation process.

ii. Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include derivative liabilities held for risk management purposes.

Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that is an integral part of the EIR. The EIR amortization is included in finance costs in the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.2.5.2 Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts are recognized in the income statement.

3.2.6 Offsetting Of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the Statement of Financial Position only if there is a current enforceable legal right to offset the recognized amounts and intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Income and expense will not be offset in the Income Statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

3.2.7 Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories are reviewed at each reporting date 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 is 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 cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually 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 groups of assets (the "cash-generating unit, or CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (Company of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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 amortization, if no impairment loss had been recognized.

3.2.8 Lease

The Group assesses at the inception of a contract, whether 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 as per the guidelines of SLFRS 16. This assessment considers whether, throughout the period of use, the lessee has both the right to obtain all of the economic benefits from the use of the identified asset and the right to direct how and for what purpose the identified asset is used.

After the assessment of whether a contract is, or contains, a lease, the Group determines whether it contains additional lease or non-lease (service) components based on the detailed guidance provided in SLFRS 16. Accordingly, the right to use of an identifying asset is a separate lease component if the lessee can benefit from the use of underlying asset either on its own or together with other resources readily available to the lessee and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract.

3.2.8.1.1 Group Acting as A Lessee

As per SLFRS 16, when the Group has determined that a contract contains a lease component and one or more additional lease components or non-lease components, the consideration in the contract is allocated to each lease component on the basis of relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. 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 any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. 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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of 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 for 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.

3.2.8.1.2 Short-Term Leases and Leases of Low-Value Assets

The Company / 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.

3.2.8.1.3 Group Acting as a Lessor

Similar to above, at the commencement of the contract, the Group determines whether the contract contains a lease component and one or more additional lease components or non-lease components. When there is one or more additional lease or nonlease component, the Group allocates consideration based on the guidelines given in SLFRS 15.

3.2.8.1.3.1 Finance Leases – Group as a Lessor

As per SLFRS 16, a lease which transfers substantially all the risks and rewards incidental to ownership of an underlying asset is classified as a finance lease. At the commencement date, the Group recognizes assets held under finance lease in the SOFP and present them as a lease receivable at an amount equal to the net investment in the lease. Net investment in the lease is arrived by discounting lease payments receivable at the interest rate implicit in the lease, i.e. the rate which causes present value of lease payments to equal to the fair value of the underlying asset and initial direct costs.

The Group applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

3.2.8.1.3.2 Operating Leases – Group As A Lessor

As per SLFRS 16, a lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. The Group recognises lease payments from operating leases as income on straight-line basis. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.2.9 Provision, Contingent Liabilities, Contingent Assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote.

Contingent assets are disclosed, where inflow of economic benefit is probable.

3.2.10 Post-Employment Benefits

i) Short-Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid in cash as ex gratia in the short term, if the Group has a present legal or constructive obligation to pay this amount as a result of past service rendered by the employee, and the obligation can be measured reliably.

ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan as defined by Sri Lankan Accounting Standard – LKAS 19 on “Employment Benefits”. The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using the projected unit credit method by qualified actuary as recommended by LKAS - 19. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the liability.

Provision has been made in the financial statements for retiring gratuities from the first year of service for all employees.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for payment to an employee arises only after the completion of 5 years continued service.

The liability is not externally funded. Group recognises all actuarial gains and losses arising from defined benefit plans immediately in the statement of other comprehensive income as they occur.

iii) Defined contributions plans – Employees’ Provident Fund and Employees’ Trust Fund

All employees who are eligible for Employees’ Provident Fund Contributions and Employees’ Trust Fund Contributions are covered by relevant contributions funds in line with the relevant statutes. Employer’s contributions to the defined contribution plans are recognized as an expense in profit or loss when incurred.

3.2.11 Income Statement

3.2.11.1 Revenue From Contracts With Customers

Revenue represents the amounts derived from the provision of services, which falls within the Company’s ordinary activities net of Revenue related taxes.

The Group/Company recognizes revenue from contracts with customers when control of the goods or services is transferred to the customer at an amount that reflects the consideration that the Group is to be entitled in exchange for those goods or services. Determining the timing of the transfer of control of goods or services, at a point in time or over time, requires judgements taking into consideration the nature of goods or services that Group/Company offers.

Disaggregation of revenue

SLFRS 15 requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue

and cash flows are affected by economic factors. The Group/ Company disaggregate revenue in to following categories.

- I Brokerage Fee
- I Handling Charges
- I Logistic and transportation income
- I Lot fee

Revenue from rendering of services is recognized when the Group/ Company satisfies all performance obligations by transferring a promised service to a customer.

3.2.11.2 Net Financing Income / Cost

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance cost comprises interest expense on borrowings.

3.2.11.3 Expenditure Recognition

A) All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year.

B) For the purpose of presentation of Income Statement the Directors are of the opinion that the function of expenses, present fairly the elements of the enterprises performance, hence such presentation method is adopted.

3.2.11.4 Tax

The group has determined the interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 provisions, Contingent liabilities and contingent assets.

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

(i) Current Tax

Current Income tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The relevant details are disclosed in the respective notes to the Financial Statements.

(ii) Deferred Tax

Deferred taxation is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and carry forward of unused tax losses / credits can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the reporting date.

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

3.2.11.5 Basic Earnings Per Share'

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3.2.11.6 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged or not. The relevant details are disclosed in the respective notes to the Financial Statements.

3.2.12 Cash Flow Statements

Interest received is classified as investing cash flows, while interest paid, is classified as financing cash flows for the purpose of presentation of Cash Flow Statement which has been prepared using the 'Indirect Method'.

3.2.12.1 Cash and Cash Equivalents

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks.

3.2.13 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the

Group's other components, whose operating results are reviewed regularly by the Corporate Management Team headed by the Managing Director/Chief Executive Officer (being the chief operating decision-maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

The Group has two strategic divisions (operating segments), namely:

- I Tea brokering
- I Warehousing

Segment performance is evaluated based on operating profits or losses which, in certain respects, are measured differently from operating profits or losses in the Consolidated Financial Statements. Income taxes are managed on a group basis and are not allocated to operating segments.

3.2.14 Events Occurring After the Reporting Date

Events after the reporting period are those events favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue.

The materiality of the events occurring after the reporting period are considered and appropriate adjustments to or disclosures are made in the Financial Statements, where necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which will become applicable for financial periods beginning on or after 1st April 2021. Accordingly, this Standards has not been applied in preparing these Consolidated Financial Statements. The Group has not early adopted new standards in preparing Consolidated financial statements.

The following standards are not expected to be have a significant impact on Group's Consolidated financial statements.

1. Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 – Interest Rate Benchmark Reform (Phase 1 & 2) – (“IBOR reform”)

The amendments to SLFRS 9 & LKAS 39 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark based cash flows of the hedged item or the hedging instrument.

IBOR reforms Phase 2 include number of reliefs and additional disclosures. Amendments supports companies in applying SLFRS when changes are made to contractual cash flows or hedging relationships because of the reform. These amendments to various standards are effective for the annual reporting periods beginning on or after January 01, 2021.

2. Amendments to SLFRS 16 – COVID-19 Related Rent Concessions

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 Pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from COVID-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after June 01, 2020.

3. Proceeds before intended use (amendments to LKAS 16 – Property, plant and equipment:)

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

4. Reference to the conceptual framework (amendments to SLFRS 3 – Business Combinations)

The amendment updates an outdated reference to the Conceptual Framework in SLFRS 3 without significantly changing the requirements in the standard.

5. Classification of liabilities as current or non-current (Amendments to LKAS 1 – Presentation of Financial Statements)

The amendment aims to promote consistency in applying the requirements by helping companies to determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

6. Onerous Contracts – Cost of fulfilling the contract (Amendments to LKAS 37 – Provisions, Contingent Liabilities and Contingent Assets)

The amendment specifies that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

5. REVENUE

5.1 Revenue from Contract with Customers

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Brokerage Fee	280,490,521	231,501,030	280,490,521	231,501,030
Handling Charges	78,329,985	82,654,522	-	-
Logistic & Transportation Income	79,354,271	10,942,681	-	-
Lot Fee	7,769,023	7,266,468	7,769,023	7,266,468
Sundry Income	83,480,772	79,081,589	66,251,173	60,694,007
Total Revenue from Contract with Customers	529,424,572	411,446,290	354,510,717	299,461,505
Interest Earned on Loans and Advances	164,170,229	281,181,254	164,170,229	281,181,254
Total Revenue	693,594,801	692,627,544	518,680,946	580,642,759

5.2 Timing of Revenue Recognition

Products and Services transferred at a point in time	693,594,801	692,627,544	518,680,946	580,642,759
	693,594,801	692,627,544	518,680,946	580,642,759

6. NET FINANCE EXPENSES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Finance Income (Note 6.1)	20,193,876	5,538,758	20,137,106	5,409,958
Finance Expenses (Note 6.2)	(153,403,099)	(236,757,224)	(96,725,988)	(186,203,427)
Net Finance Expenses	(133,209,223)	(231,218,466)	(76,588,882)	(180,793,469)

6.1 Finance Income

Interest Income on Staff Loans	763,313	724,408	706,543	595,608
Investment / Interest Income on Others	18,126,127	4,514,350	18,126,127	4,514,350
Interest on Fixed Deposits	1,304,436	300,000	1,304,436	300,000
Total Finance Income	20,193,876	5,538,758	20,137,106	5,409,958

6.2 Finance Expenses

Financial Services VAT on Interest Income	5,481,454	8,487,273	5,481,454	8,487,273
Interest on Borrowings	139,266,335	204,869,880	84,932,631	158,590,644
Interest on Lease	8,052,713	11,775,740	5,735,915	7,533,700
Interest on Commercial Papers	-	11,134,519	-	11,134,519
Un-winding of Prepaid Staff Loan Expenses	602,597	489,812	575,988	457,291
Total Finance Expense	153,403,099	236,757,224	96,725,988	186,203,427

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. PROFIT /(LOSS) BEFORE TAXATION

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Is stated after charging all expenses including the following;				
Auditors' Remuneration - Statutory Audit	750,000	700,000	630,000	600,000
- Non Audit Services	50,000	40,000	50,000	40,000
Directors' Fees & Consultancy Fees	8,740,000	4,985,000	6,400,000	4,285,000
Depreciation of Property, Plant and Equipment	36,276,959	20,991,016	6,294,048	7,275,484
Gain on Disposals of Property, Plant and Equipment	(38,369)	(100,955)	(38,369)	(100,955)
Amortisation of Intangible Assets	2,006,039	1,922,591	1,982,949	1,922,591
Amortisation of Right of Use Assets	44,341,022	43,045,244	16,501,990	16,393,307
Impairment for Loans and advances Given to Tea Suppliers	20,891,635	119,845,955	20,891,635	119,845,955
Personnel Costs (Note 7.1)	210,204,893	172,796,660	162,126,062	125,262,818

7.1 Personnel Costs

Salaries, Wages and Overtime	138,549,863	138,119,445	97,277,594	96,847,176
Bonus & Profit Share Expenses	48,347,152	12,149,213	47,133,152	10,935,213
Defined Contribution Plan Costs - EPF	14,341,841	14,545,608	10,752,870	10,956,637
- ETF	3,585,460	3,636,402	2,688,217	2,739,159
Retirement Benefit Obligation Expenses	5,380,577	4,345,992	4,274,229	3,784,633
	210,204,893	172,796,660	162,126,062	125,262,818

8. INCOME TAX EXPENSES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Current Year Income Tax Expenses (Note 8.1)	38,206,274	26,009,022	38,206,274	26,009,022
Under/(over) Provision in Respect of Previous Years	(911,305)	3,993	(911,305)	3,993
Charge/(Reversal) on Deferred Taxation (Note 18)	1,416,192	(2,504,628)	356,969	(10,064,768)
	38,711,161	23,508,387	37,651,938	15,948,247

8. TAXATION (CONTINUED)

8.1 Current Year Income Tax Expenses

For The Year Ended 31st March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Accounting Profit Before Taxation	39,711,705	(38,988,807)	145,181,850	37,489,311
Less: Income from Other Sources	(19,507,890)	(5,192,426)	(19,507,890)	(5,192,426)
Add: Aggregate Disallowable Items	56,719,158	86,255,543	18,537,897	66,311,612
Less: Aggregate Allowable Items	(89,745,700)	(807,677,536)	(4,449,613)	(10,981,561)
Business Income / (Loss)	(12,822,727)	(765,603,226)	139,762,244	87,626,936
Loss Incurred During The year	(152,584,971)	(853,230,164)	-	-
Business Income	139,762,244	87,626,938	-	-
Add: Income from Other Sources	19,430,563	5,262,426	19,430,563	5,262,427
Total Taxable Income	159,192,807	92,889,364	159,192,807	92,889,363
Tax at 24%	38,206,274	-	38,206,274	-
Tax at 28%	-	26,009,022	-	26,009,022
	38,206,274	26,009,022	38,206,274	26,009,022

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provision of the Inland Revenue Act No.24 of 2017 and subsequent amendments thereto. In terms of the Inland Revenue Act No.24 of 2017, the Company is liable for income tax on 24% on revenue sources and other income (28% on 2019/20).

Logicare (Private) Limited, the subsidiary company, is not liable for pay income tax for the year ended 31st March 2021 as the Company did not generate a taxable income. In terms of the Inland Revenue Act No.24 of 2017, the Company is liable for income tax on 24% on revenue sources and other income (28% on 2019/20).

8.2 Tax Losses Carried Forward

For The Year Ended 31st March	Logicare (Pvt) Ltd	
	2021 Rs.	2020 Rs.
Tax Losses Brought Forward	880,216,703	26,986,539
Add : Tax Losses for the Year	152,584,971	853,230,164
Less: Utilization of Tax Losses	-	-
Tax Losses Carried Forward	1,032,801,674	880,216,703

The Tax losses include the enhanced capital allowance of Rs. 725,252,119/- as per the provision of Second Shedule of Inland Revenue Act No.24 of 2017. The enhanced capital allowances can be claimed in addition to the general capital allowances for those depreciable assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. EARNINGS/(LOSS) PER SHARE**9.1 Basic Earnings /(Loss) Per Share**

The calculation of earnings per share is based on the profit/(Loss) after tax for the year attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year and calculated as follows;

	Group		Company	
For The Year Ended 31st March	2021	2020	2021	2020
Profit / (Loss) attributable to Ordinary Share holders (Rs.)	1,000,544	(62,497,194)	107,529,912	21,541,064
Weighted Average Number of Ordinary Shares as at 31st March	182,400,000	182,400,000	182,400,000	182,400,000
Basic Earnings/(Loss) Per Share (Rs.)	0.005	(0.34)	0.59	0.12

9.2 Diluted Earnings Per Share

There were no potential dilutive ordinary shares outstanding at any time during the year. Therefore, diluted earning per share is same as Basic earnings per share.

10. DIVIDEND PER SHARE

The calculation of the dividend per share is based on the dividend paid during the year divided by the weighted average number of ordinary shares in issue as at balance sheet date and calculated as follows;

	Group		Company	
For The Year Ended 31st March	2021	2020	2021	2020
Dividend Paid (Rs.)	14,592,000	63,840,000	14,592,000	63,840,000
Weighted Average Number of Ordinary Shares	182,400,000	182,400,000	182,400,000	182,400,000
Dividend Per Share (Rs.)	0.08	0.35	0.08	0.35

11. PROPERTY, PLANT AND EQUIPMENT

A) Group

As At 31st March	Balance as at 1st April 2019	Additions during the Year	Disposals/ Transfers during the Year	Balance as at 1st April 2020	Additions during the Year	Disposals/ Transfers during the Year	Balance as at 31st March 2021
Cost							
Motor Vehicles	19,599,400	-	(135,900)	19,463,500	293,980	-	19,757,480
Furniture & Fittings	25,958,661	1,801,845	(707,348)	27,053,158	383,008	(194,218)	27,241,948
Office Equipment	6,942,482	9,148,455	(773,596)	15,317,341	2,039,350	(16,535)	17,340,156
Weighing Scales	1,332,782	-	(1,278,943)	53,839	-	-	53,839
Computer Equipment	9,300,944	3,180,833	(537,630)	11,944,147	7,046,712	(649,850)	18,341,009
Storage System	-	120,111,336	-	120,111,336	1,694,052	-	121,805,388
Building	-	523,940,445	-	523,940,445	-	-	523,940,445
Machinery & Equipment	-	60,703,918	-	60,703,918	2,792,088	-	63,496,006
Work In Progress	430,865,725	257,599,225	(688,464,950)	-	-	-	-
	493,999,994	976,486,057	(691,898,367)	778,587,684	14,249,190	(860,603)	791,976,271

As At 31st March	Balance as at 1st April 2019	Charge for the year	Disposals During the year	Balance as at 1st April 2020	Charge for the year	Disposals During the year	Balance as at 31st March 2021
Accumulated Depreciation							
Motor Vehicles	14,266,395	2,875,123	(135,900)	17,005,618	2,136,826	-	19,142,444
Furniture & Fittings	15,799,839	2,359,960	(683,888)	17,475,911	2,337,996	(160,435)	19,653,472
Office Equipment	4,290,270	965,177	(715,518)	4,539,929	1,724,883	(11,359)	6,253,453
Weighing Scales	1,212,647	43,131	(1,216,959)	38,819	6,732	-	45,551
Computer Equipment	6,848,995	1,510,107	(537,586)	7,821,516	2,487,706	(645,677)	9,663,545
Storage System	-	3,599,824	-	3,599,824	5,409,997	-	9,009,821
Building	-	6,731,965	-	6,731,965	14,525,084	-	21,257,049
Machinery & Equipment	-	2,905,729	-	2,905,729	7,647,735	-	10,553,464
	42,418,146	20,991,016	(3,289,851)	60,119,311	36,276,959	(817,471)	95,578,799

	Balance as at 31st March 2021	Balance as at 31st March 2020
Carrying Amounts		
Motor Vehicles	615,036	2,457,882
Furniture & Fittings	7,588,476	9,577,247
Office Equipment	11,086,703	10,777,412
Weighing Scales	8,288	15,020
Computer Equipment	8,677,464	4,122,631
Storage System	112,795,567	116,511,512
Building	502,683,396	517,208,480
Machinery & Equipment	52,942,542	57,798,189
Work In Progress	-	-
	696,397,472	718,468,373

There was no Borrowing cost capitalized during the FY 2020/21 (Last year 2019/20 18,526,061)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**B) Company**

As At 31st March	Balance as at 1st April 2019	Additions during the Year	Disposals/ Transfers during the Year	Balance as at 1st April 2020	Additions during the Year	Disposals/ Transfers during the Year	Balance as at 31st March 2021
Cost							
Motor Vehicles	19,599,400	-	(135,900)	19,463,500	293,980	-	19,757,480
Furniture & Fittings	25,958,661	1,339,425	(707,348)	26,590,738	245,008	(194,218)	26,641,528
Office Equipment	6,938,382	157,965	(773,596)	6,322,751	69,150	(16,535)	6,375,366
Weighing Scales	1,332,782	-	(1,278,943)	53,839	-	-	53,839
Computer Equipment	9,300,944	1,217,324	(537,630)	9,980,638	1,980,000	(649,850)	11,310,788
	63,130,169	2,714,714	(3,433,417)	62,411,466	2,588,138	(860,603)	64,139,001

As At 31st March	Balance as at 1st April 2019	Charge for the year	Disposals During the year	Balance as at 1st April 2020	Charge for the year	Disposals During the year	Balance as at 31st March 2021
Accumulated Depreciation							
Motor Vehicles	14,266,395	2,875,123	(135,900)	17,005,618	2,136,826	-	19,142,444
Furniture & Fittings	15,799,839	2,329,670	(683,888)	17,445,621	2,261,145	(160,435)	19,546,331
Office Equipment	4,290,013	790,757	(715,518)	4,365,252	523,610	(11,359)	4,877,503
Weighing Scales	1,212,647	43,131	(1,216,959)	38,819	6,732	-	45,551
Computer Equipment	6,848,995	1,236,803	(537,586)	7,548,212	1,365,735	(645,677)	8,268,270
	42,417,889	7,275,484	(3,289,851)	46,403,522	6,294,048	(817,471)	51,880,099

	Balance as at 31st March 2021	Balance as at 31st March 2020
Carrying Amounts		
Motor Vehicles	615,036	2,457,882
Furniture & Fittings	7,095,197	9,145,117
Office Equipment	1,497,863	1,957,499
Weighing Scales	8,288	15,020
Computer Equipment	3,042,518	2,432,426
	12,258,902	16,007,944

The initial cost of the fully depreciated items of Property, Plant and Equipment which are still in use as at reporting date are as follows,

As At 31st March	Company	
	2021 Rs.	2020 Rs.
Motor Vehicles	11,392,890	11,151,790
Furniture and Fittings	8,485,715	8,483,285
Office Equipments	2,930,550	324,229
Computer Equipments	5,867,885	5,313,349
	28,677,040	25,272,653

12. RIGHT OF USE ASSETS

12.1 Carrying Value of Right to use Assets

As At 31st March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Cost				
At the Beginning of the year	314,303,338	-	70,024,773	-
Transfer from Leasedhold right over Land	-	189,466,645	-	-
Origination from initial application of SLFRS 16	-	115,756,693	-	70,024,773
Additions during the year	-	9,080,000	-	-
At the end of the year	314,303,338	314,303,338	70,024,773	70,024,773
Accumulated Amortization				
At the Beginning of the year	52,244,647	-	16,393,307	-
Transfer from Leasedhold right over Land	-	9,199,403	-	-
Accumulated for the Year	44,341,022	43,045,244	16,501,990	16,393,307
At the end of the year	96,585,669	52,244,647	32,895,297	16,393,307
Carrying Value at the year end	217,717,669	262,058,691	37,129,476	53,631,466

Logicare (Pvt) Ltd (Subsidiary) has entered in to a 39 year lease agreement commencing from 29th July 2016 with Sri Lanka Land Reclamation and Development Corporation to lease a land in Muthurajawela.

With the adoption of SLFRS 16 from 1 April 2019, the leased rentals paid in advance has transferred to right-to-use assets.

12.2 Refundable Deposit on Lease Premises

As At 31st March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Refundable Deposit on Lease Premises	4,029,080	3,629,801	4,029,080	3,629,801
	4,029,080	3,629,801	4,029,080	3,629,801

The Company has made a total security deposit of Rs.5,095,450/- to Allied Properties Ltd as a security deposit which is refundable after 04 years at the end of the lease period 30th June 2023.

The deposit has been fair valued using 11.5% as the discount factor and unwinding the interest on a yearly basis starting from the commencement date of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12.3 Lease Hold Right

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
As At 31st March				
Cost				
Balance as at 1st April	-	189,466,645	-	-
Transferred to Right to Use of Assets	-	(189,466,645)	-	-
Additions during the Year	-	-	-	-
Balance as at 31st March	-	-	-	-
Accumulated Amortisation				
Balance as at 1st April	-	9,199,403	-	-
Amortization for the Year	-	-	-	-
Transferred to Right to Use of Assets	-	(9,199,403)	-	-
Balance as at 31st March	-	-	-	-
Net Book Value as at 31st March	-	-	-	-

13. INTANGIBLE ASSETS

	Group			Company	
	Goodwill Rs.	Computer Software Rs.	Total Rs.	Computer Software Rs.	Total Rs.
Cost					
Balance as at 1st April 2020	43,533,355	20,147,395	63,680,750	20,147,395	20,147,395
Additions during the Year	-	33,249,413	33,249,413	-	-
Balance as at 31st March 2021	43,533,355	53,396,808	96,930,163	20,147,395	20,147,395
Accumulated Amortisation					
Balance as at 1st April 2020	-	14,947,530	14,947,530	14,947,530	14,947,530
Charge for the Year	-	2,006,039	2,006,039	1,982,949	1,982,949
Balance as at 31st March 2021	-	16,953,569	16,953,569	16,930,479	16,930,479
Net Book Value As at 31st March 2021	43,533,355	36,443,239	79,976,594	3,216,916	3,216,916
Net Book Value As at 31st March 2020	43,533,355	5,199,865	48,733,220	5,199,865	5,199,865

13.1 The group has recognized goodwill of Rs. 43,533,355 as at 31st March 2021 as a result of acquisition of subsidiary Logicare (Private) Limited in 2017.

As required by LKAS 36 - " Impairment of Assets " , goodwill is tested for impairment on annual basis and assessed for any indication of impairment as at each reporting date to ensure that carrying amount does not exceed the recoverable amount. Accordingly, the management of the Group/Company conducted an assessment and concluded that there is no requirement of the impairment of the goodwill as at 31st March 2021.

The recoverable amount of goodwill is determined based on Value in use calculations of the relevant Cash Generating unit.. The value in use was determined by discounting the future cash flows generated from the continuing use of the unit and key assumptions used are given below:

- | Business Growth rate of 4.5%
- | Inflation rate of 5% per annum
- | Discount Rate of 13.5%, Average cost of borrowing rate with additional risk premium

The Subsidiary has been tested for impairment as a single cash generating unit.

In determining the value in use of the CGU, the management has incorporated cashflows which is expected to be generated during the remaining lease period of the lease land as the carrying amount of the CGU is expected to be recovered within the lease period on which the CGU is operating.

13.2 The gross carrying amount of fully depreciated computer software which are still in use as at 31st March 2021 is Rs. 13,052,838 (2020 - Rs. 11,550,213)

14. INVESTMENT IN SUBSIDIARY

As At 31st March	Company	
	2021 Rs.	2020 Rs.
Logicare (Private) Limited (100% owned Subsidiary)	433,000,000	233,000,000
Investment made through the right issue	-	200,000,000
	433,000,000	433,000,000

14.1 Summarized financial information of the subsidiary

Assets and Liabilities

Total Assets	968,548,148	956,315,442
Total Liabilities	781,500,722	659,384,441
Loss for the Year	(106,529,369)	(84,038,260)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. LOANS & ADVANCES TO TEA SUPPLIERS

As At 31st March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Loans to Tea Suppliers	234,823,038	234,441,982	234,823,038	234,441,982
Advances given to Tea Suppliers	769,547,917	1,065,704,547	769,547,917	1,065,704,547
Less: Written off of Loans and Advances	(22,362,781)	(99,924,767)	(22,362,781)	(99,924,767)
	982,008,174	1,200,221,762	982,008,174	1,200,221,762
Less:				
Provision for impairment of Loans and Advances (Note 15.3)	(167,541,755)	(169,012,901)	(167,541,755)	(169,012,901)
	814,466,419	1,031,208,861	814,466,419	1,031,208,861
Receivable after One Year (Note 15.1)	49,925,879	55,568,950	49,925,879	55,568,950
Receivable within One Year (Note 15.2)	764,540,540	975,639,911	764,540,540	975,639,911
	814,466,419	1,031,208,861	814,466,419	1,031,208,861

15.1 Receivable after One Year

Loans & Advances to Tea Suppliers	184,060,257	131,050,793	184,060,257	131,050,793
Less: Provision of Impairment (Note 15.3)	(134,134,378)	(75,481,843)	(134,134,378)	(75,481,843)
	49,925,879	55,568,950	49,925,879	55,568,950

15.2 Receivable within One Year

Loans & Advances to Tea Suppliers	797,947,917	1,069,170,969	797,947,917	1,069,170,969
Less: Provision of Impairment (Note 15.3)	(33,407,377)	(93,531,058)	(33,407,377)	(93,531,058)
	764,540,540	975,639,911	764,540,540	975,639,911

15.3 Movement of Provision for impairment

Balance as at 01st April	169,012,901	149,091,713	169,012,901	149,091,713
Provision made during the year	20,891,635	119,845,955	20,891,635	119,845,955
	189,904,536	268,937,668	189,904,536	268,937,668
Amounts written off	(22,362,781)	(99,924,767)	(22,362,781)	(99,924,767)
Balance as at 31st March	167,541,755	169,012,901	167,541,755	169,012,901

16. TRADE AND OTHER RECEIVABLES

As At 31st March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Trade Receivables	608,318,856	48,447,268	573,625,827	38,294,420
Deposits and Prepayments	20,276,563	21,983,907	2,261,586	4,383,366
Staff Loan Receivables	8,220,761	8,458,689	7,358,032	6,709,244
Salary and Festival Advances	1,287,280	1,144,555	852,006	742,305
Other Receivables	4,431,797	9,206,862	2,445,729	8,324,820
VAT Receivable-Net	9,468,505	11,940,231	-	-
WHT Receivables	204,000	383,671	-	179,671
	652,207,762	101,565,183	586,543,180	58,633,826

17. CASH AND CASH EQUIVALENTS

As At 31st March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Favourable Balances				
Fixed Deposit	16,879,436	15,415,000	16,879,436	15,415,000
Cash at Bank	51,909,161	33,850,545	47,084,956	33,675,685
Cash in Hand	102,500	47,500	47,500	47,500
	68,891,097	49,313,045	64,011,892	49,138,185
Unfavourable Balances				
Bank Overdrafts	(47,922,190)	(30,622,226)	(6,235,176)	(3,423,263)
Cash and Cash Equivalents for Cash Flows Purpose	20,968,907	18,690,819	57,776,716	45,714,922

Capital Alliance Holding Limited has provided Rs. 100 Mn of Corporate guarantee on behalf of the Company in order to obtain bank overdraft facilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. DEFERRED TAXATION (ASSET)/ LIABILITY

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
As At 31st March				
Balance as at 1st April	(13,365,538)	(10,537,279)	(13,365,538)	(2,981,048)
Recognised in profit or loss				
Deferred tax charge/ (reversal) for the year	3,846,135	(2,504,627)	2,610,374	(10,064,768)
Impact on changes in tax rate	(2,429,943)	-	(2,253,405)	-
	1,416,192	(2,504,627)	356,969	(10,064,768)
Recognised in other comprehensive income				
Deferred tax on Actuarial Loss	(1,571,086)	(323,632)	(511,863)	(319,722)
Balance at 31st March	(13,520,432)	(13,365,538)	(13,520,432)	(13,365,538)

'As provided for in LKAS 12 - Income taxes, deferred tax assets and liabilities should be measured at the tax rate that are expected to be applied in the period in which the asset will be realized or the liability will be settled, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the reporting date.

As instructed by the Ministry of Finance on January 31, 2020, a change to the Income Tax Rate of the Company, from 28% to 24% has been proposed, pending formal amendments being made to the Act and to be implemented with effect from January 01, 2020. The Bill to amend the Inland Revenue Act No. 24 of 2017 was gazetted and issued on 18 March 2021. The Bill was presented at the Parliament for first reading and approved on 26th March 2021. Accordingly, the new tax rate of 24% has been considered to be substantially enacted as at reporting date for the computation of Current and Deferred tax computation in these financial statements for the year ended 31 March 2021.

Deferred tax is provided using the liability method 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 has been computed taking into consideration the tax rate of 24%. For the FY 2019/20 the applicable rate was 28%. The provision for deferred tax is attributable to the following;

A) Group

	2021		2020	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs.	Rs.	Rs.	Rs.
On Property, Plant and Equipment	101,469,687	24,352,725	62,240,187	17,427,253
Balance Writtenoff/Impairment	(36,712,746)	(8,811,059)	(38,183,892)	(10,691,490)
On Right of Use Assets	(5,778,967)	(1,386,953)	(8,550,182)	(2,394,051)
On Retirement Benefit Obligations	(23,129,651)	(5,551,116)	(17,545,520)	(4,912,746)
On Carried forward Tax Losses	(85,637,262)	(20,552,943)	(44,538,828)	(12,470,872)
	(49,788,939)	(11,949,346)	(46,578,235)	(13,041,906)
On Actuarial Loss on Retirement Benefit Obligations	(6,546,193)	(1,571,086)	(1,155,829)	(323,632)
	(56,335,132)	(13,520,432)	(47,734,064)	(13,365,538)

Logicare (Private) Limited

Tax losses of the group as at the reporting date was Rs. 1,032,801,674 which gave rise to a deferred tax asset of Rs. 247,872,402. However deferred tax asset arising from tax losses as at the reporting date has been recognized only up to the extent of Rs. 20,552,943 due to the uncertainty regarding the availability of future taxable profits which the deferred tax asset would be utilized. Accordingly, the unrecognized defferred tax asset as at the reporting date was Rs. 227,319,459.

B) Company

	2021		2020	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs.	Rs.	Rs.	Rs.
On Property, Plant and Equipment	6,918,567	1,660,456	10,102,894	2,828,810
Balance Writtenoff/Impairment	(36,712,746)	(8,811,059)	(38,183,892)	(10,691,490)
Right of Use Asset	(4,472,301)	(1,073,352)	(3,362,629)	(941,536)
On Retirement Benefit Obligations	(19,935,891)	(4,784,614)	(15,148,571)	(4,241,600)
	(54,202,371)	(13,008,569)	(46,592,198)	(13,045,816)
On Actuarial Gain /(Loss) on Retirement Benefit Obligations	(2,132,762)	(511,863)	(1,141,866)	(319,722)
	(56,335,133)	(13,520,432)	(47,734,064)	(13,365,538)

19. STATED CAPITAL

	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
As At 31st March				
Issued and Fully Paid				
182,400,000 Ordinary Shares	333,200,000	333,200,000	333,200,000	333,200,000
	333,200,000	333,200,000	333,200,000	333,200,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at the meeting of share holders or one vote per share in case of a poll.

20. INTEREST BEARING BORROWINGS

	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
As At 31st March				
Payable within One Year (Note 20.1)	813,525,103	676,806,672	649,848,272	672,278,030
Payable after One Year (Note 20.2)	643,248,895	896,222,223	130,388,895	347,222,223
	1,456,773,998	1,573,028,895	780,237,167	1,019,500,253

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. INTEREST BEARING BORROWINGS (CONTINUED)

As At 31st March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
20.1 Payable within One Year				
Commercial Papers (Note 20.1.1)	-	-	-	-
NDB Short Term Loan (Note 20.1.2)	-	50,000,000	-	50,000,000
Sampath Bank Short Term Loan (Note 20.1.3)	-	-	-	-
Seylan Bank Short Term Loan (Note 20.1.4)	130,000,000	-	130,000,000	-
DFCC Vardana Short Term Loan (Note 20.1.5)	250,000,000	195,000,000	250,000,000	195,000,000
Cargills Bank Short Term Loan (Note 20.1.6)	-	165,000,000	-	165,000,000
HNB Short Term Loan (Note 20.1.7)	1,213,107	-	1,213,107	-
Capital Alliance Holdings Ltd (Note 20.1.8)	100,000,000	-	-	-
HNB Trustee Loan (Note 20.2.1)	225,000,000	233,333,333	225,000,000	233,333,333
DFCC Saubhagya Loan (Note 20.2.2)	16,333,332	-	16,333,332	-
HNB Term Loan (Note 20.2.3)	44,340,000	-	-	-
HNB Working Capital Loan (Note 20.2.4)	16,800,000	-	-	-
Total Capital Outstanding as at 31st March	783,686,439	643,333,333	622,546,439	643,333,333
Accrued Interest Based on EIR	29,838,664	33,473,339	27,301,833	28,944,697
Interest Bearing Borrowings at Amortized Cost	813,525,103	676,806,672	649,848,272	672,278,030

20.1.1 Commercial Papers

Balance as at 1st April	-	-	-	-
Issued during the Year	-	678,000,000	-	678,000,000
Interest on Commercial Paper	-	11,134,519	-	11,134,519
Interest Paid on Commercial Paper	-	(11,134,519)	-	(11,134,519)
Redeemed during the Year	-	(678,000,000)	-	(678,000,000)
Balance as at 31st March	-	-	-	-

20.1.2 NDB Short Term Loan

Balance as at 1st April	50,000,000	317,000,000	50,000,000	317,000,000
Loan Obtained During the Year	1,335,000,000	1,195,000,000	1,335,000,000	1,195,000,000
Repayments made during the Year	(1,385,000,000)	(1,462,000,000)	(1,385,000,000)	(1,462,000,000)
Balance as at 31st March	-	50,000,000	-	50,000,000

20.1.3 Sampath Bank Short Term Loan

Balance as at 1st April	-	100,000,000	-	100,000,000
Loan Obtained During the Year	-	400,000,000	-	400,000,000
Repayments made during the Year	-	(500,000,000)	-	(500,000,000)
Balance as at 31st March	-	-	-	-

As At 31st March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
20.1.4 Seylan Bank Short Term Loan				
Balance as at 1st April	-	50,000,000	-	50,000,000
Loan Obtained During the Year	750,000,000	700,000,000	750,000,000	700,000,000
Repayments made during the Year	(620,000,000)	(750,000,000)	(620,000,000)	(750,000,000)
Balance as at 31st March	130,000,000	-	130,000,000	-
20.1.5 DFCC Vardana Short Term Loan				
Balance as at 1st April	195,000,000	200,000,000	195,000,000	200,000,000
Loan Obtained During the Year	2,150,000,000	1,155,000,000	2,150,000,000	1,155,000,000
Repayments made during the Year	(2,095,000,000)	(1,160,000,000)	(2,095,000,000)	(1,160,000,000)
Balance as at 31st March	250,000,000	195,000,000	250,000,000	195,000,000
20.1.6 Cargills Bank Short Term Loan				
Balance as at 1st April	165,000,000	-	165,000,000	-
Loan Obtained During the Year	1,140,000,000	1,050,000,000	1,140,000,000	1,050,000,000
Repayments made during the Year	(1,305,000,000)	(885,000,000)	(1,305,000,000)	(885,000,000)
Balance as at 31st March	-	165,000,000	-	165,000,000
20.1.7 HNB Short Term Loan				
Balance as at 1st April	-	-	-	-
Loan Obtained During the Year	3,716,762	-	3,716,762	-
Repayments made during the Year	(2,503,655)	-	(2,503,655)	-
Balance as at 31st March	1,213,107	-	1,213,107	-
20.1.8 Capital Alliance Holdings Ltd				
Balance as at 1st April	-	-	-	-
Loan Obtained During the Year	100,000,000	-	-	-
Repayments made during the Year	-	-	-	-
Balance as at 31st March	100,000,000	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. INTEREST BEARING BORROWINGS (CONTINUED)

As At 31st March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
20.2 Payable After One Year				
HNB Trustee Loan (Note 20.2.1)	122,222,227	347,222,223	122,222,227	347,222,223
DFCC Saubhagya Loan (Note 20.2.2)	8,166,668	-	8,166,668	-
HNB Term Loan (Note 20.2.3)	504,660,000	549,000,000	-	-
HNB Working Capital Loan (Note 20.2.4)	8,200,000	-	-	-
	643,248,895	896,222,223	130,388,895	347,222,223

20.2.1 HNB Trustee Loan

Balance as at 1st April	580,555,556	291,666,667	580,555,556	291,666,667
Loan Obtained During the Year	-	400,000,000	-	400,000,000
Repayments made during the Year	(233,333,329)	(111,111,111)	(233,333,329)	(111,111,111)
Balance as at 31st March	347,222,227	580,555,556	347,222,227	580,555,556
Amount Payable within One Year	225,000,000	233,333,333	225,000,000	233,333,333
Amount Payable after One Year	122,222,227	347,222,223	122,222,227	347,222,223
	347,222,227	580,555,556	347,222,227	580,555,556

20.2.2 DFCC Saubhagya Loan

Balance as at 1st April	-	-	-	-
Loan Obtained During the Year	24,500,000	-	24,500,000	-
Repayments made during the Year	-	-	-	-
Balance as at 31st March	24,500,000	-	24,500,000	-
Amount Payable within One Year	16,333,332	-	16,333,332	-
Amount Payable after One Year	8,166,668	-	8,166,668	-
	24,500,000	-	24,500,000	-

20.2.3 HNB Term Loan

Balance as at 1st April	549,000,000	270,492,128	-	-
Loan Obtained During the Year	-	278,507,872	-	-
Repayments made during the Year	-	-	-	-
Balance as at 31st March	549,000,000	549,000,000	-	-
Amount Payable within One Year	44,340,000	-	-	-
Amount Payable after One Year	504,660,000	549,000,000	-	-
	549,000,000	549,000,000	-	-

As At 31st March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
20.2.4 HNB Working Capital Loan (Saubhagya loan)				
Balance as at 1st April	-	-	-	-
Loan Obtained During the Year	25,000,000	-	-	-
Repayments made during the Year	-	-	-	-
Balance as at 31st March	25,000,000	-	-	-
Amount Payable within One Year	16,800,000	-	-	-
Amount Payable After One Year	8,200,000	-	-	-
	25,000,000	-	-	-

20.3 Assets pledged as collateral by the Group / Company

Name of the financial institution	Nature of the facility	Balance as at 31st March 2021 Rs.	Securities Pledged
Group			
Hatton National Bank PLC	Term Loan	549,000,000	1. Corporate Guarantee of Ceylon Tea Brokers PLC for Rs.550 Mn 2. Mortgage bond for Rs.550 Mn over commercial property (lease hold at Ela road Muthurajawela and everything standing thereon with all fixtures, fittings, services and such other rights attached or appertaining thereto.)
Cargills Bank Limited	Term Loan	30,000,000	1. Corporate Guarantee of Ceylon Tea Brokers PLC for Rs.30 Mn
Hatton National Bank PLC	Working Capital Loan	25,000,000	1. Corporate Guarantee of Ceylon Tea Brokers PLC for Rs.25 Mn

21. LEASE PAYABLE

As At 31st March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Lease Payable on ROU Assets (Note 21.1)	44,156,595	79,884,296	40,623,635	55,581,223
Lease Payable to HNB (Note 21.2)	7,778,545	10,323,368	1,532,622	2,743,679
	51,935,140	90,207,664	42,156,257	58,324,902
Amount Payable within One Year	23,212,957	37,909,851	18,177,077	16,168,645
Amount Payable after One Year	28,722,183	52,297,813	23,979,180	42,156,257
Lease Payable	51,935,140	90,207,664	42,156,257	58,324,902

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. LEASE PAYABLE (CONTINUED)**21.1 Lease Payable to ROU Assets**

As At 31st March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance as at 1st April	79,884,296	114,017,774	55,581,223	68,285,854
Accretion of Interest	6,891,480	10,979,036	5,424,412	7,054,475
Payments to lease creditor	(42,619,181)	(45,112,514)	(20,382,000)	(19,759,106)
Balance as at 31st March	44,156,595	79,884,296	40,623,635	55,581,223
Amount Payable within One Year	20,304,295	35,365,029	16,771,335	14,957,588
Amount Payable after One Year	23,852,300	44,519,267	23,852,300	40,623,635
Balance as at 31st March	44,156,595	79,884,296	40,623,635	55,581,223

21.2 Lease Payable to HNB

Balance as at 1st April	10,323,368	3,787,014	2,743,679	3,787,014
Lease Obtained During the year	-	8,172,000	-	-
Payment during the Year	(3,706,056)	(2,432,350)	(1,522,560)	(1,522,560)
Interest for the year	1,161,233	796,704	311,503	479,225
Balance as at 31st March	7,778,545	10,323,368	1,532,622	2,743,679
Amount Payable within One Year	2,908,662	2,544,822	1,405,742	1,211,057
Amount Payable after One Year	4,869,883	7,778,546	126,880	1,532,622
Balance as at 31st March	7,778,545	10,323,368	1,532,622	2,743,679

21.3 Maturity Analysis-Contractual undiscounted cash flows

	Group 2021 Rs.	Company 2021 Rs.
Less than one year	27,637,864	21,904,560
One to five year	31,245,078	25,604,380
More than five year	-	-
Total undiscounted lease liabilities as at 31st March	58,882,942	47,508,940
Lease liabilities included in the statement of financial position as at 31st March	51,935,141	42,156,257

22. RETIREMENT BENEFIT OBLIGATIONS

As At 31st March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance as at 1st April	18,701,349	17,447,803	16,290,437	17,447,803
Provision made during the Year (Note 22.2)	11,926,770	5,501,821	6,406,991	4,926,499
Transfer out - Logicare (Pvt) Ltd 1/4/2019	-	-	-	(1,932,465)
Payments made during the Year	(952,275)	(4,248,275)	(628,775)	(4,151,400)
Balance as at 31st March	29,675,844	18,701,349	22,068,653	16,290,437

22.1 Movement of Retirement Benefit Obligations

Balance as at 1st April	18,701,349	17,447,803	16,290,437	17,447,803
Current Service Cost	3,416,935	2,339,495	2,563,733	2,000,369
Interest Cost	1,963,642	2,006,497	1,710,496	1,784,264
Actuarial Loss	6,546,193	1,155,829	2,132,762	1,141,866
Transfer out - Logicare (Pvt) Ltd 1/4/2019	-	-	-	(1,932,465)
Paid during the Year	(952,275)	(4,248,275)	(628,775)	(4,151,400)
Balance as at 31st March	29,675,844	18,701,349	22,068,653	16,290,437

22.2 Amount Recognised in the Statement of,

Current Service Cost (Profit or Loss)	3,416,935	2,339,495	2,563,733	2,000,369
Interest Cost (Profit or Loss)	1,963,642	2,006,497	1,710,496	1,784,264
Actuarial Loss (Other Comprehensive Income)	6,546,193	1,155,829	2,132,762	1,141,866
	11,926,770	5,501,821	6,406,991	4,926,499

22.3 The actuarial valuations have been carried out by Actuarial and Management Consultants (Private) Limited for retiring gratuity for employees as at 31st March 2021. The valuation method used by the actuaries to value the benefits is the "Project Unit Credit (PUC)" method recommended by Sri Lanka Accounting Standard No. 19 (LKAS 19) - "Employee Benefits".

22.4 The Key Assumptions used by the actuary include the following;

	2021	2020
Discount Rate	8.6%	10.5%
Expected Annual Average Salary Increment	6%	4%
Retiring Age	55 Years	55 Years
Staff Turnover Ratio	8%	10%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)**22.5 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:

Discount Rate	Salary Escalation Rate	PV of Defined Benefit Obligation Rs.
1% Increase	As the given in the report	20,704,717
1% Decrease	As the given in the report	23,608,898
As Given in the Report	1% Increase	23,728,207
As Given in the Report	1% Decrease	20,576,936

23. TRADE AND OTHER PAYABLES

As At 31st March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Trade Payables	440,089,970	45,629,182	400,842,258	5,802,759
Accrued Expenses	11,086,728	10,082,836	6,536,110	6,359,178
SVAT Payable	2,092,468	813,073	-	-
Provisions for Expenses	38,256,530	3,926,701	38,256,531	3,926,701
Other Payables	15,442,600	4,839,816	15,442,600	4,839,816
	506,968,296	65,291,608	461,077,499	20,928,454

24. FINANCIAL INSTRUMENTS

24.1 Financial Instruments - Statement of Financial Position

The Financial Instruments recognized in the Statement of Financial Position is as follows;

As At 31st March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Financial Assets				
Non Current Assets				
Loans & Advances given to Tea Suppliers	49,925,879	55,568,950	49,925,879	55,568,950
Refundable Deposit	4,029,080	3,629,801	4,029,080	3,629,801
	53,954,959	59,198,751	53,954,959	59,198,751
Current Assets				
Trade and Other Receivables	622,258,694	67,257,373	584,281,594	54,070,789
Loans & Advances given to Tea suppliers	764,540,540	975,639,911	764,540,540	975,639,911
	1,386,799,234	1,042,897,284	1,348,822,134	1,029,710,700
Cash and Cash Equivalent	68,891,097	49,313,045	64,011,892	49,138,185
	1,509,645,290	1,151,409,080	1,466,788,985	1,138,047,636
Financial Liabilities				
Non Current Liabilities				
Interest Bearing Borrowings	643,248,895	896,222,223	130,388,895	347,222,223
Lease Payable	28,722,183	52,297,813	23,979,180	42,156,257
	671,971,078	948,520,036	154,368,075	389,378,480
Current Liabilities				
Interest Bearing Borrowings	813,525,103	676,806,672	649,848,272	672,278,030
Lease Payable	23,212,957	37,909,851	18,177,077	16,168,645
Amount due to related party	-	-	51,272	2,321,567
Trade and Other Payable	506,968,296	65,291,608	461,077,499	20,928,454
	1,343,706,356	780,008,131	1,129,154,120	711,696,696
Bank Overdrafts	47,922,190	30,622,226	6,235,176	3,423,263
	2,063,599,624	1,759,150,393	1,289,757,371	1,104,498,439

24.2 Financial Risk Management

Overview

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

- I Credit risk
- I Liquidity risk
- I Market risks

This note presents qualitative and quantitative information about the Group's exposure to each of the above risks. The Group's objectives, policies and measuring and managing risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (CONTINUED)**24.2.1 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 policies are established to identify and analyse the risk faced by the Group to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

24.2.1.1 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 obligation, and arises principally from the Group's receivables from customers, investments and forward contracts.

Group's credit exposure is closely monitored. Credit given is reviewed with the pre-determined approval procedures and contractual agreements made for every high value transaction.

The credit rating of the banks where the deposits have been made are above the "A" rating.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31st March 2021:

	Group		Company	
	Carrying Amounts		Carrying Amounts	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Trade and Other Receivables	622,258,694	67,257,373	584,281,594	54,070,789
Advances to Tea Suppliers	769,547,917	1,065,704,547	769,547,917	1,065,704,547
Loans to Tea Suppliers	234,823,038	234,441,982	234,823,038	234,441,982
Less : Provision & Writeoff for impairment losses on Loans & Advances to Tea Suppliers	(189,904,536)	(268,937,668)	(189,904,536)	(268,937,668)
Exposure on Loans to Tea Suppliers and Trade and Other Receivables	1,436,725,113	1,098,466,234	1,398,748,013	1,085,279,650
Cash at Bank	51,909,161	33,850,545	47,084,956	33,675,685
Fixed Deposit	16,879,436	15,415,000	16,879,436	15,415,000
	1,505,513,710	1,147,731,779	1,462,712,405	1,134,370,335

The aging of Trade and Other Receivables and Loans to Tea Suppliers at the reporting date was;

	2021		2020	
	Gross Rs.	Impairment Rs.	Gross Rs.	Impairment Rs.
Group				
Past due 0-365 days	1,420,206,611	33,407,377	1,136,428,342	93,531,058
More than one year	184,060,257	134,134,378	131,050,793	75,481,843
	1,604,266,868	167,541,755	1,267,479,135	169,012,901
Company				
Past due 0-365 days	1,382,229,511	33,407,377	1,123,241,758	93,531,058
More than one year	184,060,257	134,134,378	131,050,793	75,481,843
	1,566,289,768	167,541,755	1,254,292,551	169,012,901

Expected credit assessment for individual customers

The Group has estimated provision for impairment based on the expected credit losses to be incurred, which is estimated by taking in to account the aging of overdue balances, the repayment history of the individual customers, current and future customer- specific conditions, all of which involves a significant degree of management judgment.

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance at 1st April	169,012,901	127,641,686	169,012,901	149,091,713
Provision made during the year	20,891,635	119,845,955	20,891,635	119,845,955
Writeoff during the year	(22,362,781)	(99,924,767)	(22,362,781)	(99,924,767)
Balance as at 31st March	167,541,755	169,012,901	167,541,755	169,012,901

24.2.1.2 Liquidity Risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with it's financial liabilities that are settled by delivering cash or another financial asset.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

GROUP

Non Derivative Financial Liabilities	Carrying amount Rs.	Contractual cash flows Rs.	One Year or less Rs.	More than One Year Rs.
As at 31st March 2021				
Trade and Other Payables	506,968,296	506,968,296	506,968,296	-
Interest Bearing Borrowings	1,456,773,998	1,587,290,697	837,042,567	750,248,130
Bank Overdrafts	47,922,190	47,922,190	47,922,190	-
Lease Payable	51,935,140	58,882,942	27,637,864	31,245,078
	2,063,599,624	2,201,064,125	1,419,570,917	781,493,208
As at 31st March 2020				
Trade and Other Payables	65,291,608	65,291,608	65,291,608	-
Interest Bearing Borrowings	1,573,028,895	1,705,308,792	696,592,894	1,008,715,898
Bank Overdrafts	30,622,226	30,622,226	30,622,226	-
Lease Payable	90,207,664	105,208,179	46,325,237	58,882,942
	1,759,150,393	1,906,430,805	838,831,965	1,067,598,840

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (CONTINUED)**24.2.1.2 Liquidity Risk (continued)**

Company

Non Derivative Financial Liabilities	Carrying amount Rs.	Contractual cash flows Rs.	One Year or less Rs.	More than One Year Rs.
As at 31st March 2021				
Trade and Other Payables	461,077,499	461,077,499	461,077,499	-
Interest Bearing Borrowings	780,237,167	787,976,143	653,302,527	134,673,616
Bank Overdrafts	6,235,176	6,235,176	6,235,176	-
Lease Payable	42,156,257	47,508,940	21,904,560	25,604,380
	1,289,706,099	1,302,797,758	1,142,519,762	160,277,996
As at 31st March 2020				
Trade and Other Payables	20,928,454	20,928,454	20,928,454	-
Interest Bearing Borrowings	1,019,500,253	1,093,558,792	696,592,894	396,965,898
Bank Overdrafts	3,423,263	3,423,263	3,423,263	-
Lease Payable	58,324,902	69,413,500	21,904,560	47,508,940
	1,102,176,872	1,187,324,009	742,849,171	444,474,838

24.2.1.3 Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates etc. will affect the Company's income or the value of its holding of Financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the returns.

24.2.1.3.1 Currency Risk

At the reporting date the Company has not exposed to currency risk.

24.2.1.3.2 Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuates because of changes in market interest rates. The exposure to the risk of changes in market interest rate relates primarily to the Company's long term debt obligations and investments with floating interest rates.

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Financial Liabilities				
Bank Overdraft	47,922,190	30,622,226	6,235,176	3,423,263
Interest Bearing Borrowings	1,456,773,998	1,573,028,895	780,237,167	1,019,500,253
	1,504,696,188	1,603,651,121	786,472,343	1,022,923,516

Following details demonstrate the sensitivity to a reasonably possible change in interest rates on that portion of the long term and short-term borrowings at floating rate. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Sensitivity Analysis				
Total Borrowing under variable rates	1,044,144,417	1,160,177,782	353,457,403	583,978,819
Change if 100 basis point increases	(10,441,444)	(11,601,778)	(3,534,574)	5,839,788
Change if 100 basis point decreases	10,441,444	11,601,778	3,534,574	5,839,788

The sensitivity analysis as at the reporting date may not be representative for the changes during the year. The level of utilization of available financial facilities will affect to the above sensitivity analysis.

24.2.1.4 Capital Management

The Board's policy is to maintain a strong capital base so as to maintain shareholder, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders.

The Group's debt to adjusted capital ratio at the end of the reporting period was as follows:

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Total Liabilities	2,116,182,073	1,778,894,123	1,334,732,629	1,121,831,257
Less: Cash and Cash Equivalents	(68,891,097)	(49,313,045)	(64,011,892)	(49,138,185)
Net Debt	2,047,290,976	1,729,581,078	1,270,720,737	1,072,693,072
Total Equity	431,024,452	449,448,589	633,443,668	541,984,229
Net Debt to Equity Ratio	4.75	3.85	2.01	1.98

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair values versus the Carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follow;

Group	2021		2020	
	Carrying Value Rs.	Fair Value Rs.	Carrying Value Rs.	Fair Value Rs.
Assets carried at amortised cost				
Loans & Advances to Tea Suppliers	814,466,419	814,466,419	1,031,208,861	1,031,208,861
Trade and other receivables	622,258,694	622,258,694	67,257,373	67,257,373
Cash and cash equivalents	68,891,097	68,891,097	49,313,045	49,313,045
	1,505,616,210	1,505,616,210	1,147,779,279	1,147,779,279
Liabilities carried at amortized cost				
Interest Bearing Borrowing	1,456,773,998	1,456,773,998	1,573,028,895	1,573,028,895
Lease Payables	51,935,140	51,935,140	90,207,664	90,207,664
Trade and other payables	506,968,296	506,968,296	65,291,608	65,291,608
Bank overdrafts	47,922,190	47,922,190	30,622,226	30,622,226
	2,063,599,624	2,063,599,624	1,759,150,393	1,759,150,393

Company	2021		2020	
	Carrying Value Rs.	Fair Value Rs.	Carrying Value Rs.	Fair Value Rs.
Assets carried at amortised cost				
Loans & Advances to Tea Suppliers	814,466,419	814,466,419	1,031,208,861	1,031,208,861
Trade and other receivables	584,281,594	584,281,594	54,070,789	54,070,789
Cash and cash equivalents	64,011,892	64,011,892	49,138,185	49,138,185
	1,462,759,905	1,462,759,905	1,134,417,835	1,134,417,835
Liabilities carried at amortized cost				
Interest Bearing Borrowing	780,237,167	780,237,167	1,019,500,253	1,019,500,253
Lease Payables	42,156,257	42,156,257	58,324,902	58,324,902
Amount Due To Related Party	51,272	51,272	2,321,567	2,321,567
Trade and other payables	461,077,499	461,077,499	20,928,454	20,928,454
Bank overdrafts	6,235,176	6,235,176	3,423,263	3,423,263
	1,289,757,371	1,289,757,371	1,104,498,439	1,104,498,439

Financial instruments not carried at fair value and valuation bases

The table below analyse financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Group	Level I Rs.	Level II Rs.	Level III Rs.	Total Rs.
As at 31st March 2021				
Assets carried at amortised cost				
Loans & Advances to Tea Suppliers	-	-	814,466,419	814,466,419
Trade and other receivables	-	-	622,258,694	622,258,694
	-	-	1,436,725,113	1,436,725,113
Liabilities carried at amortised cost				
Interest Bearing Borrowing	-	-	1,456,773,998	1,456,773,998
Lease Payables	-	-	51,935,140	51,935,140
Trade and other payables	-	-	506,968,296	506,968,296
	-	-	2,015,677,434	2,015,677,434
As at 31st March 2020				
Assets carried at amortised cost				
Loans & Advances to Tea Suppliers	-	-	1,031,208,861	1,031,208,861
Trade and other receivables	-	-	67,257,373	67,257,373
	-	-	1,098,466,234	1,098,466,234
Liabilities carried at amortised cost				
Interest Bearing Borrowing	-	-	1,573,028,895	1,573,028,895
Lease Payables	-	-	90,207,664	90,207,664
Trade and other payables	-	-	65,291,608	65,291,608
	-	-	1,728,528,167	1,728,528,167

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments not carried at fair value and valuation bases (Continued)

Company	Level I Rs.	Level II Rs.	Level III Rs.	Total Rs.
As at 31st March 2021				
Assets carried at amortised cost				
Loans & Advances to Tea Suppliers	-	-	814,466,419	814,466,419
Trade and other receivables	-	-	584,281,594	584,281,594
	-	-	1,398,748,013	1,398,748,013
Liabilities carried at amortised cost				
Interest Bearing Borrowing	-	-	780,237,167	780,237,167
Lease Payables	-	-	42,156,257	42,156,257
Trade and other payables	-	-	461,077,499	461,077,499
	-	-	1,283,470,923	1,283,470,923
As at 31st March 2020				
Assets carried at amortised cost				
Loans & Advances to Tea Suppliers	-	-	1,031,208,861	1,031,208,861
Trade and other receivables	-	-	54,070,789	54,070,789
	-	-	1,085,279,650	1,085,279,650
Liabilities carried at amortised cost				
Interest Bearing Borrowing	-	-	1,019,500,253	1,019,500,253
Lease Payables	-	-	58,324,902	58,324,902
Trade and other payables	-	-	20,928,454	20,928,454
	-	-	1,098,753,609	1,098,753,609

Cash and cash equivalents / Bank overdrafts

The carrying amount of the cash and cash equivalents and balances and bank overdrafts approximate the fair value as they are short term in nature.

Trade and other receivables / Amount due from related companies

Trade and other receivables / Amount due from related companies are expected to be settled within one year from the reporting date, hence the discounting impact would be immaterial. Therefore, carrying amount approximates the fair value as at the reporting date.

Trade and other payable

Trade and other payables are expected to be settled within one year from the reporting date hence the discounting impact would be immaterial. Therefore, carrying amount approximate the fair value as at the reporting date.

Categorization of financial assets and liabilities as at the reporting date as per SLFRS 9 - Financial instruments

As at 31st March 2021	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income
	Rs.	Rs.	Rs.
Group			
Financial assets			
Loans & Advances to Tea Suppliers	814,466,419	-	-
Trade and other receivables	622,258,694	-	-
Cash and cash equivalents	68,891,097	-	-
	1,505,616,210	-	-
Financial liabilities			
Interest Bearing Borrowing	1,456,773,998	-	-
Lease Payables	51,935,140	-	-
Trade and other payables	506,968,296	-	-
Bank overdrafts	47,922,190	-	-
	2,063,599,624	-	-
Company			
Financial assets			
Loans & Advances to Tea Suppliers	814,466,419	-	-
Trade and other receivables	584,281,594	-	-
Cash and cash equivalents	64,011,892	-	-
	1,462,759,905	-	-
Financial liabilities			
Interest Bearing Borrowing	780,237,167	-	-
Lease Payables	42,156,257	-	-
Trade and other payables	461,077,499	-	-
Amount Due To Related Party	51,272	-	-
Bank overdrafts	6,235,176	-	-
	1,289,757,371	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Categorization of financial assets and liabilities as at the reporting date as per SLFRS 9 - Financial instruments

As at 31st March 2020	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income
	Rs.	Rs.	Rs.
Group			
Financial assets			
Loans & Advances to Tea Suppliers	1,031,208,861	-	-
Trade and other receivables	67,257,373	-	-
Cash and cash equivalents	49,313,045	-	-
	1,147,779,279	-	-
Financial liabilities			
Interest Bearing Borrowing	1,573,028,895	-	-
Lease Payables	90,207,664	-	-
Trade and other payables	65,291,608	-	-
Bank overdrafts	30,622,226	-	-
	1,759,150,393	-	-
Company			
Financial assets			
Loans & Advances to Tea Suppliers	1,031,208,861	-	-
Trade and other receivables	54,070,789	-	-
Cash and cash equivalents	49,138,185	-	-
	1,134,417,834	-	-
Financial liabilities			
Interest Bearing Borrowing	1,019,500,253	-	-
Lease Payables	58,324,902	-	-
Trade and other payables	20,928,454	-	-
Amount Due To Related Party	2,321,567	-	-
Bank overdrafts	3,423,263	-	-
	1,104,498,439	-	-

26. RELATED PARTY TRANSACTIONS

26.1 Related Party Transactions - Recurrent

Name of the Related Party	Names of Directors	Nature of Interest	Nature of Transaction	GROUP				COMPANY			
				Aggregate value of Related Party Transactions entered into during the financial year 2021 Rs.	Aggregate value of Related Party Transactions as a % of Net Revenue	Aggregate value of Related Party Transactions entered into during the financial year 2020 Rs.	Aggregate value of Related Party Transactions as a % of Net Revenue	Aggregate value of Related Party Transactions entered into during the financial year 2021 Rs.	Aggregate value of Related Party Transactions entered into during the financial year 2020 Rs.	Aggregate value of Related Party Transactions as a % of Net Revenue	Aggregate value of Related Party Transactions as a % of Net Revenue
Agarapathana Plantations Limited	Mr. Chrisantha Perera	Director	Brokerage Income	3,318,697	0.48	3,265,281	0.47	3,318,697	0.64	3,265,281	0.56
			Handling Charges	650,173	0.09	219,499	0.03	-	-	-	-
Kotagala Plantations PLC	Mr. Chrisantha Perera	Director	Interest Income	6,649,380	0.96	11,379,965	1.64	6,649,380	1.28	11,379,965	1.96
			Brokerage Income	5,428,002	0.78	5,098,336	0.74	5,428,002	1.05	5,098,336	0.88
Insite Factories (Private) Limited	Mr. Chrisantha Perera	Chairman	Handling Charges	1,291,860	0.19	726,005	0.10	-	-	-	-
			Interest Income	11,182,191	1.61	21,970,161	3.17	11,182,191	2.16	21,970,161	3.78
Capital Alliance Holding Limited	Mr. W.A.T. Fernando	Director	Brokerage Income	1,720,496	0.25	1,429,543	0.21	1,720,496	0.33	1,429,543	0.25
			Handling Charges	137,386	0.02	474,544	0.07	-	-	-	-
Capital Alliance Partners	Ms. N.T.M.S. Cooray	Director	Interest Income	-	-	-	-	-	-	-	-
			Service fees paid	(1,836,735)	(0.26)	(1,836,735)	(0.27)	(1,836,735)	(0.35)	(1,836,735)	(0.32)
Logicare (Pvt) Ltd	Mr. W.A.T. Fernando	Director	Corporate Guarantee fees paid	-	-	(51,020)	(0.01)	-	-	(51,020)	(0.01)
			Reimbursement paid	(29,700)	(0.004)	-	-	(29,700)	(0.005)	-	-
Finnovations (Private) Limited	Ms. N.T.M.S. Cooray	Director	Service Fees Received	-	-	-	-	-	-	-	-
			Service Fees Paid	-	-	(1,200,000)	(0.17)	-	-	(1,200,000)	(0.20)
Tempest PE Partners (Pvt) Ltd	Mr. W.A.T. Fernando	Director	Issuance Fee	-	-	-	-	-	-	-	-
			Expenses Reimbursement	(143,714,234)	(20.72)	(368,068,088)	(53.14)	(143,714,234)	(27.71)	(368,068,088)	(63.39)
Finnovations (Private) Limited	Mr. Chrisantha Perera	Subsidiary Company	Settlement Received	143,765,506	20.73	168,068,089	24.27	143,765,506	27.72	168,068,089	28.95
			Right Issue	-	-	200,000,000	28.88	-	-	-	-
Tempest PE Partners (Pvt) Ltd	Mr. W.De. Silva	Director	Service Fees Received	-	-	-	-	-	-	-	-
			Service Fees Paid	-	-	-	-	-	-	-	-
Finnovations (Private) Limited	Ms. H.M.S. Perera	Director	Rent Income	-	-	2,013,890	0.29	-	-	2,013,890	0.35
			Service Fees Received	-	-	72,875	0.01	-	-	72,875	0.01
Tempest PE Partners (Pvt) Ltd	Mr. W.A.T. Fernando	Director	Rent Income	596,400	0.09	397,600	0.06	596,400	0.11	397,600	0.07

Terms and Conditions of the Related Party Transactions

Transactions with related parties are carried out in the ordinary course of the business at commercial rates. Ms. N.T.M.S. Cooray is a non-executive director at Commercial Bank of Ceylon PLC. The transactions carried out in the normal course of business and the bank balances in Commercial Bank PLC have disclosed in Note 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. RELATED PARTY TRANSACTIONS (CONTINUED)**26.2 Related Party Transactions – Non Recurrent**

Name of the Related Party	Names of Directors	Nature of Interest	Nature of Transaction	GROUP				
				Aggregate value of Related Party Transactions entered into during the financial year 2021 Rs.	Value of Related Party Transactions as a % of Equity	Value of Related Party Transactions as a % of Total Assets	Value of Related Party Transactions as a % of Equity	Value of Related Party Transactions as a % of Total Assets
Capital Alliance Investment Grade Fund	Mr. W.A.T. Fernando	Directors of Fund	Commercial Papers Issued	-	-	-	91.22	18.40
	Ms. H.M.S. Perera		Capital Repaid	-	-	-	(91.22)	(18.40)
			Interest Expense	-	-	-	(1.83)	(0.37)
			Investment In Unit Trusts	(450,000,000)	(104.40)	(17.67)		
			Redeem of Investment in Unit Trusts	450,000,000	104.40	17.67		
Logicare (Pvt) Ltd			Interest Income	15,021,936	3.49	0.59		
	Mr. W.A.T. Fernando	Subsidiary Company	Corporate Guarantee	30,000,000	7	1		
	Mr. Chrisantha Perera		Right Issue	-	-	-	(44.50)	(8.98)
	Mr. K.H.S. Deshapriya							
	Mr. W.De. Silva							
Capital Alliance Income Fund	Ms. H.M.S. Perera							
	Mr. W.A.T. Fernando	Directors of fund management company	Commercial Papers Issued	-	-	-	48.50%	9.78%
			Capital Repaid	-	-	-	(48.50)	(9.78)
			Interest Expense	-	-	-	(0.40)	(0.08)
			Commercial Papers Issued	-	-	-	11.12	2.24
Capital Alliance High Yield Fund	Ms. H.M.S. Perera	Directors of Fund Management Company	Capital Repaid	-	-	-	(11.12)	(2.24)
			Interest Expense	-	-	-	(0.25)	(0.05)
	Mr. W.A.T. Fernando	Director	Loan Obtained	100,000,000	23.20	3.93	-	-
	Ms. N.T.M.S. Cooray	Director						

Terms and Conditions of the Related Party Transactions

Transactions with related parties are carried out in the ordinary course of the business at commercial rates.

The rationale for entering into the transaction

Non-recurrent transactions are entered with Related Parties to meet short term working capital requirements

Name of the Related Party	Names of Directors	Nature of Interest	Nature of Transaction	COMPANY					
				Aggregate value of Related Party Transactions entered into during the financial year 2021 Rs.	Value of Related Party Transactions as a % of Equity	Value of Related Party Transactions as a % of Total Assets	Aggregate value of Related Party Transactions entered into during the financial year 2020 Rs.	Value of Related Party Transactions as a % of Equity	Value of Related Party Transactions as a % of Total Assets
Capital Alliance Investment Grade Fund	Mr. W.A.T. Fernando	Directors of Fund Management Company	Commercial Papers Issued	-	-	-	410,000,000	75.65	24.64
	Ms. H.M.S. Perera		Capital Repaid	-	-	-	(410,000,000)	(75.65)	(24.64)
			Interest Expense	-	-	-	(8,225,751)	(1.52)	(0.49)
			Investment In Unit Trusts	(450,000,000)	(71.04)	(22.86)			
			Redeem of Investment n Unit Trusts	450,000,000	71.04	22.86			
Capital Alliance Partners			Interest Income	15,021,936	2.37	0.76			
	Mr. W.A.T. Fernando	Director	Rent Income						
	Ms. N.T.M.S. Cooray	Director	Service Fees Received						
			Service Fees Paid						
			Issuance Fee	-	-	-	(1,200,000)	(0.22)	(0.07)
Logicare (Pvt) Ltd	Mr. W.A.T. Fernando	Subsidiary Company	Corporate Guarantee	30,000,000	5	2			
	Mr. Chrisantha Perera		Right Issue	-	-	-	(200,000,000)	(36.90)	(12.02)
	Mr. K.H.S. Deshapriya								
	Mr. W.De. Silva								
	Ms. H.M.S. Perera								
Capital Alliance Income Fund	Mr. W.A.T. Fernando	Directors of fund management company	Commercial Papers Issued	-	-	-	218,000,000	40.22	13.10
			Capital Repaid	-	-	-	(218,000,000)	(40.22)	(13.10)
			Interest Expense	-	-	-	(1,804,658)	(0.33)	(0.11)
Capital Alliance High Yield Fund	Mr. W.A.T. Fernando	Directors of Fund Management Company	Commercial Papers Issued	-	-	-	50,000,000	9.23	3.01
	Ms. H.M.S. Perera		Capital Repaid	-	-	-	(50,000,000)	(9.23)	(3.01)
			Interest Expense	-	-	-	(1,104,110)	(0.20)	(0.07)

Terms and Conditions of the Related Party Transactions

Transactions with related parties are carried out in the ordinary course of the business at commercial rates.

The rationale for entering into the transaction

Non-recurrent transactions are entered with Related Parties to meet short term working capital requirements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26.4 Transactions with Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard 24 (LKAS 24) "Related Party Disclosure", Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Company has identified Directors as KMP and following have been paid to KMP's of the Company.

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Director fees & Consultancy fees paid	8,740,000	4,985,000	6,400,000	4,285,000
Salaries, Bonus, Allowances Paid	56,066,353	68,365,733	35,934,853	52,630,486
	64,806,353	73,350,733	42,334,853	56,915,486

27. CAPITAL COMMITMENTS

There are no material commitments as at the reporting date.

28. CONTINGENT LIABILITIES

The Company has provided corporate guarantee worth Rs. 575 Mn and Rs. 30 Mn to Hatton National Bank PLC and Cargills Bank Limited respectively on behalf of the Logicare (Pvt) Ltd to obtain a Loan Facilities.

There are no material contingent liabilities as at the reporting date that require adjustment or disclosure in the financial statements other than disclosed above.

29. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date except for the following that would require adjustments to or disclosure in the Financial Statements.

Dividend Disclosure

The Board of Directors of the company approved the payment of final dividend of Rs. 0.35 (35 Cents) per share on 10th June 2021 for the year ended 31st March 2021.

30. SEGMENTAL INFORMATION

The group has identified two operating segments under business segment reporting as follows,

I Tea Brokering (Ceylon Tea Brokers PLC)

I *Warehousing (Logicare (private) Limited)

Information related to each reportable segment is set out below.

	SEGMENTS					
	Tea Brokering		Warehousing		Total	
	2021	2020	2021	2020	2021	2020
Total Segment Revenue	518,680,946	580,642,759	174,913,855	111,984,785	693,594,801	692,627,544
Total External Sales	518,680,946	580,642,759	174,913,855	111,984,785	693,594,801	692,627,544
Segment Profit/ (Loss) Before Tax	145,181,850	37,489,311	(105,470,145)	(76,478,120)	39,711,705	(38,988,807)
Depreciation and Amortization	24,778,987	25,591,382	57,845,034	40,367,469	82,624,021	65,958,851
Finance Income	20,137,106	5,409,958	56,770	128,800	20,193,876	5,538,758
Finance Cost	96,725,988	186,203,427	56,677,111	50,553,797	153,403,099	236,757,224
Impairment Expense on Financial Assets	20,891,635	119,845,955	-	-	20,891,635	119,845,955
Segmental Assets	1,535,176,297	1,230,815,486	968,496,873	953,993,871	2,503,673,170	2,184,809,357
Goodwill					43,533,355	43,533,355
					2,547,206,525	2,228,342,712
Segmental Liabilities	1,334,681,355	1,119,509,690	781,500,717	659,384,433	2,116,182,072	1,778,894,123

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. IMPACT ARISING FROM COVID - 19 PANDEMIC

The company and its sole subsidiary "Logicare (Private) Limited" has taken all recommended measures to ensure safety and support to its employees, customers and all the stakeholders during this pandemic situation. During this unprecedented time the group continued to adhere to the guidelines issued by government and the health authorities.

1. The impact of COVID – 19 pandemic on the business/ operations of the Group

The group adopted a holistic approach to manage the operation with the new normal. The operations were carried out with the minimum presence of the employees while providing infrastructure facilities to encourage work from home (WFH) arrangements.

With the experience gained through the first and second waves of the Covid-19 pandemic, we had a better idea of managing operations without any disruptions. The warehouse operations were continuing during this pandemic situation and space utilization has optimized. The warehouse segment also shown an improvement while increasing the footprint in different industries.

2. Going Concern Assumption

In light of ongoing Covid 19 pandemic situation, the group and the company has assessed its going concern and a detail disclosure of its assessment is provided below.

All operations that are ongoing are being carried out under the guidelines issued by the government. We have taken required health and safety measures to ensure our offices and warehouses are sanitized and disinfected during this period. The group is continuously investing in development of IT infrastructure which has currently enabled the company to implement "work from home" concept. The operations of the group continuing with the minimum staff physical appearance and staff whose physical presence is not required to carry out day to day operations in the workplace are working from home with secured access to the operating systems.

The management of the group is continuously monitors the developments in external environment and take proactive decisions to minimize the negative impact from the current pandemic situation.

The increased tea prices in the Colombo Tea Auction helped our producer clients to improve their financial conditions while reducing their debt burdens. With the experience we have gained in the first wave of Covid-19, the group took a conservative approach when managing the loans and advances to producer clients. This efficient credit management helped to minimize the losses arising from impairment of those loans and advances.

The government has considered the Tea industry as an essential service, enabling all parties in the industry to carry out their operations even during the lockdown environment. There was adequate financial support from banks and financial institutions, and the group serviced all its repayments on time without any defaults. Hence, management believes that it is appropriate to use going concern assumption after making a reasonable assessment on the impact from Covid-19 pandemic. The assessment was carried out considering the following conditions prevailed at the reporting date and the subsequent development after the reporting date.

- I The Group and Company have reported a net profit of Rs. 1 Mn and Rs.107.5 Mn respectively during the financial year ended 31st March 2021. This is a remarkable improvement from last year, where the Group incurred a loss of Rs. 62.5 mn while the Company reported a profit of Rs. 21.5 Mn.
- I The group has managed its cashflows efficiently while the cashflows from operating activities have shown a net inflow.

The group has assessed the impact of Covid-19 within the Expected Credit Loss (ECL) model to assess whether that it was appropriately considered in the measurement of ECLs at year end. In particular, we have assessed the likelihood of a severe economic downturn caused by Covid-19 at the reporting date with reference to the reasonable and supportable information available to management at that date;

With the relaxation of movement restrictions and gradual restoration of business activities, the company is expected to return to its normal level of activities by the end of second quarter. Based on the information currently available, supply side constraints are also expected to improve during the second quarter.

After due consideration of risks and likelihood of outcomes, the Board of Directors is satisfied that the Company, its subsidiaries have adequate liquidity and business plans to continue to operate the business and mitigate the risks connected to the lockdown for the next 12 months from the date of this report.

SUPPLEMENTARY INFORMATION

INVESTOR RELATIONS

SHARE PRICE TREND OVER THE LAST FIVE YEARS

Share price Rs.	2021	2020	2019	2018	2017
Highest Price	5.30	3.80	3.90	6.00	4.40
Lowest Price	2.10	2.20	2.50	3.20	2.90
Last traded Price	3.10	2.30	2.70	3.60	3.50

OTHER USEFUL INFORMATION

Group	2021	2020	2019	2018	2017
Shareholder funds Rs. Mn.	431.02	449.45	574.07	464.49	237.71
Net Asset Value per share	2.36	2.46	3.15	2.54	2.08
Earnings per share	0.005	(0.34)	0.62	0.76	0.33

DIRECTORS' AND CEO'S SHAREHOLDING AS AT 31ST MARCH 2021

Individual Ordinary voting shareholdings of persons who are Directors of the Company at 31st March 2021 are given below with last years' comparatives.

Name of the Director	2021	2020
Mr C P R Perera	3,500,000	3,500,000
Shares held in the following manner, Mr C P R Perera & Mrs D Perera		
Mr W A T Fernando	48,837,837	48,837,837
Mr B R L Fernando	22,640	22,640
Ms N T M S Cooray	10,908,751	10,908,751
Ms H M S Perera	1,390,492	1,390,492
Mr D H Madawala	3,425	3,425
Mr K H S Deshapriya	416,000	416,000
Mr R J N De Mel	31,000	10,000
Mr H T D Nonis	10,000	10,000
Mr D G W De Silva (CEO)	Nil	Nil
Mr K A D Fernando	Nil	Nil
Mr Z Mohamed	Nil	Nil

Mr. R J N De Mel holds 50,000 of shares as at 26th July 2021.

SHAREHOLDING AS AT 31ST MARCH 2021

As at 31st March 2021, the Company had 2,461 shareholders of ordinary shares. Their shareholdings are analyzed and categorized based on the number of shares held as at 31st March 2021 which is set out below.

From	To	No of Holders	No of Shares	%
1	1,000	1,326	503,015	0.28
1,001	10,000	823	3,397,986	1.86
10,001	100,000	267	8,673,094	4.75
100,001	1,000,000	37	10,835,533	5.94
Over 1,000,000		8	158,990,372	87.17
		2,461	182,400,000	100.00

SUPPLEMENTARY INFORMATION

INVESTOR RELATIONS

CATEGORIES OF SHAREHOLDERS

Majority of the shares are held by local individuals and institutions, and only a 0.13% out of the total shares issued are held by foreign individuals.

	No of Holders	No of Shares	%
Local Individuals	2,385	83,965,568	46.03
Local Institutions	63	98,207,307	53.84
Foreign Individuals	13	227,125	0.13
Foreign Institutions	0	0	0.00
	2,461	182,400,000	100.00

20 MAJOR SHAREHOLDERS AND PUBLIC HOLDING

	As at 31st March 2021		As at 31st March 2020	
	No. of Shares	%	No. of Shares	%
Ashthi Holdings (Private) Limited	55,434,267	30.392	55,434,267	30.392
Mr W.A.T. Fernando	48,837,837	26.775	48,837,837	26.775
Jetwing Travels (Pvt) Ltd	34,080,571	18.685	34,080,571	18.685
Ms N.T.M.S. Cooray	10,908,751	5.981	10,908,751	5.981
Mr C.P.R. Perera & Mrs D. Perera	3,500,000	1.919	3,500,000	1.919
Hatton National Bank PLC/ Kandaiah Kanapathipillai Shujeevan	2,864,083	1.570	-	-
Associated Electrical Corporation Ltd	1,974,371	1.082	5,390,834	2.956
Ms H.M.S. Perera	1,390,492	0.762	1,390,492	0.762
Mr P.G. Piyasiri	957,447	0.525	-	-
Mr M.C.M. Zarook	761,106	0.417	-	-
Dialog Finance PLC/ M.R.A.P.C. Thushara	735,000	0.403	-	-
Mr Y.L. Nandasena	627,653	0.344	479,137	0.260
Mr A.D. Edussuriya	500,000	0.274	500,000	0.274
Mr S.N.C.W.M.B.C. Kandegedara	500,000	0.274	-	-
Mr L.M.A.N. Lekamge	462,727	0.254	-	-
Hatton National Bank PLC/ Vidanelage Lakvijaya Mithraka Shavan De Mel	456,233	0.250	-	-
Sampath Bank PLC/ Mr N.A.J.A.K. Nissanka	420,004	0.230	-	-
Mr K.H.S. Deshapriya	416,000	0.228	416,000	0.228
Mr T.G. Wimalasena	373,156	0.205	-	-
Merchant Bank of Sri Lanka & Finance PLC/ H.A.D.S. Jayatissa	354,267	0.194	-	-
	165,553,965	90.764	160,937,889	88.231
Others	16,846,035	9.236	21,462,111	11.769
	182,400,000	100.000	182,400,000	100.000

Public Holding percentage as at 31st March 2021 being 15.22% comprising of 2,450 shareholders

The float adjusted market capitalization as at 31st March 2021 is Rs. 86,071,552.70 The float adjusted market capitalization of the company falls under option 2 of Rule 7.13.1 (b) of the Listing rules of the Colombo Stock Exchange and the company has complied with the minimum public holding requirement applicable under the said option.

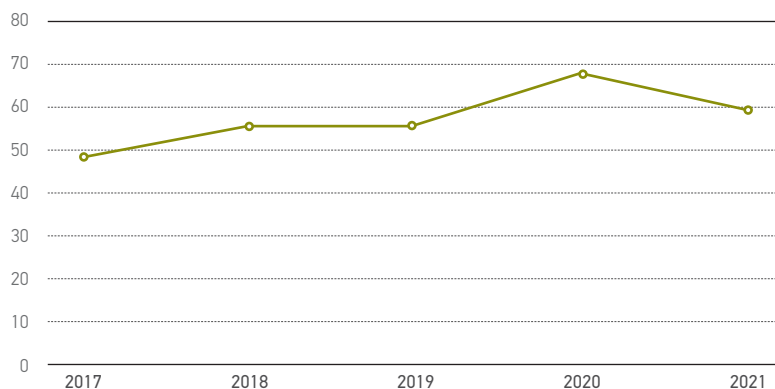
DIVIDENDS

During the year under review, the Company paid a dividend to its shareholders. A dividend of Rs. 0.35 per share was paid out of the profits from the year ended 31st March 2021. Details of the dividends paid by Company for each financial year is given below.

Dividend per share (Paid for the year)	2021	2020	2019	2018	2017
Rs.	0.350	0.080	0.350	0.325	0.175

The Company maintained its policy on distributing dividends of transferring 50% out of profits after tax as dividends. Considering the increased profitability and number of shareholders, the Company directors increased the amount distributed as dividends to around 59% and transferred the balance to reserves.

Dividend Pay-out Ratio



SUPPLEMENTARY INFORMATION

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of the Company will be held at the Auditorium of Ceylon Chamber of Commerce, 50, Nawam Mawatha, Colombo 02 on 26th August 2021 at 11.30 a.m. for the following purposes.

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31st March 2021 with the Report of the Auditors thereon.
2. To pass the ordinary resolution set out below to re-elect Mr. B R L Fernando who is 79 years of age as a Director of the Company;
"IT IS HEREBY RESOLVED THAT that Mr. B R L Fernando who reached 70 years of age on 1st August 2012, be and is hereby re-elected as a Director of the Company and it is hereby declared as provided for in Section 211 of the Companies Act No. 07 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. B R L Fernando."
3. To pass the ordinary resolution set out below to re-elect Mr. C P R Perera who is 77 years of age as a Director of the Company;
"IT IS HEREBY RESOLVED THAT that Mr. C P R Perera who reached 70 years of age on 5th March 2014, be and is hereby re-elected as a Director of the Company and it is hereby declared as provided for in Section 211 of the Companies Act No. 07 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. C P R Perera."
4. To re-elect Mr. K H S Deshapriya who retires by rotation in terms of Article 87 (i) of the Articles of Association of the Company as a Director.
5. To appoint Messrs. KPMG, Chartered Accountants, as the Auditors of the Company and to authorize the Directors to fix their remuneration.
6. To authorize the Directors to determine donations for the year ending 31st March 2022 and up to the date of the next Annual General Meeting.

By order of the Board
CEYLON TEA BROKERS PLC



P W Corporate Secretarial (Pvt) Ltd
Director / Secretaries

2nd August 2021
Colombo

Notes

1. A Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of him/her.
2. A proxy need not be a Shareholder of the Company.
3. The form of proxy is enclosed for this purpose.
4. The completed Form of Proxy must be deposited at the Office of the Secretaries, P W Corporate Secretarial (Pvt) Ltd, No.3/17, Kynsey Road, Colombo 8, not later than 47 hours prior to the time appointed for the holding of the Meeting.

SUPPLEMENTARY INFORMATION

FORM OF PROXY

I/We (NIC No.)
of being a member/members of
CEYLON TEA BROKERS PLC hereby appoint of
..... (or failing him)

Mr. C P R Perera of Colombo or failing him*
Mr. W A T Fernando of Colombo or failing him*
Mr. B R L Fernando of Colombo or failing him*
Mr. D G W De Silva of Colombo or failing him*
Ms. N T M S Cooray of Colombo or failing her*
Ms. H M S Perera of Colombo or failing her*
Mr. D H Madawala of Colombo or failing him*
Mr. K H S Deshapriya of Colombo or failing him*
Mr. R J N de Mel of Colombo or failing him*
Mr. H T D Nonis of Colombo or failing him*
Mr. K A D Fernando of Colombo or failing him*
Mr. Z Mohamed of Colombo or failing him*

as my/our* proxy to represent and speak and vote for me/us* and on my/our* behalf at the Twelfth Annual General Meeting of the Company to be held on 26th August 2021 at 11.30 a.m. and at any adjournment thereof and every poll which may be taken in consequence of the aforesaid meeting.

I/We,* the undersigned, hereby authorize my/our proxy to speak and vote for me/us* and on my /our* behalf in accordance with the preference as indicated below

		For	Against
1.	To pass the ordinary resolution set out under item 2 of the Notice of Meeting for the re-election of Mr. B R L Fernando		
2.	To pass the ordinary resolution set out under item 3 of the Notice of Meeting for the re-election of Mr. C P R Perera		
3.	To re-elect Mr. K H S Deshapriya as a Director in terms of Article 87 (i) of the Articles of Association of the Company		
4.	To appoint Messrs. KPMG Chartered Accountants as Auditors of the Company and to authorize the Directors to fix their remuneration.		
5.	To authorize the Directors to determine donations for the year ending 31st March 2022 and up to the date of the next Annual General Meeting.		

In witness my/our* hands this day of Two Thousand and Twenty One.

*Please delete as appropriate

.....
Signature of Member/s

Notes: 1. A proxy need not be a member of the Company.
2. Instructions as to completion appear overleaf.

INSTRUCTIONS FOR COMPLETION

1. Kindly perfect the Form of Proxy by filling in legibly your full name address and the National Identity Card number and signing in the space provided and filling in the date of signature.
2. The completed Form of Proxy should be deposited at the Office of the Secretaries, P W Corporate Secretarial (Pvt) Ltd, No.3/17, Kynsey Road, Colombo 8, Sri Lanka on or before forty seven (47) hours before the time appointed for the Meeting.
3. If you wish to appoint a person other than the Chairman or a Director of the Company as your Proxy, please insert the relevant details in the space provided (above the names of the Board of Directors) on the Proxy Form.
4. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should accompany the Form of Proxy for registration if such Power of Attorney has not already been registered with the Company.
5. If the appointer is a Company / Incorporated body this Form must be executed in accordance with the Articles of Association / Statute.

SUPPLEMENTARY INFORMATION

CORPORATE INFORMATION

Name of the Company

Ceylon Tea Brokers PLC

Legal Form

The Company incorporated in Sri Lanka under the Companies Act No. 17 of 1982 which was re-registered under the provisions of the Companies Act No. 7 of 2007 on 20th January 2010 and quoted on the Dirisavi Board of the Colombo Stock Exchange on 16th March 2010.

Date of Incorporation

15th June 1999

Company Registration Number

PB 1280 PQ

Board of Directors

Mr. C. P. R. Perera (Chairman)
Mr. R. J. N. De Mel (Deputy Chairman)
Mr. W. A. T. Fernando (Managing Director)
Mr. D. G. W. De Silva (Director/ Chief Executive Officer)
Mr. K. H. S. Deshapriya (Director/ Chief Operating Officer - Former)
Mr. K A D Fernando (Director/ Chief Operating Officer)
Ms. N. T. M. S. Cooray
Ms. H. M. S. Perera
Mr. B. R. L. Fernando
Mr. D. H. Madawala
Mr. H. T. D. Nonis
Mr. Z. Mohamed

Registered Office/Head Office

Level 7, 'Millennium House', 46/58, Nawam Mawatha, Colombo 02.

VAT Registration No.

114238546 7000

Telephone

(+94) 11-4607777

Facsimile

(+94) 11-4607788

Website

www.ceylontebrokers.com

Credit Ratings

The Company has been assigned an Issuer rating of [SL] BBB with stable outlook by ICRA Lanka Limited.

Secretaries

P W Corporate Secretarial (Pvt) Ltd
No. 3/17, Kynsey Road, Colombo 08.
Telephone: (+94) 11-4640360-3
Fax: (+94) 11-4740588
Email: pwcs@pwcs.lk

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Auditors

Messrs KPMG,
32A, Sir Mohomad Macan Markar Mawatha, Colombo 03.
Telephone: (+94) 11-2426426
Fax: (+94) 11-2445872
Email: frt@kpmg.lk

Subsidiary Companies

Logicare (Pvt) Ltd – Fully Owned

Bankers

Bank of Ceylon

Metropolitan Branch, Bank of Ceylon building, York Street, Colombo 01.

Commercial Bank of Ceylon PLC

Foreign Branch, Commercial House, 21, Sir Razik Fareed Mawatha, Colombo 01

DFCC Bank PLC

Head office Branch,
W. A. D. Ramanayake Mawatha, Colombo 02.

Hatton National Bank PLC

No.10, Sri Uttarananda Mawatha, Colombo 03.

National Development Bank PLC

No. 42, DHPL Building, Nawam Mawatha, Colombo 02.

Nations Trust Bank PLC

Corporate Branch,
No. 242, Union Place, Colombo 02.

People's Bank

First City Branch, York Street, Colombo 01.

Sampath Bank PLC

No. 46/38, Nawam Mawatha, Colombo 02.

Seylan Bank PLC

Millennium Branch, Seylan Tower,
No. 90, Galle Road, Colombo 03.

Union Bank of Colombo PLC

Head Office Branch,
No. 64, Galle Road, Colombo 03.

Standard Chartered Bank

No. 37, York Street, Colombo 01.

Cargills Bank Limited

No. 696, Galle Road, Colombo 03.



Ceylon Tea Brokers PLC
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