



**Ceylon  
Tea  
Brokers**

**Ceylon Tea Brokers PLC**  
Annual Report 2019/20







## **Vision**

To be a dynamic and leading service organisation.

## **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 | Team Work

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# Business Overview

## 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 160 Tea factories in the country which amounts to around 14.34% 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.

#### BUSINESS ACTIVITIES / KEY SERVICE AREAS

We are a licensed Produce Broker for Tea registered under Sri Lanka Tea Board bearing License No. PB/102/2020.

##### Tea Broking / Marketing

Act as an intermediary between Tea Producers and Tea Buyers.

##### Manufacturing Advisory Services

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

##### Financing

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

#### 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. 1, Muthurajawela Road, Muthurajawela, 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,  
No. 74, De Waas Lane, Grandpass, Colombo 14, 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

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.

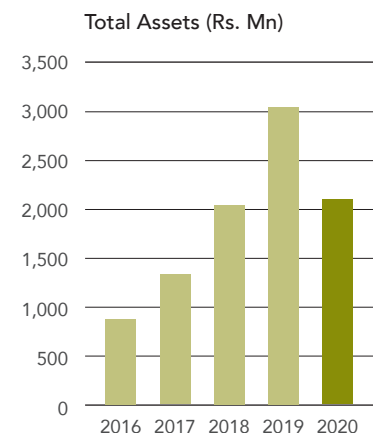
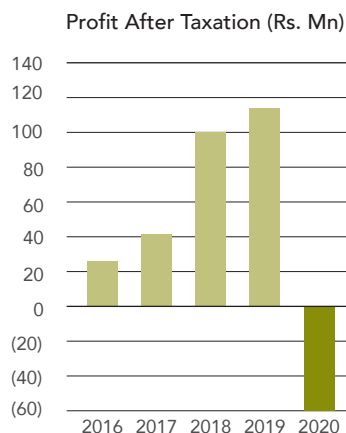
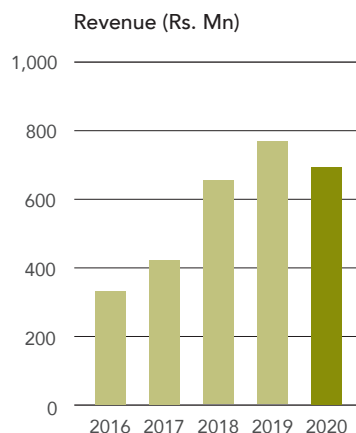
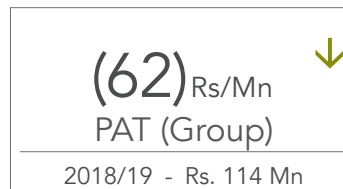
### 2020

Achieved a market share of 14.34% on quantity sold.

BUSINESS OVERVIEW

# Financial Highlights

Five Year Summary as at 31st March	Group	Company	Group	Company	Group	Company	Company	Company
	2020	2020	2019	2019	2018	2018	2017	2016
Revenue (Rs. Mn)	692.63	580.64	769.65	769.65	655.92	655.92	419.72	334.02
Expenses (Rs. Mn)	(731.62)	(543.15)	(609.43)	(600.15)	(506.23)	(499.47)	(359.92)	(298.32)
Profit / (Loss) Before Taxation (Rs. Mn)	(38.99)	37.49	160.22	169.50	149.69	156.44	59.80	35.70
Profit / (Loss) After Taxation (Rs. Mn)	(62.50)	21.54	113.55	115.28	100.04	106.79	41.53	25.94
Total Assets (Rs. Mn)	2,228.34	1,663.82	3,040.77	2,598.68	2,080.51	2,087.15	1,341.50	872.80
Shareholder's Funds (Rs. Mn)	449.45	541.98	574.07	582.56	464.49	471.25	237.71	208.70
Return on Shareholder's Funds After Tax (%)	(13.90)	3.97	19.78	19.79	21.54	22.66	17.47	12.43
Return on Assets After Tax (%)	(2.80)	1.29	3.73	4.44	4.80	5.12	3.10	2.97
Net Assets Per Share (Rs.)	2.46	2.97	3.15	3.19	2.54	2.58	2.08	1.83
Earnings Per Share (Rs.)	(0.34)	0.12	0.62	0.63	0.76	0.81	0.33	0.23
Dividend Per Share (Distribution from during the year profit) (Rs.)	0.080	0.080	0.350	0.350	0.325	0.325	0.175	0.125
Current Ratio (Times)	1.39	1.51	1.15	1.26	1.09	1.09	1.13	1.22
Total Asset Turnover (Times)	0.31	0.35	0.25	0.30	0.32	0.31	0.31	0.38
Market Price (Rs.)	2.30	2.30	2.70	2.70	3.60	3.60	3.50	2.80
P/E Ratio (Times)	(6.76)	19.17	4.35	4.29	4.73	4.44	10.61	12.17
Earning Yield (Rs.)	(0.15)	0.05	0.23	0.23	0.21	0.23	0.09	0.08
Price/Book Value Ratio (Times)	0.93	0.77	0.86	0.85	1.42	1.39	1.68	1.53





## Chairman's Message



The Company's overall performance for the year 2019/20 was encouraging given the lower production and declining tea prices. Market share both in terms of value and volume showed gains compared to 2018/19. However, the bottom line for 2019/20 fell below the previous year. After two consecutive years of higher PAT, a decline was recorded in the year under review. I will elaborate on the Sri Lankan tea industry and the Company's performance later in the report.

The economy of Sri Lanka was dealt a severe blow almost at the start of the Financial Year following the Easter attack on 21st April 2019. This carnage largely affected the service sector crippling the in-bound travel and hotel trade for the greater part of the year.

### Sri Lankan Economy

The Sri Lankan economy, as per the Central Bank Annual Report for the year 2019, recorded a real GDP growth of 2.3% compared to 3.3% in 2018. The real GDP from Agriculture, Forestry and Fishing related activities grew by only 0.6% in 2019 in comparison to the 6.5% growth in the previous year reflecting the impact of the extreme weather conditions experienced during most months of the year. The total tea production contracted by 1.3% in 2019 compared to the 1% decline in 2018. Service related activities and industry sector grew by 2.3% and 2.7% respectively in 2019 compared with growths of 4.6% and 1.2% in 2018.

The per capita GDP for 2019 has been stated as USD 3,852 compared to USD 4,079 in 2018 although the per capita GDP in rupee terms reflected a slight increase in 2019 against the previous year. This was due to the depreciation of the Sri Lanka rupee against the US dollar during 2019.

The overall economic growth was largely supported by services activities in spite of the setback faced by this sector at the early part of the year. With a recorded growth of 2.3% compared to 2018, services activities remain the largest contributor to the GDP. The service sector contributed 57.4% in 2019 against 57.5% in 2018. Although the growth of agriculture, forestry and fisheries sector was small, this group has contributed 7% to the GDP, only marginally below the 7.1% achieved in 2018. Industrial activities which grew by 2.7% during the year contributed 26.4% to the GDP as against 26.3% in 2018.

The unemployment rate increased to 4.8% in 2019 from 4.4% in 2018 with the highest unemployment rates being reported among females, youth and educationally qualified categories. The general price level as measured by the National Consumer Price Index (NCPI, 2013=100) and Colombo Consumer Price Index (CCPI, 2013=100), witnessed a continuous increasing trend from April onwards and largely followed the price movement of items in the Food category. CCPI based annual average inflation remained at 4.3% by the end of 2019 unchanged to 2018.

Sri Lanka's external sector remained resilient in 2019 despite heightened domestic vulnerabilities. The country's trade performance showed a notable improvement in 2019 with the trade deficit for year narrowing down to USD 8 billion from USD 10.3 billion in 2018. The significant reduction of USD 2.3 billion between the trade deficits of the 2 years was largely due to the significant reduction in imports and marginal improvement in exports. The trade deficit as a percentage of GDP decreased to 9.5% in 2019 compared to 11.7% in 2018 whilst current account deficit decreased to 2.2% of GDP compared to 3.2% increase in 2018.

The outbreak of COVID-19 could however pose significant challenges to the external sector in 2020 as already reflected at the time of compiling this report.

## BUSINESS OVERVIEW

# Chairman's Message

### Sri Lanka Tea Industry

#### Tea Production (Mn Kilo)

Elevation	2019	2018	2017	2016	2015	2014	2013
High Grown	63.05	64.97	64.64	64.42	75.40	78.90	75.80
Medium Grown	47.17	47.13	45.65	44.51	51.00	49.20	56.10
Low Grown	189.90	191.84	197.42	183.64	202.38	210.00	208.10
Total	300.12	303.94	307.72	292.57	328.78	338.10	340.00

Tea production declined for a second consecutive year with 2019 recording a further 1.26% drop on 2018 which was already 1.23% below the previous year. The decline of Low Growns which is 20 Mn kilos behind the highest ever crop of 2014 is a matter of concern. The extreme hot weather conditions experienced in recent years particularly in the first part of each year coupled with ageing bushes, lack of replanting and delays in fertilizer application in this predominantly smallholder led elevation are the main reasons for this situation. High Growns too have lost nearly 2 Mn kilos compared to 2018 whilst Mediums have shown a marginal gain. In 2020, we are witnessing a worsening of the situation as at the time of compiling this report. The national crop for the first half of 2020 shows a significant shortfall of 29.8 Mn kilos in comparison to the corresponding period of 2019.

It is heartening therefore that the Ceylon Tea Road Map 2030 launched in August last year by the Colombo Tea Traders' Association has as one of its goals to achieve a production of 350 Mn kilos by 2030. Sri Lanka is fast losing its formidable presence among the global producers with her share now a mere 4.9%. Consequently, a concerted effort must be made by all the producers with the assistance of the Sri Lanka Tea Board towards gaining a larger stake in the global 'cake' than at present.

A sustainable replanting program is the need of the hour. It is therefore advisable that the new government collectively with the Sri Lanka Tea Board and industry stakeholders support this initiative with long term funding at a reasonable cost for this development.

#### Colombo Auction Average (per kilo)

Elevation	High Grown		Medium Grown		Low Grown		Total	
	LKR	USD	LKR	USD	LKR	USD	LKR	USD
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

Tea prices in 2019 were much lower than 2018 both in terms of LKR and USD as evident from the above table covering Colombo Auction averages. A greater decline was recorded in USD terms than the drop in LKR. This was due to the Sri Lankan rupee depreciating by around 10% YoY against the US dollar. All elevational averages and the total national average were around a dollar below the corresponding levels of 2017, the year in which highest ever averages were recorded. The increase in global supplies could be attributed to the sharp decrease in tea prices. China leading the way with phenomenal production gains YoY since the beginning of this decade has contributed to the global production moving up consecutively.

One of the important points to consider going by global production figures is the declining share of truly orthodox teas. In this regard, Sri Lanka with its strength on the manufacture of this type of tea should exploit the situation, thereby enhancing tea prices from the prevailing levels.

#### Tea Export Earnings (including re-exports with imported teas)

Year	Qty.	Value	Average FOB Price per kg	Approx. Value	Approx. Average FOB price per kg
	(Mn/kg)	(Rs/Bn)	(Rs.)	(USD/Bn)	(USD)
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

There was a welcome improvement in the tea export volume in 2019. The total exports including re-exports with imported tea gained 10 Mn kilos over the dismal performance of 2018. Export earnings moved up further to Rs 240.64 billion from Rs.231.75 billion the previous year. However, due to the sharp depreciation of the Sri Lankan rupee against the US dollar, the revenue in dollar terms was lower in 2019 at USD 1.35 billion. The FOB price per kilo too followed a similar pattern, increasing in rupee terms from Rs.820.75 to Rs.822.25 YoY but declining from USD 5.05 to USD 4.60.

On an analysis made by us, we find that the FOB prices to a few of the large importing countries from Sri Lanka are lower than the overall average FOB. This observation made by us could indicate a gradual decline of the quality of certain categories of teas which has resulted in less demand for these teas from some of the more quality conscious importing countries. Sri Lanka has the potential and the ability to improve its product quality in order to secure a higher price than the above-stated FOB price of USD 4.60 per kilo in the world market.

We reiterate what we stated last year that Sri Lanka must adopt multiple strategies to increase the value of tea exports through bold, innovative and dynamic initiatives.

#### Global Perspective

As per the information set out in the International Tea Committee's Annual Bulletin of Statistics 2020, tabulated below are the top five Producers, Exporters & Importers of tea in 2019:

Producers			Exporters			Importers		
No.	Country	Qty (Mn/kg)	No.	Country	Qty (Mn/kg)	No.	Country	Qty (Mn/kg)
1.	China*	2,799.4	1.	Kenya	496.7	1.	Pakistan	205.6
2.	India	1,389.7	2.	China	366.5	2.	Russian Federation**	144.0
3.	Kenya	458.8	3.	Sri Lanka	292.6	3.	USA	117.2
4.	Sri Lanka	300.1	4.	India	243.9	4.	Egypt	109.0
5.	Turkey	267.8	5.	Vietnam	136.0	5.	UK	104.1
*Predominantly green tea			Includes imported tea re-exported where applicable			**Excluding other CIS Countries		

## BUSINESS OVERVIEW

# Chairman's Message

Sri Lanka's performance as a top five global producer as well as exporter is far from satisfactory. Global production has increased from 4,299 Mn kilos in 2010 to 6,150 Mn kilos in 2019, an increase of 43%. In this backdrop, Sri Lanka's share has been declining. Turkey's production is not too far behind Sri Lanka and India's exports can easily catch up in the near future unless Sri Lanka makes a concerted effort to increase production. China continues to record the highest export earnings from tea netting USD 2.02 billion which is USD 700 million more than Sri Lanka whilst Kenya has fallen to USD 1.16 billion against USD 1.39 billion in 2018. When analysing the top 5 importing countries, it is disappointing that Sri Lanka does not have a commanding presence in any of them except Russia where too, she is behind India. Even in Iran and UAE, India is ahead of Sri Lanka. However, it is heartening that China despite being the leading producer and a large exporter, has steadily increased its offtake from Sri Lanka year-on-year.

We hope with the long awaited global promotion strategy led by the Sri Lanka Tea Board scheduled to commence shortly, together with an increase in volume and improvement in quality of "Ceylon Tea" will reverse this trend.

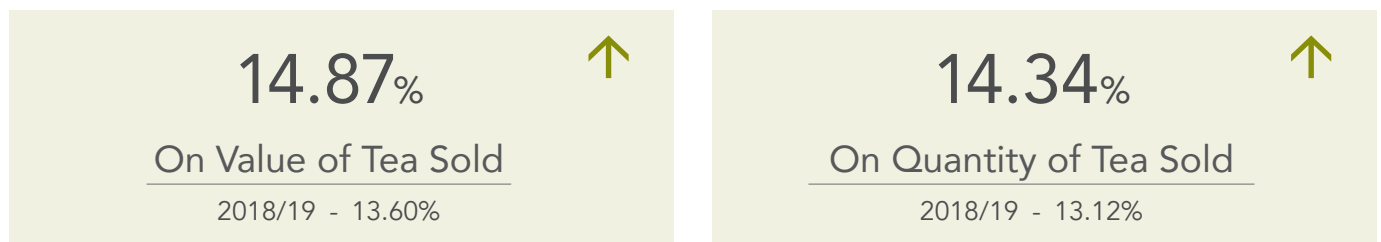
### Company Performance

In the backdrop of a lower production year, the Company did well to record an 18% increase in the volume it handled during the year under review. The value of the tea marketed by the company, however, has only shown a marginal increase, due to the sharp decline in tea prices during the year. The specific details which reflect this position and would be of interest to the shareholders are set out below:

	2019/20	2018/19	2017/18	2016/17	2015/16
Quantity of Tea Marketed through the company (Mn/Kg)	41.2	35.0	34.3	29.9	31.3
Value of Tea Marketed through the company (Rs./Mn)	23,119.0	22,830.0	22,402.0	16,114.4	12,518.9
Revenue generated by the company (Rs./Mn)	580.6	769.6	655.9	419.7	334.0
Profit After Tax (Rs./Mn)	21.5	115.3	106.8	41.5	25.9
Total Equity (Rs./Mn)	542.0	582.6	471.3	237.7	208.7

The drop in revenue generated by the Company was essentially due to the transfer of storage and handling income to our wholly owned subsidiary Logicare (Pvt) Ltd. and the decline in interest income.

In addition to the above details, I give below some salient comparative data on market share:



I take this opportunity to commend our young, energetic Management team for their dedication and untiring efforts in improving the Company's market share particularly in the area of Low Growns. Their efficient service skills should now be extended to attracting business from other elevations too whilst maintaining the share of low grown teas marketed by the Company, with the emphasis of becoming an inclusive tea broking entity. Following the COVID-19 lockdown in late March this year, the auction mechanism was compelled to change from the 137 year old "outcry" system to an electronic platform. Our marketing team displayed great skill and professionalism in not only adapting to it with ease but also providing an excellent service to both producers and buyers.

An impairment provision/write off amounting to Rs.119.85 Mn (Rs.21.45 Mn in 2018/19) covering loans and advances to tea suppliers in accordance with the requirement of SLFRS 09 Financial Instrument Standard has been included in the Company's Marketing expenses of Rs.133.30 Mn (Rs.33.20 Mn in 2018/19). This had a significant impact on the Company's bottom line resulting in a much lower PAT compared to 2018/19.

In fact, if not for this extraordinary charge, the Company profit would have been on par or better than the previous year, which is commendable taking into account that Sri Lanka's tea crop and auction prices in 2019 were lower than 2018.

The unfavourable weather conditions experienced in the tea plantation regions during the year under review had an adverse impact on the quality and quantity of the green leaf harvest. This affected the functioning of many tea factories resulting in some been compelled to even discontinue their operations. Consequently, the credit standing of some tea suppliers had deteriorated compared to the previous period. The Company has already initiated legal action against clients who have unsettled amounts in previous years for which provision was made and is currently in the process of initiating legal action against those who have defaulted during the year under review. We are confident that these cases would be resolved in favour of CTB PLC.

### Logicare (Pvt) Ltd

As indicated in last year's Annual Report, Logicare (Pvt) Ltd. which is a fully owned subsidiary of Ceylon Tea Brokers PLC commenced its commercial operations during the year under review with the opening of its state-of-the-art warehousing complex which consists of over 12,000 pallet locations.

Logicare primarily caters to the warehousing requirements of Ceylon Tea Brokers' producer clients, which adds value at both ends of the value chain. Further, Logicare operates as a total supply chain solutions provider with specialised logistics and other supply chain related services to external clients based on their unique requirements. With state-of-the-art infrastructure, modern equipment, cutting edge technology and a team of experts, Logicare is equipped as one of the best one-stop logistics services providers with a strong ability to serve various industry verticals.

During the year under review, Logicare partnered with some of the leading companies in Sri Lanka as well as top MNCs as their strategic 3PL service provider covering various industry verticals such as FMCG, Apparel, Stationery, Telecommunication & E-Commerce. With the growing demand for 3PL services in the world, we are confident that Logicare would significantly contribute to the Group revenue portfolio and profitability in the future.

Logicare (Pvt) Ltd. has been recently awarded the following certifications:

1. ISO 9001:2015
2. ISO 22000:2018
3. HACCP (Hazard Analysis Critical Control Point)

All three have been awarded by SGS Lanka (Pvt) Ltd. for excellence in Quality Management Systems & Food Safety.

Our dynamic "Team Logicare" should be congratulated in obtaining these certifications within barely one year after commencement of operations.

### Corporate Development & Management Focus

Our efforts in improving service levels to our customers has delivered a steady growth pattern in accordance with our plans. Over the last few years, we witnessed a gradual increase of new marks which has propelled us to the number one position in the Low Grown category with limited growth in the High and Medium Grown sectors. Being a public quoted tea broking Company, we have leveraged the transparency and accountability we practice in order to compete effectively with major players who have been associated with the plantation industry for more than a hundred years. The success achieved to date enhanced our confidence and has enabled us to further strengthen our management team. The young team continues to harness the enthusiasm and dynamism in a challenging environment where overall tea production volumes have dipped while the pandemic has shaken the one hundred and thirty seven year old auction to move to the digital age. The major concern was our effort to manage advances and loans to the tea factory owners. Here the steps we took previously were proving inadequate in the current extremely challenging environment. We have therefore taken necessary action to put in place a stringent credit review process to deal with this aspect of our business.

We also set about adding capacity to the revenue stream tied up with storage and logistics. Logicare now operational is a hundred percent owned subsidiary and a flagship of the new direction.

## BUSINESS OVERVIEW

# Chairman's Message

### Dividend

In spite of the substantially lower Company profit after tax of Rs. 21.54 million, reasons for which have been explained earlier in the message, I am pleased to report that the Directors have declared a dividend of Rs. 0.08 per share for the financial year 2019/20 compared with Rs. 0.35 per share in 2018/19. The total payout amounts to Rs.14.59 million which is a 67.7% payout ratio of the distributable profits. The balance amounting to Rs. 6.95 million has been transferred to reserves thus enhancing the total equity.

### Directorate

Last year, we announced the appointment of Mr. Niraj De Mel, a well-recognised personality in the tea industry in particular and the corporate world in general as a Non Executive Director, with effect from April 2019. I am pleased to report that the Directors took a decision to designate Mr. Niraj De Mel as Deputy Chairman with effect from the 1st of April 2020. The composition of the Board as presently constituted is given elsewhere in the report.

### 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 organisations 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 2020 which we shared with our management at the beginning of the year:

**"INTEGRITY HAS NO NEED FOR RULES."**



Chrisantha Perera  
Chairman

14th August 2020

## Chief Executive Officer's Review



To Our Shareholders, Customers, Partners and Employees,

*"We simply do not know what the future holds."  
– Peter L. Bernstein*

We cannot predict the future but we can create it.

Three months into year 2020 and the world has changed dramatically with the interest of COVID-19 pandemic, we find ourselves working diligently and tirelessly to protect the interest of all our Stakeholders during this unprecedented time. What follows is the positives strides that were made with our business in the recent past.

Given the dynamic landscape, we will continue to evolve our business and strategy as we manage through the crisis.

Year 2019 was a turbulent year for the industry. Uncertainty in the business environment along with low volumes and prices had a notable impact on the industry. In spite of the adverse business conditions, CTB managed to continue in its growth trajectory with increase in market share YOY.

In the Low Grown Sector we had an outstanding 2019/2020 continuing the market leader status. The Company hopes to develop the High & Medium sector this year. The Company achieved a market share of 14.34% on quantity sold for the financial year 2019/2020, compared with 13.12% in 2018/2019, maintaining continuous growth.

Adverse weather conditions throughout the year affected the operations of the Tea Producers in the Country. In addition, lower prices together with lower production resulted in scaling-down of operations by some tea producers. The Company recognises Rs. 119.85 Million as bad debt provisions / written off for loan and advances given to the tea suppliers due to adverse business environment in the tea industry during 2019/2020. On a positive note few factories who had closedown the operations in 2019/2020 have recommenced.

The Company also took initiatives in agile Risk Management which helped create more value per transaction and also assisted in managing the operations of the Company with the outset of the pandemic.

### Looking Ahead

In 2018 we laid the foundation for further accelerating CTBs transformation by the acquisition of Logicare (Pvt) Ltd, which commenced operations in 2019. The modern warehousing project will provide warehousing services to producer and 3PL clients. The Company specialises in logistics, transport and other supply chain related services. Operations of the Company began in the 03rd quarter of 2019 and have shown steady progress. Logicare hopes to leverage opportunities arising from digitalization and e-commerce logistics.

### Team Perspective

We continue to evaluate and implement changes we want to drive within our Company in order to create a vibrant entity encompassing a skilled and engaged workforce. Over the past year we had achieved a better balance in gender representation by building a culture of belonging within participatory and team oriented performance. Executive coaching programmes were conducted for Senior Executives, other leaders and high potentials in order to fast track leadership development. Several learning and engagement activities were conducted by the HR department for the employees in order to motivate employees thus creating a more efficient and productive workplace.

### Our Focus: Profitable Growth in Our Core Business

Our focus remains the profitable and sustainable growth of our business, accordingly we have maintained the identity and resolve within the Company through a turbulent and

## BUSINESS OVERVIEW

# Chief Executive Officer's Review

demanding period for the tea industry as a whole. We continue to build on the strong and resilient foundation in order to make best use of the opportunity afforded to us. Looking forward we will better focus on the core revenue streams that has remained the life blood of our business. By offering time tested inputs with new technologies in the agriculture and manufacturing process as well as working capital needs with a more risk mitigating insight.

### Leveraging Technology at All Levels of Business

Technology touches every part of our business today. In an era of rapid digital transformation, new technologies have opened up opportunities and created challenges, fundamentally transforming Customer experiences, operating models and work environment.

With scope, scale and complexity of business, technology has evolved at an exponential rate. Therefore, CTB is in the process of adopting technology which can be a source of competitive advantage across all business functions.

The Company ERP System Microsoft Navision was shifted to Cloud. CTB also upgraded its network security system. The Company was able to function smoothly due to adaptation of technology during the outbreak of the pandemic.

### Our Path is Clear

Uncertainty is permanent, change is accelerating, disruption is common, and we can neither predict nor govern events. We believe there will be no "new normal" but a continuous series of not normal times. Therefore, a Company needs to be agile to fit into the fluctuating business landscape.

We recognise that Ceylon Tea Brokers PLC's long-term transformation continues with the support of our stakeholders. As a Company, we are connected, resilient and we persevere. This authenticity is earned and a privilege that represents immense responsibility to our teammates, Customers and Shareholders to stay focused to win long-term.

### In Conclusion

When it comes to Ceylon Tea Brokers there's never been a shortage of detractors. We are more than our success and we are more than our failures.

Whilst thinking continues to be focused on COVID-19 globally, I'm extremely grateful to CTB Employees, Customers and Board for all the grit and ingenuity shown as we move through this. We would look beyond the immediate crisis for insights and apply them going forward.

*You drown not by falling into a river, but by staying submerged in it - Paulo Coelho.*

In times like these, our choice is clear.



Waruna De Silva  
Director / Chief Executive Officer

14th August 2020



# Stewardship

## STEWARDSHIP

# 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:**

10,000 shares

**Membership of Board Subcommittees:**

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

### **Ajith Fernando**

*Managing Director*

**Date of Appointment:**  
1st February 2005

**Qualifications & Experience:**

A Fellow of the Chartered Institute of Management Accountants, UK and holds an 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 MD/ 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 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 fourteen years of experience in all operations of the Company in different capacities.

**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

**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

## STEWARDSHIP

# Board of Directors

### **Dinesh Fernando**

*Executive Director*

**Date of Appointment:**  
24th May 2019

**Qualifications & Experience:**

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. Currently reading for Master of Business Administration (MBA) from the University of Colombo.

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

**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

### **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 19 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, investment banking and advertising and PR agencies.

**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 Udapussellawa 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

## STEWARDSHIP

# 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 jointly by the Securities and Exchange Commission of Sri Lanka and 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

14th August 2020

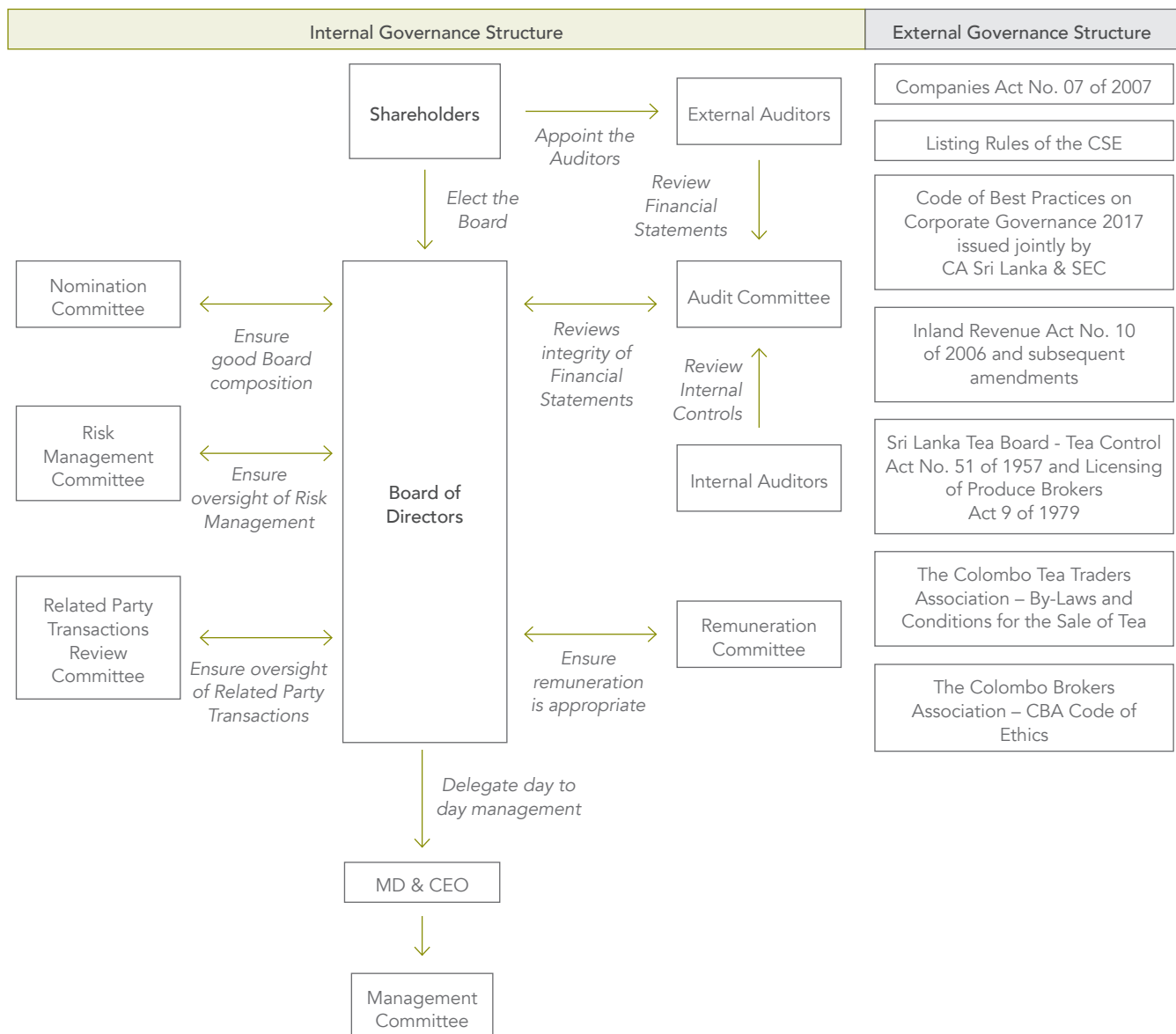
# Corporate Governance

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.



## Corporate Governance

### 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 jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

Level of compliance to the above regulations and best practices are given on the pages 31 to 47.

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:

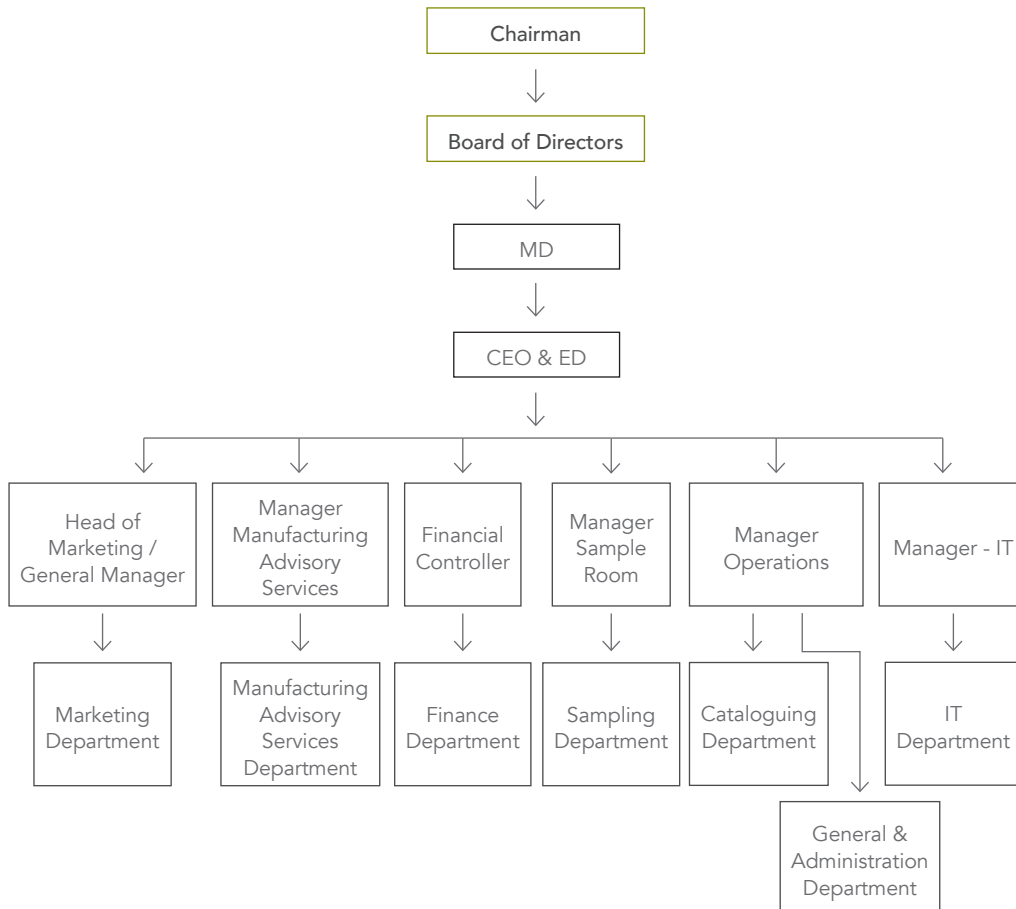
- Compliance Review with the applicable laws and regulatory requirements and operational Policies and Procedures.
- Obligation to take anticipatory action to prevent harm of any kind.

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”.



## 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.

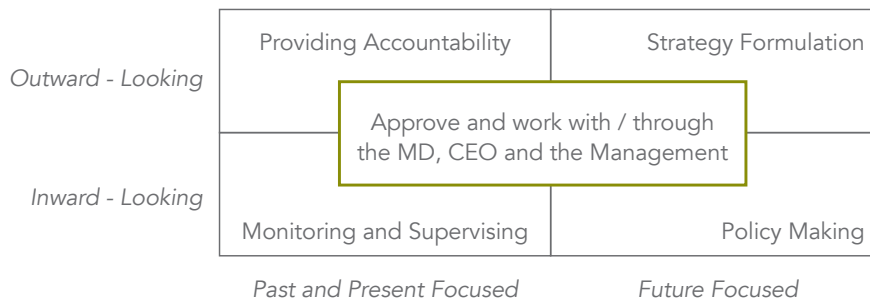
Age Group	Male	Female	Total
Under 30 Years	0	0	0
30 to 50 Years	5	0	5
Over 50 Years	5	2	7
<b>Total</b>	<b>10</b>	<b>2</b>	<b>12</b>

## STEWARDSHIP

# Corporate Governance

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.



### 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 page 14 to 17.

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 Managing Director

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

## 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 2019/2020

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	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	4	4
Mr. H T D Nonis	Executive Director	4	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 H S Deshapriya – Executive Director / Chief Operating Officer
- Mr. K A D Fernando – Executive Director
- Mr. A M N Adhikari – Financial Controller
- Ms. K B N P Perera – Manager Client Financing
- Mr. P K S Senevirathna – Asst. Accountant

Representatives from external auditors, Messrs KPMG and representatives from internal auditors, Messrs PricewaterhouseCoopers also attended two meetings and one meeting 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 four 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	4	4
Mr. C P R Perera	4	4
Mr. B R L Fernando	4	4

### 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 2020 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 fulfil 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 of key recommendations given by the Internal Auditors was also reviewed during the year.

### 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 actions were 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 2021 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*

14th August 2020

## 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 comprised 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 were also regularly attended for the meetings by invitation of the Committee.

- Mr. K H S Deshapriya – Executive Director / Chief Operating Officer
- Mr. A M N Adhikari – Financial Controller
- Ms. K B N P Perera – Manager Client Financing
- Mr. P K S Senevirathna – Asst. Accountant

#### 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, the Section 9 of the Listing Rules issued by the CSE on Related Party Transactions and the Code of Best Practice on Corporate Governance 2017 issued by the CASL.
- Update the Board of Directors through verbal briefings and tabling the minutes of Committee’s meetings in quarterly Board Meetings.

#### Meetings

Four meetings were conducted during the year and the attendance for the said meetings are given below. Minutes of meetings were circulated to the Board of Directors for their information and review.

Name of the Director	Attended	Eligibility to Attend
Mr. B R L Fernando - Chairman	4	4
Mr. R J N De Mel	1	1
Ms. H M S Perera	4	4
Mr. D H Madawala	4	4

#### 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 51 of this Annual Report.



B R L Fernando  
Chairman – Related Party Transactions Review Committee

14th August 2020

## Report of the Risk Management Committee

### Composition

Risk Management Committee Comprise 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) – Deputy Chairman

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 (Chief Operating Officer/ Executive Director)

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

Mr. Z Mohamed (Executive Director) - (appointed w.e.f. 24th May 2019)

Mr. K A D Fernando (Executive Director) - (appointed w.e.f. 24th May 2019)

Mr. H T D Nonis (Executive Director) - (appointed w.e.f. 24th May 2019)

### Regular Attendees by Invitation

The following members of the corporate management team were also regularly attended for 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 – Asst. Accountant

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;

- 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.

- 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

The Committee met four times during the year under review and the attendance for the said meetings are given below;

Name of the Director	Attended	Eligibility to Attend
Mr. C P R Perera - Chairman	4	4
Mr. R J N De Mel	4	4
Mr. B R L Fernando	4	4
Mr. W A T Fernando	4	4
Mr. D G W De Silva	4	4
Mr. K H S Deshapriya	4	4
Mr. D H Madawala	4	4
Mr. Z Mohamed	3	3
Mr. K A D Fernando	3	3
Mr. H T D 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 52 to 58 of this Annual Report.



C P R Perera  
Chairman – Risk Management Committee

14th August 2020

## STEWARDSHIP

# 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)

### 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 ensuring that the remuneration packages align with the 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 the 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.

Salaries and the other benefits are 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 49 under Directors' remuneration.

### Meetings

The Committee met twice during the year under review and the attendance for the said meetings are 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

### Activities during the Year

No profit share payable for the corporate management including Executive Directors during the year under review.



C P R Perera  
Chairman – Remuneration Committee

14th August 2020



## 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 make 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 the process of succession planning relating to executive directors and Corporate Management. The necessary recommendations were made to the Board of Directors to put action plans in place to manage succession.

The Committee recommended the appointment Mr. R. J. N. De Mel as the Deputy Chairman of the company w.e.f. 01st April 2020.

### Re-election / Re-appointment of Directors at the Eleventh Annual General Meeting

Details of the Directors who are subject to re-election / re-appointment at the eleventh Annual General Meeting are given under the Notice of the Annual General Meeting on page 127.

### Meetings

The Committee met twice during the year under review and the attendance for the said meetings are 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

14th August 2020

## 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 52 to 58 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

14th August 2020

## Summary of Compliance

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

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
<b>A</b>	<b>Directors</b>		The Board comprises of Twelve directors out of which six are Non Executive Directors as at 31st March 2020.
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 No. 23 of this report.
A.1.2	Role of the Board	Yes	Key responsibilities of the Board includes; <ul style="list-style-type: none"> <li>▪ Formulation and implementation of strategies</li> <li>▪ Reviewing and approving business plans and budgets</li> <li>▪ Reviewing and comparing actual results against the budgets</li> <li>▪ Ensuring effective internal controls and risk management</li> <li>▪ Ensuring effective compliance with laws, regulations and ethical standards.</li> </ul>
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.

## Corporate Governance

## Summary of Compliance

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
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.
A.2	Chairman and Chief Executive Officer (CEO)	Yes	The roles of the Chairman and the Managing Director 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 23 and a brief resume of each Director is available on pages 14 to 17.
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 23.
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 22.
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.

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
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 22, 49.
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.
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 29.
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.

## Corporate Governance

## Summary of Compliance

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
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"> <li>▪ a brief resume of the Director</li> <li>▪ the nature of his expertise in relevant functional areas</li> <li>▪ the names of companies in which the Director holds Directorships</li> <li>▪ ‘independence’ of such directors</li> </ul>
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 49 under Annual Report of the Board of Directors.
A.9	Appraisal of Board Performance		
A.9.1 & A.9.2	Annual Performance Evaluation of the Board and its Sub Committees	In Progress	Performance evaluation of the Board and its Sub Committees are done by way of discussions at the Board Meetings.  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.
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.

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
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 14 to 17.</p> <p>Material Business Relationships on page 114 to 119.</p> <p>Nature of the Directorship on page 23.</p> <p>Number of Board Meetings attended on page 23.</p> <p>Memberships of Board Sub Committees and attendance pages 24 to 29.</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.
<b>B</b>	<b>Director's Remuneration</b>		
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 including Chairman are Independent.
B.1.3	Chairman and the members of Remuneration Committee	Yes	Composition of the Remuneration Committee is given on page 28.
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.

# Corporate Governance

## Summary of Compliance

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
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.
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.



Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
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 28 Aggregate remuneration paid to Executive and Non-Executive Directors during the year under review appears on page 49 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.
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	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.  The methodology of communication with Shareholders is multi-faceted to ensure accurate and timely information.

## Corporate Governance

## Summary of Compliance

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
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	<b>Major and Material Transactions</b>		
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).
D	<b>Accountability and Audit</b>		
D.1	<b>Financial and Business Reporting (Annual Report)</b>		
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 61 of this Annual Report.

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
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 48 to 51 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 61 of this Annual Report and the Auditor's responsibilities are set out on the 'Independent Auditors' Report' on pages 62 to 65 of the Annual Report. Statement on Internal Controls is given on page 30 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	The Board has adequately and accurately disclosed the related party transactions in this Annual Report as required in this Code.  Refer Report of the Related Party Transactions Review Committee on page 26 and Related Parties and Related Party Transactions Disclosures on pages 114 to 119.
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	The following disclosures as required by the Code are included in this Report;  <ul style="list-style-type: none"> <li>▪ Report of the Audit Committee – on pages 24 to 25</li> <li>▪ Report of the Risk Management Committee – on page 27</li> <li>▪ Directors' Statement on Internal Controls – on page 30</li> <li>▪ Enterprise Risk Management Framework – on pages 52 to 58</li> <li>▪ Annual Report of the Board of Directors – on pages 48 to 51</li> <li>▪ Statement on Directors' Responsibilities for Preparation of Financial Statements – on page 61</li> </ul>
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.

## Corporate Governance

## Summary of Compliance

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
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 30 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 30.
D.3	<b>Audit Committee (AC)</b>		
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 24.
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 24.
D.3.3	Disclosures	Yes	Refer Report of the Audit Committee on pages 24 to 25 for the relevant disclosures on the composition of the Audit Committee and the independence of the auditors.
D.4	<b>Related Party Transactions Review Committee (RPTRC)</b>		
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 three Directors, of whom two 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 26.

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
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 26 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 48 to 51.'
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 18.
D.6	Corporate Governance Disclosures		
D.6.1	Disclosure of Corporate Governance	Yes	This Corporate Governance Report from page 14 to 47 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
<b>E</b>	<b>Institutional Investors</b>		
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.
<b>F</b>	<b>Other Investors</b>		
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: <ul style="list-style-type: none"> <li>▪ Corporate Governance – on page 14 to 47.</li> <li>▪ Enterprise Risk Management – on page 52 to 58.</li> </ul>

**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
<b>7.10 Compliance</b>			
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
<b>7.10.1 Non-Executive Directors (NED)</b>			
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.
<b>7.10.2 Independent Directors</b>			
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.
<b>7.10.3 Disclosures Relating to Directors</b>			
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 14 to 17.
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.
<b>7.10.4 Criteria for Defining Independence</b>			
a. to h.	Requirements for meeting the criteria to be an Independent Director	Yes	All four Independent Non-Executives 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
<b>7.10.5 Remuneration Committee</b>			
a. 1	Remuneration Committee shall comprise of Non-Executive Directors, a majority of whom will be independent	Yes	The Remuneration Committee comprises three Non-Executive 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 28.
c. 2	Statement of Remuneration policy	Yes	Group's Remuneration Policy is given on page 28.
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 49 under Director's Remuneration.
<b>7.10.6 Audit Committee</b>			
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 24.
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.



Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
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 24.
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.
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 24.
c. 2	Audit Committee shall make a determination of the independence of the external auditors	Yes	Refer Report of the Audit Committee on page 25.
c. 3	Report on the manner in which the audit Committee carried out its functions	Yes	Refer Report of the Audit Committee on pages 24 to 25.

# Corporate Governance

## Summary of Compliance

### 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 26.
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 116 to 119.
b	Recurrent Related Party Transactions	Yes	Details of the Recurrent Related Party Transactions are given on pages 114 to 115.
c	Report of the Related Party Transactions Review Committee	Yes	Refer page 26.
d	A declaration by the Board of Directors	Yes	Refer page 51 under the Annual Report of the Board of Directors.

### 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 48.
168 (1) (b)	Signed financial statements of the Company for the accounting period completed	Yes	Consolidated Financial Statements from pages 66 to 122.
168 (1) (c)	Auditors' Report on financial statements of the Company	Yes	Independent Auditors' Report on pages 62 to 65.
168 (1) (d)	Accounting policies and any changes therein	Yes	Notes to the Consolidated Financial Statements from pages 70 to 122.

Section No.	Requirement	Compliance status	Reference
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 48 to 51.
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Yes	Director's Remuneration on page 49.
168 (1) (g)	Corporate donations made by the Company during the accounting period	Yes	Refer Annual Report of the Board of Directors on page 50.
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 14 to 17.
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 87.
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Yes	Refer Report of the Audit Committee on page 25.
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 61 and Annual Report of the Board of Directors on pages 48 to 51.

## 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 2020.

### 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 expects to provide warehousing facility to the clients of the parent. The new warehousing project of the Group started its commercial operations in June 2019.

### 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 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 becoming 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 i.

### 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 jointly by Institute of Chartered Accountants of Sri Lanka and Securities and Exchange Commission 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 2020 duly signed by the Financial Controller and two Directors are given on page 66 to 69. The policies adopted thereof are given on page 70 to 85.

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. 700,000.00 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 therefore amounts to Rs. 40,000.00

The Report of the Auditors on the Financial Statements of the Company is given on page 62 to 65 under Consolidated Financial Statements.

### 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 2020, 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
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
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 14 to 17.

Mr. R J N de Mel who is an Independent Non-Executive Director was appointed the Deputy Chairman of the Company with effect from 1st April 2020.

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 78 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 76 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. D H Madawala 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 of Mr. C P R Perera and Mr. B R L Fernando which exceeds nine years does not compromise their independence and objectivity in discharging their function 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 24 to 29.

### Directors' Remuneration

The aggregate remuneration paid to the Directors' during the year under review was Rs. 56,915,486.

## STEWARDSHIP

# Annual Report of the Board of Directors on the Affairs of the Company

### Directors Shareholdings

The relevant interest of Directors in the shares of the Company as at 31st March 2020 as recorded in Interest Register is given on page 124 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 encompass 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 is given on page 124 to 126 under Investor Highlights and Information.

### Donations

The Directors have approved Rs. 1,001,952.29 as CSR expenses (2018/19 Rs. 560,635/-)

### Dividends

The Directors have approved an interim dividend of cents eight (Rs. 0.08) per share for the year under review subject to obtaining a Certificate of Solvency from the Auditors and the said dividend to be paid on 4th September 2020.

### 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 page 52 to 58 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 page 31 to 47 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 52 to 58.

### 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 120 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 2020.

## Annual General Meeting

The Eleventh Annual General Meeting will be held on 24th September 2020 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 127.

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

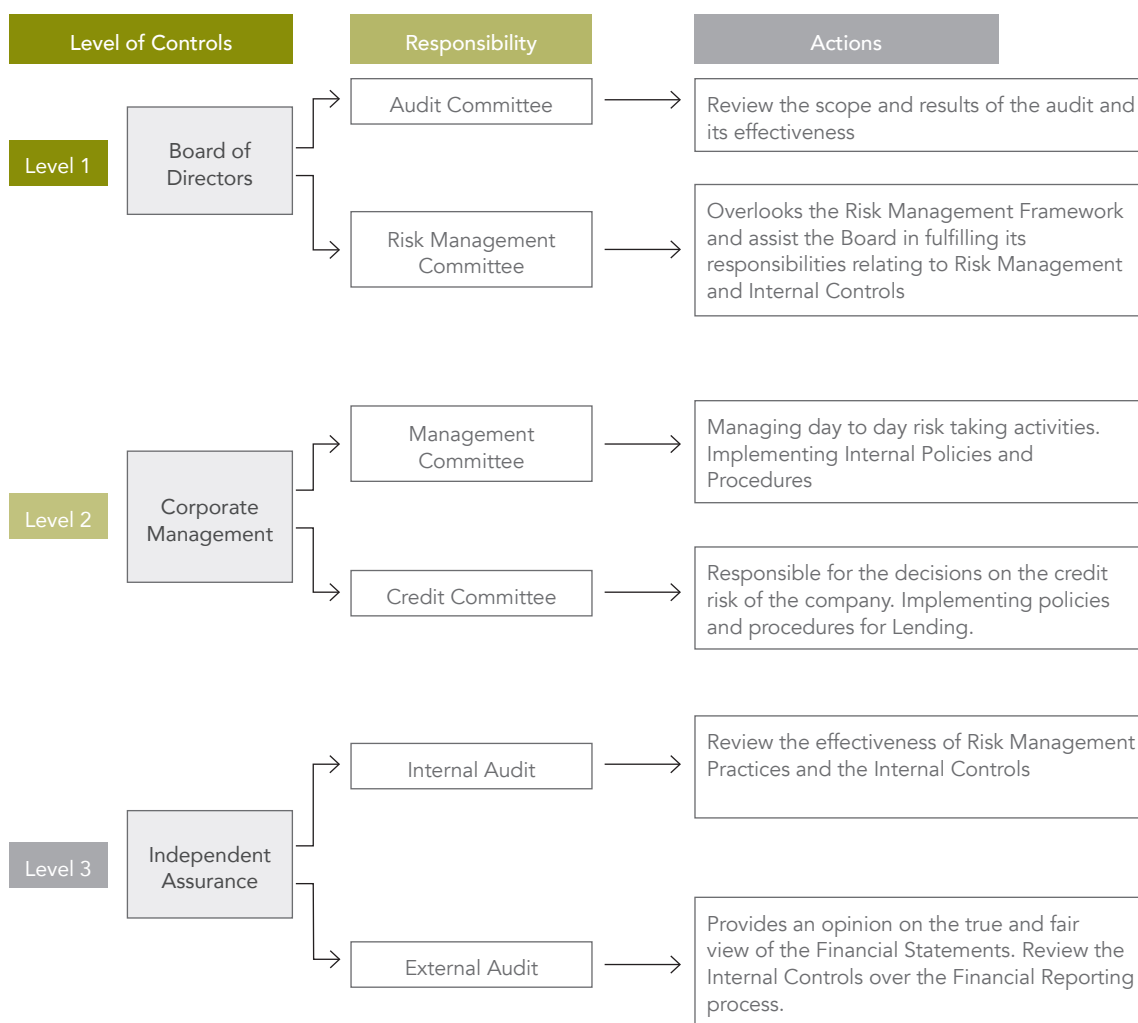
14th August 2020  
Colombo

## Enterprise Risk Management (ERM)

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.

### Enterprise Risk Management Framework

The Company has established an Enterprise 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, the effectiveness of the audit, review of compliance and internal audit processes.

### Level 2 – Corporate Management

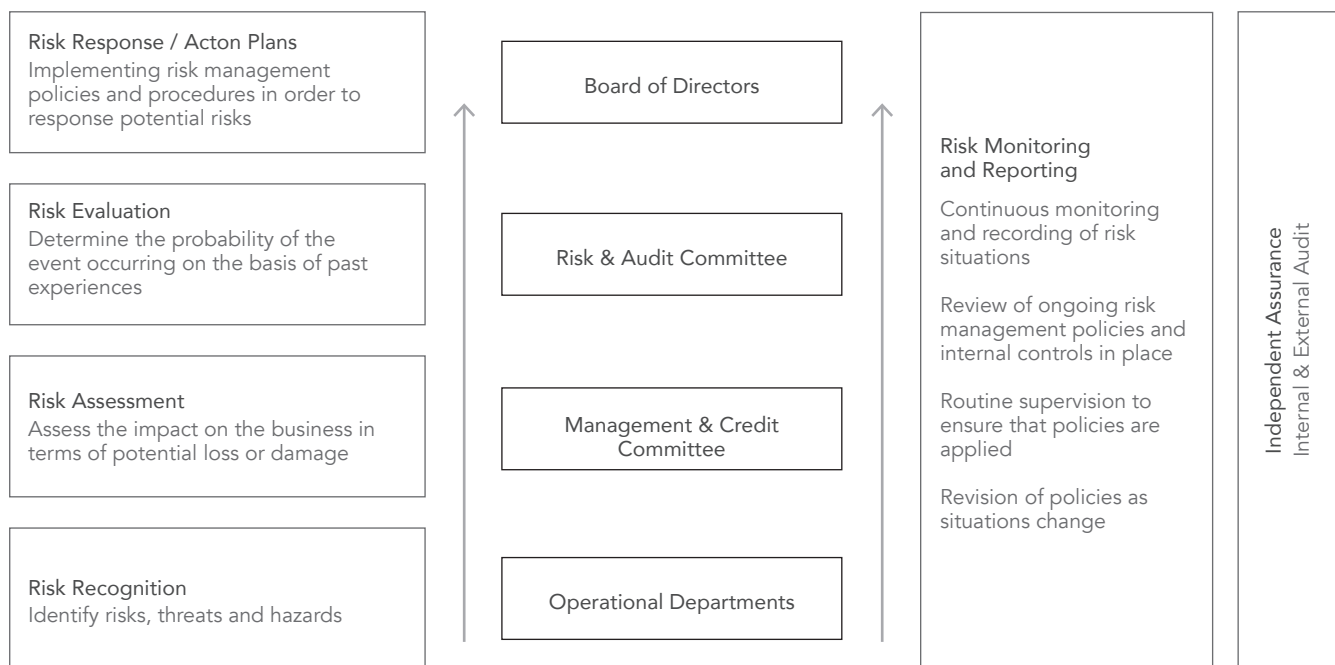
Management Committee and the Credit Committee which operates at the corporate management level are responsible for managing the risks of day to day business activities. These two committees which are under the supervision and direction of the Board of Directors implement policies and procedures at an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

### Risk Universe

Headline Risk	External Environment	Business Strategies and Policies	Business Process	Organisation and People	Analyzing and Reporting	Technology and Data	Sustainability and CSR
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## STEWARDSHIP

# Enterprise Risk Management (ERM)

### Risk Policy

The key objective of this policy is to ensure that Ceylon Tea Brokers PLC has a consistent basis for identifying, measuring, controlling, monitoring and reporting risk across the Company

### 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 maximise any potential opportunities arising from such risks events and mitigate and minimise 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.

### 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 55 to 58.

### Rating of Risks

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

- Likelihood of occurrence – Rating of the 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 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
<span style="display: inline-block; width: 10px; height: 10px; background-color: black; margin-right: 5px;"></span> Ultra High <span style="display: inline-block; width: 10px; height: 10px; background-color: gray; margin-left: 10px; margin-right: 5px;"></span> High <span style="display: inline-block; width: 10px; height: 10px; background-color: lightgray; margin-left: 10px; margin-right: 5px;"></span> Medium <span style="display: inline-block; width: 10px; height: 10px; background-color: white; border: 1px solid gray; margin-left: 10px; margin-right: 5px;"></span> Low <span style="display: inline-block; width: 10px; height: 10px; border: 1px solid gray; margin-left: 10px; margin-right: 5px;"></span> Insignificant							
Occurrence / Likelihood							

## Risk Register

SN	Risk Item	Headline Risk	Implication	Impact to Company	Likelihood of Occurrence	Score	Velocity	Risk Control Measure
<b>Business Risk</b>								
1.	Market Risk (Drop in prices)	External Environment	Loss of Revenue, Increase in credit exposure of producer clients	5	5	25	High	Manufacturing Advisory Services, Business Promotion, Relationship building, Restrict the advances granted on Tea Stocks up to a certain limit. Closely monitor the market trends
2.	Business Risk (Lost Marks)	External Environment	Loss of market share, loss of revenue, loss of 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
3.	Credit Risk (Non Recoverability)	Business Strategies and Policies	Loss of Profitability, Impact on Going Concern	5	1	5	High	Adhere to the Company's Credit Policy, Obtaining collateral and entering into legal agreements, Restrict the advances granted on Tea Stocks up to a certain limit. Reviewing the position of advance clients on a regular basis by the Credit Committee and the Risk Management Committee.
4.	Fluctuations of Interest Rates	External Environment	Increase in cost of finance, Loss of profitability	4	3	12	High	Adjust the interest rates on lending to reflect the changes in the market rates. Review the trends in market interest rates (AWPLR), Regular discussions at the CBA Level in order to determine the MLR.
5.	Adhoc Tax Changes by Government	External Environment	Loss of profitability, Inaccurate budgeting and forecasting	3	2	6	High	Obtaining tax advisory services from External Tax Advisors. Constant dialogue with the relevant authorities, tax advisors and auditors

STEWARDSHIP

Enterprise Risk Management (ERM)

SN	Risk Item	Headline Risk	Implication	Impact to Company	Likelihood of Occurrence	Score	Velocity	Risk Control Measure
6.	Non Compliance (By - Laws/SLTB Act)	Business Process	Loss of reputation, additional costs, negative impact on business continuity	3	1	3	Medium	Implementation of relevant internal control practices, educating employees, continuously monitoring the adherence to statutory obligations at Management Level and Board Level. Independent assurance via Internal & External Audits.
7.	Liquidity Risk	Business Strategies and Policies	Interruption to operations due to non availability of funds	5	1	5	High	Effective treasury management. Regular Review of cash flows.
8.	Document Related Data Breaches (Collateral Documents)	Business Process	Loss of Profitability, Loss of reputation	5	1	5	Medium	Storing the legal and security documents in a safe with limited access. Periodic review of documents. Changing access passwords.
<b>Operational Risk</b>								
9.	Burglary and Theft (External)	External Environment	Loss of goods, Loss of profitability, Loss of Reputation	5	1	5	Medium	Security arrangements, CCTV, obtaining relevant insurance covers
10.	Burglary and Theft (Internal)	Organisation and People	Loss of goods, Loss of profitability, Loss of Reputation	5	1	5	Medium	Security arrangements, CCTV, obtaining relevant insurance covers, internal controls
11.	Natural Disasters	External Environment	Loss of goods, Loss of profitability	5	1	5	High	Obtaining relevant insurance covers
12.	Public Liability (Injuries to external parties)	External Environment	Loss of reputation	5	1	5	High	Health and Safety Policies and Practices
13.	Data Breaches / Data entry errors	Business Process	Loss of profitability, Penalties and fines	5	1	5	Medium	Internal Controls and Practices
14.	Sampling Errors	Business Process	Loss of profitability, Penalties and fines, Loss of Reputation	5	1	5	High	Internal Controls and Practices, Re-checking of samples

SN	Risk Item	Headline Risk	Implication	Impact to Company	Likelihood of Occurrence	Score	Velocity	Risk Control Measure
15.	New system implementation	Business Process	Incompleteness of data migration that can cause loss of information and interruptions to operations	5	3	15	High	Regular progressive meetings with the system provider, providing adequate training to the staff, facilitating parallel run of both the systems
<b>Information Technology Risk</b>								
16.	Unauthorised Access / Hacking / Virus Attacks	Technology and Data	Data Loss/ Data Leak to third parties/ Claim for Ransomware or any kind of total failure, Disruption to business operations, financial loss, reputation	5	1	5	High	Protect Network and PC's with firewalls, Virus Guards. Independent assurance, Periodical reviews and audits, regular updates of virus guards
17.	Computer Hardware failures	Technology and Data	Data Loss/ Interruption to operations	5	1	5	High	Perform Scheduled Computer Services and replace depreciated Computers Every 4 years. Monitoring Server room environment and use of network monitoring tool. Standby Servers/ Computers. Get Periodical Data Backups
18.	Communication/ Connectivity Failures	Technology and Data	Interruption to operations	3	1	3	High	Use of backup units, VPN, Leased lines. Obtaining service from two different service providers. Automatically switch to backup Link through firewall.
19.	Lack of user controls	Business Strategies and Policies	Data Loss/ Data Leak to third parties / Data manipulation	5	2	10	Medium	Password Policy, User Authentication Matrix. Regular Review of password policies and periodical review of user rights, Independent Assurance

## Enterprise Risk Management (ERM)

SN	Risk Item	Headline Risk	Implication	Impact to Company	Likelihood of Occurrence	Score	Velocity	Risk Control Measure
20.	Natural Disasters	External Environment	Data Loss, Interruption to operations and Business Continuity.	5	1	5	High	Data backups, Business Continuity Planning, Obtain Relevant Insurance Policies. Monitoring Server room environment and use of network monitoring tool.
<b>Human Resource Risk</b>								
21.	Lack of Overall succession planning framework	Organisation and People	Disruption to business	4	2	8	High	Development of a succession planning framework (competency and skill) with current situation. To have a constant dialogue with Human Resource Department.
22.	Lack of adequate training	Organisation and People	Quality of service	2	2	4	Low	Regular Training and Development. To have a constant dialogue with Human Resource Department.
23.	Lack of knowledge in HR Policies and procedures	Organisation and People	Disciplinary issues	2	1	2	Low	Conduct induction programs to educate employees on a regular basis. Revision and amalgamation of company policy document/ code of conduct/ Standard Operational Procedures.
24.	User level authorisation for time and attendance system	Business Strategies and Policies	Loss of data security & reputation	2	1	2	Low	Periodic review of access logs

# Financial Reports

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## FINANCIAL REPORTS

# Financial Calendar

### Interim Reports

1st Quarter	15th August 2019
2nd Quarter	15th November 2019
3rd Quarter	14th February 2020
4th Quarter	28th July 2020

### Audited Financial Statements

As at 31st March 2019	24th May 2019
As at 31st March 2020	14th August 2020

### Meetings

10th Annual General meeting held on 27th June 2019  
11th Annual General meeting to be held on 24th September 2020

### Dividends

Interim dividend for the year 2017/18 of Rs. 0.325 per share was paid on 23rd March 2018  
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 is to be paid on 4th September 2020



## 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*

14th August 2020  
Colombo

## Independent Auditor's Report



KPMG  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
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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 2020, 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 66 to 122 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 2020, 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Provision for Impairment of Loans and advances to Tea Suppliers	
Refer to note 3.2.4.5 for use of significant accounting policies and explanatory note 15 of the Financial Statements	
Risk Description	Our response
The Group/Company has recognized a total impairment provision of Rs. 169 Million as at 31st March 2020 for the loans and advances given to tea suppliers amounting to Rs.1,200 Million as at 31st March 2020.	Our audit procedures included; <ul style="list-style-type: none"> <li>Testing the design, implementation and operating effectiveness of the key controls management has established in arriving at criteria used for provision computations and to ensure the accuracy of the impairment provision.</li> </ul>

KPMG, a Sri Lankan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

M.R. Mihular FCA  
T.J.S. Rajakarier FCA  
Ms. S.M.B. Jayasekara ACA  
G.A.U. Karunaratne FCA  
R.H. Rajan FCA  
A.M.R.P. Alahakoon ACA

P.Y.S. Perera FCA  
W.W.J.C. Perera FCA  
W.K.D.C. Abeyrathne FCA  
R.M.D.B. Rajapakse FCA  
M.N.M. Shameel ACA

C.P. Jayatilake FCA  
Ms. S. Joseph FCA  
S.T.D.L. Perera FCA  
Ms. B.K.D.T.N. Rodrigo FCA  
Ms. C.T.K.N. Perera ACA

**Principals** - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, M.P.M.K.Sumanasekara FCA



Risk Description	Our response
<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>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 for any institution. 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"> <li>• Testing the completeness and accuracy of key inputs into models and computations. Further, we assessed the reasonability of the model methodology and key assumptions.</li> <li>• 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.</li> <li>• 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;</li> <li>• Challenging 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;</li> <li>• Assessing whether the Group policies had been consistently applied and the adequacy of the Group’s disclosures in respect of the judgment and estimates made in respect of loans and advances given to tea suppliers impairment.</li> <li>• Assessing the completeness and the adequacy of the accounting policy over the impairment and related disclosures.</li> </ul>

# 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:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

#### Report on Other Legal and Regulatory Requirements

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

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

Chartered Accountants

Colombo, Sri Lanka  
27th August 2020

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 31st March	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Revenue	5	692,627,544	769,651,132	580,642,759	769,651,132
Operating Expenses		(120,376,158)	(66,054,502)	(19,888,029)	(66,054,502)
Gross Profit		572,251,386	703,596,630	560,754,730	703,596,630
Marketing Expenses		(135,358,434)	(33,197,998)	(133,307,569)	(33,197,998)
Administration Expenses		(244,663,293)	(276,433,118)	(209,164,381)	(267,150,655)
Profit from Operations		192,229,659	393,965,514	218,282,780	403,247,977
Net Finance Expenses	6	(231,218,466)	(233,744,951)	(180,793,469)	(233,744,951)
Profit/ (Loss) Before Taxation	7	(38,988,807)	160,220,563	37,489,311	169,503,026
Income Tax Expenses	8	(23,508,387)	(46,666,168)	(15,948,247)	(54,222,399)
Profit /(Loss) for the Year		(62,497,194)	113,554,395	21,541,064	115,280,627
Total Other Comprehensive Income / (Expense)					
Actuarial Loss on Retirement Benefit Obligations	22.2	(1,155,829)	(5,520,851)	(1,141,866)	(5,520,851)
Taxation on other comprehensive income	18	323,632	1,545,838	319,722	1,545,838
Total Other Comprehensive Income / (Expense) Net of Tax		(832,197)	(3,975,013)	(822,144)	(3,975,013)
Total Comprehensive Income/ (Loss) for the Year		(63,329,391)	109,579,382	20,718,920	111,305,614
Profit / (Loss) attributable to:					
Equity holders of the company		(62,497,194)	113,554,395	21,541,064	115,280,627
Profit /(Loss) for the Year		(62,497,194)	113,554,395	21,541,064	115,280,627
Total comprehensive income attributable to:					
Equity holders of the company		(63,329,391)	109,579,382	20,718,920	111,305,614
Total Comprehensive Income/ (Loss) for the Year		(63,329,391)	109,579,382	20,718,920	111,305,614
Earning / (Loss) Per Share - basic and diluted	9	(0.34)	0.62	0.12	0.63
Dividend Per Share	10	0.35	-	0.35	-

Figures in brackets indicate deductions.

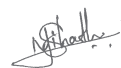
The Financial Statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Group/ Company set out on pages 70 to 122.

## Consolidated Statement of Financial Position

As At 31st March	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>ASSETS</b>					
<b>Non Current Assets</b>					
Property, Plant and Equipment	11	718,468,373	451,581,847	16,007,944	20,712,280
Right of use Assets	12.1	262,058,691	-	53,631,466	-
Leased Hold Assets	12.3	-	180,267,242	-	-
Intangible Assets	13	48,733,220	46,344,285	5,199,865	2,810,930
Deferred Tax Assets	18	13,365,538	10,537,279	13,365,538	2,981,048
Investment in Subsidiary	14	-	-	433,000,000	233,000,000
Loans and Advances to Tea Suppliers	15.1	55,568,950	70,709,760	55,568,950	70,709,760
Refundable Deposit on Lease Premises	12.2	3,629,801	-	3,629,801	-
<b>Total Non Current Assets</b>		<b>1,101,824,573</b>	<b>759,440,413</b>	<b>580,403,564</b>	<b>330,214,018</b>
<b>Current Assets</b>					
Trade and Other Receivables	16	101,565,183	413,419,436	58,633,826	400,565,940
Loans and Advances to Tea Suppliers	15.2	975,639,911	1,593,261,537	975,639,911	1,593,261,537
Cash and Cash Equivalents	17	49,313,045	274,651,647	49,138,185	274,643,739
<b>Total Current Assets</b>		<b>1,126,518,139</b>	<b>2,281,332,620</b>	<b>1,083,411,922</b>	<b>2,268,471,216</b>
<b>Total Assets</b>		<b>2,228,342,712</b>	<b>3,040,773,033</b>	<b>1,663,815,486</b>	<b>2,598,685,234</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Stated Capital	19	333,200,000	333,200,000	333,200,000	333,200,000
Retained Earnings		116,248,589	240,869,815	208,784,229	249,357,144
<b>Total equity attributable to owners of the company</b>		<b>449,448,589</b>	<b>574,069,815</b>	<b>541,984,229</b>	<b>582,557,144</b>
<b>Non Current Liabilities</b>					
Interest Bearing Borrowings	20.2	896,222,223	462,158,795	347,222,223	191,666,667
Lease Payable	21	52,297,813	2,743,679	42,156,257	2,743,679
Retirement Benefit Obligations	22	18,701,349	17,447,803	16,290,437	17,447,803
<b>Total Non Current Liabilities</b>		<b>967,221,385</b>	<b>482,350,277</b>	<b>405,668,917</b>	<b>211,858,149</b>
<b>Current Liabilities</b>					
Interest Bearing Borrowings	20.1	676,806,672	774,981,646	672,278,030	774,981,646
Lease Payable	21	37,909,851	1,043,335	16,168,645	1,043,335
Trade and Other Payables	23	65,291,608	229,092,006	20,928,454	227,361,287
Amount Due to Related Party		-	-	2,321,567	-
Tax Payables		1,042,381	20,902,939	1,042,381	20,902,939
Bank Overdrafts	17	30,622,226	958,333,015	3,423,263	779,980,734
<b>Total Current Liabilities</b>		<b>811,672,738</b>	<b>1,984,352,941</b>	<b>716,162,340</b>	<b>1,804,269,941</b>
<b>Total Liabilities</b>		<b>1,778,894,123</b>	<b>2,466,703,218</b>	<b>1,121,831,257</b>	<b>2,016,128,090</b>
<b>Total Equity and Liabilities</b>		<b>2,228,342,712</b>	<b>3,040,773,033</b>	<b>1,663,815,486</b>	<b>2,598,685,234</b>

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 70 to 122.

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

14th August 2020  
Colombo

## Consolidated Statement of Changes in Equity

For The Year Ended 31st March	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
<b>GROUP</b>			
Balance as at 1st April 2018	333,200,000	131,290,433	464,490,433
Total Comprehensive Income For the Year			
Profit for the Year	-	113,554,395	113,554,395
Other Comprehensive Income For the Year	-	(3,975,013)	(3,975,013)
Balance as at 31st March 2019	333,200,000	240,869,815	574,069,815
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 Expense for the Year	-	(832,197)	(832,197)
Transactions with equity holders			
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	<b>333,200,000</b>	<b>116,248,589</b>	<b>449,448,589</b>
<b>COMPANY</b>			
Balance as at 1st April 2018	333,200,000	138,051,530	471,251,530
Total Comprehensive Income For the Year			
Profit for the Year	-	115,280,627	115,280,627
Other Comprehensive Income for the Year	-	(3,975,013)	(3,975,013)
Balance as at 31st March 2019	333,200,000	249,357,144	582,557,144
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 Expense for the Year	-	(822,144)	(822,144)
Transactions with equity holders			
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	<b>333,200,000</b>	<b>208,784,229</b>	<b>541,984,229</b>

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 70 to 122.



## Consolidated Statement of Cash Flows

For The Year Ended 31st March	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>Cash Flows From Operating Activities</b>					
Profit/ Loss Before Taxation		(38,988,807)	160,220,563	37,489,311	169,503,026
<i>Adjustment for;</i>					
Depreciation/Amortisation	11,12,13	65,958,851	14,108,798	25,591,382	9,187,504
Interest Income	6.1	(5,538,758)	(6,605,013)	(5,409,958)	(6,605,013)
Interest Expense	6.2	236,757,224	240,349,964	186,203,427	240,349,964
Impairment of Loans Given to Tea Suppliers	15.3	119,845,955	21,450,027	119,845,955	21,450,027
Gain on Disposals of Property, Plant and Equipment		(100,955)	(55,739)	(100,955)	(55,739)
Provision for Retirement Benefit Obligations	22.1	4,345,992	3,362,110	3,784,633	3,362,110
Operating Profit Before Working Capital Changes		382,279,502	432,830,710	367,403,795	437,191,879
Decrease in Loans and Advances to Tea Suppliers	15	512,916,482	119,384,886	512,916,482	119,384,886
(Increase)/Decrease in Trade and Other Receivables	16	309,390,849	(447,875,650)	339,372,432	(435,903,207)
Decrease in Amounts Due from Related Parties		-	-	-	3,267,693
Increase/(Decrease) in Trade and Other Payables	23	(161,252,233)	40,004,252	(203,884,671)	38,394,531
Increase in Related Party Payable		-	-	389,102	-
Cash Generated from Operations		1,043,334,600	144,344,198	1,016,197,140	162,335,782
Retirement Benefit Obligations Paid	22.1	(4,248,275)	(3,178,338)	(4,151,400)	(3,178,338)
Income Tax Paid		(45,873,573)	(51,804,198)	(45,873,573)	(51,804,198)
Net Cash Flow Generated from Operating Activities		993,212,752	89,361,662	966,172,167	107,353,246
<b>Cash Flow From Investing Activities</b>					
Interest Received	6.1	4,241,079	6,605,013	4,241,079	6,605,013
Initial payment to Acquisition of Leased Motor Vehicles		(908,000)	-	-	-
Acquisition of Property, Plant and Equipment		(30,421,883)	(3,423,426)	(2,714,714)	(3,419,326)
Additions to Work in Progress		(239,073,164)	(430,865,725)	-	-
Acquisition of Intangible Assets	13	(4,311,526)	(26,000)	(4,311,526)	(26,000)
Proceeds on Disposal of Property, Plant and Equipment		244,522	70,000	244,522	70,000
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		(272,326,422)	(427,640,138)	(204,638,089)	3,229,687
<b>Cash Flow From Financing Activities</b>					
Interest Paid		(217,526,040)	(240,349,965)	(157,249,384)	(240,349,965)
Loans Obtained During the Year		5,178,507,872	3,937,492,128	4,900,000,000	3,667,000,000
Loan Repayment made during the Year		(4,868,111,111)	(3,402,232,175)	(4,868,111,111)	(3,402,232,175)
Proceeds from Commercial Papers Issued	20.1.1	678,000,000	700,000,000	678,000,000	700,000,000
Repayment of Commercial Papers Redeemed	20.1.1	(678,000,000)	(700,000,000)	(678,000,000)	(700,000,000)
Payment of Lease Liabilities		(47,544,864)	-	(21,281,666)	-
Dividend Paid		(63,840,000)	-	(63,840,000)	-
Net Cash Flow Generated from/ (used in) Financing Activities		(18,514,143)	294,909,988	(210,482,161)	24,417,860
Net Increase/(Decrease) in Cash and Cash Equivalents		702,372,187	(43,368,488)	551,051,917	135,000,793
Cash and Cash Equivalents at the Beginning of the Year		(683,681,368)	(640,312,880)	(505,336,995)	(640,337,788)
Cash and Cash Equivalents at the End of the Year (Note 17)		18,690,819	(683,681,368)	45,714,922	(505,336,995)

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 70 to 122.

## 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.

#### 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 2020 comprise the financial statements of 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.

#### 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:

- 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 66;
- 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 67;
- a Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Group and the Company. Refer pages 68;
- 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 69;
- Notes to the Financial Statements comprising Significant Accounting Policies and other explanatory information. Refer pages 70 to 122.

The Consolidated Financial Statements were authorised for issue by the Board of Directors in accordance with the resolution passed by the Board of Directors on 14th August 2020.

#### 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.

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

#### 2.4 Going Concern

The Directors have made an assessment of the Group/ 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.

#### 2.5 Functional and Presentation Currency

The Consolidated Financial Statements have been presented in Sri Lankan Rupees, which is the Group's / Company's functional 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 recognised 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/ 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.

## 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.

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 recognised amounts and there is an intention to settle on net basis, or to realise the assets and settle the liability simultaneously.

## 2.9 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 / Company has access at that date. The fair value of a liability reflects its non-performance risk. Several of the Group's/ 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/ Company's uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

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 categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

## Notes to the Consolidated Financial Statements

**2. BASIS OF PREPARATION (CONTD.)****2.10 Fair Value of Non-Financial Assets**

The fair value used by the Group/ 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/ 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/ 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.

**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 and the Company has applied SLFRS 16 which is effective for the annual reporting periods beginning on or after 1 April 2019 for the first time.

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

**3.1.2 SLFRS 16 – Leases**

The Group applied SLFRS 16 using the modified retrospective approach, under which an amount equal to the lease liability is accounted for as the right of use asset as at 1st April 2019. Accordingly, the comparative information presented for 2019 is not restated. The details of the changes in the accounting policies are disclosed below. Additionally, the disclosure requirements in SLFRS 16 have not generally been applied to comparative information.

On transition to SLFRS 16, The Group elected to apply the practical expedient to the assessment of which transaction are leases. It applied SLFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under LKAS 17 were not reassessed for whether there is a lease under SLFRS 16.

**3.1.2.1 Policy Applicable from 01st April 2019**

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

**3.1.2.2 As a Lessee**

As a lessee, The Group leases it's head office and a warehouse as at 31st March 2020. The Group previously classified these leases as operating leases under LKAS 17 based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the Group and the Company. Under SLFRS 16, the Group recognises right-of-use assets and lease liabilities for leases of head office and a warehouse - i.e. these leases are on-balance sheet.

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

On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. Right-of-use assets at the date of initial application for leases previously classified as an operating lease applying LKAS 17 are measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application.

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.

The Group presents right-of-use assets in Note 12 and lease liabilities in Note 21 in the statement of financial position.

The Group used a number of practical expedients when applying SLFRS 16 to leases previously classified as operating leases under LKAS 17. In particular, the Group:

- relied on its assessment of whether leases are onerous under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review;
- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low-value assets (i.e. Staff quarters);
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

#### 3.1.2.3 As a Lessor

The Group is not required to make any adjustments on transition to SLFRS 16 for leases in which it acts as a lessor.

The Group has applied SLFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

#### 3.1.2.4 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.

## Notes to the Consolidated Financial Statements

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****3.1.2.5 Impact on financial statements**

On transition to SLFRS 16, the Group recognised equal additional right-of-use assets and lease liabilities. The impact on transition is summarised below.

	1st April 2020	
	Group	Company
<b>Assets</b>		
Right-of-use assets - Note 12	114,017,774	70,024,773
Per paid cost of refundable deposit	1,738,919	-
<b>Total Assets</b>	<b>115,756,693</b>	<b>70,024,773</b>
<b>Liabilities</b>		
Lease Payable to ROU assets – Note 21.1	114,017,774	68,285,854
<b>Total Liabilities</b>	<b>114,017,774</b>	<b>68,285,854</b>

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate as at 1 April 2019. The incremental borrowing rate applied is 11.5%.

**3.1.2.6 Policies applicable before 01st April 2019**

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.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as operating leases. Lease payments (excluding

costs for services such as insurance and maintenance) paid under operating leases are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the lease term.

**3.1.3 IFRIC Interpretation 23 Uncertainty over Income Tax Treatment**

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an 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

##### I. Basis of consolidation

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.

##### II. Business Combination

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:

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

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

##### III. 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.

##### IV. 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.

##### V. 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.

#### 3.2.2 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 are retranslated to functional currency equivalents at the spot exchange rate prevailing at the reporting date.

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 is recognised in line with the gain or loss of the item that gave rise to the translation difference.

#### 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 realised 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 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 are stated at cost less accumulated depreciation and accumulated impairment losses.

## Notes to the Consolidated Financial Statements

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****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 capitalised 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 utilisation 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 capitalised 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 cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

The costs of the day to day servicing of property, plant and equipment are recognised 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 Derecognition**

The carrying amount of an item of property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on de-recognition are recognised within sundry income in profit or loss.

**3.2.3.1.8 Depreciation**

Depreciation is recognised 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 derecognised. Depreciation is not charged on Freehold Land.



The estimated useful lives of Property Plant and Equipment used by the Group 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.

### 3.2.3.2 Intangible Assets

An intangible asset is recognised 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.

#### 3.2.3.2.1 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. Amortisation is calculated at an annual rate of 25%.

#### 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 recognised in profit or loss as incurred.

### 3.2.3.2.3 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.

#### 3.2.3.2.3.1 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 recognised in profit or loss.

#### 3.2.3.2.3.2 Subsequent Measurement

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

Goodwill is tested for impairment. 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 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.

## Notes to the Consolidated Financial Statements

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 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.

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.

### 3.2.4.2 Classification and subsequent measurement of financial assets (contd.)

#### 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 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.

# Notes to the Consolidated Financial Statements

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2.4.4 Derecognition

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

- The rights to receive cash flows from the asset have expired,
- 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 Company has transferred substantially all the risks and rewards of the asset, or (b) 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 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 recognised to the extent of the Company's continuing involvement in it.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

#### 3.2.4.5 Impairment of Financial Assets

##### (l) Impairment Policy:

##### Financial instruments and contract assets

Loss allowances for Loans and Advances 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:

- 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
- 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 derecognised 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 amortisation is included in finance costs in the income statement.

## Notes to the Consolidated Financial Statements

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****3.2.5.2 Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts are recognised 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 recognised amounts and intent to settle on a net basis, or to realise 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.

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 recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised 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 recognised 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 recognised.

**3.2.8 Provision, Contingent Liabilities, Contingent Assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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.

**3.2.9 Post Employment Benefits****i. Defined benefit plans**

The liability recognized in the Statement of Financial Position is the present value of the defined benefit obligation at the reporting date, with the advice of an actuary, using the projected unit credit (PUC) method.

**ii. 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 recognised as an expense in profit or loss when incurred.

### 3.2.10 Income Statement

#### 3.2.10.1 Revenue from contracts with customers

Revenue represents the amounts derived from the provision of services, which falls within the Group's/ 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.

- Brokerage Fee
- Handling Charges
- Logistic and transportation income
- 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.

#### 3.2.10.1.1 Net Financing Income / Cost

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

#### 3.2.10.1.2 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.

#### 3.2.10.2 Tax

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

##### (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 realised 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.

## Notes to the Consolidated Financial Statements

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.2.10.3 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.

#### 3.2.10.4 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.

#### 3.2.10.5 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'.

##### 3.2.10.5.1 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.

#### 3.2.10.6 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:

- Tea brokering
- 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.

#### 3.2.10.7 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 authorised 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.



#### 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 2020. 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.

A Summary of the requirement stipulated by the amendments and their possible impact on financial statements when implemented is presented in the table below;

New or amended Standards	Summary of the requirements	Possible impact on Financial Statements
Amendments to SLFRS 3: Definition of a Business	The amendments to the definition of a business in SLFRS 3 "Business Combinations" have been made to help the entities determine whether an acquired set of activities and assets is a business or not. These amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definition of a business and of outputs, and introduce an optional fair value concentration test. The amendments are applied prospectively for the annual periods beginning on or after 1st January 2020 with early application permitted.	The Group is assessing the potential impact on its Financial Statements resulting from the application of Amendments to Sri Lanka Accounting Standard - SLFRS 3. This amendment is not expected to have a significant impact on the Financial Statements of the Group.
Amendments to LKAS 1 and LKAS 8: Definition of Material	The amendments LKAS 1 "Presentation of Financial Statements" and LKAS 8 "Accounting policies, Changes in accounting Estimates and Errors" align the definition of "material" across the standard and clarify certain aspects of the definition. The new definition states that, "information is material if omitting 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. The amendments are applied prospectively for the annual periods beginning on or after 1st January 2020 with early application permitted.	The Group is assessing the potential impact on its Financial Statements resulting from the application of Amendments to LKAS 1 and LKAS 8. This amendment is not expected to have a significant impact on the Financial Statements of the Group

## Notes to the Consolidated Financial Statements

**5. REVENUE**

For The Year Ended 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>5.1 Revenue from Contract with Customers</b>				
Brokerage Fee	231,501,030	228,824,948	231,501,030	228,824,948
Handling Charges	82,654,522	71,023,325	-	71,023,325
Logistic & Transportation Income	10,942,681	-	-	-
Lot Fee	7,266,468	6,662,349	7,266,468	6,662,349
Sundry Income	79,081,589	73,895,364	60,694,007	73,895,364
<b>Total Revenue from Contract with Customers</b>	<b>411,446,290</b>	<b>380,405,986</b>	<b>299,461,505</b>	<b>380,405,986</b>
Interest Earned on Loans and Advances	281,181,254	389,245,146	281,181,254	389,245,146
<b>Total Revenue</b>	<b>692,627,544</b>	<b>769,651,132</b>	<b>580,642,759</b>	<b>769,651,132</b>
<b>5.2 Timing of Revenue Recognition</b>				
Products and Services transferred at a point in time	692,627,544	769,651,132	580,642,759	769,651,132
	692,627,544	769,651,132	580,642,759	769,651,132

**6. NET FINANCE EXPENSES**

For The Year Ended 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Finance Income (Note 6.1)	5,538,758	6,605,013	5,409,958	6,605,013
Finance Expenses (Note 6.2)	(236,757,224)	(240,349,964)	(186,203,427)	(240,349,964)
<b>Net Finance Expenses</b>	<b>(231,218,466)</b>	<b>(233,744,951)</b>	<b>(180,793,469)</b>	<b>(233,744,951)</b>
<b>6.1 Finance Income</b>				
Interest Income on Staff Loans	724,408	2,344,601	595,608	2,344,601
Interest Income on Others	4,514,350	3,557,640	4,514,350	3,557,640
Interest on Fixed Deposits	300,000	702,772	300,000	702,772
<b>Total Finance Income</b>	<b>5,538,758</b>	<b>6,605,013</b>	<b>5,409,958</b>	<b>6,605,013</b>
<b>6.2 Finance Expenses</b>				
Financial Services VAT on Interest Income	8,487,273	18,814,925	8,487,273	18,814,925
Interest on Borrowings	204,869,880	175,808,630	158,590,644	175,808,630
Interest on Lease	11,775,740	623,719	7,533,700	623,719
Interest on Commercial Papers	11,134,519	42,791,707	11,134,519	42,791,707
Un-winding of Prepaid Staff Loan Expenses	489,812	2,310,983	457,291	2,310,983
<b>Total Finance Expense</b>	<b>236,757,224</b>	<b>240,349,964</b>	<b>186,203,427</b>	<b>240,349,964</b>

## 7. PROFIT/(LOSS) BEFORE TAXATION

Is stated after charging all expenses including the following;

For The Year Ended 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Auditors' Remuneration - Statutory Audit	700,000	657,500	600,000	600,000
- Non Audit Services	40,000	40,000	40,000	40,000
Directors' Fees	3,185,000	2,530,000	2,485,000	2,090,000
Depreciation of Property, Plant and Equipment	20,991,016	7,605,709	7,275,484	7,605,452
Gain on Disposals of Property, Plant and Equipment	(100,955)	(55,739)	(100,955)	(55,739)
Amortisation of Lease Hold Right	-	4,921,037	-	-
Amortisation of Intangible Assets	1,922,591	1,582,052	1,922,591	1,582,052
Impairment for Loans Given to Tea Suppliers	119,845,955	21,450,027	119,845,955	21,450,027
Personnel Costs (Note 7.1)	172,796,660	175,994,466	125,262,818	175,994,466
Amortization of ROU Assets	43,045,244	-	16,393,307	-

### 7.1 Personnel Costs

Salaries, Wages and Overtime	138,119,445	102,479,293	96,847,176	102,479,293
Bonus & Profit Share Expenses	12,149,213	55,844,223	10,935,213	55,844,223
Defined Contribution Plan Costs - EPF	14,545,608	11,447,073	10,956,637	11,447,073
- ETF	3,636,402	2,861,768	2,739,159	2,861,768
Retirement Benefit Obligation Expenses	4,345,992	3,362,109	3,784,633	3,362,109
	172,796,660	175,994,466	125,262,818	175,994,466

## 8. INCOME TAX EXPENSES

For The Year Ended 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Current Year Income Tax Expenses (Note 8.1)	26,009,022	57,208,110	26,009,022	57,208,110
Under Provision in Respect of Previous Years	3,993	-	3,993	-
Reversal on Deferred Tax (Note 18)	(2,504,628)	(10,541,942)	(10,064,768)	(2,985,711)
	23,508,387	46,666,168	15,948,247	54,222,399

## Notes to the Consolidated Financial Statements

**8. INCOME TAX EXPENSES (CONTD.)**

For The Year Ended 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>8.1 Current Year Income Tax Expenses</b>				
Accounting Profit Before Taxation	(38,988,807)	160,220,563	37,489,311	169,503,026
Less: Income from Other Sources	(5,192,426)	(6,590,752)	(5,192,426)	(6,590,752)
Add: Aggregate Disallowable Items	86,255,543	49,362,480	66,311,612	44,441,187
Less: Aggregate Allowable Items	(807,677,536)	(14,531,420)	(10,981,561)	(9,643,796)
Business Income	(765,603,226)	188,460,871	87,626,936	197,709,665
Add: Income from Other Sources	5,262,427	6,605,013	5,262,427	6,605,013
Total Taxable Income	92,889,363	195,065,884	92,889,363	204,314,678
Tax at 28%	26,009,022	57,208,110	26,009,022	57,208,110
	26,009,022	57,208,110	26,009,022	57,208,110

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 28% on revenue sources and other income.

Logicare (Private) Limited, the subsidiary company, is not liable for pay income tax for the year ended 31st March 2020 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 28% on revenue sources and other income.

As per a Notice to tax payers and withholding agents on "Implementation of Proposed Changes to the Inland Revenue Act No. 24 of 2017" published on February 12, 2020 by the Department of Inland Revenue, Income Tax rates of Corporates have been revised to 24% from 28% effective from January 1, 2020, pending formal amendments to be made to the Inland Revenue Act. As legislation has not been passed yet to give effect to this announcement, income tax rates applicable prior to the announcement has been used for the financial year

**8.2 Tax Losses Carried Forward**

LOGICARE (PVT) LTD	2020 Rs.	2019 Rs.
Tax Losses Brought Forward	26,986,539	17,737,745
Add : Tax Losses for the Year	853,230,164	9,248,794
Less: Utilisation of Tax Losses	-	-
Tax Losses Carried Forward	880,216,703	26,986,539

The Tax losses include the enhanced capital allowance of Rs. 725,252,119/- as per the provision of Second Schedule 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.

## 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	
	2020	2019	2020	2019
Profit attributable to Ordinary Share holders (Rs.)	(62,497,194)	113,554,395	21,541,064	115,280,627
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.)	(0.34)	0.62	0.12	0.63

### 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	
	2020	2019	2020	2019
Dividend Paid (Rs.)	63,840,000	-	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.)	0.35	-	0.35	-

## 11. PROPERTY, PLANT AND EQUIPMENT

### (a) Group

	Cost						
	Balance as at 1st April 2018	Additions during the Year	Disposals during the Year	Balance as at 1st April 2019	Additions during the Year	Disposals/ Transfers during the Year	Balance as at 31st March 2020
Motor Vehicles	19,473,280	474,950	(348,830)	19,599,400	-	(135,900)	19,463,500
Furniture & Fittings	25,562,533	396,128	-	25,958,661	1,801,845	(707,348)	27,053,158
Office Equipment	5,832,660	1,136,149	(26,327)	6,942,482	9,148,455	(773,596)	15,317,341
Weighing Scales	1,332,782	-	-	1,332,782	-	(1,278,943)	53,839
Computer Equipment	8,014,695	1,416,199	(129,950)	9,300,944	3,180,833	(537,630)	11,944,147
Storage System	-	-	-	-	120,111,336	-	120,111,336
Building	-	-	-	-	523,940,445	-	523,940,445
Machinery & Equipment	-	-	-	-	60,703,918	-	60,703,918
Work In Progress	-	430,865,725	-	430,865,725	257,599,225	(688,464,950)	-
	60,215,950	434,289,151	(505,107)	493,999,994	976,486,057	(691,898,367)	778,587,684

## Notes to the Consolidated Financial Statements

**11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)**

	Accumulated Depreciation						Balance as at 31st March 2020
	Balance as at 1st April 2018	Charged during the Year	Disposals during the Year	Balance as at 1st April 2019	Charged during the Year	Disposals/ Transfers during the Year	
Motor Vehicles	11,595,642	3,019,583	(348,830)	14,266,395	2,875,123	(135,900)	17,005,618
Furniture & Fittings	13,001,020	2,798,819	-	15,799,839	2,359,960	(683,888)	17,475,911
Office Equipment	3,602,224	700,113	(12,067)	4,290,270	965,177	(715,518)	4,539,929
Weighing Scales	1,154,015	58,632	-	1,212,647	43,131	(1,216,959)	38,819
Computer Equipment	5,950,383	1,028,562	(129,950)	6,848,995	1,510,107	(537,586)	7,821,516
Storage System	-	-	-	-	3,599,824	-	3,599,824
Building	-	-	-	-	6,731,965	-	6,731,965
Machinery & Equipment	-	-	-	-	2,905,729	-	2,905,729
	35,303,284	7,605,709	(490,847)	42,418,146	20,991,016	(3,289,851)	60,119,311

	Carrying Amounts	
	Balance as at 31st March 2020	Balance as at 31st March 2019
Motor Vehicles	2,457,882	5,333,005
Furniture & Fittings	9,577,247	10,158,822
Office Equipment	10,777,412	2,652,211
Weighing Scales	15,020	120,135
Computer Equipment	4,122,631	2,451,949
Storage System	116,511,512	-
Building	517,208,480	-
Machinery & Equipment	57,798,189	-
Work In Progress	-	430,865,725
	718,468,373	451,581,847

Group has capitalised the borrowing cost amounting to Rs. 18,526,061/- for the year ended 31st March 2020 (31/03/2019 - Rs. 11,227,237/-)

**(b) Company**

	Cost						
	Balance as at 1st April 2018	Additions during the Year	Disposals during the Year	Balance as at 1st April 2019	Additions during the Year	Disposals/ Transfers during the Year	Balance as at 31st March 2020
Motor Vehicles	19,473,280	474,950	(348,830)	19,599,400	-	(135,900)	19,463,500
Furniture & Fittings	25,562,533	396,128	-	25,958,661	1,339,425	(707,348)	26,590,738
Office Equipment	5,832,660	1,132,049	(26,327)	6,938,382	157,965	(773,596)	6,322,751
Weighing Scales	1,332,782	-	-	1,332,782	-	(1,278,943)	53,839
Computer Equipment	8,014,695	1,416,199	(129,950)	9,300,944	1,217,324	(537,630)	9,980,638
	60,215,950	3,419,326	(505,107)	63,130,169	2,714,714	(3,433,417)	62,411,466

	Accumulated Depreciation						
	Balance as at 1st April 2018	Charged during the Year	Disposals during the Year	Balance as at 1st April 2019	Charged during the Year	Disposals/ Transfers during the Year	Balance as at 31st March 2020
Motor Vehicles	11,595,642	1,019,583	(348,830)	14,266,395	2,875,123	(135,900)	17,005,618
Furniture & Fittings	13,001,020	2,278,819	-	15,799,839	2,329,670	(683,888)	17,445,621
Office Equipment	3,602,224	699,856	(12,067)	4,290,013	790,757	(715,518)	4,365,252
Weighing Scales	1,154,015	58,632	-	1,212,647	43,131	(1,216,959)	38,819
Computer Equipment	5,950,383	1,028,562	(129,950)	6,848,995	1,236,803	(537,586)	7,548,212
	35,303,284	7,605,452	(490,847)	42,417,889	7,275,484	(3,289,851)	46,403,522

	Carrying Amounts	
	Balance as at 31st March 2020	Balance as at 31st March 2019
Motor Vehicles	2,457,882	5,333,005
Furniture & Fittings	9,145,117	10,158,822
Office Equipment	1,957,499	2,648,369
Weighing Scales	15,020	120,135
Computer Equipment	2,432,426	2,451,949
	16,007,944	20,712,280

## Notes to the Consolidated Financial Statements

**11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)**

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,

	Company	
	2020 Rs.	2019 Rs.
Motor Vehicles	11,151,790	7,409,390
Furniture and Fittings	8,483,285	7,888,002
Office Equipments	324,229	450,489
Weighing Scales	-	872,036
Computer Equipments	5,313,349	4,957,549
	<b>25,272,653</b>	<b>21,577,466</b>

**12. RIGHT OF USE ASSETS****12.1 Carrying Value of Right to use Assets**

As At 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Cost				
At the Beginning of the year	-	-	-	-
Transfer from Lease hold 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	<b>314,303,338</b>	-	<b>70,024,773</b>	-
Accumulated Amortization				
At the Beginning of the year	-	-	-	-
Transfer from Lease hold right over Land	9,199,403	-	-	-
Amortization for the Year	43,045,244	-	16,393,307	-
At the end of the year	<b>52,244,647</b>	-	<b>16,393,307</b>	-
Carrying Value at the year end	<b>262,058,691</b>	-	<b>53,631,466</b>	-

Logicare (Private) Limited [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

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Refundable Deposit on Lease Premises	3,629,801	-	3,629,801	-
	3,629,801	-	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.

The prepaid cost of Rs.1,738,919/- recognised at the lease commencement date is recognised as part of the right of use asset and amortized over the lease period.

## 12.3 Lease Hold Right

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>Cost</b>				
Balance as at 1st April	189,466,645	189,466,645	-	-
Transferred to Right to Use of Assets	(189,466,645)			
Additions during the Year	-	-	-	-
Balance as at 31st March	-	189,466,645	-	-
<b>Accumulated Amortisation</b>				
Balance as at 1st April	9,199,403	4,278,366	-	-
Amortization for the Year	-	4,921,037	-	-
Transferred to Right to Use of Assets	(9,199,403)	-	-	-
Balance as at 31st March	-	9,199,403	-	-
<b>Net Book Value as at 31st March</b>	<b>-</b>	<b>180,267,242</b>	<b>-</b>	<b>-</b>

## Notes to the Consolidated Financial Statements

**13. INTANGIBLE ASSETS**

	Group			Company	
	Goodwill Rs.	Computer Software Rs.	Total Rs.	Computer Software Rs.	Total Rs.
Cost					
Balance as at 1st April 2019	43,533,355	15,835,869	59,369,224	15,835,869	15,835,869
Additions during the Year	-	4,311,526	4,311,526	4,311,526	4,311,526
Balance as at 31st March 2020	<b>43,533,355</b>	<b>20,147,395</b>	<b>63,680,750</b>	<b>20,147,395</b>	<b>20,147,395</b>
Accumulated Amortisation					
Balance as at 1st April 2019	-	13,024,939	13,024,939	13,024,939	13,024,939
Charge for the Year	-	1,922,591	1,922,591	1,922,591	1,922,591
Balance as at 31st March 2020	-	14,947,530	14,947,530	14,947,530	14,947,530
Net Book Value As at 31st March 2020	<b>43,533,355</b>	<b>5,199,865</b>	<b>48,733,220</b>	<b>5,199,865</b>	<b>5,199,865</b>
Net Book Value As at 31st March 2019	43,533,355	2,810,930	46,344,285	2,810,930	2,810,930

**13.1** The group has recognised goodwill of Rs. 43,533,355 as at 31st March 2019 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 impairment of the goodwill as at 31st March 2020.

The recoverable amount of goodwill is determined based on value in use calculations. The value in use was determined by discounting the future cashflows generated from the continuing use of the unit and key assumptions used are given below.

Business Growth - Based on the business plan as this is the first year of operation

Inflation - Based on the current inflation rate

Discount rate - Average market borrowing rate adjusted for risk premium

**13.2** The gross carrying amount of fully depreciated computer software which are still in use as at 31st March 2020 is Rs. 11,550,213 (2019 - Rs. 9,495,931)

#### 14. INVESTMENT IN SUBSIDIARY

	2020 Rs.	2019 Rs.
Logicare (Private) Limited	233,000,000	233,000,000
Investment made through the right issue	200,000,000	-
	<b>433,000,000</b>	<b>233,000,000</b>

#### 14.1 Summarised financial information of the subsidiary

Assets and Liabilities		
Total Assets	956,315,442	629,888,725
Total Liabilities	659,384,441	448,909,409
Loss for the Year	(84,038,260)	(1,726,232)

#### 15. LOANS & ADVANCES TO TEA SUPPLIERS

As At 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Loans to Tea Suppliers	234,441,982	253,648,249	234,441,982	253,648,249
Advances given to Tea Suppliers	1,065,704,547	1,559,414,761	1,065,704,547	1,559,414,761
Less: Written off of Loans and Advances	(99,924,767)	-	(99,924,767)	-
	<b>1,200,221,762</b>	<b>1,813,063,010</b>	<b>1,200,221,762</b>	<b>1,813,063,010</b>
Less:				
Provision for impairment of Loans and Advances (Note 15.3)	(169,012,901)	(149,091,713)	(169,012,901)	(149,091,713)
	<b>1,031,208,861</b>	<b>1,663,971,297</b>	<b>1,031,208,861</b>	<b>1,663,971,297</b>
Receivable after One Year (Note 15.1)	55,568,950	70,709,760	55,568,950	70,709,760
Receivable within One Year ( Note 15.2 )	975,639,911	1,593,261,537	975,639,911	1,593,261,537
	<b>1,031,208,861</b>	<b>1,663,971,297</b>	<b>1,031,208,861</b>	<b>1,663,971,297</b>

#### 15.1 Receivable after One Year

Loans & Advances to Tea Suppliers	131,050,793	219,801,473	131,050,793	219,801,473
Less: Provision of Impairment (Note 15.3)	(75,481,843)	(149,091,713)	(75,481,843)	(149,091,713)
	<b>55,568,950</b>	<b>70,709,760</b>	<b>55,568,950</b>	<b>70,709,760</b>

#### 15.2 Receivable within One Year

Loans & Advances to Tea Suppliers	1,069,170,969	1,593,261,537	1,069,170,969	1,593,261,537
Less: Provision of Impairment (Note 15.3)	(93,531,058)	-	(93,531,058)	-
	<b>975,639,911</b>	<b>1,593,261,537</b>	<b>975,639,911</b>	<b>1,593,261,537</b>

## Notes to the Consolidated Financial Statements

**15. LOANS & ADVANCES TO TEA SUPPLIERS (CONTD.)****15.3 Movement of Provision for impairment**

As At 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Balance as at 01st April	149,091,713	127,641,686	149,091,713	127,641,686
Provision made during the year	119,845,955	21,450,027	119,845,955	21,450,027
	268,937,668	149,091,713	268,937,668	149,091,713
Amounts written off	(99,924,767)	-	(99,924,767)	-
Balance as at 31st March	169,012,901	149,091,713	169,012,901	149,091,713

**16. TRADE AND OTHER RECEIVABLES**

As At 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Trade Receivables	48,447,268	357,041,797	38,294,420	357,041,797
Deposits and Prepayments	21,983,907	20,985,186	4,383,366	20,985,186
Staff Loan Receivables	8,458,689	16,270,153	6,709,244	16,270,153
Salary and Festival Advances	1,144,555	981,050	742,305	981,050
Other Receivables	9,206,862	17,991,559	8,324,820	5,138,063
VAT Receivable	11,940,231	-	-	-
WHT Receivables	383,671	149,691	179,671	149,691
	101,565,183	413,419,436	58,633,826	400,565,940

**17. CASH AND CASH EQUIVALENTS**

As At 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>Favourable Balances</b>				
Fixed Deposit	15,415,000	6,111,064	15,415,000	6,111,064
Cash at Bank	33,850,545	268,475,583	33,675,685	268,467,675
Cash in Hand	47,500	65,000	47,500	65,000
	49,313,045	274,651,647	49,138,185	274,643,739
<b>Unfavourable Balances</b>				
Bank Overdrafts	(30,622,226)	(958,333,015)	(3,423,263)	(779,980,734)
Cash and Cash Equivalents for Cash Flows Purpose	18,690,819	(683,681,368)	45,714,922	(505,336,995)

Capital Alliance Holding Limited has provided Rs. 450 Mn of Corporate guarantees on behalf of the Company in order to obtain bank overdraft facilities.

## 18. DEFERRED TAXATION (ASSET)/ LIABILITY

As At 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Balance as at 1st April	(10,537,279)	1,550,501	(2,981,048)	1,550,501
Recognised in profit or loss				
Deferred tax charge (reversal) for the year	(2,504,627)	(10,541,942)	(10,064,768)	(2,985,711)
Recognised in other comprehensive income				
Deferred tax on Actuarial (Loss)	(323,632)	(1,545,838)	(319,722)	(1,545,838)
Balance at 31st March	(13,365,538)	(10,537,279)	(13,365,538)	(2,981,048)

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 28%. The provision for deferred tax is attributable to the following;

### (a) Group

	2020		2019	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
	On Property, Plant and Equipment	62,240,187	17,427,253	6,801,201
Balance Written off/ Impairment	(38,183,892)	(10,691,490)	-	-
On Right of Use Assets	(8,550,182)	(2,394,051)	-	-
On Retirement Benefit Obligations	(17,545,520)	(4,912,746)	(11,926,952)	(3,339,546)
On Carried forward Tax Losses	(44,538,828)	(12,470,872)	(26,986,539)	(7,556,231)
	(46,578,235)	(13,041,906)	(32,112,290)	(8,991,441)
On Actuarial Gain / (Loss) on Retirement Benefit Obligations	(1,155,829)	(323,632)	(5,520,851)	(1,545,838)
	(47,734,064)	(13,365,538)	(37,633,141)	(10,537,279)

### Logicare (Private) Limited

Tax losses of the group as at the reporting date was Rs. 880,216,703/- which gave rise to a deferred tax asset of Rs. 246,460,677/-. However, deferred tax asset arising from tax losses as at the reporting date has been recognized only up to the extent of Rs. 12,470,872/- due to the uncertainty regarding the availability of future taxable profits which the deferred tax asset would be utilized. Accordingly, the unrecognised deferred tax asset as at the reporting date was Rs. 233,989,805/-.

## Notes to the Consolidated Financial Statements

**18. DEFERRED TAXATION (ASSET)/ LIABILITY (CONTD.)**

(b) Company

	2020		2019	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs.	Rs.	Rs.	Rs.
On Property, Plant and Equipment	10,102,894	2,828,810	6,801,201	1,904,336
Balance Writtenoff/Impairment	(38,183,892)	(10,691,490)	-	-
Right of Use Asset	(3,362,629)	(941,536)	-	-
On Retirement Benefit Obligations	(15,148,571)	(4,241,600)	(11,926,952)	(3,339,546)
	(46,592,198)	(13,045,816)	(5,125,751)	(1,435,210)
On Actuarial (Loss) on Retirement Benefit Obligations	(1,141,866)	(319,722)	(5,520,851)	(1,545,838)
	(47,734,064)	(13,365,538)	(10,646,602)	(2,981,048)

**19. STATED CAPITAL**

	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
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

**20. INTEREST BEARING BORROWINGS**

As At 31st March	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Payable within One Year (Note 20.1)	676,806,672	774,981,646	672,278,030	774,981,646
Payable after One Year (Note 20.2)	896,222,223	462,158,795	347,222,223	191,666,667
	1,573,028,895	1,237,140,441	1,019,500,253	966,648,313

## 20.1 Payable within One Year

As At 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Commercial Papers (Note 20.1.1)	-	-	-	-
NDB Short Term Loan (Note 20.1.2)	50,000,000	317,000,000	50,000,000	317,000,000
Sampath Bank Short Term Loan (Note 20.1.3)	-	100,000,000	-	100,000,000
Seylan Bank Short Term Loan (Note 20.1.4)	-	50,000,000	-	50,000,000
DFCC Bank Short Term Loan (Note 20.1.5)	195,000,000	200,000,000	195,000,000	200,000,000
Cargills Bank Short Term Loan (Note 20.1.6)	165,000,000	-	165,000,000	-
HNB Trustee Loan (Note 20.2.1)	233,333,333	100,000,000	233,333,333	100,000,000
Total Capital Outstanding as at 31st March	643,333,333	767,000,000	643,333,333	767,000,000
Accrued Interest Based on EIR	33,473,339	7,981,646	28,944,697	7,981,646
Interest Bearing Borrowings at Amortized Cost	676,806,672	774,981,646	672,278,030	774,981,646

### 20.1.1 Commercial Papers

Balance as at 1st April	-	-	-	-
Issued during the Year	678,000,000	492,000,000	678,000,000	492,000,000
Interest on Commercial Paper	11,134,519	44,830,413	11,134,519	44,830,413
Interest Paid on Commercial Paper	(11,134,519)	(44,830,413)	(11,134,519)	(44,830,413)
Redeemed during the Year	(678,000,000)	(492,000,000)	(678,000,000)	(492,000,000)
Balance as at 31st March	-	-	-	-

### 20.1.2 NDB Short Term Loan

Balance as at 1st April	317,000,000	313,000,000	317,000,000	313,000,000
Loan Obtained During the Year	1,195,000,000	1,227,000,000	1,195,000,000	1,227,000,000
Repayments made during the Year	(1,462,000,000)	(1,223,000,000)	(1,462,000,000)	(1,223,000,000)
Balance as at 31st March	50,000,000	317,000,000	50,000,000	317,000,000

### 20.1.3 Sampath Bank Short Term Loan

Balance as at 1st April	100,000,000	130,000,000	100,000,000	130,000,000
Loan Obtained During the Year	400,000,000	600,000,000	400,000,000	600,000,000
Repayments made during the Year	(500,000,000)	(630,000,000)	(500,000,000)	(630,000,000)
Balance as at 31st March	-	100,000,000	-	100,000,000

### 20.1.4 Seylan Bank Short Term Loan

Balance as at 1st April	50,000,000	50,000,000	50,000,000	50,000,000
Loan Obtained During the Year	700,000,000	250,000,000	700,000,000	250,000,000
Repayments made during the Year	(750,000,000)	(250,000,000)	(750,000,000)	(250,000,000)
Balance as at 31st March	-	50,000,000	-	50,000,000

## Notes to the Consolidated Financial Statements

**20. INTEREST BEARING BORROWINGS (CONTD.)**

As At 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>20.1.5 DFCC Bank Short Term Loan</b>				
Balance as at 1st April	200,000,000	200,000,000	200,000,000	200,000,000
Loan Obtained During the Year	1,155,000,000	1,175,000,000	1,155,000,000	1,175,000,000
Repayments made during the Year	(1,160,000,000)	(1,175,000,000)	(1,160,000,000)	(1,175,000,000)
Balance as at 31st March	195,000,000	200,000,000	195,000,000	200,000,000
<b>20.1.6 Cargills Bank Short Term Loan</b>				
Balance as at 1st April	-	-	-	-
Loan Obtained During the Year	1,050,000,000	-	1,050,000,000	-
Repayments made during the Year	(885,000,000)	-	(885,000,000)	-
	165,000,000	-	165,000,000	-
<b>20.2 Payable After One Year</b>				
HNB Trustee Loan (Note 20.2.1)	347,222,223	191,666,667	347,222,223	191,666,667
HNB Term Loan	549,000,000	270,492,128	-	-
	896,222,223	462,158,795	347,222,223	191,666,667
<b>20.2.1 HNB Trustee Loan</b>				
Balance as at 1st April	291,666,667	-	291,666,667	-
Loan Obtained During the Year	400,000,000	300,000,000	400,000,000	300,000,000
Repayments made during the Year	(111,111,111)	(8,333,333)	(111,111,111)	(8,333,333)
Balance as at 31st March	580,555,556	291,666,667	580,555,556	291,666,667
Amount Payable within One Year	233,333,333	100,000,000	233,333,333	100,000,000
Amount Payable after One Year	347,222,223	191,666,667	347,222,223	191,666,667
	580,555,556	291,666,667	580,555,556	291,666,667
<b>20.2.2 HNB Term Loan</b>				
Balance as at 1st April	270,492,128	-	-	-
Loan Obtained During the Year	278,507,872	270,492,128	-	-
Balance as at 31st March	549,000,000	270,492,128	-	-
Amount Payable within One Year	-	-	-	-
Amount Payable After One Year	549,000,000	-	-	-
	549,000,000	-	-	-



## 20.3 Assets pledged as collateral by the Group / Company

Name of the financial institution	Nature of the facility	Balance as at 31st March 2020 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.)

## 21. LEASE PAYABLE

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Lease Payable on Right of Use Assets (Note 21.1)	79,884,296	-	55,581,223	-
Lease Payable to HNB (Note 21.2)	10,323,368	3,787,014	2,743,679	3,787,014
	90,207,664	3,787,014	58,324,902	3,787,014
Amount Payable within One Year	37,909,851	1,043,335	16,168,645	1,043,335
Amount Payable after One Year	52,297,813	2,743,679	42,156,257	2,743,679
Lease Payable	90,207,664	3,787,014	58,324,902	3,787,014

### 21.1 Lease Payable to ROU Assets

Impact from initial application of SLFRS 16	114,017,774	-	68,285,854	-
Accretion of Interest	10,979,036	-	7,054,475	-
Payments to lease creditor	(45,112,514)	-	(19,759,106)	-
Balance as at 31st March	79,884,296	-	55,581,223	-
Amount Payable within One Year	35,365,029	-	14,957,588	-
Amount Payable after One Year	44,519,267	-	40,623,635	-
Balance as at 31st March	79,884,296	-	55,581,223	-

### 21.2 Lease Payable to HNB

Balance as at 1st April	3,787,014	4,685,854	3,787,014	4,685,854
Lease Obtained During the year	8,172,000	-	-	-
Payment during the Year	(2,432,350)	(898,840)	(1,522,560)	(898,840)
Interest for the year	796,704	-	479,225	-
Balance as at 31st March	10,323,368	3,787,014	2,743,679	3,787,014
Amount Payable within One Year	2,544,822	1,043,335	1,211,057	1,043,335
Amount Payable after One Year	7,778,546	2,743,679	1,532,622	2,743,679
Balance as at 31st March	10,323,368	3,787,014	2,743,679	3,787,014

## Notes to the Consolidated Financial Statements

**21. LEASE PAYABLE (CONTD.)****21.3 Maturity Analysis - contractual undiscounted cash flows**

	Group 2020 Rs.	Company 2020 Rs.
Less than one year	46,323,121	21,904,560
One to five year	56,693,978	47,508,940
More than five year	-	-
Total undiscounted lease liabilities as at 31 March	103,017,099	69,413,500
Lease liabilities included in the statement of financial position as at 31 March	90,207,664	58,324,902

**22. RETIREMENT BENEFIT OBLIGATIONS**

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Balance as at 1st April	17,447,803	11,743,180	17,447,803	11,743,180
Provision made during the Year (Note 22.2)	5,501,821	8,882,961	4,926,499	8,882,961
Transfer out- Logicare (Pvt) Ltd 1/4/2019	-	-	(1,932,465)	-
Payments made during the Year	(4,248,275)	(3,178,338)	(4,151,400)	(3,178,338)
Balance as at 31st March	18,701,349	17,447,803	16,290,437	17,447,803

**22.1 Movement of Retirement Benefit Obligations**

Balance as at 1st April	17,447,803	11,743,180	17,447,803	11,743,180
Current Service Cost	2,339,495	2,070,360	2,000,369	2,070,360
Interest Cost	2,006,497	1,291,750	1,784,264	1,291,750
Actuarial Loss	1,155,829	5,520,851	1,141,866	5,520,851
Transfer out- Logicare (Pvt) Ltd 1/4/2019	-	-	(1,932,465)	-
Paid during the Year	(4,248,275)	(3,178,338)	(4,151,400)	(3,178,338)
Balance as at 31st March	18,701,349	17,447,803	16,290,437	17,447,803

**22.2 Amount Recognised in the Statement of,**

Current Service Cost (Profit or Loss)	2,339,495	2,070,360	2,000,369	2,070,360
Interest Cost (Profit or Loss)	2,006,497	1,291,750	1,784,264	1,291,750
Actuarial Loss (Other Comprehensive Income)	1,155,829	5,520,851	1,141,866	5,520,851
	5,501,821	8,882,961	4,926,499	8,882,961

**22.3** In accordance with the Gratuity act No 12 of 1983, a liability arises for a defined benefit obligation for employees. Such defined benefit obligation is a post employment benefit obligation falling within the scope of Sri Lanka Accounting Standards LKAS-19 on "Employee Benefits".

The actuarial valuations have been carried out by Actuarial and Management Consultants (Private) Limited for retiring gratuity for employees as at 31st March 2020. 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;

	2020	2019
- Discount Rate	10.5%	11.5%
- Expected Annual Average Salary Increment	4%	5%
- Retiring Age	55 Years	55 Years
- Staff Turnover Ratio	10%	10%

## 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 Given in the Report	15,541,532
1% Decrease	As Given in the Report	17,118,087
As Given in the Report	1% Increase	17,240,569
As Given in the Report	1% Decrease	15,419,639

## 23. TRADE AND OTHER PAYABLES

As At 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Trade Payables	45,629,182	183,446,564	5,802,759	183,446,564
Accrued Expenses	10,082,836	13,552,770	6,359,178	13,552,771
SVAT Payable	813,073	-	-	-
Provisions for Expenses	3,926,701	22,828,116	3,926,701	22,828,116
Other Payables	4,839,816	9,264,556	4,839,816	7,533,836
	<b>65,291,608</b>	<b>229,092,006</b>	<b>20,928,454</b>	<b>227,361,287</b>

## Notes to the Consolidated Financial Statements

**24. FINANCIAL INSTRUMENTS****24.1 Financial Instruments - Statement of Financial Position**

The Financial Instruments recognised in the Statement of Financial Position is as follows;

As At 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>Financial Assets</b>				
<i>Non Current Assets</i>				
Loans & Advances given to Tea Suppliers	55,568,950	70,709,760	55,568,950	70,709,760
Refundable Deposit	3,629,801	-	3,629,801	-
	<b>59,198,751</b>	<b>70,709,760</b>	<b>59,198,751</b>	<b>70,709,760</b>
<i>Current Assets</i>				
Trade and Other Receivables	79,581,276	392,434,250	54,250,460	379,580,754
Loans & Advances given to Tea suppliers	975,639,911	1,593,261,537	975,639,911	1,593,261,537
	<b>1,055,221,187</b>	<b>1,985,695,787</b>	<b>1,029,890,371</b>	<b>1,972,842,291</b>
Cash and Cash Equivalents	49,313,045	274,651,647	49,138,185	274,643,739
	<b>1,163,732,983</b>	<b>2,331,057,194</b>	<b>1,138,227,307</b>	<b>2,318,195,790</b>
<b>Financial Liabilities</b>				
<i>Non Current Liabilities</i>				
Interest Bearing Borrowings	896,222,223	462,158,795	347,222,223	191,666,667
Lease Payable	52,297,813	2,743,679	42,156,257	2,743,679
	<b>948,520,036</b>	<b>464,902,474</b>	<b>389,378,480</b>	<b>194,410,346</b>
<i>Current Liabilities</i>				
Interest Bearing Borrowings	676,806,672	774,981,646	672,278,030	774,981,646
Lease Payable	37,909,851	1,043,335	16,168,645	1,043,335
Amount due to related party	-	-	2,321,567	-
Trade and Other Payable	65,291,608	229,092,006	20,928,454	227,361,287
	<b>780,008,131</b>	<b>1,005,116,987</b>	<b>711,696,696</b>	<b>1,003,386,268</b>
Bank Overdrafts	30,622,226	958,333,015	3,423,263	779,980,734
	<b>1,759,150,393</b>	<b>2,428,352,476</b>	<b>1,104,498,439</b>	<b>1,977,777,348</b>

## 24.2 Financial Risk Management

### Overview

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

- Credit risk
- Liquidity risk
- 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.

### 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 carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31st March 2020:

	Group		Company	
	Carrying Amounts		Carrying Amounts	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Trade and Other Receivables	79,581,276	392,434,250	54,250,460	379,580,754
Advances to Tea Suppliers	1,065,704,547	1,559,414,761	1,065,704,547	1,559,414,761
Loans to Tea Suppliers	234,441,982	253,648,249	234,441,982	253,648,249
Less : Provision & Write-off for impairment losses on Loans & Advances to Tea Suppliers	(268,937,668)	(149,091,713)	(268,937,668)	(149,091,713)
Exposure on Loans to Tea Suppliers and Trade and Other Receivables	1,110,790,137	2,056,405,547	1,085,459,321	2,043,552,051
Cash at Bank	33,850,545	268,475,583	33,675,685	268,467,675
Fixed Deposit	15,415,000	6,111,064	15,415,000	6,111,064
	1,160,055,682	2,330,992,194	1,134,550,006	2,318,130,790

## Notes to the Consolidated Financial Statements

**24. FINANCIAL INSTRUMENTS (CONTD.)**

The aging of Trade and Other Receivables, Loans and Advances to Tea Suppliers at the reporting date was;

	2020		2019	
	Gross Rs.	Impairment Rs.	Gross Rs.	Impairment Rs.
Group				
Past due 0-365 days	1,145,285,823	93,531,058	1,951,849,011	1,297,146
More than one year	131,050,793	75,481,843	219,801,473	147,794,567
	<b>1,276,336,616</b>	<b>169,012,901</b>	<b>2,171,650,484</b>	<b>149,091,713</b>
Company				
Past due 0-365 days	1,119,955,007	93,531,058	1,938,995,515	1,297,146
More than one year	131,050,793	75,481,843	219,801,473	147,794,567
	<b>1,251,005,800</b>	<b>169,012,901</b>	<b>2,158,796,988</b>	<b>149,091,713</b>

**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 into 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	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Balance at 1st April	149,091,713	127,641,686	149,091,713	127,641,686
Provision made during the year	119,845,955	21,450,027	119,845,955	21,450,027
Write-off during the year	(99,924,767)	-	(99,924,767)	-
Balance as at 31st March	<b>169,012,901</b>	<b>149,091,713</b>	<b>169,012,901</b>	<b>149,091,713</b>

#### 24.2.1.2 Liquidity Risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Non Derivative Financial Liabilities	Carrying amount Rs.	Contractual cash flows Rs.	One Year or less Rs.	More than One Year Rs.
<b>Group</b>				
<i>As at 31st March 2020</i>				
Trade and Other Payables	65,291,608	65,291,608	65,291,608	-
Interest Bearing Borrowings	1,573,028,895	1,573,028,895	676,806,672	896,222,223
Bank Overdrafts	30,622,226	30,622,226	30,622,226	-
Lease Payable	90,207,664	90,207,664	37,909,851	52,297,813
	<b>1,759,150,393</b>	<b>1,759,150,393</b>	<b>810,630,357</b>	<b>948,520,036</b>
<i>As at 31st March 2019</i>				
Trade and Other Payables	229,092,006	229,092,006	229,092,006	-
Interest Bearing Borrowings	1,237,140,441	1,237,140,441	774,981,646	462,158,795
Bank Overdrafts	958,333,015	958,333,015	958,333,015	-
Lease Payable	3,787,014	3,787,014	1,043,335	2,743,679
	<b>2,428,352,476</b>	<b>2,428,352,476</b>	<b>1,963,450,002</b>	<b>464,902,474</b>
<b>Company</b>				
<i>As at 31st March 2020</i>				
Trade and Other Payables	20,928,454	20,928,454	20,928,454	-
Interest Bearing Borrowings	1,019,500,253	1,019,500,253	672,278,030	347,222,223
Bank Overdrafts	3,423,263	3,423,263	3,423,263	-
Lease Payable	58,324,902	58,324,902	16,168,645	42,156,257
	<b>1,102,176,872</b>	<b>1,102,176,872</b>	<b>712,798,392</b>	<b>389,378,480</b>
<i>As at 31st March 2019</i>				
Trade and Other Payables	227,361,287	227,361,287	227,361,287	-
Interest Bearing Borrowings	966,648,313	966,648,313	774,981,646	191,666,667
Bank Overdrafts	779,980,734	779,980,734	779,980,734	-
Lease Payable	3,787,014	3,787,014	1,043,335	2,743,679
	<b>1,977,777,348</b>	<b>1,977,777,348</b>	<b>1,783,367,002</b>	<b>194,410,346</b>

## Notes to the Consolidated Financial Statements

**24. FINANCIAL INSTRUMENTS (CONTD.)**

## 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 optimising 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.

## Variable rate instruments

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Financial liabilities				
Bank overdraft	30,622,226	958,333,015	3,423,263	779,980,734
Interest bearing borrowings	1,573,028,895	1,237,140,441	1,019,500,253	966,648,313
	1,603,651,121	2,195,473,456	1,022,923,516	1,746,629,047

## 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	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Total Liabilities	1,778,894,123	2,466,703,218	1,121,831,257	2,016,128,090
Less: Cash and Cash Equivalents	(49,313,045)	(274,651,647)	(49,138,185)	(274,643,739)
Net Debt	1,729,581,078	2,192,051,571	1,072,693,072	1,741,484,351
Total Equity	449,448,589	574,069,815	541,984,229	582,557,144
Net Debt to Equity Ratio	3.85	3.82	1.98	2.99



## 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			
	2020		2019	
	Carrying Value Rs.	Fair Value Rs.	Carrying Value Rs.	Fair Value Rs.
<b>Assets carried at amortised cost</b>				
Loans & Advances to Tea Suppliers	1,031,208,861	1,031,208,861	1,663,971,297	1,663,971,297
Trade and other receivables	101,565,183	101,565,183	413,419,436	413,419,436
Cash and cash equivalents	49,313,045	49,313,045	274,651,647	274,651,647
	<b>1,182,087,089</b>	<b>1,182,087,089</b>	<b>2,352,042,380</b>	<b>2,352,042,380</b>
<b>Liabilities carried at amortised cost</b>				
Interest Bearing Borrowing	1,573,028,895	1,573,028,895	1,237,140,441	1,237,140,441
Lease Payables	90,207,664	90,207,664	3,787,014	3,787,014
Trade and other payables	65,291,608	65,291,608	229,092,006	229,092,006
Bank overdrafts	30,622,226	30,622,226	958,333,015	958,333,015
	<b>1,759,150,393</b>	<b>1,759,150,393</b>	<b>2,428,352,476</b>	<b>2,428,352,476</b>
	Company			
	2020		2019	
	Carrying Value Rs.	Fair Value Rs.	Carrying Value Rs.	Fair Value Rs.
<b>Assets carried at amortised cost</b>				
Loans & Advances to Tea Suppliers	1,031,208,861	1,031,208,861	1,663,971,297	1,663,971,297
Trade and other receivables	58,633,826	58,633,826	400,565,940	400,565,940
Cash and cash equivalents	49,138,185	49,138,185	274,643,739	274,643,739
	<b>1,138,980,872</b>	<b>1,138,980,872</b>	<b>2,339,180,976</b>	<b>2,339,180,976</b>
<b>Liabilities carried at amortised cost</b>				
Interest Bearing Borrowing	1,019,500,253	1,019,500,253	966,648,313	966,648,313
Lease Payables	58,324,902	58,324,902	3,787,014	3,787,014
Amount Due To Related Party	2,321,567	2,321,567	-	-
Trade and other payables	20,928,454	20,928,454	227,361,287	227,361,287
Bank overdrafts	3,423,263	3,423,263	779,980,734	779,980,734
	<b>1,104,498,439</b>	<b>1,104,498,439</b>	<b>1,977,777,348</b>	<b>1,977,777,348</b>

## Notes to the Consolidated Financial Statements

**25. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTD.)**

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	Level II	Level III	Total
As at 31st March 2020	Rs.	Rs.	Rs.	Rs.
Assets carried at amortised cost				
Loans & Advances to Tea Suppliers	-	-	1,031,208,861	1,031,208,861
Trade and other receivables	-	-	101,565,183	101,565,183
	-	-	1,132,774,044	1,132,774,044
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
Group	Level I	Level II	Level III	Total
As at 31st March 2019	Rs.	Rs.	Rs.	Rs.
Assets carried at amortised cost				
Loans & Advances to Tea Suppliers	-	-	1,663,971,297	1,663,971,297
Trade and other receivables	-	-	413,419,436	413,419,436
	-	-	2,077,390,733	2,077,390,733
Liabilities carried at amortised cost				
Interest Bearing Borrowing	-	-	1,237,140,441	1,237,140,441
Lease Payables	-	-	3,787,014	3,787,014
Trade and other payables	-	-	229,092,006	229,092,006
	-	-	1,470,019,461	1,470,019,461

Financial instruments not carried at fair value and valuation bases (Continued)

Company As at 31st March 2020	Level I Rs.	Level II Rs.	Level III Rs.	Total Rs.
Assets carried at amortised cost				
Loans & Advances to Tea Suppliers	-	-	1,031,208,861	1,031,208,861
Trade and other receivables	-	-	58,633,826	58,633,826
	-	-	1,089,842,687	1,089,842,687
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
Company As at 31st March 2019	Level I Rs.	Level II Rs.	Level III Rs.	Total Rs.
Assets carried at amortised cost				
Loans & Advances to Tea Suppliers	-	-	1,663,971,297	1,663,971,297
Trade and other receivables	-	-	400,565,940	400,565,940
	-	-	2,064,537,237	2,064,537,237
Liabilities carried at amortised cost				
Interest Bearing Borrowing	-	-	966,648,313	966,648,313
Lease Payables	-	-	3,787,014	3,787,014
Trade and other payables	-	-	227,361,287	227,361,287
	-	-	1,197,796,614	1,197,796,614

**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.

## Notes to the Consolidated Financial Statements

**25. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTD.)****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.

**Categorisation 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.
<b>Group</b>			
<i>Financial assets</i>			
Loans & Advances to Tea Suppliers	1,031,208,861	-	-
Trade and other receivables	101,565,183	-	-
Cash and cash equivalents	49,313,045	-	-
	<b>1,182,087,089</b>	-	-
<i>Financial liabilities</i>			
Interest Bearing Borrowing	1,573,028,895	-	-
Lease Payables	90,207,664	-	-
Trade and other payables	65,291,608	-	-
Bank overdrafts	30,622,226	-	-
	<b>1,759,150,393</b>	-	-
<b>Company</b>			
<i>Financial assets</i>			
Loans & Advances to Tea Suppliers	1,031,208,861	-	-
Trade and other receivables	58,633,826	-	-
Cash and cash equivalents	49,138,185	-	-
	<b>1,138,980,872</b>	-	-
<i>Financial liabilities</i>			
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	-	-
	<b>1,104,498,439</b>	-	-

Categorisation of financial assets and liabilities as at the reporting date as per SLFRS 9 - Financial instruments

As at 31st March 2019	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income
	Rs.	Rs.	Rs.
<b>Group</b>			
<i>Financial assets</i>			
Loans & Advances to Tea Suppliers	1,663,971,297	-	-
Trade and other receivables	413,419,436	-	-
Cash and cash equivalents	274,651,647	-	-
	2,352,042,380	-	-
<i>Financial liabilities</i>			
Interest Bearing Borrowing	1,237,140,441	-	-
Lease Payables	3,787,014	-	-
Trade and other payables	229,092,006	-	-
Bank overdrafts	958,333,015	-	-
	2,428,352,476	-	-
<b>Company</b>			
<i>Financial assets</i>			
Loans & Advances to Tea Suppliers	1,663,971,297	-	-
Trade and other receivables	400,565,940	-	-
Cash and cash equivalents	274,643,739	-	-
	2,339,180,976	-	-
<i>Financial liabilities</i>			
Interest Bearing Borrowing	966,648,313	-	-
Lease Payables	3,787,014	-	-
Trade and other payables	227,361,287	-	-
Bank overdrafts	779,980,734	-	-
	1,977,777,348	-	-

## Notes to the Consolidated Financial Statements

**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		
				Aggregate value of Related Party Transactions entered into during the financial year 2020 Rs.		
Agarapathana Plantations Limited	Mr. Chrisantha Perera	Director	Brokerage Income	3,265,281		
			Handling Charges	219,499		
			Interest Income	11,379,965		
Kotagala Plantations PLC	Mr. Chrisantha Perera	Director	Brokerage Income	5,098,336		
			Handling Charges	726,005		
			Income	21,970,161		
Insite Factories (Private) Limited	Mr. Chrisantha Perera	Chairman	Brokerage Income	1,429,543		
			Handling Charges	474,544		
			Interest Income	-		
Capital Alliance Holdings Limited	Mr. W.A.T. Fernando	Director	Service fees paid	(1,836,735)		
	Ms. N.T.M.S. Cooray	Director	Corporate Guarantee fees paid	(51,020)		
Capital Alliance Partners	Mr. W.A.T. Fernando	Director	Rent Income	-		
			Ms. N.T.M.S. Cooray	Director	Service Fees Received	-
				Service Fees Paid	(1,200,000)	
				Issuance Fee	-	
Logicare (Pvt) Ltd	Mr. W.A.T. Fernando	Subsidiary Company	Expenses Reimbursement	(368,068,088)		
	Mr. Chrisantha Perera		Settlement Received	168,068,089		
	Mr. K.H.S. Deshapriya		Right Issue	200,000,000		
	Mr. W.De. Silva					
	Ms. H.M.S. Perera					
Finnovation (Private) Limited	Mr. W.A.T. Fernando	Director	Rent Income	2,013,890		
			Service Fees Received	72,875		
Tempest PE Partners (Pvt) Ltd	Mr. W.A.T. Fernando	Director	Rent Income	397,600		
Commercial Bank of Ceylon PLC	Ms. N.T.M.S. Cooray	Director	Interest Paid on Overdraft	-		
Capital Alliance Securities (Pvt) Ltd	Mr. W.A.T. Fernando	Director	Service Fees Received	-		
	Ms. H.M.S. Perera	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.

Aggregate value of Related Party Transactions as a % of Net Revenue	Group		Company			
	Aggregate value of Related Party Transactions entered into during the financial year 2019 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 2019 Rs.	Aggregate value of Related Party Transactions as a % of Net Revenue
0.47%	4,776,246	0.62%	3,265,281	0.56%	4,776,246	0.62%
0.03%	260,675	0.03%	-	-	260,675	0.03%
1.64%	32,034,432	4.17%	11,379,965	1.96%	32,034,432	4.17%
0.74%	6,832,665	0.89%	5,098,336	0.88%	6,832,665	0.89%
0.10%	640,072	0.08%	-	-	640,072	0.08%
3.17%	20,271,386	2.64%	21,970,161	3.78%	20,271,386	2.64%
0.21%	1,993,171	0.26%	1,429,543	0.25%	1,993,171	0.26%
0.07%	465,676	0.06%	-	-	465,676	0.06%
-	-	-	-	-	-	-
-0.27%	(1,836,735)	-0.24%	(1,836,735)	-0.32%	(1,836,735)	-0.24%
-0.01%	-	-	(51,020)	-0.01%	-	-
-	518,978	0.07%	-	-	518,978	0.07%
-	10,175	0.00%	-	-	10,175	0.00%
-0.17%	(1,020,408)	-0.13%	(1,200,000)	-0.2%	(1,020,408)	-0.13%
-	-	-	-	-	-	-
-53.14%	(175,053,359)	-22.80%	(368,068,088)	-63.39%	(175,053,359)	-22.80%
24.27%	178,321,051	23.23%	168,068,089	28.95%	178,321,051	23.23%
28.88%	-	-	-	-	-	-
0.29%	1,487,483	0.19%	2,013,890	0.35%	1,487,483	0.19%
0.01%	116,925	0.02%	72,875	0.01%	116,925	0.02%
0.06%	-	-	397,600	0.07%	-	-
-	(3,238,882)	-0.42%	-	-	(3,238,882)	-0.42%
-	192,780	0.03%	-	-	192,780	0.03%

## 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
Capital Alliance Holdings Limited	Mr. W.A.T. Fernando	Director	Commercial Paper Issued
	Ms. N.T.M.S. Cooray	Director	Commercial Paper Settled
			Interest Paid on Commercial Paper
Capital Alliance Investment Grade Fund	Mr. W.A.T. Fernando	Directors of fund management company	Commercial Papers Issued
	Ms. H.M.S. Perera		Capital Repaid
			Interest Expense
Logicare (Pvt) Ltd	Mr. W.A.T. Fernando	Director	Right Issue
	Mr. Chrisantha Perera	Director	
	Mr. K.H.S. Deshapriya	Director	
	Mr. W. De. Silva	Director	
	Ms. H.M.S. Perera	Director	
Capital Alliance Income Fund	Mr. W.A.T. Fernando	Directors of fund management company	Commercial Papers Issued
			Capital Repaid
			Interest Expense
Capital Alliance High Yield Fund	Mr. W.A.T. Fernando	Directors of fund management company	Commercial Papers Issued
	Ms. H.M.S. Perera		Capital Repaid
			Interest Expense

**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



Group					
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	Aggregate value of Related Party Transactions entered into during the financial year 2019 Rs.	Value of Related Party Transactions as a % of Equity	Value of Related Party Transactions as a % of Total Assets
-	-	-	100,000,000	17.42%	3.29%
-	-	-	(100,000,000)	-17.42%	-3.29%
-	-	-	(282,397)	-0.05%	-0.01%
410,000,000	91.22%	18.40%	600,000,000	104.52%	19.73%
(410,000,000)	-91.22%	-18.40%	(600,000,000)	-104.52%	-19.73%
(8,225,751)	-1.83%	-0.37%	(42,791,707)	-7.45%	-1.41%
(200,000,000)	-44.50%	-8.98%	-	-	-
218,000,000	48.50%	9.78%	-	-	-
(218,000,000)	-48.50%	-9.78%	-	-	-
(1,804,658)	-0.40%	-0.08%	-	-	-
50,000,000	11.12%	2.24%	-	-	-
(50,000,000)	-11.12%	-2.24%	-	-	-
(1,104,110)	-0.25%	-0.05%	-	-	-

## Notes to the Consolidated Financial Statements

**26. RELATED PARTY TRANSACTIONS (CONTINUED)****26.3 Related Party Transactions - Non Recurrent**

Name of the Related Party	Names of Directors	Nature of Interest	Nature of Transaction
Capital Alliance Holdings Limited	Mr. W.A.T. Fernando	Director	Commercial Paper Issued
	Ms. N.T.M.S. Cooray	Director	Commercial Paper Settled
			Interest Paid on Commercial Paper
Capital Alliance Investment Grade Fund	Mr. W.A.T. Fernando	Directors of fund management company	Commercial Papers Issued
	Ms. H.M.S. Perera		Capital Repaid
			Interest Expense
Capital Alliance Partners	Mr. W.A.T. Fernando	Director	Issuance Fee
	Ms. N.T.M.S. Cooray	Director	
Logicare (Pvt) Ltd	Mr. W.A.T. Fernando	Director	Right Issue
	Mr. Chrisantha Perera	Director	
	Mr. K.H.S. Deshapriya	Director	
	Mr. W. De. Silva	Director	
	Ms. H.M.S. Perera	Director	
Capital Alliance Income Fund	Mr. W.A.T. Fernando	Directors of fund management company	Commercial Papers Issued
			Capital Repaid
			Interest Expense
Capital Alliance High Yield Fund	Mr. W.A.T. Fernando	Directors of fund management company	Commercial Papers Issued
	Ms. H.M.S. Perera		Capital Repaid
			Interest Expense

**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.

Company					
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	Aggregate value of Related Party Transactions entered into during the financial year 2019 Rs.	Value of Related Party Transactions as a % of Equity	Value of Related Party Transactions as a % of Total Assets
-	-	-	100,000,000	17.16%	3.85%
-	-	-	(100,000,000)	-17.16%	-3.85%
-	-	-	(282,397)	-0.05%	-0.01%
410,000,000	75.65%	24.64%	600,000,000	102.99%	23.09%
(410,000,000)	-75.65%	-24.64%	(600,000,000)	-102.99%	-23.09%
(8,225,751)	-1.52%	-0.49%	(42,791,707)	-7.35%	-1.65%
(1,200,000)	-0.22%	-0.07%	-	-	-
(200,000,000)	-36.90%	-12.02%	-	-	-
218,000,000	40.22%	13.10%	-	-	-
(218,000,000)	-40.22%	-13.10%	-	-	-
(1,804,658)	-0.33%	-0.11%	-	-	-
50,000,000	9.23%	3.01%	-	-	-
(50,000,000)	-9.23%	-3.01%	-	-	-
(1,104,110)	-0.20%	-0.07%	-	-	-

#### 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 2020 Rs.	Company 2020 Rs.	Company 2019 Rs.
Salaries, Bonus, Allowances Paid	68,365,733	52,630,486	23,486,765
	68,365,733	52,630,486	23,486,765

## Notes to the Consolidated Financial Statements

### 27. CAPITAL COMMITMENTS

There are no material commitments as at the reporting date.

### 28. CONTINGENT LIABILITIES

The Company has provided corporate guarantee worth 550 Mn to Hatton National Bank PLC on behalf of the Logicare (Pvt) Ltd to obtain a Loan Facility during the year.

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. 0.08 (8 Cents) per share on 14th August 2020 for the year ended 31st March 2020.

### 30. IMPACT ARISING FROM COVID-19 PANDEMIC

The Ceylon Tea Brokers PLC as a Group has taken all recommended measures to ensure the health and safety of its employees, customers and all other stakeholders during this challenging time and continues to adhere to the guidelines issued by the Government and health authorities.

#### The impact of COVID-19 pandemic on the business/operations of the Company

With the spread of COVID-19 in the country, the Group experienced an immediate short-term disruption to its operations as the government declared island wide curfew.

Ceylon Tea Brokers PLC (The Company) which is the tea broking segment of the Group experienced an immediate short-term disruption to its cashflows as the last two tea auctions scheduled in March 2020 was shifted to April 2020. Further, the volume of tea offered at the auctions also dropped due to the island wide curfew imposed by the government. However, this was compensated subsequently with the significant improvement in the prices which improved the cash flow position of the Company. Later the government identified the Tea industry as an essential service and necessary permission was granted to all industry stakeholders to continue their operations under the guidelines issued by the health authorities. In April 2020, the tea auctions recommenced by converting the traditional outcry system to an online platform.

Logicare Private Limited which is the logistics arm of the group operated continuously during the lockdown with restricted number of staff, maintaining social distancing and taking required precautions as advised by the health officials. Restrictions imposed on imports to the country, global decline in trading activities and the reduced domestic demand has had a direct impact on the logistic segment. However, the company managed to mitigate the said impact by facilitating the increased demand for warehousing of tea and also providing temporary third-party logistics (3PL) services to the clients in need.

All in all, the Group managed to perform its operations without any significant disruption to its revenue or cashflow due to the strong Business Continuity Plans (BCP's) built over the years. All IT systems of the Group are on a secure cloud and employees were able to work from home (WFH) during these difficult times to complete all tasks in a timely manner.

The Group had access to its existing financial facilities throughout the period without any restrictions. There were no instances of non-compliance to the debt covenants with lending institutions and as at now there are no uncertainties to meet the ongoing debt obligations. Further, there are no material contingencies to be disclosed due to the impact of COVID – 19.

#### **The Company's response to the impact of the COVID-19 pandemic**

First and foremost, the Group assured the health and safety of our employees, customers and all other stakeholders by adhering to the health guidelines issued by the government and the health authorities. All offices and warehouses were sanitised and disinfected regularly as advised by the health authorities. The employees were asked to avoid any social gatherings and anyone who has been exposed to such an event has been asked to self-quarantine. Further, all client meetings have moved to virtual meetings by using latest technological tools.

At operational level the Group introduced “split operations” by identifying critical business operations and forming two teams who are trained to handle the same business processes. These two teams worked from different locations where when one team reported to work, and the other team worked from home which mitigated the risk of all team members being exposed to COVID 19 at the same time. Except for the employees who performed activities of the critical business operations, all other employees were asked to work from home with the support of the latest technology and IT security systems of the group which were built over the years.

These actions have allowed the Group to continue business operations as usual to ensure all stakeholder needs are met during this critical period.

At strategic level the management is continuously monitoring the changes in the external environment and proactive actions would be taken to avoid any negative impact to the Group due to the current COVID-19 pandemic. Further, the Group will continue to invest in latest technologies and IT infrastructure which would enable the seamless business operations during the pandemics of this nature.

The Group recognises its employees as the most valuable asset and have taken every precaution to ensure their health and wellbeing. The Group ensured the job security of its employees at all times and didn't layoff any employee during this unprecedented time. Further, the Group initiated a program to distribute dry ration packs to all its employees to ensure that they would have the necessary supplies during this difficult time.

#### **The Company's expectation of the future impact of COVID-19 on the company's future operations and the financial status**

There won't be a significant impact to the financial performance of the Group for the 1st Quarter of 2020/21 from its initial estimates. However, the Group will continue to monitor the impact to its operations and proactively take measures to ensure business continues as seamlessly as possible during this challenging time.

The Company has evaluated the impact of COVID-19 in determining the recoverability of the Loans and advances given to Tea suppliers. The impairment provision for the Loans and Advances has been recognised accordingly after incorporating the impact of COVID-19.

Any material impact to the Group in the future due to the COVID-19 pandemic will be notified to the shareholders as and when its required.

## Notes to the Consolidated Financial Statements

**31. SEGMENTAL INFORMATION**

	Segments					
	Tea Brokering		Warehousing		Total	
	2020	2019	2020	2019	2020	2019
Total Segment Revenue	580,642,759	769,651,132	111,984,785	-	692,627,544	769,651,132
Inter Segment Revenue	-	-	-	-	-	-
Total External Sales	580,642,759	769,651,132	111,984,785	-	692,627,544	769,651,132
Segment Profit/ (Loss) Before Tax	37,489,311	169,503,026	(76,478,120)	(9,282,463)	(38,988,807)	160,220,563
Depreciation and Amortization	25,591,382	9,187,504	40,367,469	4,921,294	65,958,851	14,108,798
Finance Income	5,409,958	6,605,013	128,800	-	5,538,758	6,605,013
Finance Cost	186,203,427	240,349,964	50,553,797	-	236,757,224	240,349,964
Impairment Expense on Financial Assets	119,845,955	21,450,027	-	-	119,845,955	21,450,027
Segmental Assets	1,230,815,486	2,365,685,235	953,993,871	631,554,443	2,184,809,357	2,997,237,678
Goodwill					43,533,355	43,533,355
Total Assets of the Group					2,228,342,712	3,040,773,033
Segmental Liabilities	1,119,509,690	2,016,128,090	659,384,433	450,575,128	1,778,894,123	2,466,703,218

# Investor Relations

INVESTOR RELATIONS

## Investor Highlights and Information

### Share Price Trend Over the Last Five Years

	2020	2019	2018	2017	2016
Highest Price	3.80	3.90	6.00	4.40	5.10
Lowest Price	2.20	2.50	3.20	2.90	2.20
Last Traded Price	2.30	2.70	3.60	3.50	2.80

### Other Useful Information

Company	2020	2019	2018	2017	2016
Shareholder Funds Rs. Mn.	541.98	582.56	471.25	237.71	208.70
Net Asset Value Per Share	2.46	3.14	2.54	2.08	1.83
Earnings Per Share	0.12	0.63	0.76	0.33	0.23

### Directors' and CEO's Shareholding as at 31st March 2020

Name of the Director	2020	2019
Mr C P R Perera Shares held in the following manner, Mr C P R Perera & Mrs D Perera	3,500,000	3,500,000
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	10,000	-
Mr H T D Nonis	10,000	-
Mr D G W De Silva (CEO)	-	-
Mr K A D Fernando	-	-
Mr Z Mohamed	-	-

Mr. R J N De Mel holds 11,000 of shares as at 14th August 2020.



### Shareholding as at 31st March 2020

As at 31st March 2020, the Company had 2,212 shareholders of ordinary shares. Their shareholdings are analysed and categorised based on the number of shares held as at 31st March 2020 which is set out below.

From	To	No of Holders	No of Shares	%
1	1,000	1,235	462,622	0.25
1,001	10,000	705	2,611,538	1.43
10,001	100,000	229	7,321,509	4.02
100,001	1,000,000	34	7,698,031	4.22
Over 1,000,000		9	164,306,300	90.08
		2,212	182,400,000	100.00

### Categories of Shareholders

Majority of the shares are held by local individuals and institutions, and only a 0.19% out of the total shares issued are held by foreign individuals.

From	No of Holders	No of Shares	%
Local Individuals	2,131	82,528,494	45.25
Local Institutions	69	99,522,322	54.56
Foreign Individuals	12	349,184	0.19
Foreign Institutions	-	-	-
	2,212	182,400,000	100.00

## INVESTOR RELATIONS

# Investor Highlights and Information

### 20 Major Shareholders and Public Holding

	As at 31st March 2020		As at 31st March 2019	
	No. of Shares	%	No. of Shares	%
Ashthi Holdings (Private) Limited	55,434,267	30.39	55,434,267	30.39
Mr. W A T Fernando	48,837,837	26.78	48,837,837	26.78
Jetwing Travels (Pvt) Ltd	34,080,571	18.68	34,080,571	18.68
Ms. N T M S Cooray	10,908,751	5.98	10,908,751	5.98
Associated Electrical Corporation Ltd	5,390,834	2.96	5,014,265	2.75
Mr. C P R Perera / Mrs. D Perera	3,500,000	1.92	-	-
Mr. C P R Perera	-	-	3,500,000	1.92
People's Leasing & Finance PLC/ Mr. K K Shujeevan	2,818,624	1.55	-	-
Mr. A S Rathnayake	1,944,924	1.07	-	-
Ms. H M S Perera	1,390,492	0.76	1,390,492	0.76
Mr. K B R R Kariyawasam	600,000	0.33	700,000	0.38
Mr. A D Edussuriya	500,000	0.27	500,000	0.27
Mr. Y L Nandasena	479,137	0.26	259,546	0.14
Mr. K H S Deshapriya	416,000	0.23	416,000	0.23
Mr. V Sivakumar	366,948	0.20	-	-
Sindbad (Private) Limited	355,536	0.19	355,536	0.19
Mr. R E Rambukwella	320,000	0.18	190,800	0.10
Mr. C R Narangoda	303,000	0.17	347,000	0.19
Mr. W S A R Fernando	290,000	0.16	152,450	0.08
Mr. M H A Kamil	284,000	0.16	284,000	0.16
Ms. M Arudpragasam	245,578	0.13	284,928	0.16
	168,466,499	92.36	162,656,443	89.18
Others	13,933,501	7.64	19,743,557	10.82
	182,400,000	100.00	182,400,000	100.00

Public Holding percentage as at 31st March 2020 being 15.23% comprising of 2,201 shareholders.

The float adjusted market capitalisation as at 31st March 2020 is Rs. 63,907,839.10. The float adjusted market capitalisation 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.

## INVESTOR RELATIONS

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of the Company will be held at the Auditorium of Ceylon Chamber of Commerce, 50, Nawam Mawatha, Colombo 02 on 24th September 2020 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 2020 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 78 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 76 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. D H Madawala 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 authorise the Directors to fix their remuneration.
6. To authorise the Directors to determine donations for the year ending 31st March 2021 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*

14th August 2020  
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.







## INVESTOR RELATIONS

# 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 Eleventh Annual General Meeting of the Company to be held on 24th September 2020 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 authorise 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. D H Madawala 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 authorise the Directors to fix their remuneration.		
5.	To authorise the Directors to determine donations for the year ending 31st March 2021 and up to the date of the next Annual General Meeting.		

In witness my/our\* hands this ..... day of ..... Two Thousand and Twenty.

\*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.



# 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 Diri Savi 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)  
Ms. N. T. M. S. Cooray  
Ms. H. M. S. Perera  
Mr. B. R. L. Fernando  
Mr. D. H. Madawala  
Mr. K A D Fernando  
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.ceylonteabrokers.com](http://www.ceylonteabrokers.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](mailto:pwcs@pwcs.lk)

## Lawyers

F. J. & G. de Saram  
Attorneys – at – Law  
216, de Saram Place, Colombo 10.  
Telephone: (+94) 11-4718200  
Fax: (+94) 11-4718220  
Email: [fjgdesaram@fjgdesaram.com](mailto:fjgdesaram@fjgdesaram.com)

## Mr. K. Wasantha S. Fernando

Attorney – at - Law  
No. 4/145,1/1, Thalakotuwa Gardens, Polhengoda, Colombo 05.  
Telephone: (+94) 11-5238868  
Email: [k.w.s.fernando@gmail.com](mailto:k.w.s.fernando@gmail.com)

## Auditors

Messrs KPMG  
32A, Sir Mohomad Macan Markar Mawatha, Colombo 03.  
Telephone: (+94) 11-2426426  
Fax: (+94) 11-2445872  
Email: [frt@kpmg.lk](mailto: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.



[www.ceylontebrokers.com](http://www.ceylontebrokers.com)



Ceylon Tea Brokers PLC  
Level 07, Millennium House,  
No. 46/58, Nawam Mawatha,  
Colombo 02, Sri Lanka.



