

Kotagala Plantations PLC
Annual Report 2020/21

CONTENT

Vision
To be the foremost producer of High Quality Tea, Rubber & Oil Palm.

Mission
To maximise land and labour productivity and achieve excellence in the protable management of the Company in an acceptable and socially responsible manner.

Core Values
Integrity
Courage
Commitment

Objectives
To lead the way in the technical and innovative development of the Tea, Rubber & Oil Palm agri-industries.

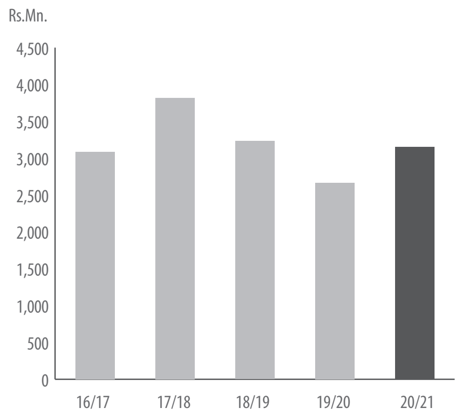
To provide a satisfying work experience to our employees and ensure a rewarding investment to our shareholders.

To be a trail-blazer in the shift away from producing visually graded rubber as an agricultural commodity to the production of a fully technically specied industrial polymer

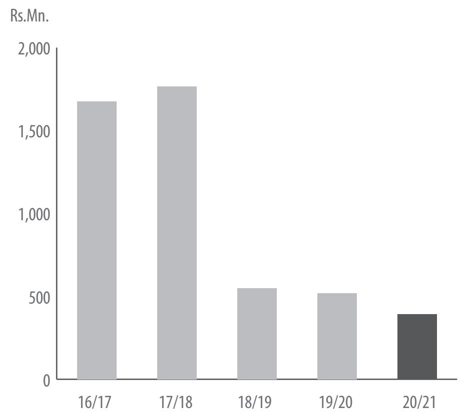
FINANCIAL HIGHLIGHTS

Year ended 31st March		Group 2021	Group 2020	Company 2021	Company 2020	Change %
Statement of Comprehensive Income						
Revenue	Rs.000	**3,206,956**	2,710,886	**3,156,490**	2,667,955	0.18
Loss before income tax expense	Rs.000	**(214,438)**	(918,406)	**(190,514)**	(827,378)	0.33
Loss for the year	Rs.000	**(226,392)**	(920,271)	**(202,468)**	(829,243)	0.75
Other Comprehensive income	Rs.000	**81,516**	594,910	**75,162**	607,505	0.86
Total Comprehensive expense for the year	Rs.000	**(144,876)**	(325,361)	**(127,306)**	(221,738)	0.55
Loss per share	Rs.	**(3.01)**	(12.23)	**(2.69)**	(11.02)	0.75
Statement of Financial Position						
Total assets	Rs.000	**7,901,738**	7,716,621	**7,883,082**	7,675,199	0.02
Total Liabilities	Rs.000	**7,495,159**	7,165,166	**7,490,558**	7,155,369	0.05
Total shareholders' funds	Rs.000	**406,579**	551,455	**392,524**	519,830	(0.26)
Net assets per share	Rs.	**5.40**	7.33	**5.22**	6.91	(0.31)
Market/shareholder information						
Debt/ Equity Ratio		**4.43**	3.36	**4.59**	3.57	(0.32)
Quick Asset Ratio		**0.09**	0.07	**0.09**	0.07	0.24
Interest Cover		**0.43**	(0.95)	**0.49**	(0.75)	(0.29)
Market Price (Year end)	Rs.			**5.30**	5.00	-
Market capitalisation	Rs.000			**398,693**	376,125	-

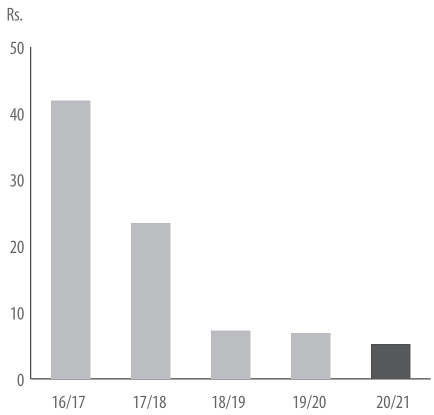
Revenue



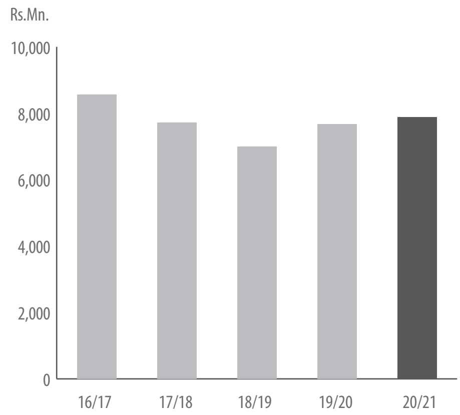
Shareholders' Fund



Net Assets per Share



Total Assets



CHAIRMAN'S REVIEW

On behalf of the Board of Directors it gives me great pleasure to welcome you to the Company's 28th Annual General Meeting and to present the Annual Report and audited financial statements of the Company for the year ended 31st March 2021.

Kotagala Plantations is a well-diversified Company having the highest revenue from the Tea high grown sector, followed with Rubber, Oil Palm and to a lesser extent from the Tea in the low country. The Company's strategy to diversify into Oil Palm utilizing 525 hectares of the uneconomical Rubber land in the low country has proved its success in mitigating the risks arising through commodity price fluctuations and climate change.

The year under review has been an extremely challenging period, especially with the adverse impact due to the Covid 19 Pandemic which prevailed throughout the financial year.

Where the plantation industry of Sri Lanka is concerned, I am glad to inform that the estates were able to work continuously without a major interruption. During the latter part of the financial year there had been instances of isolated lock downs in certain plantation districts due to some of the resident population been infected and for the need to be quarantined.

In fact, the pandemic has brought about a significant change to the industry especially where the tea auctions are concerned. The Colombo auction for Tea has had a history of over 150 years of an outcry system and the stakeholders were forced to change to an electronic auction which came into effect in March 2020. Though there were a few initial issues, at present the electronic system has become the new way of conducting the tea auctions and is working to the satisfaction of the industry.

Apart from the pandemic, there were other serious challenges, the industry had to face during the year under review. Since privatization in the year 1992 the Plantation worker wages have been revised every two years through a collective bargaining process and a "Collective agreement" reached between the parties. The last Collective Agreement in force, lapsed in January 2021 and the discussions commenced in the traditional manner between the employers and the trade unions. Unfortunately, the parties could not reach an agreement and were compelled to go before the wages board for a settlement. The final decision of the wages board was to increase the basic wage from Rs.700/- to Rs. 900/= with an additional budgetary relief allowance of a further Rs.100/-. Thereby the total wage would cost Rs.1150/= per man day which accounts to an overall increase of 35%. With the decision of the Government to issue the gazette to this effect, all employers were compelled to pay the new wage commencing 05.03.2021. Since the employers were of the view that this wage is unreasonable and unaffordable, a writ application has been filed and the outcome is awaited.

TEA

The Company's total extent in tea has been 2,588.49 ha. during the year under review. The up-country estates in the Kotagala sub district consist 91% of this extent and has contributed 93% of the total tea production of the Company. The balance production was from the low country estates consisting of 228 hectares along with the bought leaf collected from the smallholders.

The global tea production in the year 2020 has been 6 Bn Kgs recording a slight reduction of 2% against the growth of 2.4% in the previous year. The national tea production for the year 2020 has been 278.8 million Kgs recording a decrease of 21.3 million kgs against the corresponding period of 2019. The highest deficit was in the low grown category by 16.6 million Kgs and the high grown declined by 0.5 million Kgs. compared to the previous year. However, the Company achieved an increase of 14 % in the western high grown production mainly due to improved agricultural practices and with the introduction of mechanical harvesting to overcome the shortage of workers.

The Colombo auction continue to fetch the highest world auction prices. The Colombo auction average for the year 2020 was Rs.628.21 against the 2019 average of Rs.544.44. The Company sale average has increased for the current financial year by 15 % compared to the previous year. Sri Lanka tea export earnings for the calendar year of 2020 has been Rs.230.2 Bn against Rs.240.6 Bn in the year 2019.

The buying pattern of the importing countries remained almost the same with Turkey occupying the position as the main importing country for Ceylon Tea. Many challenges had to be faced by the exporters due to the restrictions in port operations and in export, mainly due to the limited imports. There has been a substantial increase in the freight cost, due to the limited availability of containers due to which the producers could not achieve the full benefit of the high demand at the auction.

CERTIFICATION

I am pleased to inform that all Tea Factories/processing centers in Kotagala Plantations have obtained ISO certification along with the Rain Forest alliance certification for all estates in the Kotagala region. We are also proud to inform that Mount Vernon Tea factory was the first to obtain SLS certification for Covid 19 Safety Management Systems.

RUBBER

The overall rubber production in Sri Lanka has seen a sharp decline during the past decade along with a production loss of almost 40 %. The total production for the calendar year of 2020 has dropped to almost 70,210 MT. This has been mainly due to the loss of cultivated rubber land in the traditional rubber growing areas due to urbanization and industrialization. Although there was a national plan to introduce rubber in non-traditional areas, the expected expansion was not seen, since this program was to be driven with the small holder segment which represents over 60 % of the national production.

Kotagala Plantations too has lost a considerable area of cultivated rubber land of approximately 450 Hectares due to acquisitions by the government, since privatization of plantations in 1992 and could be the largest extent of land lost amongst the regional plantation companies.

The global natural rubber prices have been very unstable mainly due to the fluctuating world crude oil prices. The natural rubber auction prices in

Sri Lanka dropped by 50% in around 2014 and continued up to the latter part of 2020. The price drop had a drastic impact to the volume especially produced by the small holders.

However, during the latter part of the year under review, the Colombo auction prices for natural rubber have shown an improvement to reach the level of prices obtained in the year 2012/2013. The latex crepe 1X fetched a price of Rs. 600/= in the Colombo auction during March 2021. The increase in the natural rubber has been mainly due to the increase in crude oil prices during the corresponding period.

The Company has recommenced the replanting of rubber with an extent of over 100 ha. to be replanted in the year 2022 and to be continued. The rubber mature extent during the period under review was 2618.76 hectares along with 349.26 hectares of immature rubber. The Company's cultivated extent of rubber has reduced drastically since privatization in the year 1992 due to land acquisitions by the government for many public purposes. The extent acquired includes two high yielding estates namely Perth & Millawa affecting the performance of the Company. The Company rubber production during the financial year has been 1,581,000 kgs. against the production of 1,403,000 kgs in the previous year. The rubber net sale average improved to Rs 376.16 compared to the average of Rs 264.10 during the previous season. The revenue earned from Rubber also increased by Rs.187Mn compared to the previous year.

OIL PALM

The Company embarked on a diversification program in the year 2014 and has planted Oil Palm in an extent of 525 Hectares in the rubber land uprooted after the completion of the economic life span. The current mature extent of Oil palm is 466 Hectare and the balance extent of 60 hectares under immature is progressively coming into bearing. Though the Company had the intention of planting a substantial extent of oil palm the Company was compelled to discontinue the diversification program with the ban on Oil Palm currently imposed by the government.

However, I wish to state that oil palm continues to be the most promising crop for the Low country estates of the Company mainly due to climate change and to obtain the best return with the depleting work force.

The turnover of the Oil Palm sector has increased to Rs.122 million with a gross profit of Rs.44.6 million for this financial year. The Company expects to have a rapid growth both in revenue and profit within the next few years with the total extent reaching its potential.

PERFORMANCE

The total revenue from operations for the season was Rs.3.1 Bn against Rs. 2.6 Bn the previous season. Despite the obstacles faced by the industry, the Company was able to record a gross profit of Rs. 198 million for the year against the gross loss of Rs 341 incurred last year. However, the Company has incurred an overall loss of Rs.202 million against a loss of Rs.829 million last year. With stringent controls in expenditure, whilst improving the overall agricultural standards in the plantations the Company was able to achieve these results.

CONCLUSION

The plantation industry is bound to face several challenges in the ensuing years especially with the current ban enforced by the Government on the importation of inorganic fertilizer and the essential chemicals required for plantation crops. The Company has strictly followed the recommendations of the Tea & Rubber research institutes with regard to the input of inorganic nutrients and other chemicals which includes weedicides. With the new government policy of the use of only organic fertilizer, we await the recommendations of the research institutes for the methodology to be adopted. In the current circumstances, the restrictions on the usage of these inorganic inputs have begun to have detrimental effects on production and quality.

The Company is confident in meeting the additional expenditure in wages with the improved productivity expected with our current mechanization program and stringent management of expenditure. The Company expects to mechanize the harvesting of tea in at least 30% of the revenue extent by the end of the next financial year.

I take this opportunity to thank two longstanding Directors Messrs. D A Ratwatte and G D V Perera for the services rendered, who have retired from Kotagala Plantations Board during this year. Both have served the industry for many decades and their knowledge and experience have been of immense value to the Company.

In conclusion, I wish to thank all employees including the management and staff at every level for their contribution, dedication and commitment. I also wish to thank all shareholders and other stakeholders for their continued trust and confidence in the Company and my colleagues on the Board for their unstinted support, advice and guidance.

S D R Arudpragasam
Chairman

2nd September 2021

CEO'S REVIEW

The period under review was unsettled and disrupted by the devastating Covid-19 viral pandemic, a phenomenon experienced worldwide, with almost no country being exempted.

Nevertheless, compared to most other industries in Sri Lanka, the resilience of the Plantation sector came to the fore. Estates were able to function to a relative degree of normalcy, thanks to the selfless efforts and service of our workers, Staff and Estate Executives who kept the properties operational except for a few unavoidable stoppages when infection levels turned life-threatening.

Almost all our Estates experienced Covid-19 infections, some very severely, with all categories of Estate residents being infected, which resulted in disruptions in work from time to time. Outturns of workers were affected, consequently causing significant Crop losses and deterioration in product quality.

However, in reflecting a most positive result, produce from the Tea and Rubber Plantations was available for export at a time when the country was in desperate need of foreign currency. It was inevitable that there was a slowing of demand from world markets. However, adjustments were gradually made with passing time, sustaining the Tea and Rubber industries through difficulties that have not been experienced for more than 75 years, after the last Great War.

Tea

The quick conversion of the Tea Auctions managed by the Colombo Tea Traders Association from a public out-cry system to an electronic, online one, and the adaptation of our Brokers and Buyer/Exporters which ensured the maintenance of the markets with reasonable price structures, has got to be acknowledged and appreciated.

There were hiccups, of course, with specific reference to export shipments. Reduced international Sailings and restrictions placed on imports brought about a shortage of Shipping Containers for exports. This caused backlogs of Tea Stocks in Buyer/Exporters' go-downs and contributed to slowing of demand at the Auctions.

Furthermore, the reduced Sailings created increases in International Freight Rates worldwide, in addition to which there developed a local "Reservations bidding competition" for available Containers. These factors pushed up shipping costs, which were, in turn, deducted from the prices paid at the Auctions.

As a result, the Auction price increases normally witnessed when the Rupee depreciates sharply against the US Dollar, did not materialise.

The Tea Estates of the Company recorded an increase of 11% in Yield per Hectare during Season 2020/2021, compared to last season.

Mechanical Harvesting

With the trend of Labour availability being on a constant decline, Mechanical Harvesting is a necessary introduction to negate the effects of a shrinking Labour Force and to ensure the sustenance and continuity of the Tea Industry in Sri Lanka.

Kotagala Plantations has focused on this aspect and we have been successful in its implementation. Currently we have 20% of our Revenue fields being Mechanically Harvested and will hopefully increase this extent by a further 10% in the coming Season.

Rainforest Alliance Certification

We are pleased to report that all our Up-country Tea Estates now hold Rainforest Alliance Certification.

Rubber

The weather patterns were increasingly unseasonal and large numbers of Tapping Days were lost due to wet weather. Despite these erratic weather conditions our Rubber Estates were able to record a 13% improvement in crop over the previous Season.

With the facility to manufacture high quality Sole Crepe at our Padukka Estate factory, we were able to obtain premium prices.

Exports were restricted due to the Covid-19 crisis with limited shipping facilities being available. However, we were able to ship lesser quantities and plan to increase same no sooner conditions improve.

The depressed prices for Rubber had a negative impact where profitability is concerned, and we envisage the prices taking an upward trend in the new Season.

We intend to replant 150 ha. of Rubber commencing next Season.

Workshop conducted by the RRI (Rubber Research Institute) for our Plantation Personnel

Oil Palm

Of our planted-up extent of 525 ha of Oil Palm, 466 ha were in bearing this Season. The entire extent of 60 ha will be in bearing in Season 2021/2022.

The hectarage in bearing produced extremely encouraging results. The crop will only increase in forthcoming Seasons as the Palms reach maturity, making this by far the most lucrative among our plantation crops.

In an industry which is facing an acute shortage of workers, Oil Palm provides a panacea for remunerative land use. Restrictions imposed on replanting Oil Palm have substantially impacted the income potential of the Company.

Training on Harvesting of Oil Palm

Forestry / Timber:
We continue to replant all our harvested areas as per the approved plan of the Plantation Ministry.

Being conscious of the impact on the environment, permanent forestry areas are being maintained.

Corporate Social Responsibility
We very much regret not having been able to carry out the CSR projects planned for our workforce due to the Covid-19 pandemic. However, Projects were undertaken to help workers and their families where Food Packs were distributed in all Covid-19 affected Estates in the Up & Low country.

The two Regions of Kotagala Plantations PLC i.e., Up Country and Lowcountry have implemented the following activities in the year 2020/2021.

- Rs. 67.6 Mn for New Housing,
- Rs. 1.40 Mn for Field Rest Rooms
- Rs. 11.9 Mn for Child Development Centres
- Rs. 1.75 Mn for Playgrounds
- Rs. 1.07 Mn for Sanitation

These were 100% grants provided by the State Ministry of Estate Housing & Community Infrastructure in collaboration with the PHDT.

Human Resources
We at Kotagala believe that our Human Resources provide our competitive edge in the business. As such, we are continuing our efforts in Training & Development initiatives to upgrade the knowledge and skills of our employees across all levels.

Training Programme undertaken on Sharing Knowledge on Mechanization of Plucking

We conducted training programmes in order to move with technological advancements to create awareness of new trends in managing our Plantations. The Company has embarked on sharing best practices.

Quarterly Assessments of all Executives are carried out Region wise and many cost reduction and innovative ideas to improve the Management have been forthcoming, in turn yielding fruitful results.

Appreciation
With the Covid-19 Pandemic fluctuating, we place on record our appreciation to all concerned i.e. Plantation Executives, staff and workers for rallying round to report for work amidst grave risks, where almost all Estates have been working regularly except for a few days at the beginning when curfew/lockdown was declared. We are also aware of the efforts taken with regard to arranging the distribution of foodstuff and precautionary health safety measures prescribed and adopted for all residents on Estates.

Due to the Estates working without disruption, unlike in most industries, we were able to generate much needed funds to pay all concerned. Their efforts are very much appreciated.

We also place on record our appreciation to our workforce which remained committed. The dedication of all is immensely valued.

In conclusion, we would like to express our sincere appreciation to the Executives and staff of our Head Office, Regional Offices, Plantation Executives, along with Field, Clerical, Factory and Medical staff on our Estates.

Further, we extend our thanks to our Shareholders for their confidence in us.

Our sincere thanks are also extended to the Group Chairman, Chairman and Board of Directors for their guidance and support.

Mahen Madugalle
Director/Chief Executive Officer

2nd September 2021

BOARD OF DIRECTORS

S. D. R. Arudpragasam – Chairman

Non- Executive

Mr. S. D. R. Arudpragasam joined the Board in 1996 and was appointed Chairman in May, 2013. He serves as Chairman of several subsidiaries of The Colombo Fort Land and Building PLC (CFLB) including Chairman, Lankem Ceylon PLC and Chairman/Managing Director of E.B. Creasy & Company PLC. He holds the position of Deputy Chairman on the Board of The Colombo Fort Land and Building PLC, in addition to holding other Directorships within the CFLB Group.

Mr. S.D.R. Arudpragasam is a Fellow of the Chartered Institute of Management Accountants (U.K.)

C. P. R. Perera - Deputy Chairman

Independent Non- Executive

Mr. C.P.R. Perera joined the Board in 1996 and was appointed Deputy Chairman in May, 2013. He serves on the Board of The Colombo Fort Land & Building PLC (CFLB) and also serves on the Boards of several subsidiary companies of the CFLB Group. He also holds directorships in other private and public companies. He is a past Chairman of the Sri Lanka Tea Board, Sri Lanka Insurance Corporation, PERC and Bank of Ceylon. He retired as Chairman of Forbes & Walker Ltd and its subsidiary companies in June 2005 after almost 44 years of service.

He presently functions as Chairman of Ceylon Tea Brokers PLC. Mr. Perera has served as a Committee Member of the Ceylon Chamber of Commerce, The Planters Association of Ceylon and on the Committee of Management of the Ceylon Planters Provident Society.

S.S. Poholiyadde

Executive Director

Mr. S.S. Poholiyadde joined the Board on 07th September 2018 and currently holds the position of Managing Director, Lankem Tea & Rubber Plantations (Pvt) Ltd. (LTRP), managing agents of Kotagala Plantations PLC and Agarapatana Plantations Ltd. Mr. Poholiyadde is the former Managing Director of the Plantations Sector and Head of Group Human Resources of the Richard Pieris Group. He was also the former CEO / Executive Director of Kegalle Plantations PLC, Namunukula Plantations PLC, Maskeliya Plantations PLC & an executive Director of AEN Palm oil processing Pvt Ltd. He has over four decades of experience in the Plantations Industry. He is the immediate past Chairman of the Planters' Association of Ceylon, Former Chairman of the Colombo Rubber Traders' Association and has served as Chairman of the Plantation Services Group of the Employers Federation of Ceylon (EFC). He was also a member of the Board of Directors of the Sri Lanka Tea Board and the Rubber Research Board. He has been a Council Member of the Ceylon Chamber of Commerce and continues to serve in the Executive Committee of the Sri Lanka Society of Rubber Industry.

Mr. Sunil Poholiyadde is a Fellow of the National Institute of Plantation Management.

M. S. Madugalle – Chief Executive Officer

Executive Director

Mr. Mahen Madugalle commenced his planting career with Janatha Estates Development Board (JEDB). He has worked for other private sector Plantation Companies. He joined Kotagala Plantations PLC which was then managed by George Steuart Management Services as Manager Mount Vernon Estate and was promoted as Cluster General Manager of Mount Vernon under the management of Lankem Tea & Rubber Plantations (Private) Limited (LT&RP) and subsequently as Regional General Manager of the Kotagala Region. He has also held the position of General Manager of the Agras and Uva Regions of Agarapatana Plantations Ltd.

He was appointed to the Boards of LT&RP in 2012 and Kotagala Plantations PLC in January 2013 and functioned as Deputy Chief Executive Officer of KPPLC from 1st April, 2014. Mr. Madugalle was appointed as Chief Executive Officer of KPPLC with effect from 1st April, 2015. He has provided consultancy services to the FAO in Iran on tea projects. He holds a Diploma from the National Institute of Plantation Management.

A. M. de S. Jayaratne

Independent Non- Executive Director

Mr. A. M. de S. Jayaratne was appointed to the Board of Kotagala Plantations PLC in December 2012.

He is a former Chairman of Forbes & Walker Ltd, Colombo Stock Exchange, Ceylon Chamber of Commerce and The Finance Commission. He also served as Sri Lanka's High Commissioner in Singapore. Mr. Jayaratne is a Director of several listed and unlisted companies. He holds a Bachelor of Science degree in Economics and is a Fellow of the Institute of Chartered Accountants of Sri Lanka and of England and Wales.

Anushman Rajaratnam

Non- Executive Director

Mr. Anushman Rajaratnam was appointed to the Board on 1st October 2019. He joined the Board of Lankem Ceylon PLC in 2005 and served as the said company's Managing Director from 2009 until December 2016. He relinquished this position in December 2016 to take up the appointment as the Group Managing Director of The Colombo Fort Land & Building PLC in January 2017. In addition, he serves on the Boards of several Subsidiary Companies of the CFLB Group. Prior to joining the CFLB Group, he worked overseas for a leading global Accountancy Firm.

He holds a Bachelor of Science degree in Economics from the University of Surrey, UK, CPA Australia and MBA from the Massachusetts Institute of Technology, USA.

RISK MANAGEMENT

The Risk Management process

At Kotagala , we emphasise the importance of having a strong working culture within the organization that strengthens the internal processes. Risk Management is no longer an additional set of processes but embedded in the business process itself .The risks could influence the achievement of the strategy of business, operational and financial objectives therefore the Directors have taken the initiative to identify the organisations major risks and introduced several measures to mitigate the risks faced by the Company.

The following are some of the major risk factors that the company is exposed to while carrying out its business and the actions implemented to reduce or eliminate risk.

Operational risk

The company carries out continuous planning, quality control and disaster recovery management strategies in order to ensure the continuous operation of business.

Tangible assets are insured against identifiable risks and the associated insurance policies are reviewed and evaluated annually. Provision is also made for asset defects and malfunctions and for obsolescence due to advances in technology. We go to the best suppliers to ensure that defect free products are purchased. The factories in the estates and other infrastructure are continuously upgraded when required.

Exposure to reputation risk is minimized through product quality controls and a comprehensive quality management process which includes upgrading our factories to adhere to HACCP standards

Weather

The Company's product portfolio being Tea and Rubber, helps to minimize the impact as tea requires wet and rubber requires drier weather conditions. The location of our tea estates in the High grown and Low grown elevation categories also helps in this regard.

The Company has the option of increasing or decreasing quantities of bought crop according to weather patterns. Prudent agricultural practices such as rain guards for rubber trees and planting of TRI recommended clones and other agricultural practices to minimise drought effects and proactive planning has helped the company to minimise the risk of adverse weather conditions.

Business risk

Prices are cyclical and have an impact on earnings. Tea Auctions in Colombo are influenced by global demand and supply, and foreign currency exchange rates. The company mitigates this impact by producing high quality tea and rubber. The direct export of rubber facilitates price stability and entering into forward contracts with rubber buyers helps reduce market risk. Kotagala Plantations process a full range of teas (low grown, high grown and CTC) and different types of rubber which helps reduce market instability. Initiatives have been taken for diversification into other crops like cinnamon and oil palm which will reduce over dependence on tea and rubber.

The Company possesses synergistic benefits from being in a group which includes a chemical supplier and another company in the plantation business.

Healthy relationships are maintained with our suppliers. Fluctuations in the exchange rates are closely monitored and hedging techniques applied when required.

In order to minimize the dependence on a single distribution channel (brokers) the company has continued to establish its export operations.

Legal and regulatory

The Company addresses this area with great concern in order to protect its corporate image. Quality assurance standards in factories have been established over a period of time (ISO, HACCP) and continuous reviews are conducted to ensure they are maintained. The Company's legal division ensures full compliance with all regulatory requirements including labour regulations, adherence to laws and instructions of governing authorities such as Provisions of the Companies Act, Securities & Exchange Commission and Colombo Stock Exchange requirements. The Company also obtains expert advice from its Auditors, Tax consultants, Actuaries, TRI, RRI as and when required. As a public listed company we also strive for a high standard of corporate governance in the conduct of our business.

Human resources

Human Resource Management is given priority, where continuous training and development programmes and workshops are held in order to motivate and develop our human resources.

Governance risk

These risks are dealt with preventively through the actions of the company's legal department and through frequent internal & external audits to monitor compliance. The company's management culture stresses ethical performance in this area, following best practices at all times.

Liquidity

We strive to maintain sufficient liquidity is available to meet our debt commitments and provide for our operational capital requirements. Loans and overdraft facilities are arranged with banks to meet planned cash flow commitments.

Employee related risks

Risks such as omissions, fraud, judgemental errors, negligence, are examples of employee related risks. The company has a set up a competent internal audit department which carries out exhaustive checks on a routine

RISK MANAGEMENT

basis in order to eliminate the above mentioned risks. The Internal audit department functions independently and reports directly to the Executive Directors. They ensure all receipts have been banked, lodging of funds have been deployed for the intended activity. Suitable delegated authority levels have been set up and succession plans are formulated. We maintain a conducive working environment for all staff

Information

Proper internal controls have been established in order to secure the information system. Routine and surprise audit checks are carried out to detect any deficiencies and improvements are suggested. The company has implemented sound backup systems and procedures, and has also entered into maintenance contracts with established agents and uses licensed software.

ENTERPRISE GOVERNANCE

Enterprise Governance is the combination of Business Governance and Corporate Governance, it is the set of responsibilities and practices exercised by the Board and Executive Management with the goal of providing strategic direction, ensuring that objectives are achieved, ascertaining that risks are managed appropriately and verifying that the organization's resources are used responsibly.

Enterprise Governance is such an important framework, it encapsulates Corporate Governance, Performance Management, Internal Control and Risk Management, and it strives to achieve a balance between conformance and performance.

At Kotagala Plantations PLC we are firmly committed to the highest standards of governance. The Company's performances are managed to the best interest of its shareholders whilst maintaining high ethical standards.

The Board is committed to adhere to various business practices in order to further establish our Company as a good corporate citizen that values responsibility.

The strategic options, implementation and risk control strategies are closely monitored in order to deliver better results. The Company is in compliance with the majority of the good corporate governance practices recommended by The Institute of Chartered Accountants of Sri Lanka and the listing rules of the Colombo Stock Exchange. Given below is a demonstration as to how we adhere to good Corporate Governance practices.

Corporate Governance Principle	Company's adherence
	Directors
Composition of the Board	As at the end of the financial year the Board consists of two Executive Directors and four Non-Executive Directors two of whom are Independent. The Directors possess a strong balanced blend of skills, experience to offer guidance in core areas important to KPPLC. The names of the Directors who held office during the financial year and who are currently in office are given below. Brief profiles of the Directors currently in office appear on page 6. **S.D.R. Arudpragasam** (Chairman) - Non Executive **C.P.R. Perera** (Deputy Chairman) - Independent Non- Executive **M.S. Madugalle** (Chief Executive Officer) - Executive **D.A. Ratwatte** - Non-Executive (Resigned w.e.f. 31/03/2021) **G.D.V. Perera** - Non-Executive (Resigned w.e.f. 31/03/2021) **A.M. de S. Jayaratne** - Independent Non-Executive **S.S. Poholiyadde** - Executive **Anushman Rajaratnam** - Non-Executive The Non-Executive Directors have submitted declarations of their independence or non-independence to the Board of Directors. Mr. C.P.R. Perera has served on the Board for more than nine years. He is a Director on the Boards of other Companies in which a majority of the Directors of the Company are Directors and also has significant shareholdings in another. He serves on the Board of the Ultimate Parent Company, The Colombo Fort Land and Building PLC (CFLB) and holds Directorships on certain subsidiaries of CFLB and has served on some of those subsidiaries for a period exceeding nine years. However, the Board having taken into consideration all other circumstances listed in the Rules pertaining to the Criteria for Defining Independence is of the opinion that Mr. C.P.R. Perera is nevertheless Independent. Mr. A.M. de S. Jayaratne is a Director of the Ultimate Parent Company, The Colombo Fort Land and Building PLC (CFLB) and serves on the Boards of several subsidiaries of CFLB. He has served on the Board of the Ultimate Parent and on several of its subsidiaries for over a period of nine years. He a Director of certain such subsidiary companies of which a majority of the Directors serve on another and also has significant shareholdings in another. However, the Board having taken into consideration all other circumstances listed in the Rules pertaining to the Criteria for Defining Independence is of the opinion that Mr. A.M. de S. Jayaratne is nevertheless Independent.

Corporate Governance Principle	Company's adherence
	Directors
Decision making of the Board	In addition to Board Meetings, matters are referred to the Board and decided by Resolutions in writing. The Board has met on eleven occasions during the year under review. The Board is responsible for:- • Ensuring the conduct of the Company's affairs in the best interest of its stakeholders. • Identifying Strategic options implementation and monitoring their success. • Appointment of the Directors, ensuring staff succession and determining remuneration of senior executives and staff in consultation with the respective Committees. • Ensuring an effective internal control system. • Ensuring a proactive risk management system. • Ensuring compliance with highest ethical standards and legal standards. • Approval of major capital investments acquisition expansions and Budgets • Approval of interim and annual financial statements for publication.
Company Secretaries	The Company and all Directors may seek advice from Corporate Managers & Secretaries (Pvt) Ltd who are qualified to act as Secretaries as per the provisions of the Companies Act No. 7 of 2007.
Independent Judgement	The Board of Directors at all times exhibit high standards of integrity, commitment and independence of judgement.
Obtaining independent professional advice	Advice is sought from independent experts whenever the Board deems it necessary. The Directors are updated on the changes in the plantation industry as well as on the general aspects which may affect the Company's operations.
Managing Agents	The Board of Directors has delegated the management of Plantation and the task of achieving the strategic objectives set out by the Board to the managing agents, Lankem Tea & Rubber Plantations (Pvt) Ltd (LT &RP). The Board of LT&RP meets frequently and reviews the progress towards achieving the budgets and discuss the operational issues. The successful implementation of the Capital Expenditure programmes and focusing on the development strategies are also key priorities.
Finance Acumen	The Board comprises of three finance professionals who possess the knowledge and the competence to offer the Board the necessary guidance on matters relating to finance.
Supply of Information on a timely manner	Prior to each meeting all Directors are given a file of Board Papers which includes Summarized Financial Statements, operational statistics, performance reviews, sales reports, Schedules of Capital Expenditure and a Progress Report, covering all significant issues with the comparatives of prior year and budget. This information is provided at least 7 days prior to the meeting which gives Directors adequate time for qualitative deliberation and analysis.
Nomination Committee/ Appointments to The Board	New Directors are proposed for appointment by the Nomination Committee in consultation with the Chairman of the Company in keeping with the provisions of the Articles of Association of the Company in relation to same and in compliance with the Rules on Corporate Governance. The Company's Nomination Committee comprises of Mr. A.M. de S. Jayaratne - Chairman, Mr. C.P.R. Perera, Independent Non- Executive Directors and Mr. S.D.R. Arudpragasam, Non-Executive Director.
Disclosure of appointments of New Directors to the Shareholders.	The new appointments are made available to shareholders by making announcements to the Colombo Stock Exchange.
Re-election of Directors	In terms of the Articles of Association of the Company a Director appointed to the Board holds office until the next Annual General Meeting, at which he seeks re-election by the shareholders. The Articles require one-third of the Directors in office (excluding the Managing Director and the Appointed Directors) to retire by rotation at each Annual General Meeting. The Directors who retire are those who have been longest in office since their last election. Retiring Directors are eligible for re-election by the shareholders.

Corporate Governance Principle	Company's adherence
	Relations with Shareholders
Annual General Meeting	The Company always welcomes the active participation of the shareholders at the Annual General Meeting. Questions put up by the shareholders are answered thus promoting a healthy dialogue. The required number of days notice has been given to the shareholders in terms of the Companies Act No.7 of 2007 and the Articles of Association of the Company.
Communication with Stakeholders	The Company publishes the Annual Report together with the interim reports in order to communicate information to the shareholders in a timely manner.
Major Transactions	There have been no transactions during the year under review which fall within the definition of "Major Transactions" as set out in the Companies Act.
Price Sensitive Information	Due care is exercised with respect to share price sensitive information.
Others	The Company maintains a website under the name www.lankemplantations.lk which offers any individual or corporate, information on the Company and its affairs. The Company's principal communicator with all its stakeholders are its Annual Report and Quarterly Financial Statements. The shareholders are free to communicate with the Company. Whenever possible, the Company implements their suggestions.
	Accountability and Audit
Financial Reporting	The Board attaches high priority to timely publication of quarterly and annual results with comprehensive details (both financial & non-financial) going beyond statutory requirements. This enables both existing and prospective shareholders to make fair assessments on the Company's performance and future prospects. The financial statements are prepared in accordance with Sri Lanka Accounting Standards. The Company's accounting formats and procedures are in compliance with the procedures laid down by the regulatory authorities.
Disclosures	The Annual Report of the Board of Directors is on pages pages 28 to 32 of this report. The Statement of Directors responsibilities for the financial reporting is on page 33 and the Auditors' Report on the financial statements is on pages 34 to 37 of this annual report.
Going Concern	The Board of Directors after reviewing the financial position and the cash flow of the Company are of the opinion that the Company has adequate resources to continue operations well in the foreseeable future. Therefore, the Board adopts the going concern basis in preparing Financial Statements.
Internal Control	The Directors are responsible for maintaining an effective internal control system and proactive risk management strategy. Internal controls cover both financial and operational matters and risk management to safeguard the assets of the Company. The risk management strategy of the Company is on pages 7 and 8 of this report. The Company also ensures that effective internal and external audit procedures are followed and the Board reviews the reports in order to maintain the progress of the systems and results.
Internal & External Audits	The Internal Audit division comprises of the Internal Audit Manager and Assistants who report directly to the Executive Directors. They are empowered to examine and review the financial reporting systems, internal control procedures, accounting policies and compliance with accounting standards. It also reviews the adequacy of systems for compliance with legal, regulatory and ethical requirements and company policies. The Company maintains a professional relationship with the external auditors, KPMG. This ensures their objectivity, independence and compliance with regulatory and ethical requirements.
Audit Committee	The Audit Committee Report is set out on page 13 of this Report.

ENTERPRISE GOVERNANCE

Corporate Governance Principle	Company's adherence
	Directors' Remuneration
Remuneration Committee	The Remuneration Committee Report is set out on page 14.
Disclosure of Remuneration	Aggregate remuneration paid to Directors is disclosed in Note 7 to the Financial Statements.
	Related Party Transactions
Related Party Transactions Review Committee	The Related Party Transactions are disclosed in Note 32 to the Financial Statements. The Report of the Related Party Transactions Review Committee appears on page 15.
	Others
Management Committees	The Management Committee comprises of Directors, Consultants, General Managers and Deputy General Managers. Meetings are held once a month where a review in detail is carried out on the performance of each individual estate based on both financial and relevant non-financial indicators.
Compliance with Legal Requirements	The Board of Directors through the Company's Legal & Finance divisions makes every endeavour to ensure that the business complies with all laws and regulations.
Social & Environmental Matters	The Company has for many years recognized the benefits that accrue from responsible employment, environmental and community policies which are dealt with in detail in the Chairman's Review and CEO's Review.
Rights of Employees /Other Stakeholders	The Company identifies the rights of employees. Several employee performance enhancing mechanisms such as performance appraisals and training initiatives are in place for the career building of our employees. A series of best practices and techniques are now embedded in the business and applied intelligently within the organization. Constant responsiveness to all stakeholder interests and an effective risk management process are critical success factors to ensure that the governance process will continue to add value in the future. The Extent to which the good Corporate Governance practices are adopted in the Company is given as above in this report.

AUDIT COMMITTEE REPORT

The Committee assists the Board of Directors in fulfilling its oversight responsibility to the Shareholders and other Stakeholders relating to the Company's financial statements and the financial reporting process to ensure that the financial reporting system is in adherence with the Sri Lanka Accounting Standards and other regulatory and statutory requirements. It also reviews the adequacy of internal controls and the business risks. The Committee peruses the operational reviews and assesses the future prospects of the business operations and the fact that the going concern assumption used in the preparation of the Financial Statements is appropriate.

Composition

The Audit Committee for the financial year ended 31st March, 2021 comprised of two Independent Non-Executive Directors and a Non-Executive Director of Kotagala Plantations PLC.

The names of the members are set out below:

Mr. A.M. de S. Jayaratne - Chairman
(Independent Non-Executive Director - KPPLC)

Mr. S.D.R. Arudpragasam
(Non-Executive Director-KPPLC)

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

The members have varied experience and financial expertise with a high standing of integrity and business acumen to carry out their role effectively and efficiently. Two of the members are finance professionals including the Chairman.

The Company's Secretaries, Corporate Managers & Secretaries (Private) Limited function as the Secretaries to the Audit Committee.

Meetings and Attendance

The Audit Committee has met on three occasions during the financial year ended 31st March, 2021 and the attendance was as follows;

Mr. A.M. de S. Jayaratne	3/3
Mr. S.D.R. Arudpragasam	3/3
Mr. C.P.R. Perera	3/3

Other members of the Board and Senior Management Personnel of the Company as well as the External Auditors were present at discussions where appropriate. The Proceedings of the Audit Committee are reported to the Board of Directors.

Terms of Reference

The role of the Committee which has specific terms of reference is set out in the Audit Committee Charter and addresses the Purpose of the Committee, its duties and responsibilities including the scope and functions of the Committee.

Compliance

The Committee has scrutinized the quarterly accounts and the accounts for the year ended 31st March, 2021 and has taken necessary measures to ensure that the Interim Financial Statements and the Annual Report are timely published and they are prepared and presented in accordance with Sri Lanka Accounting Standards.

External Audit

The Company has appointed KPMG as its External Auditors and the services provided by them are segregated between audit/ assurance services and other advisory services.

The Committee after evaluating the independence and performance of the External Auditors has recommended to the Board the reappointment of KPMG as Auditors for the financial year ending 31st March, 2022 subject to the approval of the Shareholders at the Annual General Meeting.

Conclusion

The Audit Committee is satisfied that the accounting policies and operational controls provide reasonable assurance that the Company is managed in accordance with the Group policies and adequate controls are in place to safeguards the Company's Assets.

A.M. de S. Jayaratne
Chairman
Audit Committee

2nd September 2021

REMUNERATION COMMITTEE REPORT

The Remuneration Committee of the Company consists of the following members;

Mr. A.M. de S. Jayaratne	-	Chairman – Independent Non- Executive Director
Mr. C.P.R. Perera	-	Member – Independent Non-Executive Director
Mr. S.D.R. Arudpragasam	-	Member – Non-Executive Director

The Committee analyses and reviews the remuneration packages of the key management personnel prior to the determination of such packages and guidelines are set for the compensation structures of the Management Staff.

Some members of the Board participate in the deliberations where appropriate.

It is ensured that the remuneration of executives at each level of management is competitive and they are rewarded in a fair manner based on their performance.

A.M. de S. Jayaratne
Chairman
Remuneration Committee

2nd September 2021

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transactions Review Committee (RPTRC) is entrusted with the responsibility of ensuring compliance with the rules and regulations governing Related Party Transactions for Listed Entities. It focuses on ensuring that the Stakeholders' interests are protected in all related party transactions.

Composition

The Related Party Transactions Review Committee of Kotagala Plantations PLC comprises of the following members:

Mr. A.M. de S. Jayaratne	- Chairman	- Independent / Non-Executive
Mr. C.P.R. Perera	- Member	- Independent / Non-Executive
Mr. S.D.R. Arudpragasam	- Member	- Non-Executive

The Company's Secretaries, Corporate Managers & Secretaries (Private) Ltd. function as the Secretaries to the Related Party Transactions Review Committee.

Meetings and Attendance

The Related Party Transactions Review Committee has met on two occasions during the financial year ended 31st March, 2021 and the attendance was as follows;

Mr. A.M. de S. Jayaratne- Chairman	2/2
Mr. C.P.R. Perera	2/2
Mr. S.D.R. Arudpragasam	2/2

In addition to these meetings certain related party transactions were referred to the Members of the RPTRC and were reviewed and recommended by Resolutions in Writing.

Functions of the Committee:

- Review all proposed Related Party Transactions (Except for exempted transactions)
- Determining whether the relevant Related Party Transaction is fair to, and in the best interests of the Company and its stakeholders.
- Obtain updates on previously reviewed Related Party Transactions from Senior Management and approve any material changes.
- Establish guidelines for Senior Management to follow in ongoing dealings with related parties.
- Direct the transactions for Board approval / Shareholder approval as deemed appropriate.
- Ensuring that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules and regulations are made in a timely and detailed manner.

Conclusion

The Related Party Transactions Review Committee has reviewed the Related Party Transactions entered into during the financial year under review and has communicated its comments and observations to the Board of Directors.

The Committee is free to seek external professional advice on matters within their purview when necessary.

The Board of Directors have also declared in the Annual Report that there were non-recurrent and recurrent related party transactions which exceeded the respective disclosure thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules. The details are set out in Note 32 (4) and (5) to the financial statements. The Company has complied with the requirements of the Listing Rules on Related Party Transactions except for the number of meetings held during the year.

A.M. de S. Jayaratne
Chairman
Related Party Transactions Review Committee

2nd September 2021

OUR PLANTATIONS

Estate	Crop	Planting District	Area in Tea (Ha.)		Area in Rubber (Ha.)		Area in Oilpalm (Ha.)		Others (Timber, Cinnamon, Coconut, Nurseries etc)	Earmarked for Future Planting	Building/ Roads/ Rocky/ Marshy etc	Present Estate Total Extent (Ha.)	Land released for Public purposes	Type of Factory	Factory Capacity
			Mature	Immature	Mature	Immature	Mature	Immature							
Kotagala Region															
Bogahawatte	Tea	Nuwara Eliya	129.50	1.00	-	-			25.55		82.99	239.04	3.96	Orthodox leafy	6,000
Chrystler's Farm	Tea	Nuwara Eliya	116.45	2.50	-	-			38.57		30.32	187.84	0.55	Orthodox/RV	9,000
Craigie Lea	Tea	Nuwara Eliya	239.82	4.60	-	-			43.10		73.98	361.50	2.50	Orthodox/RV	12,000
Drayton	Tea	Nuwara Eliya	232.20	-	-	-			45.05		65.25	342.50	0.37	Orthodox/RV	19,200
Kelliewatte	Tea	Nuwara Eliya	94.30	0.75	-	-			26.49		24.57	146.11	0.81	Orthodox leafy	7,200
Mayfield	Tea	Nuwara Eliya	283.25	6.00	-	-			162.25		84.00	535.50	1.95	Orthodox/RV	14,000
Mount Vernon	Tea	Nuwara Eliya	377.42	8.75	-	-			188.00	1.93	60.08	636.18	5.75	CTC	31,000
Stonycliff	Tea	Nuwara Eliya	331.25	6.25	-	-			187.93	31.50	43.32	600.25	0.75	Orthodox/RV	14,000
Yulliefield	Tea	Nuwara Eliya	329.25	2.00	-	-			156.24	59.75	112.50	659.74	1.25	Orthodox/RV	11,000
Derryclare	Tea	Nuwara Eliya	194.98	-					45.75	19.00	32.21	291.94	2.21	-	
Regional Total			2,328.42	31.85	-	-		-	918.93	112.18	609.22	4,000.60	20.10		
Horana/Kalutara Region															
Eduragala	Tea/Rubber	Kalutara	17.94	3.08	157.22	32.43	-	-	1.03	166.00	127.00	504.70	30.12		-
Hedigalla	Tea/Rubber	Kalutara	7.00	1.38	119.22	14.09	59.71		38.05	148.36	91.52	479.33	0.88		
Gikiyanakanda	Tea/Rubber	Kalutara	44.84	2.00	237.96	11.70	22.00	30.00	14.31	289.76	181.71	834.28	43.32	Orthodox/RSS	9,000
Rayigam	Tea/Rubber	Kalutara	95.54	6.02	155.26	55.10	18.00	-	3.60	251.53	77.67	662.72	28.28	Orthodox/Crepe	10,000/1200
Vogan	Tea/Rubber	Kalutara	43.42	7.00	254.05	15.92	15.00	-	4.69	244.93	211.77	796.78	51.06	Orthodox	8,000
Arapolakanda	Rubber	Kalutara	-	-	227.67	16.71	29.47	-	2.23	61.64	239.72	577.44	50.28	Crepe	1,500
Dalkeith	Rubber	Kalutara	-	-	293.20	76.58	132.95	26.19	3.02	298.30	357.47	1,187.71	16.28	Crepe	13,500
Millewa	Rubber	Kalutara	-	-	-	-	-		-	16.81	-	16.81	376.84		
Padukka	Rubber	Kalutara	-	-	197.72	52.78	-		11.13	103.26	49.28	414.17	1.82	Sole Crepe	6,000
Paiyagalla	Rubber	Kalutara	-	-	288.13	30.21	-		27.08	51.56	69.92	466.90	35.18	Crepe	2,900
Sorana	Rubber	Kalutara	-	-	221.95	20.16	59.61	3.45	8.29	108.86	173.54	595.86	141.50	Crepe	1,500
Usk Valley	Rubber	Kalutara	-	-	189.10	2.00	129.50		56.49	134.51	235.53	747.13	53.41	RSS	400
Pearth		Kalutara											700.00		
Regional Total			208.74	19.48	2,341.48	327.68	466.24	59.64	169.92	1,875.52	1,815.13	7,283.83	1,528.97		
Company Total			2,537.16	51.33	2,341.48	327.68	466.24	59.64	1,088.85	1,987.70	2,424.35	11,284.43	1,549.07		

OUR PEOPLE

		Workers	Clerical, Technical & Other Staff	Executives	Total
		2020/21	2020/21	2020/21	2020/21
Total Employees		5,883	456	57	6,396
Region Wise	Kotagala	3,627	332	21	3,980
	Horana	2,256	116	21	2,393
	Head Office		8	15	23
Gender Wise	Male	2,285	336	49	2,670
	Female	3,598	120	8	3,726
Age Distribution	Below 30 Years	3,371	44	8	3,423
	30 - 45 Years	1,658	239	22	1,919
	Over 45 Years	854	173	27	1,054
Service Distribution	Below 5 Years	1,556	183	23	1,762
	5 - 15 Years	1,834	177	16	2,027
	Over 15 Years	2,493	96	18	2,607

CROP AND YIELD

Estate	Crop (KG '000)					Yield (KG /Ha)				
	2020/21	2019/20	2018/19	2017/18	2016/17	2020/21	2019/20	2018/19	2017/18	2016/17
TEA										
Western High Grown										
Bogahawatte	**212**	177	200	223	243	**1,639**	1,364	1,548	1,724	1,874
Chrystlers' Farm	**212**	188	200	212	190	**1,822**	1,614	1,669	1,662	1,613
Craigie Lea	**422**	371	466	389	402	**1,833**	1,613	2,025	1,693	1,745
Derryclare	**326**	284	306	292	292	**1,787**	1,542	1,634	1,588	1,474
Drayton	**486**	426	509	566	433	**2,103**	1,845	1,951	1,778	1,719
Kelliewatte	**139**	128	183	228	335	**1,652**	1,518	1,806	1,647	1,685
Mayfield	**522**	418	563	606	468	**1,715**	1,497	1,779	1,577	1,396
Mount Vernon	**906**	832	783	926	789	**2,401**	2,210	1,913	1,807	1,796
Stonycliff	**497**	435	570	520	517	**1,685**	1,470	1,931	1,769	1,686
Yuillefield	**435**	406	475	611	551	**1,510**	1,385	1,465	1,371	1,125
Sub Total	**4,157**	3,664	4,255	4,573	4,220	**1,860**	1,653	1,795	1,665	1,581
Low Grown										
Eduragala	**25**	29	36	39	34	**1,438**	1,601	2,007	2,189	1,922
Hedigalle	**7**	9	7	10	14	**1,060**	1,288	754	1,065	1,193
Gikiyanakanda	**50**	165	262	247	94	**1,152**	1,390	1,569	1,659	1,513
Rayigam	**181**	313	352	419	411	**1,198**	1,352	1,475	1,629	1,561
Vogan	**68**	84	96	194	125	**1,565**	1,296	1,251	2,189	1,154
Sub Total	**331**	599	753	909	678	**1,282**	1,367	1,464	1,606	1,423
Total-Tea	**4,488**	4,263	5,008	5,482	4,898	**1,810**	1,628	1,766	1,660	1,567
RUBBER										
Arappolakande	**181**	168	186	185	239	**795**	686	754	763	983
Dalkeith	**205**	195	273	271	335	**699**	670	952	924	1149
Eduragala	**95**	79	110	122	123	**603**	444	597	612	663
Gikiyanakande	**102**	102	135	134	177	**431**	344	434	416	587
Hedigalla	**47**	41	62	57	118	**397**	293	401	381	785
Millewa			9	65	162			525	490	831
Padukka	**165**	137	198	212	264	**832**	594	828	784	941
Paiyagala	**205**	158	249	249	289	**713**	527	830	797	918
Rayigam	**155**	134	161	172	205	**997**	642	720	770	914
Sorana	**138**	144	185	206	251	**623**	609	790	723	988
Uskvalley	**121**	108	164	174	221	**639**	528	758	724	932
Vogan	**167**	137	181	161	196	**656**	473	607	557	641
Total -Rubber	**1,581**	1,403	1,913	2,008	2,580	**675**	536	705	687	865
OIL PALM										
Arapolakande	**382**	359	346	184	152	**12,958**	12,186	11,729	6251	5831
Dalkieth	**531**	512	433	261	186	**3,993**	6,564	5,547	3573	3097
Uskvalley	**552**	547	538	252	251	**4,266**	4,390	4,324	2021	2770
Gikiyanakanda	**231**	306	257	186	116	**10,501**	13,892	11,682	8460	5256
Sorana	**471**	535	541	235	215	**7,910**	8,969	9,080	3946	5324
Rayigam	**85**	93	61	18	7	**4,727**	5,146	3,399	1013	-
Hedigalla	**189**	163	145	17	17	**3,163**	3,509	-	-	-
Vogan	**41**	38	35	5	3	**2,713**	2,562	-	-	-
Total-Oil Palm	**2,482**	2,552	2,356	1,158	947	**5,324**	6,492	6,563	3479	3739

MANAGEMENT DISCUSSION & ANALYSIS

Rubber

Natural rubber production in Sri Lanka is declining at an alarming rate from 155,000 Mt produced in 1967 to 78,200 Mt in 2020, although there is an increase of 4.6% against 2019. Sri Lanka with over 140 years history as the pioneer rubber grower in the world outside South America, was in the fourth place in the world as a NR producer in late nineteen sixties has already fallen down to the 12th position, overtaken by countries entered into growing rubber much later, such as Vietnam, Cambodia and Myanmar.

At present, the contribution from the rubber industry to the total export value of Sri Lanka is 0.3% against 0.2% last year showing a slight growth. The export revenue improved from US$ 24.2 M last year to US$ 30M this year, recording an increase of 25%.

One of the major reasons for the drop in productivity of all agricultural crops in the country is the escalating labour wages, which makes the weeding cost very high, particularly after the banning of the use of the weedicide Glyphosate citing health reasons which is an unfounded fear. As a result, farmlands are not properly weeded now to minimize the absorption, by weeds, of limited quantities of nutrients, added to the soil as fertilizers, at a very high cost.

Global Rubber production of natural rubber has been around the range of 12.7 M/Mts during the current year against 13.8 M/Mts the previous year showing a decline of 8%.

At present Sri Lanka is among the worlds' top ten largest producers and the7th largest exporter in Natural Rubber, but it is sad to report that the extent under tapping is in the declining trend over the years as a result of competition for land for more lucrative agricultural crops such as oil palm etc. The lower prices over a considerable period of time has led to the abandonment of tapping in marginal lands, as proceeds could not even cover the cost of production making rubber cultivation less attractive.

Sri lankan Rubber production at 78.2 M/Kgs during 2020 against that of 74.7 M/Kgs in 2019 records an increase of 4.6% , depicting a marginal turn around as a result of improved market prices and favourable weather conditions that prevailed in the second half of the year 2020, but still well below the production volume achieved in the past 50 years. The growth reflected in the second half of the year as the first half was affected by mobility restrictions and compulsory lockdowns during the first wave of COVID-19 pandemic and dry weather conditions in the low country areas.

Reflecting the drop in international market prices in 2019, Prices of Sri Lankan RSS rubber reflected a marginal increase mainly due to COVID-19 impact . The Colombo Auction average price of RSS1 increase to Rs.348.21 against Rs. 288.44 in the previous year recording an increase of 20% and Prices of Latex Crepe rubber increased from Rs.302.6 in the previous year to Rs.360.74 in the current year showing a growth of 19%. Recovery in Chinese demand in the second half of 2020, lower production in Thailand and spread of fungal disease in rubber plantations in South East Asia were the key factors contributing to the escalation of natural rubber prices in the global markets.

Company Performance

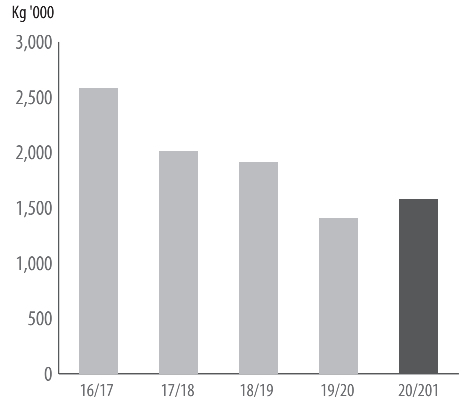
Crop

During the year under review the Company produced a crop of 1.6M/Kgs against that of 1.4M/Kgs during the previous year showing an increase of 12.7%, mainly due to favourable weather conditions prevailed together with the planned tapping activities boosted by the management.

Yield

During the year under review the yield obtained in the Low Country was 675Kgs/ha against that of the previous year 536 Kgs/ha recording an increase of 31%.

Crop - Rubber



Net Sales Average

Although RSS market prices have improved by 20% against the last year, but declined by 17% against the 2012 prices. Similarly Latex Crepe and Scrap Crepe too recorded an increase by 19% but fell by 13%.

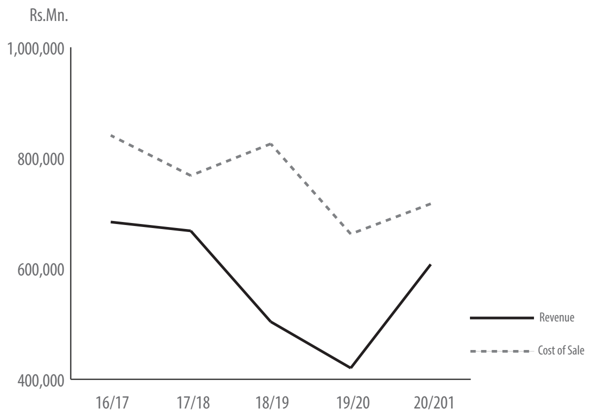
YEAR	RSS1	RSS2	LTX-CRP 1X	LTX-CRP 1	SCRAP CREPE
2011	508.8	505.76	574.93	566.6	462.24
2012	416.47	409.56	410.84	405	376.57
2013	376.9	369.21	397.28	389.69	309.23
2014	286.05	280.14	310	302.2	213.27
2015	248.16	242.92	301.64	296.39	174.97
2016	268.38	267.27	269.14	265.01	216.26
2017	336.72	329.85	351.17	347.5	269.59
2018	281.36	273.85	321.7	313.12	210.34
2019	288.44	282.8	302.61	298,82	245.2
2020	348.21	315.07	360.74	355.94	253.09

Kotagala Plantations were able to achieve an average price of Rs.376.16 during the current financial year against that of Rs.301.66 during the previous year recording an increase of 24.7% and thereby reflected an increase in turnover by 44.6%.

Cost of Production

The COP for rubber decreased by 4.5% from Rs.478.63 (previous year) to Rs.462.69 (current year). This was mainly due to the decrease in cost of production as a result of the increase in crop by 12.7%.

Revenue Vs Cost of Sale - Rubber



TEA

The year 2020 is recorded as one the most challenging year in history with the emergence of the pandemic Covid-19 that disrupted the World. However, the Tea Industry were able to sustain production, manufacture and selling through Auctions, while most of the Industries couldn't even operate due to lockdowns. The prompt response by the CTTA and CBA to swift by change to digital auctioning is highly commendable, if not the selling process would have come to a halt during the compulsory lockdown periods.

It is remarkable to note that the tea auction prices picked up by Rs.9.5, Rs.120.92, Rs.108.69 and Rs.89.45 during the four quarters respectively against the previous year 2019.

Auction averages for the year 2020 totalled Rs. 628.21 against the 2019 average of Rs.544.54. Almost all High, Medium and Low growns reflected an increase in prices by Rs.62.88, Rs.84.98 and Rs.89.71 respectively against the previous year 2019.

Tea production for the year 2020, totaled 278.8 M/kgs showing a decrease of 21.3 M/kgs against 2019. The decrease is mainly due to the reduction in Low growns by 16.6 M/kgs whereas Medium Growns have shown a marginal increase of 0.2M/kgs and High Growns a marginal decrease of 0.5 M/kgs against the previous year 2019.

Sri Lanka Tea exports totaled 265.6M/kgs in 2020 compared to 292.6 M/kgs in 2019 showing a decrease of 27 M/kgs. And in terms of revenue, earned Rs.230.2B in 2020 against Rs.240.6 B the previous year 2019.

It is noteworthy to state that the Sri Lankan tea was fetching the highest World Auction Averages during the last 12 years except in the year 2012 when Kenya achieved the highest average prices. World Tea Production stood at 6 B/Kgs during 2020 recording a slight reduction of 2% against the growth of 2.4% in the previous year 2019. China, India, Kenya and Sri Lanka accounted for almost 89.6% of the global production. In fact, Asian Countries merely contributed to the decline of 2.4%, while African Countries and Turkey have shown a slight growth YOY.

The 1st Quarter weekly auction volumes averaged 5.5M/Kgs against 6.5 M/kgs the previous year. But prices averaged to Rs.594.3 against Rs.585.3 against the previous year recording an increase of Rs.9.5.

In the 2nd Quarter and 4th Quarter too the weekly auction volumes reflected a decline compared to the previous year, except the 3rd quarter which showed an increase. However, the auction prices showed a remarkable increase of Rs.120.92, Rs.108.69 and Rs.89.45 in the 2nd, 3rd and 4th Quarters respectively.

In total, the year 2020 witnessed a decrease in auction volumes by 10.9% amounting to 33 M/kgs as compared to 2019, but the prices increased by 15% from Rs.544.54 in 2019 to Rs.628.21 in 2020.

Both Western High/Low Grown averages showed a significant increase by Rs.72.27 per kg and Rs.89.71 per kg against the last year respectively. And the company achieved an average of Rs.579.42 and Rs.632.08 for the High/Low Grown Regions for the current year against that of Rs.543.29 and Rs.577.98 in the previous year respectively.

Colombo Tea Auction Prices

Crop

In the year under review the Company's tea production reached 4.48 M/kgs against 4.26M/kgs during the previous year recording a growth of 5.3% . High Growns accounted for 13.5% growth whereas Low Growns reflected a decline of 44.7% mainly due to erratic weather conditions which prevailed in the country coupled with the impact of Covid-19 disruption prevailed in the Low country areas.

Yield

During the year under review the yield obtained in the High Grown was 1,860 Kgs/ha against 1,653 Kgs/ha in the previous year recording an increase of 12.78% and Low Country too recorded a yield of 1,282 Kgs/ha this year against that of the previous year 1,349 Kgs/ha resulting in a decrease of 5%. The overall Yield for the Company showed an increase of 11.4% from 1,624 Kgs/ha during the previous year to 1,810 Kgs/ha in the current year.

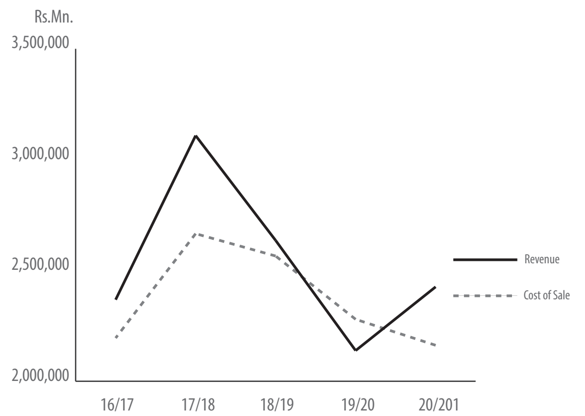
NSA

In the year under review the Company's NSA increased substantially by 18% representing both High/Low growns against the previous year resulting in an increase of Rs.288 M in turnover.

Cost of Production (COP)

The COP reached to a figure of Rs502/kg during the current year against that of Rs.508/kg in the previous year reflecting a slight decrease by 0.5% mainly due to the increase in yield.

Revenue Vs Cost of Sale - Tea



Oil Palm

Kotagala Plantations PLC has indentified an extent of 1200 ha to be planted with this newly popular agricultural crop. The identified land is mainly confined to Kalutara District falling under shrub jungle of Godapara and some uneconomical rubber lands situated in the high rainfall areas.

Of the total programme an extent of 581 ha has already been planned. The delay in completion of the target was mainly due to the government restrictions enforced on import permits on the seeds. Out of the 525.88 Ha planted, approximately 466Ha have come in to bearing yielding a crop of 2.482 M kgs of Fresh Fruit Bunches against 2.552 M Kgs the previous year showing a decline of 2.7% and generating a revenue of Rs.122.7M against Rs.109M last year showing a growth of 12.5% mainly due to increase in prices.

Owing to the fact that Kotagala Plantations PLC is not having a factory to process Palm Oil, the facility available with AEN palm Oil Processing (Pvt) Ltd. at Baduraliya (Agalawatte) is being patronized.

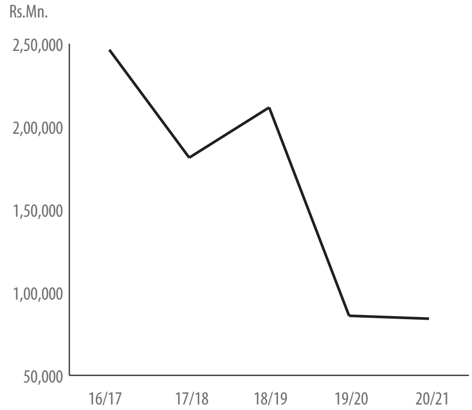
Currently Palm Oil prices have taken a upward trend in the international market. During the current year the Company achieved an average price of Rs.49.46 per kg against Rs.42.75 in the previous year showing an increase of 15.7%.

Unfortunately the Sri Lankan Government has banned any new replanting in the Oil Palm crop, despite the fact that Oil Palm appears to be a viable crop in most of the Plantation companies, significantly contributing towards the profitability amidst losses from Rubber and Tea sectors due to decline in Auction prices.

Capital Expenditure

The Company invested an amount of Rs.47 Mn against Rs.54 Mn last year in respect of field and development expenditure. In the year under review 51.33ha of tea, 327.68ha of rubber and 59.64ha of oil palm was maintained under immature extent. The Company spent Rs.37 Mn on plant & machinery , infra structure development , social work, vehicles, IT developments and to meet HACCP standards.

Capital Expenditure - Rs. Mn.



Challenges

The volatility in Middle Eastern markets, as a result of the US embargo on shipments to Iran, the decline in Ceylon tea prices in the international markets as a result of the MRL factor found in tea exported to Japan and increasing costs as a result of the wage increase in March 2021 and Government ban on inorganic fertilizer application have created a challenging environment for the Sri Lankan tea industry. Even if global market conditions improve, rigidities in the domestic supply due to erratic weather conditions and rising cost of production could make it challenging for the domestic tea industry.

Unlike Tea, the rubber small holders account for 77% of the national rubber production and only 23% is attributable to corporate sector which is significant to the local rubber industry towards the production of the finished products. The current trend in the rubber prices is encouraging compared to the previous years sharp decline that have cascading effect on the prices offered to small holders who were not be able to sustain losses for a longer period.

WAY FORWARD

Industry needs to urgently improve productivity and generate new markets. Productivity appears to be the top priority as Sri Lanka's Tea prices rank top in the world market price list. Introducing mechanized plucking becomes inevitable. New markets such as other Middle East Countries apart from Iran and other untapped European &Asian countries must be explored. The growing black tea market in China is also a possible destination to export local tea.

The way forward for Rubber is value addition. Sri Lankan rubber industry needs to attract foreign investments in order to expand and diversify. Government's intervention in the Rubber industry is imminent towards its growth and future sustainability, by way of increased re-planting subsidy to the small holders and also revisit of the Export Cess of Rs.15/kg. levied in 2011 but has still remained in force making export prices more unattractive.

FINANCIAL REVIEW

The Company has reported a Gross Profit of Rs.198.8 M during the current year against the previous year's Gross Loss of Rs.341.6 M which accounts for an increase by Rs.539 M, mainly due to the increase in gross profit from Tea by Rs.404 M, decrease in Gross Loss from Rubber by Rs.133 M and increase in gross profit from Oil Palm by Rs.3 M.

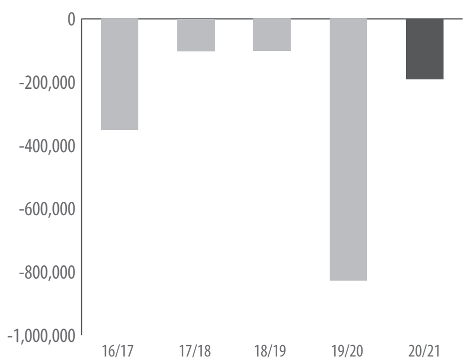
The increase in Tea prices by 18%, Rubber prices by 24.7% and Oil Palm prices by 15.7% are the main reasons for the increase in Gross profitability. Cost of Sales too decreased marginally by 1.7% as a result of the increase in crop by 5.3% and 12.7% from Tea & Rubber respectively.

The Oil Palm performance reflects marginal increase compared to the previous year. Although the yield decreased by 18%, the price increased by 15.7% mitigated the loss in yield. The COS increased by 16%, but the overall Gross profit increased by 7%, resulting in a Gross profitability of Rs.44.6 M against the previous year Gross profit of Rs.41.6M . The Oil Palm has just turned around to sustainable yielding cycle and expected to contribute significantly to the profitability of the company in the coming years.

Kotagala Plantations PLC, has reported a after tax loss of Rs.202 M against the loss of Rs.829 M the previous year reflecting a decrease in loss by Rs.627 M, mainly due to the increase in Gross Profit by Rs.539 M and decrease in administrative expenses by Rs.311 M as a result of the significant decrease in impairments. The main reason for the decrease in Finance Cost by Rs.99 M is due to the reduced interest rate negotiated @ 7.5% for Debentures as part of the restructure together with the general decrease in AWPLR prevailed on other loans from Financial Institutions under COVID-19 concessions granted by the Central Bank. The main reason for the decrease in Other Operating Income is due to the decrease in income from sale of Rubber Trees as a result of the COVID-19 pandemic that resulted in a prolonged lock down during the year 2020.

Kotagala Plantations PLC records a consolidated comprehensive loss of Rs. 127.3 M for the current year against a loss of Rs.221.7 M last year mainly due to the increase in actuarial gain of Rs.50m and increase in FV through OCI of Rs.12m.

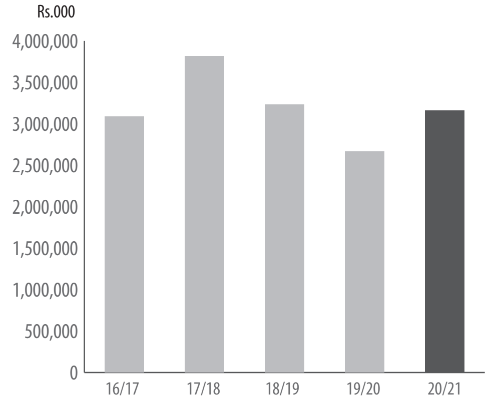
Profit Before Tax



Turnover

The consolidated turnover increased by 18.5% with a revenue of Rs.3.2 B this year compared to Rs.2.7 B last year. The increase of Rs.0.5 M is mainly from increase in turnover from Tea of Rs.287M, Rubber Rs.187M and Oil Palm of Rs.14 M and the balance from the subsidiary.

Company Turnover



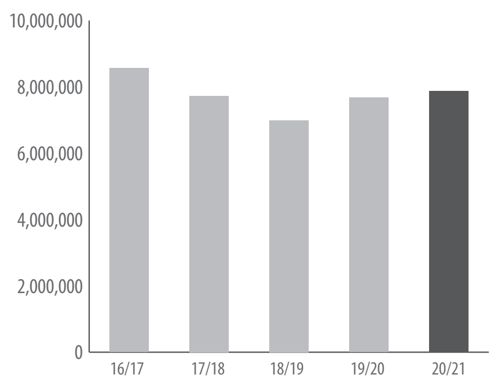
Biological Assets -Timber

With the adoption of LKAS 41, the Company recognized its managed timber at fair value amounting to Rs.1,660M in the balance sheet under consumable biological assets as at the year end and the gain recognized in the profit and loss statement amounted to Rs.198 M for the current year against Rs.143 M the previous year. The increase was mainly due to the increase in timber content coupled with the decrease in the discount rate as a result of the decrease in risk free interest rate.

Investments

All the quoted investments are stated at market value and unquoted investments are valued using estimates based on acceptable Bench Mark method adopting valuation factors of other comparable quoted Companies. Fair value reserve stands at Rs.46.5 M at the year end against that of Rs.26.5 M last year, mainly due to the increase in FV through OCI Investments from unquoted securities Rs.16 M and Rs.4 M from Unit Trust Investments.

Total Assets



Cash flow

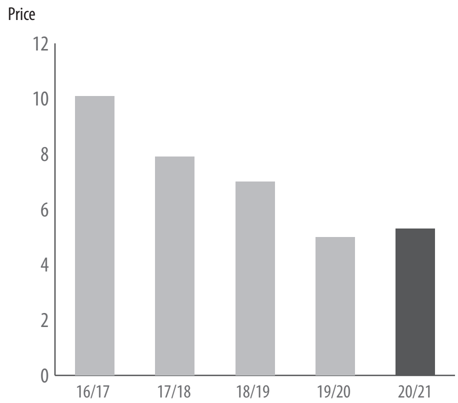
The company generated net cash from operating activities of Rs. 211 M against Rs.281 M in the previous year. The decrease in funds amounting to Rs.70 M is mainly due to increase in operating profit by Rs.338 M and the net decrease in changes in working capital by Rs.452 M resulting in a decrease in cash generated from operating activities by Rs.114M together with decrease in interest payments by Rs.90m and increase in Gratuity payments by Rs.47M.

During the current year the company invested Rs.47 M in replanting and Rs.37 M in Plant & Equipment mainly in Mechanisation Equipments in particular and also settled term loans, leases and debentures amounting to Rs.139M. Other inflows consist of short term borrowings amounting to Rs.78 M and Rs.6 M from grants.

The increase in the Net Cash from the operating activities of Rs.211 M was utilized in the net investing activities amounting to Rs.80 M and financing activities amounting to Rs.54 M resulting in a net increase of Rs.77 M for the current year against the deficit of Rs.123 M in the previous year.

The Company closed the period with a negative Cash position of Rs. 499 M compared to Rs.575 M the previous year.

Market Price per Share



TEN YEAR SUMMARY

Rs. '000	2020/21	2019/20	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
STATEMENT OF COMPREHENSIVE INCOME										
Revenue	**3,156,490**	2,667,995	3,232,576	3,816,830	3,086,410	3,038,112	3,555,480	3,658,817	3,706,941	3,662,782
Gross Profit/(Loss)	**198,837**	(341,612)	(212,972)	316,830	10,067	(131,258)	47,877	383,169	811,052	670,232
Fair Value Of Biological Assets	**198,130**	143,064	141,968	139,486	54,375	7,973	84,259	139,436	89,539	(60,149)
Other Operating Income	**99,327**	466,875	197,106	202,268	338,342	185,209	266,785	241,879	184,647	247,058
Operating Profit/(loss) Before Management Fee & Interest	**183,402**	(355,484)	126,102	359,723	158,372	(385,387)	65,589	598,441	846,160	628,136
Profit/(loss) Before Income Tax	**(190,514)**	(827,378)	(1,015,610)	(102,204)	(350,830)	(943,984)	(603,576)	(151,880)	412,729	416,676
Total Comprehensive Income(Expense)	**(127,306)**	(221,738)	(1,216,495)	(11,296)	(374,110)	(618,737)	(597,442)	(276,584)	337,123	247,124
STATEMENT OF FINANCIAL POSITION										
Non-Current Assets	**7,242,937**	7,211,606	6,024,991	6,141,152	7,156,987	7,578,061	7,488,045	7,144,857	6,776,883	4,881,615
Current Assets	**640,145**	463,593	963,856	1,583,207	1,407,330	1,614,107	1,767,633	2,382,195	2,531,351	2,051,088
	7,883,082	7,675,199	6,988,847	7,724,359	8,564,317	9,192,168	9,255,678	9,527,052	9,308,234	6,932,704
Stated Capital	**781,500**	781,500	781,500	781,500	680,000	680,000	680,000	680,000	320,000	320,000
Share Application Money	**-**	-	-	-	-	-	-	-	114,541	-
Revalution Gain	**594,443**	594,443	-	-	-	-	-	-	-	-
Fair Value Reserve	**46,583**	26,509	17,944	79,447	5,663	153,367	37,960	170,405	205,699	278,145
General Reserves	**240,000**	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Retained Earnings	**(1,270,002)**	(1,122,622)	(490,113)	664,879	749,959	976,365	1,710,510	2,024,077	2,365,366	2,029,095
Shareholders Funds	**392,524**	519,830	549,331	1,765,826	1,675,622	2,049,732	2,517,040	3,114,482	3,245,606	2,867,240
Deferred Income	**323,403**	330,309	328,357	333,814	335,031	331,488	318,131	315,518	304,868	309,496
Interest Bearing Borrowings	**1,045,930**	1,186,219	1,194,716	1,582,892	2,165,239	2,361,294	2,195,143	1,501,841	1,839,106	739,584
Retirement Benefit Obligations	**886,613**	873,812	757,556	634,712	661,880	693,706	751,460	685,109	593,136	568,897
Net Liability To Lessor	**654,595**	644,539	348,146	356,072	363,695	371,165	378,212	384,989	391,504	397,769
Deferred Tax	**419,209**	403,004	303,637	215,320	170,927	189,081	268,004	393,187	350,426	309,939
Long Term Related Party Balance	**-**	-		-	-	-	-	-	-	-
Current Liabilities	**4,160,808**	3,717,486	3,507,104	2,835,724	3,191,923	3,195,702	2,676,258	3,131,926	2,583,590	1,739,778
	7,883,082	7,675,199	6,988,847	7,724,360	8,564,317	9,192,168	9,255,678	9,527,052	9,308,234	6,932,704
Net Cash Flow										
From/(Used In) Operating Activities	**211,048**	281,768	453,087	(576,740)	749,811	282,595	(293,997)	534,891	(281,010)	811,786
From/(Used In) Investing Activities	**(80,460)**	(85,951)	(191,566)	856,865	217,008	(357,665)	(390,125)	(353,819)	(1,893,456)	(449,035)
From/(Used In) Financing Activities	**(53,931)**	(318,347)	(314,296)	(455,679)	(744,749)	1,472	640,233	(347,588)	1,669,003	(689,291)
Increase/(Decrease) In Cash & Cash Equivalents	**76,657**	(122,530)	(52,775)	(175,554)	(227,778)	(448,726)	(375,363)	(334,705)	(177,233)	(326,540)
Per Share-Rs										
Earnings/(Loss)	**(2.69)**	(11.02)	(14.77)	(3.13)	(7.32)	(20.96)	(11.88)	(5.20)	11.80	10.10
Dividends	**-**	-	-	-	-	-	-	-	2.50	2.00
Net Assets (Year End)	**5.22**	6.91	7.30	23.47	(41.89)	51.24	66.71	77.86	102.75	90.63
Market Value (Year End)	**5.30**	5.00	7.00	7.90	(10.10)	15.10	24.70	35.00	54.00	70.00

SHAREHOLDER & INVESTOR INFORMATION

1. Stock Exchange Listing

The Issued Ordinary Shares of the Company are listed with the Colombo Stock Exchange.

2. Distribution of Ordinary Shares

No. of Shares Held	31st March 2021			31st March 2020		
	No of Shareholders	Total Holding	% of Total Shares	No of Shareholders	Total Holding	% of Total Shares
1 - 1,000	**12,408**	**2,380,931**	**3.17**	12,071	2,256,139	3.00
1,001 - 10,000	**740**	**2,827,051**	**3.76**	476	1,595,698	2.12
10,001 - 100,000	**268**	**7,822,206**	**10.40**	118	3,586,711	4.77
100,001 - 1,000,000	**26**	**6,264,888**	**8.33**	18	5,193,960	6.90
Over 1,000,000	**5**	**55,929,924**	**74.35**	7	62,592,492	83.21
	13,447	**75,225,000**	**100.00**	12,690	75,225,000	100.00

Categories of Shareholders

	31st March 2021			31st March 2020		
	No of Shareholders	Total Holding	% of Total Shares	No of Shareholders	Total Holding	% of Total Shares
Individuals	**13,340**	**15,506,062**	**20.61**	12,581	10,178,806	13.53
Institutions	**107**	**59,718,938**	**79.39**	109	65,046,194	86.47
	13,447	**75,225,000**	**100.00**	12,690	75,225,000	100.00

3. Public Holding

The Percentage of shares held by the public as at 31st March 2021 was 32.77 %. (31st March 2020 - 24.34%.)

The applicable option under CSE Rule 7.13.1 on minimum public holding is option 5 and the Float Adjusted Market Capitalization as of 31.03.2021 was Rs.130.65 Mn.

4. Public Shareholders

The number of Public Shareholders as at 31st March 2021 was 13,435. (31st March 20120-12,672)

5. Market Value

The market value of the Company's ordinary shares was

	2021 Rs.	2020 Rs.
Highest	**12.50**	8.00
Lowest	**4.10**	4.90
Market Value as at the year end	**5.30**	5.00

SHAREHOLDER & INVESTOR INFORMATION

6. MAJOR SHAREHOLDERS

	Full Name of Shareholder	31st March 2021		31st March 2020	
		No.of Shares	Share Percentage	No.of Shares	Share Percentage
1	CONSOLIDATED TEA PLANTATIONS LIMITED	**31,650,000**	**42.07%**	31,650,000	42.07%
2	LANKEM TEA & RUBBER PLANTATIONS (PVT) LIMITED	**11,103,150**	**14.76%**	11,103,150	14.76%
3	SECRETARY TO THE TREASURY	**5,700,834**	**7.58%**	5,700,834	7.58%
4	NATIONAL DEVELOPMENT BANK PLC/ LANKEM TEA AND RUBBER PLANTATIONS (PVT) LTD	**5,251,960**	**6.98%**	6,900,787	9.17%
5	NATIONAL DEVELOPMENT BANK PLC/CONSOLIDATED TEA PLANTATIONS LTD	**2,223,980**	**2.96%**	4,537,500	6.03%
6	MR. SIVAN GNANASEKARAN AND MRS. MANIMEKALANI GNANASEKARAN	**810,000**	**1.08%**	-	-
7	BANK OF CEYLON NO. 1 ACCOUNT	**729,997**	**0.97%**	729,997	0.97%
8	SEYLAN BANK PLC/ K S BALASURIYA	**400,000**	**0.53%**	-	-
9	SAMPATH BANK PLC/ DR.T.SENTHILVERL	**375,363**	**0.50%**	385,363	0.51%
10	MR. KANDASAMY PARAMESWARAN	**352,749**	**0.47%**	-	-
11	COMMERCIAL BANK OF CEYLON PLC A/C NO. 04	**302,625**	**0.40%**	302,625	0.40%
12	MR. MUHAMED NALEEM MUHAMMED ABDUL CAADER AND MRS. MAZEENA MUHAMMED ABDUL CAADER	**300,926**	**0.40%**	-	-
13	MRS. SHIELA IRANGANIE HEENETIMULLA	**270,000**	**0.36%**	269,631	0.36%
14	POLGAHAWELA SANASA SOCIETIES UNION LTD	**227,000**	**0.30%**	-	-
15	MR. SENAKA JAYANTHA RANASINGHE	**206,684**	**0.27%**	13,780	0.02%
16	MR. WEERATHUNGA ARACHCHIGE SAMPATH PALITHA DE SARAM	**192,196**	**0.26%**	1	0.00%
17	MR. PELI ARACHCHIGE LUKSHAMAN	**190,000**	**0.25%**	-	-
18	MR. SEMASINGHE NAWARATHNE MUDIYANSELAGE SEMASINGHE	**165,349**	**0.22%**	-	-
19	MR. MAPA MUDIYANSELAGE SAMANTHA INDUNIL	**156,496**	**0.21%**	-	-
20	DR. PRADHANA MUDIYANSELAGE CHANDRASEKARA BANDARA DIGANA	**156,320**	**0.21%**	-	-
	TOTAL	**60,765,629**	**80.78%**	61,593,668	81.87%

FINANCIAL REPORTING

Financial Calendar

Quarterly Financial Statements

03 Months ended 30th June 2020	4th September 2020
06 Months ended 30th September 2020	10th November 2020
09 Months ended 31st December 2020	11th February 2021
12 Months ended 31st March 2021	20th May 2021
Annual Report 2020/2021	2nd September 2021
28th Annual General Meeting	6th October 2021

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Kotagala Plantations PLC present their Report together with the Audited Financial Statements for the year ended 31st March, 2021. The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007, the Colombo Stock Exchange Listing Rules and are guided by recommended best practices.

Principal Activities, Business Review/Future Developments
The principal activities of the Company are cultivation, manufacture and sale of Tea, Rubber and cultivation and sale of Oil Palm. The Chairman's Review, CEO's Review, Management Discussion and Analysis and Financial Review describes the performance of the Company during the year with comments on financial results and future developments.

The Directors to the best of their knowledge and belief confirm that the Company has not engaged in any activities that contravene laws and regulations.

Financial Statements
The Financial Statements of the Group are given on pages 38 to 105.

Auditors' Report
The Auditors' Report on the Financial Statements is given on pages 34 to 37.

Accounting Policies
The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 43 to 55.

Interest Register
Directors' Interest in Transactions

The Directors have made general disclosures as provided for in Section 192 (2) of the Companies Act No. 7 of 2007. Arising from this, details of contracts in which they have an interest are disclosed in Note 32 to the Financial Statements on pages 92 to 94.

Directors' Interest in Shares
The Directors of the Company who have an interest in the shares have disclosed their shareholdings and any acquisitions/disposals to the Board in compliance with Section 200 of the Companies Act No. 07 of 2007.

Details pertaining to Directors direct shareholdings are set out herein.

Name of Director	No.of Shares as at 31.03.2021	No. of Shares as at 31.03.2020
Mr. S.D.R. Arudpragasam	150,375	150,375
Mr. C.P.R. Perera	112,500	112,500
Mr. G.D.V. Perera (Resigned w.e.f. 31.03.2021)	600	600
Mr. M.S. Madugalle	7,185*	7,185*
Mr. S.S. Poholiyadde	1,500	1,500
Mr. Anushman Rajaratnam	-	220,590

* 4,582 shares (2019/20 - 4,582 shares) are held in personal capacity and consequent to the subdivision of shares, fractional shares aggregating 2,603 shares (2019/20 - 2,603 shares) are held in trust.

Directors' Remuneration
The Directors' remuneration in respect of the Group for the Financial Year 2020/ 2021 is disclosed in Note 7 to the Financial Statements.

Corporate Donations
No donations were made during the year.

Directorate
The names of the Directors who held office during the financial year and who are currently in office are given below. Brief profiles of the Directors currently in office appear on pages 6 and 7.

Mr. S.D.R. Arudpragasam - Chairman
Mr. C.P.R. Perera - Deputy Chairman
M.S. Madugalle - Chief Executive Officer
Mr. D.A. Ratwatte - Resigned w.e.f. 31.03.2021
Mr. G.D.V. Perera - Resigned w.e.f. 31.03.2021
Mr. A.M. de S. Jayaratne
Mr. S.S. Poholiyadde
Mr. Anushman Rajaratnam

Mr. D.A. Ratwatte and Mr. G.D.V. Perera resigned from the Board with effect from 31st March 2021.

In terms of Articles 92 and 93 of the Articles of Association Mr. Anushaman Rajaratnam retires by rotation and being eligible offers himself for re-election.

Mr. A.M. de S. Jayaratne being over seventy years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. C.P.R. Perera being over seventy years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. S.D.R. Arudpragasam who has attained seventy years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Enterprise Governance
Adoption of good governance practices has become an essential requirement in today's corporate culture. The practices carried out by the Company are given in the Enterprise Governance Statement on pages 9 to 12.

Auditors

The Financial Statements of the Company for the year have been audited by KPMG, Chartered Accountants, the retiring Auditors who have expressed their willingness to continue as Auditors of the Company and are recommended for reappointment. A resolution to reappoint them and to authorize the Directors to determine their remuneration will be proposed at the Annual General Meeting.

The Auditors, KPMG was paid Rs. 5.1 Mn (2019/ 20 – Rs. 5.1 Mn) as audit fees and fees for audit related services by the Company. In addition they were paid Rs. 0.2Mn(2019/ 20 – Rs. 0.6 Mn.) by the Company as fees for non-audit related work. As far as the Directors are aware the Auditors do not have any relationship (other than that of an Auditor) with the Company. The Auditors do not have any interests in the Company.

Revenue

The revenue of the Group for the year was Rs. 3.2 Bn. (2019/ 20 – Rs. 2.7 Bn.) The revenue of the Company for the year was Rs. 3.1 Bn. (2019/20 – Rs. 2.7 Bn.)

Results

The Group made a loss before Tax of Rs. 214.4 Mn.
(2019/20 – Rs. 918.4 Mn.)

The Company made a Net Loss before Tax of Rs. 190.5 Mn. against a loss of Rs. 827.4 Mn. in the previous year. The detailed results are given in the Statement of Profit or Loss and Other Comprehensive Income on page 38.

Dividends

The Board of Directors have not recommended the payment of a dividend on the Ordinary Shares of the Company for the year ended 31st March, 2021.

Managing Agents & Management Fee

Lankem Tea & Rubber Plantations (Pvt) Limited (LT & RP), a subsidiary of Consolidated Tea Plantations Ltd. (formerly known as Lankem Plantation Holdings Limited,) continue to manage the affairs of the Company. LT & RP did not charge Managing Agent's Fees in the year under review and in the year 2019/2020.

Investments

Investments made by the Group and the Company are given in Note 15 to the Financial Statements on pages 70 to 74.

Property, Plant & Equipment

During 2020/2021 the Group invested Rs. 37 Mn. in Property, Plant & Equipment. (2019/20 – Rs. 32 Mn.) Further your Directors are of the opinion that the net amounts at which land and other Property, Plant & Equipment appear in the Statement of Financial Position are not greater than their market value as at 31st March, 2021.

Capital Expenditure - Company

The capital expenditure of the Company during the year amounted to Rs. 84.1 Mn. (2019/20 – Rs. 85.9 Mn.) which includes Rs. 47.0 Mn. in replanting expenditure (2019/20 – Rs. 53.9 Mn.) Information relating to movements in Property, Plant & Equipment are given in Note 13 on pages 63 to 66 to the Financial Statements.

Stated Capital

As at the year end the Stated Capital of the Company was Rs. 781,500,010/- represented by 75,225,000 Ordinary Shares and 01 Golden Share.

KPPLC Rights Issue Note

The Company made a Rights Issue of 263,287,500 Ordinary Shares at a price of Rs. 3/- per Share to the holders of the Issued Ordinary Shares of the Company as at the end of trading on 19th July 2021, in the proportion of Seven (7) new Ordinary Shares for every Two (2) existing issued Ordinary Shares held in the Capital of the Company. The Issue closed on 17th August 2021. The issue was fully subscribed and the consideration received was Rs.789,862,500/-. The purpose of the Rights Issue was to raise funds to settle funds borrowed for working capital requirements (i.e. Rs. 564.37Mn) and for other operational working capital requirements (i.e. Rs.225.49). The details of the utilization of proceeds are as follows:

Disclosure regarding status of utilization of Rights Issue proceeds as at (02.09.2021)								
Objective Number	**Objective as per circular**	**Amount allocated as per circular in LKR**	**Proposed date of utilization as per circular**	**Amount allocated from proceeds in LKR (A)**	**% of total proceeds**	**Amount utilized in LKR (B)**	**% of proceeds utilized against allocation (B/A)**	**Clarification if not fully Utilized including where funds are invested (eg. Whether lent to related party etc)**
1	To Settle funds amounting to Rs.564,369,834/- already advanced and arranged by the major shareholders to support the working capital requirements of the Company.	Rs.564,36 9,834/-	immediately after the conclusion and finalization of the Rights Issue	Rs.564,369,834/-	71.5%	Rs.564,369,834/-	100%	Fully utilized for the purpose
2	Funds amounting to Rs.225,492,666/- to be utilized to further support the working capital needs of the ongoing operations of the Company.	Rs.225,492,666/-	will be deposited into a Call Deposit Account for periodic utilization as and when required over a period of approximately 12 months depending on the monthly deficit.	Rs.225,492,666/-	28.5%	0%	0%	Funds are invested in a call deposit

Subsequent to the Rights Issue of shares the Company's Stated Capital amounts to Rs.1,571,362,510/- represented by 338,512,500 Ordinary Shares and One Golden Share.

Reserves

The total reserves of the Group as at 31st March 2021 amount to Rs. (375)Mn. (31st March 2020 - Rs. (230) Mn.) comprising General Reserve of Rs. 240 Mn. and Retained Earnings of Rs. (1,245.4) Mn. (31st March 2020 – General Reserve- Rs. 240 Mn. and Retained Earnings of Rs. (1,074.3) Mn.), Fair Value Reserve of Rs. 46.8Mn. (31st March 2020- Rs.20.5Mn),Foreign currency translation reserve of Rs.(10.7) (31st March 2020-Rs.(10.7)Mn, and Revaluation Reserve of Rs.594.4Mn (31st March 2020- Rs.594.4Mn)

The movements are shown in the Statement of Changes in Equity in the financial Statements.

Related Party Transactions

During the financial year there were non- recurrent and recurrent related party transactions which exceeded the respective disclosure thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules. The details are set out in Note 32 (4) and (5) to the financial statements. The Company has complied with the requirements of the Listing Rules on Related Party Transactions except for the number of meetings held during the year.

The Related Party Transactions presented in the financial statements are disclosed in Note Note 32 from pages 92 to 96.

Taxation

Income Tax expense comprising current and deferred tax. Income tax expense is recognised in Statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Gains and profits earned or derived from the sale of produce of an undertaking for Agro farming without subjecting such produce to any process of production or manufacture are exempted within the period of five years of assessment commenced on April 1, 2019. Further, Agro Processing and Other Income liable at the rates of 14% and 24% respectively.

Share Information

Information relating to earnings, dividends, net assets and share trading is given on pages 25,26,38,39 and 60.

Events Occurring after the Reporting Period

No circumstances have arisen since the Reporting Period that would require adjustment other than those disclosed in Note 30 to the Financial Statements on page 90.

Capital Commitment and Contingent Liabilities

Capital Commitments and Contingent Liabilities as at the Reporting date are disclosed in Notes 28 and 29 to the Financial Statements on page 90.

Employment Policy

The Company's recruitment and employment policy is non-discriminatory. The occupational health and safety standards receive substantial attention. Appraisals of individual employees are carried out in order to evaluate their performance and realise their potential. This process benefits the company and the employees. The number of persons employed by the Company at the yearend was 5,883 (2019/ 20 – 5,991)

Shareholders

It is the Company's policy to endeavour to ensure equitable treatment of its shareholders.

Statutory Payments

The statutory payments due in relation to employees and the Government are being made or where relevant provided for under Other Payables in Note No. 26 to the Financial Statements.

Environmental Protection

The Company's business activities can have direct and indirect effects on the environment. It is the Company's policy to minimize any adverse effects its activities have on the environment and to promote co-operation and compliance with the relevant authorities and regulations. We confirm that the Company has not undertaken any activities which have caused or are likely to cause detriment to the environment.

Internal Control

The Directors acknowledge their responsibility for the Company's system of internal control. The system is designed to give assurance regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information generated. However, any system can ensure only reasonable, and not absolute, assurance that errors and irregularities are either prevented or detected within a reasonable period of time. The Board is satisfied with the effectiveness of the system of internal control for the period up to the date of signing the Financial Statements.

Compliance with Section 220 of the Companies Act No. 07 of 2007

In compliance with Section 220 of the Companies Act No. 07 of 2007 an Extraordinary General Meeting of the Company was held on 19th January 2021 at which the following Ordinary resolution was carried unanimously by the Shareholders present and voting on the resolution.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Ordinary Resolution

The shareholders participating in this meeting having read and considered the Circular to Shareholders and the Report of the Directors prepared in terms of Section 220 of the Companies Act No.7 of 2007 dated 31st December, 2020 and the explanations given by the Board of Directors hereby resolve –

"That the Directors of the Company be authorized to carry on the business of the Company to the best advantage of all Stakeholders of the Company."

Going Concern

As noted in the Statement of Directors' Responsibilities on page 33, the Directors have adopted the going concern basis in preparing Financial Statements.

For and on behalf of the Board,

M. S. Madugalle
Director

S. S. Poholiyadde
Director

By Order of the Board,

Corporate Managers & Secretaries (Private) Ltd.
Secretaries

2nd September 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibilities of the Directors in relation to the Financial Statements of the Company are detailed below. The responsibility of the Auditors' in relation to the Financial statements is set out in the Independent Auditors' Report appearing on page 34.

The Directors are responsible under the provisions of the Companies Act to ensure compliance with the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the Profit & Loss of the Company for the financial year. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgements and estimates have been made and Sri Lanka Accounting Standards have been followed.

The Directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy the financial position of the Company and for ensuring that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards and provide the information required by the Companies Act No. 07 of 2007 and the Rules of the Colombo Stock Exchange. They are also responsible for taking reasonable 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 the prevention and detection of fraud and other irregularities.

The Directors are required to prepare the Financial Statements and to provide the Auditors with every opportunity to undertake whatever inspections they consider appropriate to enable them to submit their audit report.

The Directors confirm that they have complied with these requirements. They have a reasonable expectation, after making enquiries and following a review of the Company's budget for the ensuing year, including cash flows and borrowing facilities, that the Company has adequate resources to continue in operational existence for the foreseeable future, and therefore have continued to adopt the going concern basis in preparing the accounts.

Compliance Report

The Directors confirm that to the best of their knowledge all statutory payments relating to employees and the Government that were due in respect of the Company as at the reporting date have been provided for but not fully paid.

On behalf of the Board

S. S. Poholiyadde	**M. S. Madugalle**
Director	Director

Colombo

2nd September 2021

INDEPENDENT AUDITOR'S REPORT

KPMG

KPMG
(Chartered Accountants)
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To the Shareholders of Kotagala Plantations PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kotagala Plantations PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31st March 2021, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 38 to 105.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company financial statements and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements and Consolidated Financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

01. Management assessment of the Group/ the Company ability to continue as going concern.

Refer the Note 2.8 to the financial statements

Risk Description	Our Response
The Group/ the Company has recorded a loss of LKR 226 Million and LKR 202 Million during the year ended 31st March 2021 and as of that date, accumulated losses amounted to 1,245 million and LKR 1,270 Million respectively. Further, the Group/ the Company's current liabilities exceeded its current assets by LKR 3,506 million and LKR 3,521 Million respectively as at the reporting date. The Group and the Company has loans and borrowings of LKR 757 million due within 12 months from 31st March 2021. The financial statements have been prepared on a going concern basis. In adopting the going concern basis of preparation of the financial statements, the directors have reviewed the Company's cash flow projections prepared by the management. The cash flow projections were based on management's assumptions and estimation of future cash inflows and outflows. Note to the financial statements, describes the impact of COVID-19 outbreak to the current year financial statements and possible effects to the Group and the Company's, future prospects, performance and cash flows. Further, the management considered it appropriate to adopt the going concern basis of accounting in preparing financial statements and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.	Our audit procedures included, • Obtaining the Company's cash flow projections covering period of not less than twelve months from the reporting period end date and evaluating the appropriateness of the key assumptions used in preparing the projections and assessing the timing and mathematical accuracy of the projections. • Assessing whether the estimates reflected the latest economic conditions pursuant to the COVID 19 outbreak. • Evaluating the performance of the Company and assessing the significant going concern indications. • Inspecting the availability of the credit facility arrangements and shareholder support for the Company to manage the liquidity on a short term and long-term basis, assessing the implications of these on the Company's liquidity.

We identified the management assessment of the Group/ the Company's ability to continue as going concern as a key audit matter because the cash flow projections referred to above involves consideration of future events and circumstances which are inherently uncertain, and effect of those uncertainties may significantly impact the resulting accounting estimates. Therefore, the assessment requires the exercise of significant management judgement in assessing future cash inflows and outflows which could be subject to potential management bias.	• Inspecting the letter of support received from the ultimate parent Company after evaluating their ability and intent to provide the financial support in order to meet the liabilities of the Company as and when they fall due and payable. • Assessing the adequacy of disclosures in the financial statements in relation to the potential impact of COVID-19 and the Company's ability to continue as going concern with reference to the requirements of the prevailing accounting standards.

02. Measurement of Consumable Biological Assets

Refer to the significant accounting policy in Note 3.3.7 and explanatory Note 14.1.3 to these financial statements.

The Group has reported consumable biological assets carried at fair value less estimated cost to sell at harvest, amounting to LKR 1,660 Million as at 31st March 2021.

Risk Description	Our Response
The commercially cultivated timber trees on estates managed by the Group are classified as consumable biological assets and are measured at each reporting date at fair value less estimated cost to sell at harvest. The trees younger than 5 years (if any) are carried at cost less impairment as the fair value cannot be reliably measured. The valuation of consumable biological assets requires significant levels of judgments and technical expertise in selecting appropriate valuation models and assumptions. Management engaged a subject matter expert who is an incorporated valuer and a member of The Institute of Valuers of Sri Lanka to perform an independent valuation of the consumer biological assets of the Company as at reporting date. We considered measurement of consumable biological assets as Key audit matter because changes in the key assumptions used such as discount rate, estimation of height/girth of trees used to arrive volume of timber and value per cubic meter used for the valuation of consumable biological assets, could have a material impact on the fair value gain or loss for the year and the carrying value of consumable biological assets as of the reporting date.	Our audit procedures included, • Evaluating the competence, qualifications, capabilities and objectivity of the independent valuer. • Obtaining estate wise census books of timber trees and comparing the number of timber trees recorded in the census book with the valuation report to ensure the completeness and accuracy of the data. We also evaluated the accuracy of valuation formulae contained in the valuation report. • Assessing the key assumptions and methodology used in the valuation, in particular the discount rate, estimated height and average market price by comparing with industry norms that are generally accepted in determining volume of timber. • Assessing the mathematical accuracy of the consumable biological assets valuation. • Assessing the adequacy of the disclosures in the Financial Statements, including the description and appropriateness of the inherent degree of subjectivity and the key assumptions.

03. Recoverability of deferred tax assets

Refer to the significant accounting policy in Note 3.4.2.1.2. and explanatory Note 25 to these financial statements.

The Group has recognized deferred tax asset of LKR 168 Million on temporary differences which includes accumulated tax losses of LKR 1,202 Million as at 31st March 2021.

Risk Description	Our Response
The recoverability of recognised deferred tax assets is dependent on the Group's ability to generate future taxable profits sufficient to utilize deductible temporary differences and tax losses (before the latter expire). We considered this as the key audit matter because of its significance to the financial statements and significant management judgments and estimation required in forecasting future taxable profits which could be subject to error or potential management bias.	Our audit procedures included: • Comparing the consistency of the management profit forecasts with those included in the financial budget approved by the Board of Directors. • Assessing the management key assumptions by comparing forecasted result against actual result to deferment the probability that deferred tax asset will be recovered through taxable income in future. • Reconciling tax losses and expiry dates to tax statements. • Evaluating the adequacy of the disclosures in financial statements.

Independent Auditor's Report

KPMG

04. Valuation of Retirement Benefit Obligation

Refer to the significant accounting policy in Note 3.5.1.1. and explanatory Note 23 to these financial statements.

The Group has recognized retirement benefit obligation of Rs. 887 Million as at 31st March 2021.

Risk Description	Our Response
The retirement benefit obligation of the Group is significant in the context of the total liabilities of the Group. The valuation of the Group's retirement benefit obligation requires significant judgment and estimation to be applied across numerous assumptions, including salary increases and discount rate. Minor changes in those assumptions could have a significant effect on the financial performance and financial position of the Group. Management engaged an independent actuary to assist them in the estimation of the Retirement benefit obligation. We considered the estimation of the retirement benefit obligation to be a key audit matter due to the magnitude of the amounts recognized in the financial statements as well as estimation uncertainty involved in determining the amounts.	Our audit procedures included, • Assessing the competency, objectivity and capabilities of the independent actuary engaged by the Group. • On sample basis, testing the employees' details used in the computation to the human resource records and performed re-computation of the post-employment benefit liabilities with the assistance of our internal valuation specialist. • Evaluating the reasonableness of the total annual salaries used in the computation by comparing to the historical data. • Assessing reasonableness of key assumptions used in the valuation, in particular the discount rate, inflation rate and future salary increment rate. • Assessing the adequacy of the disclosures made in the financial statements including sensitivity analysis.

Other Information

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2618.

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka

2nd September 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March	Note	Group		Company	
		2021 Rs. `000	2020 Rs. `000	2021 Rs. `000	2020 Rs. `000
Revenue	5	**3,206,956**	2,710,886	**3,156,490**	2,667,955
Cost of Sales		**(2,995,503)**	(3,041,839)	**(2,957,653)**	(3,009,567)
Gross Profit/ (Loss)		**211,453**	(330,953)	**198,837**	(341,612)
Fair Value Gain on Biological Assets	14.1.3.1	**198,130**	143,064	**198,130**	143,064
Other Operating Income	6	**98,139**	465,795	**99,327**	466,875
Administrative Expenses		**(280,629)**	(668,017)	**(312,892)**	(623,811)
Distribution Expenses		**(1,082)**	-	**-**	-
Finance Income	8	**424**	79	**424**	79
Finance Cost	8	**(374,340)**	(471,973)	**(374,340)**	(471,973)
Share of Loss of equity accounted investee	15.2.1 & 15.2.2	**(66,533)**	(56,401)	**-**	-
Loss before Income Tax Expense	7	**(214,438)**	(918,406)	**(190,514)**	(827,378)
Income Tax Expense	9.	**(11,954)**	(1,865)	**(11,954)**	(1,865)
Loss for the year		**(226,392)**	(920,271)	**(202,468)**	(829,243)
Other Comprehensive Income/ (Expense)					
Items that will not be reclassified to profit or loss					
Actuarial Gain on Retirement Benefit Obligation	23.1	**64,056**	5,229	**64,056**	5,229
Tax effect on Actuarial Gain on Retirement Benefit Obligation	9.1	**(8,968)**	(732)	**(8,968)**	(732)
Fair value through OCI Investments - Net Change in Fair Value	15.3.1 & 15.3.2	**20,074**	8,565	**20,074**	8,565
Share of other comprehensive income of equity accounted investees	15.2.1 & 15.2.2	**6,414**	(3,718)	**-**	-
Revaluation Gain	13	**-**	691,213	**-**	691,213
Tax effect on Revaluation Gain	9.1	**-**	(96,770)	**-**	(96,770)
Items that are or may be reclassified subsequently to profit or loss					
Foreign Currency Translation Loss	20.3	**(60)**	(8,877)	**-**	-
Other Comprehensive Income for the Year, net of tax		**81,516**	594,910	**75,162**	607,505
Total Comprehensive Expense for the Year		**(144,876)**	(325,361)	**(127,306)**	(221,738)
Loss Per Share (Rs.)	10.	**(3.01)**	(12.23)	**(2.69)**	(11.02)

The Accounting Policies and Notes on pages 43 to 105 form an integral part of these Financial Statements

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	Group 2021 Rs. `000	Group 2020 Rs. `000	Company 2021 Rs. `000	Company 2020 Rs. `000
ASSETS					
Non Current Assets					
Right to use Land on Lease of JEDB/ SLSPC Estates	11	**613,473**	624,539	**613,473**	624,539
Immovable Leased Assets of JEDB/SLSPC Estates (Other than Bare Land)	12	**22,608**	31,024	**22,608**	31,024
Tangible Assets (Other than Mature/Immature Plantations)	13	**1,305,248**	1,356,631	**1,304,843**	1,356,111
Biological Assets	14	**4,895,261**	4,761,482	**4,895,261**	4,761,482
Investment in Subsidiaries	15.1	**-**	-	**-**	-
Investment in Associates	15.2	**101,246**	198,110	**101,214**	152,986
Fair value through OCI Investments	15.3	**305,538**	285,464	**305,538**	285,464
Total Non Current Assets		**7,243,374**	7,257,250	**7,242,937**	7,211,606
Current Assets					
Inventories	16	**260,816**	200,177	**255,091**	185,123
Trade & Other Receivables	17	**295,115**	182,535	**284,698**	201,964
Fair value gain on growing produce of bearer Biological assets.	14.1.2	**6,526**	937	**6,526**	937
Amounts Due from Related Parties	18	**22,960**	55,142	**26,063**	55,141
Cash and Cash Equivalents	19	**72,947**	20,580	**67,767**	20,428
Total Current Assets		**658,364**	459,371	**640,145**	463,593
Total Assets		**7,901,738**	7,716,621	**7,883,082**	7,675,199
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	20	**781,500**	781,500	**781,500**	781,500
General Reserve	20.2	**240,000**	240,000	**240,000**	240,000
Foreign currency Translation Reserve	20.3	**(10,799)**	(10,739)	**-**	-
Fair value through Other Comprehensive Income Reserve	20.4	**46,834**	20,528	**46,583**	26,509
Revaluation Reserve	20.5	**594,443**	594,443	**594,443**	594,443
Accumulated Loss		**(1,245,399)**	(1,074,277)	**(1,270,002)**	(1,122,622)
Total Equity		**406,579**	551,455	**392,524**	519,830
Non Current Liabilities					
Interest Bearing Borrowings	22.1	**1,045,930**	1,186,219	**1,045,930**	1,186,219
Retirement Benefit Obligations	23	**887,373**	874,322	**886,613**	873,812
Deferred Income	21	**323,403**	330,309	**323,403**	330,309
Net Obligation to Lessor of JEDB/SLSPC	24	**654,595**	644,539	**654,595**	644,539
Deferred Taxation	25	**419,209**	403,004	**419,209**	403,004
Total Non Current Liabilities		**3,330,510**	3,438,393	**3,329,750**	3,437,883
Current Liabilities					
Interest Bearing Borrowings	22.2	**756,620**	668,042	**756,620**	668,042
Net Obligation to Lessor of JEDB/SLSPC	24	**3,500**	2,367	**3,500**	2,367
Income Tax Payable		**4,717**	-	**4,717**	-
Trade & Other Payables	26	**2,178,760**	2,020,028	**2,174,919**	2,010,741
Amounts Due to Related Parties	27	**654,410**	440,286	**654,410**	440,286
Bank Overdraft	19	**566,642**	596,050	**566,642**	596,050
Total Current Liabilities		**4,164,649**	3,726,773	**4,160,808**	3,717,486
Total Liabilities		**7,495,159**	7,165,166	**7,490,558**	7,155,369
Total Equity and Liabilities		**7,901,738**	7,716,621	**7,883,082**	7,675,199
Net Asset per Share (Rs)		**5.40**	7.33	**5.22**	6.91

The Accounting Policies and Notes on pages 43 to 105 form an integral part of these Financial Statements

I certify that the financial statements have been prepared in compliance with the requirements of the Companies Act No.7 of 2007

M Kowdu
General Manager - Finance

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

S S Poholiyadde
Director

M S Madugalle
Director

Colombo
2nd September 2021

Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY

Group	Stated Capital	General Reserve	Fair value through Other Comprehensive Income Reserves	Foreign currency translation Reserve	Revaluation Reserve	Accumulated Loss	Total Equity
	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000
Balance as at 1st April 2019	781,500	240,000	14,689	(1,862)	-	(349,623)	684,704
Impact on Initial application of SLFRS 16	-	-	-	-	-	192,112	192,112
Adjusted balance as at 01st April 2019	781,500	240,000	14,689	(1,862)	-	(157,511)	876,816
Total comprehensive income/ (expense) for the Year							
Loss for the Year	-	-	-	-	-	(920,271)	(920,271)
Other comprehensive income / (expense)							
Share of other comprehensive income of equity accounted investees	-	-	(2,726)	-	-	(992)	(3,718)
Fair value through OCI Investments - Net Change in Fair Value	-	-	8,565	-	-	-	8,565
Revaluation Gain	-	-	-	-	691,213	-	691,213
Tax effect on Revaluation Gain	-	-	-	-	(96,770)	-	(96,770)
Translation differences arising on Foreign operations	-	-	-	(8,877)	-	-	(8,877)
Actuarial Gain on Retirement Benefit Obligation	-	-	-	-	-	5,229	5,229
Tax effect on Actuarial Gain on Retirement Benefit Obligation	-	-	-	-	-	(732)	(732)
Total comprehensive income/(expense) for the Year	-	-	5,839	(8,877)	594,443	(916,766)	(325,361)
Balance as at 31st March 2020	781,500	240,000	20,528	(10,739)	594,443	(1,074,277)	551,455
Total comprehensive income/ (expense) for the Year							
Loss for the Year	-	-	-	-	-	(226,392)	(226,392) -
Other comprehensive income / (expense)							
Share of other comprehensive income of equity accounted investees	-	-	6,232	-	-	182	6,414
Fair value through OCI Investments - Net Change in Fair Value	-	-	20,074	-	-	-	20,074
Translation differences arising on Foreign operations	-	-	-	(60)	-	-	(60)
Actuarial Gain on Retirement Benefit Obligation	-	-	-	-	-	64,056	64,056
Tax effect on Actuarial Gain on Retirement Benefit Obligation	-	-	-	-	-	(8,968)	(8,968)
Total comprehensive income/(expense) for the Year	-	-	26,306	(60)	-	(171,122)	(144,876)
Balance as at 31st March 2021	781,500	240,000	46,834	(10,799)	594,443	(1,245,399)	406,579

The Accounting Policies and Notes on pages 43 to 105 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Company	Stated Capital	General Reserve	Fair value through Other Comprehensive Income Reserves	Revaluation Reserve	Accumulated Loss	Total Equity
	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000
Balance as at 1st April 2019	781,500	240,000	17,944	-	(490,113)	549,331
Impact on Initial application of SLFRS 16	-	-	-	-	192,237	192,237
Adjusted balance as at 01st April 2019	781,500	240,000	17,944	-	(297,876)	741,568
Total comprehensive income/ (expense) for the Year						
Loss for the Year	-	-	-	-	(829,243)	(829,243)
Other comprehensive income / (expense)						
Net changes in fair value of fair value through OCI investments	-	-	8,565	-	-	8,565
Revaluation Gain	-	-	-	691,213	-	691,213
Tax effect on Revaluation Gain	-	-	-	(96,770)	-	(96,770)
Actuarial Gain on Retirement Benefit Obligation	-	-	-	-	5,229	5,229
Tax effect on Actuarial Gain on Retirement Benefit Obligation	-	-	-	-	(732)	(732)
Total comprehensive income/(expense) for the Year	-	-	8,565	594,443	(824,746)	(221,738)
Balance as at 31st March 2020	781,500	240,000	26,509	594,443	(1,122,622)	519,830
Total comprehensive income/ (expense) for the Year						
Loss for the Year	-	-	-	-	(202,468)	(202,468)
Other comprehensive income / (expense)						
Net changes in fair value of fair value through OCI investments	-	-	20,074	-	-	20,074
Actuarial Gain on Retirement Benefit Obligation	-	-	-	-	64,056	64,056
Tax effect on Actuarial Gain on Retirement Benefit Obligation	-	-	-	-	(8,968)	(8,968)
Total comprehensive income/(expense) for the Year	-	-	20,074	-	(147,380)	(127,306)
Balance as at 31st March 2021	781,500	240,000	46,583	594,443	(1,270,002)	392,524

The Accounting Policies and Notes on pages 43 to 105 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CASHFLOWS

For the year ended 31st March	Note	Group 2021 Rs. `000	Group 2020 Rs. `000	Company 2021 Rs. `000	Company 2020 Rs. `000
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before Income Tax Expense		**(214,438)**	(918,406)	**(190,514)**	(827,378)
Adjustments for :					
Depreciation/Amortisation		**289,138**	268,766	**289,024**	268,652
Fair Value Gain of Biological Assets	14.1.3.1	**(198,130)**	(143,064)	**(198,130)**	(143,064)
Profit on Disposal of Property, Plant and Equipment	6	**(3,731)**	(42,478)	**(3,731)**	(42,478)
Provision for impairment of Inventories	7	**-**	4,018	**-**	4,018
Write off of Trade & Other Receivables	7	**-**	300,994	**-**	-
Provision/ (Reversal) for Impairment of Trade & Other Receivables	7	**(3,388)**	45,760	**(3,388)**	45,760
Interest Income	8	**(424)**	(79)	**(424)**	(79)
Interest Expense	8	**371,650**	467,583	**371,650**	467,583
Exchange (gain) / Loss	8	**2,780**	4,390	**2,690**	4,390
Write back of other payables		**-**	(57,502)	**-**	(57,502)
Provision/ (Reversal) of provision for impairment of amounts due from related parties	18	**790**	(2,202)	**790**	210,127
Provision for impairment of Investment in Subsidiaries	15.1	**-**	-	**-**	115
Provision for impairment of Investment in Associates	15.2	**36,745**	-	**51,772**	53,798
Provision for Retirement Benefit Obligation	23.1	**146,716**	143,397	**146,466**	143,357
Share of Profit of Equity Accounted Investee	15.2	**66,533**	56,401	**-**	-
Amortization of Grants	21	**(13,178)**	(12,214)	**(13,178)**	(12,214)
Operating Profit before working capital changes		**481,063**	115,364	**453,027**	115,085
(Increase)/Decrease in Inventories	16	**(60,639)**	100,208	**(69,968)**	110,302
(Increase)/Decrease in Trade & Other Receivables	17	**(109,192)**	65,855	**(79,346)**	61,188
(Increase)/Decrease in Amounts Due from Related Parties	18	**31,392**	108,530	**28,288**	98,738
Increase/(Decrease) in Trade & Other Payables	26	**62,922**	95,958	**68,367**	91,908
Increase/(Decrease) in Amounts Due to Related Parties	27	**214,124**	251,187	**214,124**	251,188
Cash Generated from Operations		**619,670**	737,102	**614,492**	728,409
Interest Received	8	**424**	79	**424**	79
Interest Paid		**(334,259)**	(424,848)	**(334,259)**	(424,848)
Gratuity Paid	23	**(69,609)**	(21,872)	**(69,609)**	(21,872)
Net Cash from Operating Activities		**216,226**	290,461	**211,048**	281,768
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Property, Plant and Equipment	13	**(37,132)**	(32,076)	**(37,132)**	(32,076)
Investment in Immature Plantations	14.1.1	**(47,059)**	(53,875)	**(47,059)**	(53,875)
Proceeds from Disposal of Property, Plant & Equipment	6	**3,731**	-	**3,731**	-
Net cash used in Investing Activities		**(80,460)**	(85,951)	**(80,460)**	(85,951)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments of Finance Lease Rental		**(10,886)**	(4,097)	**(10,886)**	(4,097)
Payments to Lessor on Leasehold Rights		**-**	(12,448)	**-**	(12,448)
Proceeds from Long Term Borrowings		**78,524**	105,022	**78,524**	105,022
Repayments of Long Term Borrowings		**(108,964)**	(170,990)	**(108,964)**	(170,990)
Grants Received	21	**6,272**	14,166	**6,272**	14,166
Repayment of Debenture	22.3	**(18,877)**	(250,000)	**(18,877)**	(250,000)
Net Cash used in Financing Activities		**(53,931)**	(318,347)	**(53,931)**	(318,347)
Net Increase/(Decrease) in Cash and Cash Equivalents		**81,835**	(113,837)	**76,657**	(122,530)
Cash and Cash Equivalents at the beginning of the year		**(575,470)**	(452,532)	**(575,622)**	(452,868)
Effect of Exchange Rate changes		**(60)**	(9,101)	**90**	(224)
Cash and Cash Equivalents at the end of the year	19	**(493,695)**	(575,470)	**(498,875)**	(575,622)

The Accounting Policies and Notes on pages 43 to 105 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Kotagala Plantations PLC is a limited liability Company incorporated and domiciled in Sri Lanka, under the Companies Act No. 17 of 1982 (reregistered under the Companies Act No. 7 of 2007) in terms of the provisions of the Conversion of Public Corporation and Government Owned Business Undertaking into Public Companies Act No. 23 of 1987. The registered office of the Company is located at No 53-1/1, Sir Baron Jayathilaka Mawatha, Colombo 01 and Plantations are situated in the planting districts of Nuwara Eliya and Kalutara.

The consolidated financial statements of the Group as at and for the year ended 31st March 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

1.1 Historical Background

The Company was formed on 22nd June 1992 under the Companies Act No. 17 of 1982 (reregistered under the Companies Act No. 7 of 2007) in terms of the provisions of the conversion of Corporations and Government Owned Business Undertakings in to Public Companies Act No. 23 of 1987, to take over the plantations which were owned and Managed by Janatha Estate Development Board (JEDB) and the Sri Lanka Estate Plantation Corporation (SLSPC) both of which owned and managed a number of plantations and estates.

1.2 Parent and Ultimate Parent Company

The Group's immediate parent undertaking is Consolidated Tea Plantations Limited (previously known as Lankem Plantation Holdings Limited) which is incorporated in Sri Lanka as a limited liability Company, and the ultimate parent of the group is The Colombo Fort Land and Building PLC.

1.3 Principal Activities and Nature of Operations

During the year, the principal activity of the Group was the cultivation, manufacture and sale of Tea, Rubber and cultivation and sale of Oil Palm.

2. BASIS OF PREPARTION

2.1 Statement of Compliance

The financial statements of the Group comprise of Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows together with the Significant Accounting Policies and Notes to the Financial Statements.

These Financial Statements of the Group have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) and in compliance with the requirements of Companies Act No. 7 of 2007.

Where appropriate, specific policies are explained in the succeeding notes. No adjustments have been made for inflationary factors in the Financial Statements. The said Financial Statements are prepared in Sri Lankan Rupees. (Rs.) The Directors are responsible for preparation and presentation of these financial statements.

2.2 Authorization for Issue

The Financial Statements were authorized for issue by the Board of Directors on 2nd September 2021.

2.3 Basis of Measurement

The Financial Statements have been prepared on historical cost basis except for the following material items in the Statement of Financial Position:

- Consumable Mature Biological Assets are measured at fair value less costs to sell per - (LKAS 41 - Agriculture) - Note 14.1.3
- Liability for Retirement Benefit Obligation is recognized as the present value of the defined benefit obligation based on actuarial valuation per (LKAS 19 - Employee Benefits) - Note 23
- Agriculture produce harvested from biological assets are measured at fair value per (LKAS 41 - Agriculture) - Note 14.1.2
- Fair value through OCI investments are measured at fair value per (SLFRS 09 – Financial Instruments) - Note 15.3
- Class of Buildings under Property, Plant and Equipment is valued under Revaluation model per (LKAS 16 - Property, Plant and Equipment) - Note 13.4

2.4 Functional and Presentation Currency

Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional currency. All financial information presented in Sri Lankan Rupees has been given to the nearest thousand, unless stated otherwise.

2.5 Presentation of Financial Statements

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

2.6 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.

2.7 Use of Estimates and Judgements

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

Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual experience and results may differ from these judgements and estimates.

Estimates and underlying assumption are reviewed on a ongoing basis. Revision to accounting estimates are recongnised in the period in which the estimates are revised and in any future period affected.

Information about critical estimates and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following Notes:

Note 13 – Tangible assets other than biological assets

Note 14.1.3 – Consumable biological assets

Note 14.1.2 - Produce on bearer Biological Assets

Note 15.3- Fair Value through OCI Investments

Note 16- Inventories

Note 17- Trade and Other Receivables

Note 24 – Lease liability to SLSPC/JEDB

Note 23 – Retirement benefit obligations

Note 25 – Deferred tax liability

Note 31- Disclosure on Covid 19 Impact

2.8 Going Concern

The Board of Directors have made an assessment of the Group's ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

The Group has incurred a loss of Rs. 226 Mn during the year ended 31st March 2021 (2019/20- Rs. 920 Mn) and as of that date, accumulated losses amounted to Rs.1,245 Mn (2019/20- Rs. 1,074 Mn). Further, the Group's current liabilities exceeded its current assets by Rs. 3,506 Mn as at the reporting date (2019/20- Rs. 3,267 Mn). The current liabilities of the Group include loans and borrowings amounting to LKR 757 Mn which are due within 12 months from 31st March 2021 (2019/20 668 Mn).

Notwithstanding this, the Financial Statements has been prepared on the going concern basis because the board of directors have assessed the sources of funding available to the Group, and firmly believe that the Group can continue as a going concern for the foreseeable future.

In assessing the appropriateness of the use of going concern basis of accounting in the preparation of financial statements the Board of Directors conducted a comprehensive review of the Company's affairs including, but not limited to:

- The cash flow forecast of the Company for the period up to next 12 months.
- Revenue and profitability forecasts for the Company for not only the next financial year, but beyond 31st March 2021, and
- The Board has approved and Issued 263,287,500 Ordinary Shares at a price of Rs. 3/- per share by way of Right Issue, as disclosed under Note 30.2.
- The continued support of the ultimate parent company. Through this letter of support dated 2nd September 2021 ultimate parent company undertake to provide unconditional financial assistance to the Company to ensure that it can pay its debts as and when they fall due and payable.

As a consequence of the above, the Board of Directors believe that the Group will be able to continue as a going concern into the foreseeable future and, accordingly, the Financial Statements of the Group have been prepared on a going concern basis without making adjustment that may be required to the recorded assets and the classification of liabilities if the Group is unable to continue as a going concern.

In preparing these financial statements, the management has assessed the existing and anticipated effect of COVID-19 on the Company and appropriateness of the use of the going concern basis. Refer Note 31 to the Financial Statements for impact of COVID-19 on the Financial Statements of the Group.

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

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

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

Level 3 : inputs are inputs that are not based on observable market data (unobservable inputs).

If inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is 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.

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

2.10 Fair value of non-financial assets

The fair value used by the Group 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 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 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

Except for the changes mentioned in note 3.1 Changes in Accounting Policies, the Group has consistently applied the following accounting policies to all periods presented in these Consolidated Financial Statements.

3.1 Changes in Accounting Policies

The Group has initially adopted the Definition of a Business (Amendments to IFRS 3) to business combination from 1st April 2020 in assessing whether it had acquired a business or a group of assets.

A number of other new standards are also effective from 01st April 2020. These new standards and amendments do not have any material impact on the Group's financial statements.

3.1.1 Basis of Consolidation

The Financial Statements of the Company and Group comprise the Financial Statements of the Company and its Subsidiaries for the year ended 31st March 2021.

3.1.1.1 Business Combinations

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

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

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

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

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

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

3.1.2 Subsidiaries

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

3.1.3 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.1.4 Transactions eliminated on Consolidation

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.1.5 Investment In Associates

An Associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not have any control or joint control over those policies

At the date of acquisition, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate is recognized as goodwill. The goodwill is included within the carrying amount of the investment.

The results and assets and liabilities of associates are incorporated in the Consolidated Financial Statements using the equity method of accounting. Under the equity method, investments in associates are carried in the Consolidated Statement of Financial Position at cost and adjusted for post- acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of the investment.

The Group's share of profit or losses after tax are recognized in the consolidated income statement. Loss of an associate in excess of the Group's interest in that associate are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3.2 Foreign Currency Translations

Transactions in foreign currencies are translated to Sri Lankan Rupees at the exchange rates prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Sri Lankan Rupees at the exchange rates at that date.

The foreign currency gain or loss on monetary items is the difference between the amortised cost in Sri Lankan Rupees at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities which are stated at historical cost denominated in foreign currencies are translated to Sri Lankan Rupees at the exchange rate at the dates of the transactions. Non-monetary assets and liabilities that are stated at fair value, denominated in foreign currencies are translated to Sri Lankan Rupees at the exchange rate that the fair value was determined. Foreign exchange differences arising on translation are recognized in Comprehensive Income.

3.3 Assets and Basis of their Valuation

Assets classified as current assets on the Statement of Financial Position are cash and bank balances and those which are expected to be realized in cash during the normal operating cycle or within one year from the reporting date, whichever is shorter.

3.3.1 Financial Instruments

3.3.1.1 Recognition and Initial Measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

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

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

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated 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 payment 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 realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de recognition are not considered sales for this purpose, consistent with the Group 's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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 - Subsequent measurement and gains and losses:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3.3.1.2 Financial liabilities

Financial liabilities – Classification, subsequent measurement and gains and losses.

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

3.3.1.3 Derecognition

Financial assets

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

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.3.1.4 Offsetting

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

3.3.1.5 Impairment – Financial assets

Non-derivative Financial Assets

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Group 's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 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 realizing security (if any is held); or
- The financial asset is more than 180 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 180 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 reorganization; or
- The disappearance of an active market tor 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.

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.

3.3.2 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purpose of Cash Flow Statement, cash and cash equivalents consist of cash in hand and deposits in Groups net of outstanding Group overdrafts. Interests paid and received are classified as operating cash flows for the purpose of presentation of Cash Flow Statement. The cash flow Statement reported is based on indirect method.

3.3.3 Right of Use Asset

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

Right of use assets are subsequently depreciated using a straight-line method from the commencement date to the earlier of the end of the useful life of the right-of of use asset or the end of the lease term. Th estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

If ownership of the leased asset transferred to the Group at the end of the lease period or the cost reflect the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

3.3.4 Lease Liabilities

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 assesses whether:

- the contract involves the use of an identified asset this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

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

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. Where the lease agreement includes an annual adjustment on a variable such as GDP deflater, the Group shall annually reassess the liability considering such variable and recognise the amount of remeasurement of the lease liabilities as an adjustment to the right-of-use asset.

3.3.5 Short Term Leases

The Group has elected not to recognize right of use assets and lease liabilities for short term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight – line basis over the lease term.

3.3.6 Property Plant and Equipment

3.3.6.1 Recognition and Measurement

The Property, Plant and Equipment except Buildings are recorded at cost less accumulated depreciation and impairment losses.

The cost of Property, Plant and Equipment is the cost of purchase or construction together with any expenses incurred in bringing the assets to its working condition for its intended use. Expenditure incurred for the purpose of acquiring, extending or improving assets of permanent nature by means of which to carry on the businesses or to increase the earning capacity of the business has been treated as capital expenditure. The cost of property, plant and equipment is the cash price equivalent at the recognition date.

The carrying values of property plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

A revaluation of buildings is done when there is a substantial difference between the fair value and the carrying amount of the Buildings, and is undertaken by professionally qualified valuers every 5 years.

Increases in the carrying amount on revaluation are credited to the revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same individual asset are charged against revaluation reserve directly in equity. All other decreases are expensed in profit and loss.

- Subsequent Costs/ Replacement of Parts.

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

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

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss and the revalued assets are disposed, the amount included in revaluation surplus reserve is transferred to retained earnings.

3.3.6.2 Depreciation and Amortization

Depreciation

Provision for depreciation is calculated by using a straight-line method on the cost or valuation of all property, plant and equipment, in order to write off such amounts over the estimated useful economic life of such assets. The leased assets are depreciated over the shorter of the lease term and their useful lives.

Owned Assets	**Useful Life (Years)**
Buildings & Land Improvements	40
Plant & Machinery	13 1/3
CTC Machinery	20
Furniture & Fittings	10
Motor Vehicles	5
Equipment	8
Water Projects & Sanitation	20
Leasehold Assets	**Useful Life (Years)**
Plant & Machinery	13 1/3
Motor Vehicles	5
Mature Plantations	**Useful Life (Years)**
Tea	33 1/3
Rubber	20
Oil Palm	20
Assets of JEDB/ SLSPC Estates	**Useful Life (Years)**
Bare Land	53
Buildings	25
Plant & Machinery	15
Land Development Cost	30
Water Supply Scheme	30
Mature Plantations	
Tea & Rubber	30
Others	25

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

Leased assets are depreciated over the shorter of the leased term and their useful lives. The useful life, residual values and depreciation methods of assets are reviewed, and adjusted if required, at the end of each financial year.

3.3.6.3 Leased Assets

Property, Plant and Equipment on finance leases, (which effectively transfer substantial risks and benefits incidental to ownership of the leased item) are capitalized at their cash price, and depreciated/ amortized over the period the Group is expected to benefit from the use of the leased assets. The corresponding principal amount payable to the lessor is shown as a liability. The interest element of the rental obligation applicable to each financial year is charged to the Statement of Comprehensive Income over the period of the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The cost of improvements to the leased property is capitalized and depreciated over the unexpired period of the lease or the estimated useful lives of the improvements whichever is shorter.

3.3.6.4 Permanent Land Development Costs

Permanent land development costs are those costs incurred to make major changes to land contours to build new access roads and other major infrastructure development. Such expenditure on leasehold land has been capitalized and amortized over the remaining lease period. Permanent impairments to land development costs are charged to the Statement of Comprehensive Income in full or reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

3.3.6.5 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.

3.3.6.6 Limited Life Land Development Costs (Immature and Mature Plantations)

The cost of new planting, replanting, inter-planting and crop diversification incurred between the time of field development and being ready for commercial harvesting are classified as immature plantations. Further, the general charges incurred on the plantation are apportioned on the labor days spent on respective replanting and new planting and capitalized on the immature areas. The remaining portion of the general charges is charged to the Statement of Profit or Loss in the year in which it is incurred.

No depreciation is provided for immature plantation. The total expenditure incurred on perennial crops (Tea and Rubber) which come into bearing during the year have been transferred to mature plantations and depreciated over its useful lifetime.

No depreciation has been charged on mature plantations in the year of transfer. Permanent impairments to land development costs are charged to the Statement of Profit or Loss in full or reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

3.3.6.7 Infilling Cost

Where Infilling results in an increase in the economic life of the relevant field beyond its previously assessed standard of performance, the costs are capitalized and depreciated over the useful life at rates applicable to mature plantations. Infilling costs that are not capitalized have been charged to the Statement of Profit or Loss in the year in which they are incurred.

3.3.7 Biological Assets

Biological assets are classified as mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications. Tea, rubber, other plantations and nurseries are classified as biological assets.

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological assets include tea, rubber, oil palm and other bearer trees, those that are not intended to be sold or harvested, however used to grow for harvesting agricultural produce from such biological assets.

Consumable biological assets include managed timber those that are to be harvested as agricultural produce or sold as biological assets

The Group recognizes the biological assets when, and only when, the entity controls the assets as a result of past event, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

The bearer biological assets are measured at cost less accumulated depreciation and accumulated Impairment losses, if any, in terms of LKAS 16- Property Plant and Equipment as per the ruling issued by the Institute of Chartered Accountants of Sri Lanka.

The managed timber is measured on initial recognition and at the end of each reporting periods at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the Impact on biological transformation of such plants to price during this period is immaterial. Timber trees are measured at fair value at date of reporting by the management or by an independent professionally qualified valuer if the board of directors determines necessary. All details of the valuation and the assumptions are given in note 14.1.3 to the financial statements.

Nursery cost includes the cost of direct materials, direct labor and an appropriate proportion of directly attributable overheads.

The gain or loss arising on initial recognition of biological assets at fair value less cost to sell and from a change in fair value less cost to sell of biological assets are included in profit or loss for the period in which it arises.

The Group recognizes its agricultural produce prior to harvest separately from its bearer plants. In accordance with LKAS 41, Group recognize agricultural produce growing on bearer plants at fair value less cost to sell. Change in the fair value of such agricultural produce recognized in profit or loss at the end of each reporting period. For this purpose, quantities of harvestable agricultural produce ascertained based on harvesting cycle of each crop category by limiting to one harvesting cycle based on last day of the harvest in the immediately preceding cycle. Further 50% of the crop in that harvesting cycle considered for the valuation.

The volume of produce growing on bearer plants are measured considering the estimated crop of the last harvesting cycle of the year as follows:- Tea -three days crop (50% of 6 days cycle), Oil Palm -five days crop (50% of 10 days cycle) and Rubber - one day crop (50% of 2 days cycle). Produce that grows on mature bearer plantations are measured at fair value less cost of harvesting and transport. The fair value of the un-harvested green leaves is measured using the using the bought leaf formula recommended by the Sri Lanka Tea Board, the fair value of the un-harvested fresh fruit bunches (FFB) of Oil Palm is measured using the Bought Mill Price and the Rubber crop is fair valued using 95% of RSS 1 Price.

3.3.8 Inventories

Inventories other than produce stocks are valued at the lower of cost and estimated net realizable value, after making do allowance for obsolete and slow moving items.

Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for cost of realisation and/or cost of conversion from their existing state to saleable condition. Cost is arrived as follows, Input Material At actual cost on FIFO basis. Growing Crop Nurseries At the cost of direct materials, direct labour, and an appropriate proportion of directly attributable overheads less provision for overgrown plants. Spares and Consumables At actual cost on FIFO basis. Produce Stocks Valued on the basis of estimated realisable price/since realised price or cost.

3.3.9 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units (CGU) fair value less costs to sell and its value in use.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

3.4 Revenue and Expenditure Recognition

3.4.1 Revenue Recognition

The Group generates revenue primarily from the sale of tea, rubber and other agricultural produce. The revenue is recorded at invoice value net of brokerage, sale expenses and other levies related to revenue. The Group recognises revenue when it transfers control over good or service to a customer.

The Group considers sale of tea, rubber and other agricultural produce as one performance obligation and recognises revenue when it transfers control to the customer.

Disaggregation of Revenue

The entity 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's revenue comprises of sale of tea, rubber and other agricultural produce and no disaggregation is required.

The following specific criteria are used for recognition of revenue:

a) In keeping with the practice in the Plantation Industry, revenue on Perennial crops are recognized in the financial period of harvesting. Revenue is recorded at invoice value net of brokerage, sale expenses and other levies related to revenue.

b) Gains or losses of a revenue nature have been accounted for in the Statement of Profit or Loss.

c) Interest income is recognised on accrual basis.

d) Other income is recognised on accrual basis.

3.4.2 Expenditure Recognition

a) All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in state of efficiency has been charged to the Statement of Comprehensive Income in arriving at the profit/(loss) for the year.

b) For the purpose of presentation of Statement of Comprehensive Income, the Directors are of the opinion that function of expenses method presents fairly the elements of the enterprise's performance and, hence such presentation method is adopted.

3.4.2.1 Income Tax

Income Tax expense comprising current and deferred tax. Income tax expense is recognised in Statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

3.4.2.1.1 Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017. Relevant details are disclosed in note 9 to the Financial Statements.

3.4.2.1.2 Deferred Tax

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

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

The carrying amount of deferred tax assets is reviewed at each Reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the Reporting date and reflects uncertainty related to income taxes, if any. Income tax relating to items recognized directly in equity is recognised in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.4.2.2 Borrowing Cost

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the 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 part of the specific asset. 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. Borrowing costs incurred in respect of loans that are utilised for field development activities have been capitalized as a part of the cost of the relevant Immature Plantation. The capitalisation will cease when the crops are ready for commercial harvest. The amount so capitalised and the capitalisation rates are disclosed in the notes to the financial statements.

3.4.2.3 Earnings/ (Loss) Per Share (EPS)

The Group presents Basic Earnings / (Loss) per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

3.5 Liabilities and Provision

3.5.1 Retirement Benefits to Employees

3.5.1.1 Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Retiring Gratuity

The Retirement Benefit Plan adopted is as required under the Payment of Gratuity Act No. 12 of 1983. This item is grouped under Retirement Benefit Obligation in the Statement of Financial Position.

Provision for Gratuity on the employees of the Group is on an actuarial basis using the Projected Unit Credit Method (PUC Method) as recommended by under Sri Lanka Accounting Standard 19, "Employee Benefits".

A provision is recognized in the Statement of Financial Position when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

The Group recognizes all the re-measurements of the net defined benefit liability in other comprehensive income. Re measurements of the net defined benefit liability comprise an actuarial gain or loss.

The liability is not externally funded. However according to the Payment of Gratuity Act No. 12 of 1983, the liability for payment to an employee arises only after the completion of 5 years continued services.

The Board of Directors of the Group confirm that, only the following number of permanent employees are entitled for retiring gratuity as at 31st March 2021 as per the provisions set out in the Payment of Gratuity Act No. 12 of 1983.

Description	Nos
Staff	513
Workers	5,883
Total	6,396

Defined Contribution Plans – EPF, ESPS, CPPS, ETF

All employees who are eligible for defined Provident Fund Contributions (EPF, ESPS and CPPS) and Employees Trust Fund Contributions are covered by relevant contributory funds in line with respective statutes.

3.5.2 Provisions

A provision is recognised in the Consolidated Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.5.3 Capital Commitments and Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by occurrence or non-occurrence uncertain future events not wholly within the control of the Group or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not accounted in the Statement of Financial Position but are disclosed unless they are remote.

Capital commitments and contingent liabilities of the Group are disclosed in the respective Notes to the Financial Statements.

3.5.4 Non-derivative Financial Liabilities

Classification, Subsequent measurement and gain and Losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for- trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

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

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

3.5.5 Other Liabilities

Other Liabilities are stated at their cost

3.5.6 Deferred Income

Grants and subsidies are credited to the Statement of Comprehensive Income over the periods necessary to match them with the related costs, which they are intended to be compensated on a systematic basis. Grants related to Property, Plant and Equipment, including non-monetary grants at fair value is deferred in the Statement of Financial Statement and credited to the Statement of Comprehensive Income over the useful life of the related assets. Grants related to income are recognised in the Statement of Comprehensive Income in the period in which it is receivable.

3.6 Segmental reporting

A Segment is a distinguishable component of the Group that is engaged in providing services, which is subject to different risks and rewards.

The Group's core business is manufacturing and sale of Tea and this line of business accounts for the entire operation of the Group.

The Group's business is located in different geographical locations where the risks and rewards related to each segment could be identified. Revenue and expenses directly attributable to each segment are allocated intact to the respective segments. Revenue and expenses not directly attributable to a segment are allocated on the basis of their resource utilisation wherever possible.

Assets and Liabilities directly attributable to each segment are allocated intact to the respective segments. Assets and Liabilities, which are not directly attributable to a segment, are allocated on a reasonable basis whenever possible.

3.7 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "indirect method". Interest paid is classified as operating cash flows, interest and dividends received and government grants received are classified as investing cash flows while dividends paid is classified as financing cash flows for the purpose of presenting the Statement of Cash Flows.

3.8 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 or not a price is being charged. A detailed Related Party Transaction analysis is presented in Note 32.

3.9 Comparative Information

The Accounting Policies have been consistently applied by the Group with those used in the previous year. Previous year's figures and phrases have been rearranged wherever necessary to conform to the current year's presentation.

3.10 Events Occurring After the Reporting Period

Events after the reporting period are those events, favourable and unfavourable, occurring 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 is considered and appropriate adjustments or disclosures are made in the Financial Statements, where necessary.

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

A number of interpretations and amendments to standards are effective for annual period beginning on or after 1st April 2021 and earlier application is permitted. However, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's financial statements.

- Interest Rate Benchmark Reform—–Phase 2 (Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16)
- Covid-19-Related Rent Concessions (Amendment to SLFRS 16)
- Property, Plant and Equipment: Proceeds before intended Use (Amendments to LKAS 16)
- Classification of Liabilities as Current or Non-current (Amendments to LKAS 1)
- Reference to Conceptual Framework (Amendments to SLFRS 3)
- Onerous Contracts – Cost of fulfilling a Contract (Amendments to LKAS 37)
- Annual improvements to SLFRS standards 2018-2020.

For the year ended 31st March	Group 2021 Rs. `000	Group 2020 Rs. `000	Company 2021 Rs. `000	Company 2020 Rs. `000
5. REVENUE				
Revenue from Contracts with customers				
Sale of Produce				
Tea	**2,425,964**	2,138,475	**2,425,964**	2,138,475
Rubber	**658,207**	463,304	**607,741**	420,373
Oil Palm	**122,785**	109,107	**122,785**	109,107
	3,206,956	2,710,886	**3,156,490**	2,667,955

5.1 Performance Obligations

Type of product	Nature and timing of satisfaction of performance obligation	Revenue recognition
Tea/Rubber (Auction Sales)	The Company is selling made tea to customers through brokers at the Colombo Tea Auction.	Revenue from tea is recognised at the time of confirmation of sale at the auction.
Other agricultural produce	The Company is selling Tea (local sales), rubber latex and Oil Palm to customers at the plantation.	Revenue from sale of other crops is recognised at the point in time when the control of the goods has been transferred to the customer, generally at the Estates.

5.2 Segmental analysis of principal crops

5.2.1 Operating segments - Group

A segment is a distinguishable component of the Group that is engaged either in providing product or services (business segments), or in providing products or services within a particular economic environment (geographical segments), which is subject to risks and rewards that are different from those of other segments. Segment information is presented in respect of the Group's business. There are no distinguishable components to be identified as geographical segments for the Group. The business segments are reported based on the Group management and reporting structure.

For the year ended 31st March	Tea 2021 Rs. `000	Tea 2020 Rs. `000	Rubber 2021 Rs. `000	Rubber 2020 Rs. `000	Oil Palm 2021 Rs. `000	Oil Palm 2020 Rs. `000	Total 2021 Rs. `000	Total 2020 Rs. `000
Segmental Result								
Revenue	**2,425,964**	2,138,475	**658,207**	463,304	**122,785**	109,107	**3,206,956**	2,710,886
Less: Cost of Sales	**(2,162,325)**	(2,279,506)	**(755,061)**	(694,831)	**(78,117)**	(67,502)	**(2,995,503)**	(3,041,839)
Gross Profit /(Loss)	**263,639**	(141,031)	**(96,854)**	(231,527)	**44,668**	41,605	**211,453**	(330,953)
Less: Unallocated Expenses							**(655,627)**	(1,139,911)
Add: Other Income							**296,269**	608,859
Share of Loss from Associate Companies							**(66,533)**	(56,401)
Loss before Income Tax Expenses							**(214,438)**	(918,406)
Income Tax Expenses							**(11,954)**	(1,865)
Loss for the year							**(226,392)**	(920,271)
Other Comprehensive Income							**81,516**	594,910
Total comprehensive expense for the year							**(144,876)**	(325,361)
Segmental Assets								
Non current assets	**1,974,232**	2,069,062	**2,717,635**	2,747,499	**443,969**	468,411	**5,135,836**	5,284,972
Current assets	**306,211**	183,516	**92,424**	117,550	**2,218**	-	**400,853**	301,066
	2,280,443	2,252,578	**2,810,059**	2,865,049	**446,187**	468,411	**5,536,689**	5,586,038
Unallocated							**2,365,049**	2,130,583
Total Assets							**7,901,738**	7,716,621
Segmental Liabilities								
Non current liabilities	**670,791**	692,742	**475,455**	469,014	**-**	-	**1,146,246**	1,161,756
Current liabilities	**857,290**	906,975	**424,689**	579,746	**7,056**	2,658	**1,289,035**	1,489,379
	1,528,081	1,599,717	**900,144**	1,048,760	**7,056**	2,658	**2,435,281**	2,651,135
Unallocated							**5,059,878**	4,514,031
Total Liabilities							**7,495,159**	7,165,166

For the year ended 31st March	Tea		Rubber		Oil Palm		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000
Segmental Capital Expenditure								
Capital Expenditure	**42,466**	10,372	**20,911**	50,279	**2,194**	7,370	**65,571**	68,021
Unallocated	**-**	-	**-**	-	**-**	-	**18,620**	17,930
Total Capital Expenditure	**42,466**	10,372	**20,911**	50,279	**2,194**	7,370	**84,191**	85,951
Segmental Depreciation								
Depreciation	**114,640**	99,576	**145,510**	141,383	**26,636**	24,799	**286,786**	265,758
Unallocated	**-**	-	**-**	-	**-**	-	**2,352**	3,008
Total Depreciation	**114,640**	99,576	**145,510**	141,383	26,636	24,799	**289,138**	268,766

5.2.2. Operating segments - Company

For the year ended 31st March	Tea		Rubber		Oil Palm		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000
Segmental Result								
Revenue	**2,425,964**	2,138,475	**607,741**	420,373	**122,785**	109,107	**3,156,490**	2,667,955
Less: Cost of Sales	**(2,162,325)**	(2,279,506)	**(717,211)**	(662,559)	**(78,117)**	(67,502)	**(2,957,653)**	(3,009,567)
Gross Profit/ (Loss)	**263,639**	(141,031)	**(109,470)**	(242,186)	**44,668**	41,605	**198,837**	(341,612)
Less: Unallocated Expenses							**(686,808)**	(1,095,705)
Add: Other Income							**297,457**	609,939
Loss before Income Tax Expenses							**(190,514)**	(827,378)
Income Tax Expenses							**(11,954)**	(1,865)
Loss for the year							**(202,468)**	(829,243)
Other Comprehensive Income							**75,162**	607,505
Total comprehensive expense for the year							**(127,306)**	(221,738)
Segmental Assets								
Non current assets	**1,974,232**	2,069,062	**2,717,197**	2,742,758	**443,969**	468,411	**5,135,398**	5,280,231
Current assets	**306,211**	183,516	**99,664**	80,861	**2,218**	-	**408,093**	264,377
	2,280,443	2,252,578	**2,816,861**	2,823,619	**446,187**	468,411	**5,543,491**	5,544,608
Unallocated							**2,339,591**	2,130,591
Total Assets							**7,883,082**	7,675,199
Segmental Liabilities								
Non current liabilities	**670,791**	692,742	**474,695**	463,796	**-**	-	**1,145,486**	1,156,538
Current liabilities	**857,290**	906,975	**420,846**	575,166	**7,056**	2,658	**1,285,192**	1,484,799
	1,528,081	1,599,717	**895,541**	1,038,962	**7,056**	2,658	**2,430,678**	2,641,337
Unallocated							**5,059,880**	4,514,032
Total Liabilities							**7,490,558**	7,155,369
Segmental Capital Expenditure								
Capital Expenditure	**42,466**	10,372	**20,911**	50,279	**2,194**	7,370	**65,571**	68,021
Unallocated	**-**	-	**-**	-	**-**	-	**18,620**	17,930
Total Capital Expenditure	**42,466**	10,372	**20,911**	50,279	**2,194**	7,370	**84,191**	85,951
Segmental Depreciation								
Depreciation	**114,640**	99,576	**145,396**	141,269	**26,636**	24,799	**286,672**	265,644
Unallocated	**-**	-	**-**	-	**-**	-	**2,352**	3,008
Total Depreciation	**114,640**	99,576	**145,396**	141,269	**26,636**	24,799	**289,024**	268,652

NOTES TO THE FINANCIAL STATEMENTS

	For the year ended 31st March	Group		Company	
		2021	2020	2021	2020
		Rs. `000	Rs. `000	Rs. `000	Rs. `000
6.	**NET OTHER OPERATING INCOME**				
	Amortization of Capital Grants	**13,178**	12,215	**13,178**	12,215
	Profit on Disposal of Property, Plant and Equipment	**3,731**	42,478	**3,731**	42,478
	Sale of Rubber and Other Trees	**22,680**	284,543	**22,680**	284,543
	Rent Income	**14,097**	18,674	**15,285**	19,754
	Sale of Refuse Tea	**40,507**	35,958	**40,507**	35,958
	Sundry Income	**3,946**	71,927	**3,946**	71,927
		98,139	465,795	**99,327**	466,875

	For the year ended 31st March	Group		Company	
		2021	2020	2021	2020
		Rs. `000	Rs. `000	Rs. `000	Rs. `000
7.	**LOSS BEFORE INCOME TAX**				
	Is stated after charging all expenses including the following;				
	Directors' Emoluments	**7,800**	8,880	**7,800**	8,880
	Auditor's Remuneration - Statutory Audit fees	**5,213**	5,203	**5,100**	5,100
	- Non Audit Related Services	**239**	623	**200**	620
	Provision for impairment in investment in subsidiaries	**-**	-	**-**	115
	Provision for impairment on Investment in Associate	**36,745**	-	**51,772**	53,798
	Provision/ (Reversal) for impairment on other receivables	**(3,388)**	45,760	**(3,388)**	45,760
	Provision/ (Reversal) for impairment on Related party receivables	**790**	(2,202)	**790**	210,127
	Impairment of inventories	**-**	4,018	**-**	4,018
	Write off of trade and other receivables	**-**	300,994	**-**	-
	Depreciation/Amortization;				
	- Leasehold rights to Bare Land	**25,298**	24,734	**25,298**	24,734
	- Immovable Leased Assets	**8,416**	8,417	**8,416**	8,417
	- Tangible Property, Plant and Equipment	**88,514**	76,480	**88,400**	76,366
	- Mature Plantations	**166,910**	159,135	**166,910**	159,135
	Personnel Cost Includes;				
	- Salaries and Wages	**1,865,672**	1,867,292	**1,862,731**	1,863,503
	- Defined Benefit Plan Cost - Retiring Gratuity	**146,716**	143,397	**146,466**	143,357
	- Defined Contribution Plans - EPF, ETF,CPPS and ESPS	**223,719**	360,476	**223,238**	359,957

For the year ended 31st March	Group 2021 Rs. `000	Group 2020 Rs. `000	Company 2021 Rs. `000	Company 2020 Rs. `000
8. NET FINANCING COSTS				
Finance Income				
Interest Income	**424**	79	**424**	79
	424	79	**424**	79
Finance Cost				
Bank Overdraft	**(42,887)**	(49,655)	**(42,887)**	(49,655)
Finance Leases	**(1,429)**	(5,328)	**(1,429)**	(5,328)
Net Obligation to Lessor	**(92,767)**	(91,381)	**(92,767)**	(91,381)
Debentures	**(29,344)**	(69,925)	**(29,344)**	(69,925)
Bank Loans	**(111,065)**	(127,388)	**(111,065)**	(127,388)
Broker Advances	**(31,284)**	(57,885)	**(31,284)**	(57,885)
Related Company Loans	**(40,794)**	(30,090)	**(40,794)**	(30,090)
Exchange Loss	**(2,690)**	(4,390)	**(2,690)**	(4,390)
Other interest	**(22,080)**	(35,931)	**(22,080)**	(35,931)
	(374,340)	(471,973)	**(374,340)**	(471,973)
Net Financing Costs	**(373,916)**	(471,894)	**(373,916)**	(471,894)

9. INCOME TAX EXPENSE

9.1 Current Taxation

For the year ended 31st March	Group 2021 Rs. `000	Group 2020 Rs. `000	Company 2021 Rs. `000	Company 2020 Rs. `000
Recognized in the Profit or Loss				
Income tax on Profits for the Year **(Note 9.2)**	**4,717**	-	**4,717**	-
Provision for Deferred Taxation **(Note 25)**	**7,237**	1,865	**7,237**	1,865
	11,954	1,865	**11,954**	1,865
Recognized in the Other Comprehensive Income				
Income tax on Profits for the Year	**-**	-	**-**	-
Provision for Deferred Taxation	**8,968**	97,502	**8,968**	97,502
	8,968	97,502	**8,968**	97,502

Gains and profits earned or derived from the sale of produce of an undertaking for Agro farming without subjecting such produce to any process of production or manufacture are exempted within the period of five years of assessment commenced on April 1, 2019. Further, Agro Processing and Other Income liable at the rates of 14% and 24% respectively.

	For the year ended 31st March	Group 2021 Rs. `000	Group 2020 Rs. `000	Company 2021 Rs. `000	Company 2020 Rs. `000
9.2	**Reconciliation between accounting profit and Income tax**				
	Accounting Loss before Income Tax Expense	(214,438)	(918,406)	(190,514)	(827,378)
	Non Business Income	(19,655)	(14,166)	(19,655)	(14,166)
	Aggregate disallowable items	461,808	1,029,496	437,884	937,366
	Aggregate allowable expenses	(75,167)	(357,656)	(75,167)	(356,554)
	Statutory Income/ (Loss) from Business	152,548	(260,732)	152,548	(260,732)
	Other Sources of Income	19,655	14,166	19,655	14,166
	Total Statutory Income / (Loss)	172,203	(246,566)	172,203	(246,566)
	Tax Losses set off during the Year (Note 9.3)	(152,548)	-	(152,548)	-
	Total Assessable / Taxable Income or Loss	19,655	(246,566)	19,655	(246,566)
	Total Statutory/Taxable income-Agro farming (exempted)	(129,870)	-	(129,870)	-
	Total Statutory/Taxable Income-Agro processing	152,548	(246,566)	152,548	(246,566)
	Income Tax at the rate of 14%	-	-	-	-
	Income Tax at the rate of 24%	4,717	-	4,717	-
	Current Income Tax Expense	4,717	-	4,717	-

	For the year ended 31st March	Group 2021 Rs. `000	Group 2020 Rs. `000	Company 2021 Rs. `000	Company 2020 Rs. `000
9.3	**Accumulated Tax Losses**				
	Tax Loss Brought Forward	4,110,390	3,860,642	4,082,190	3,860,642
	Adjustment in respect of prior years	(243,508)	3,182	(215,308)	(25,018)
	Business loss for the year	-	246,566	-	246,566
	Tax Losses set off during the year	(152,548)	-	(152,548)	-
	Tax Loss Carried Forward	3,714,334	4,110,390	3,714,334	4,082,190

10. LOSS PER SHARE

The computation of Earnings/ (Loss) per Share is based on loss attributable to ordinary shareholders after tax for the year divided by the weighted average number of ordinary shares outstanding during the year and calculated as follows;

For the year ended 31st March	Group 2021 Rs. `000	Group 2020 Rs. `000	Company 2021 Rs. `000	Company 2020 Rs. `000
Amount used as the Numerator				
Loss attributable to Ordinary Shareholders (Rs.'000)	(226,392)	(920,271)	(202,468)	(829,243)
Amount used as the Denominator				
Weighted average number of Ordinary Shares ('000)	75,225	75,225	75,225	75,225
Loss per Share (Rs.)	(3.01)	(12.23)	(2.69)	(11.02)

10.1 Diluted Earning Per Share

There were no potential diluted ordinary shares outstanding at any time during the year. Therefore, diluted Earnings Per Share is the same as Basic Earnings Per Share shown above.

11. LEASEHOLD RIGHT TO BARE LAND OF JEDB/SLSPC ESTATES

The leases of all the 23 estates have been executed and will be retroactive from 22nd June, 1992. The leasehold rights to land on all these estates have been taken into the books of the Company as at 22nd June, 1992 immediately after formation of the Company, in terms of the ruling obtained from the Urgent Issues Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. For this purpose, the Board decided at its meeting held on 8th March,1995 that these bare lands would be revalued, at the value established for these lands, by the valuation Specialist Mr.D.R.Wickramasinghe, just prior to the formation of the Company.

Millewa estate was acquired by the Urban development authority of Sri Lanka on the 26th of October 2017. During the financial year 2018/19 Leasehold right to bare land was written off since the company no longer has control of the said estate.

The Group has applied SLFRS-16 from 1 April 2019 (Leases) for leasehold assets recorded in the financial statements.

Company / Group	Life of the Asset Rs. `000	As at 22.06.1992 Rs. `000	Balance as at 31.03.2021 Rs. `000	Balance as at 31.03.2020 Rs. `000
Capitalized value	53 years	358,928	**816,596**	331,163
Impact due to initial application of SLFRS – 16 on 1st April 2019		-	-	485,433
Remeasurement During the Year			**14,232**	-
		358,928	**830,828**	816,596

Amortisation	Balance as at 01.04.2020 Rs. `000	Charge for the year Rs. `000	Balance as at 31.03.2021 Rs. `000
	192,057	25,298	217,355

Carrying Value	As at 31.03.2021 Rs. `000	As at 31.03.2020 Rs. `000
	613,473	624,539

12. IMMOVABLE LEASED ASSETS OF JEDB/SLSPC ESTATES (OTHER THAN BARE LAND)

The leases of all the 23 estates have been executed and will be retroactive from 22nd June 1992. The leasehold rights to land on all these estates have been taken into the books of the Company as at 22nd June 1992 immediately after formation of the Company,in terms of the ruling obtained from the Urgent Issue Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka based on then existing accounting standards. For this purpose, the Board decided at its meeting held on 8th March 1995 that these bare lands would be revalued, at the value established for these lands , by the valuation Specialist Mr. D R Wickramasinghe , just prior to the formation of the Company. The value taken into 22nd June, 1992, statement of Financial Position and the amortisation of leasehold rights upto 31st March 2021 are as follows,

Millewa estate was acquired by the Urban development authority of Sri Lanka on the 26th of October 2017. During the financial year 2018/19 Leasehold right to Immovable Leased Assets was written off since the company no longer has control of the said estate.

Company / Group Revaluation	Life of the Asset Rs. `000	As at 22.06.1992 Rs. `000	Balance as at 31.03.2021 Rs. `000	Balance as at 31.03.2020 Rs. `000
Land Development Cost	30 years	6,712	**6,360**	6,360
Buildings other than worker housing	25 years	26,519	**25,174**	25,174
Plant & Machinery	15 years	8,757	**8,757**	8,757
Water Projects and Sanitations	30 years	8,688	**8,688**	8,688
Mature Plantations			-	
- Tea	30 years	69,767	**227,655**	227,655
- Rubber	30 years	61,138	**163,548**	163,548
- Others	25 years	-	**8,140**	8,140
Immature Plantations				
- Tea		158,960	-	-
- Rubber		126,898	-	-
- Others		8,140	-	-
		475,579	**448,322**	448,322

Amortisation	Balance as at 01.04.2020 Rs`000	Charge for the year Rs. `000	Balance as at 31.03.2021 Rs. `000	Carrying Value As at 31.03.2021 Rs. `000	Carrying Value As at 31.03.2020 Rs. `000
Land Development Cost	5,894	212	6,106	**254**	466
Buildings other than Worker Housing	25,174	-	25,174	-	-
Plant & Machinery	8,757	-	8,757	-	-
Water Projects and Sanitations	8,044	289	8,333	**355**	644
Mature Plantations					
- Tea	199,694	7,589	207,283	**20,372**	27,961
- Rubber	163,548	-	163,548	-	-
- Others	6,187	326	6,513	**1,627**	1,953
Immature Plantations					
- Tea	-	-	-	-	-
- Rubber	-	-	-	-	-
- Others	-	-	-	-	-
	417,298	8,416	425,714	**22,608**	31,024

Investment in Immature Plantations at the time of handing over to the Company by way of estate leases are shown under Immature Plantations as at 22.06.1992. Further investment in such plantations to bring them to maturity are shown under Note 14.

13. TANGIBLE ASSETS (OTHER THAN MATURE / IMMATURE PLANTATIONS)

13.1 Group

	Buildings and Land Improvements	Water Projects and Sanitations	Plant and Machinery		Motor Vehicles		Equipment	Furniture and Fittings	Work-in Progress	Total
			Freehold	Leasehold	Freehold	Leasehold				
	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000
Cost										
As at 1st April 2019	627,681	60,937	594,182	69,177	307,739	12,100	81,614	9,798	38,212	1,801,440
Additions/Transfer in	11,264	-	27,635	-	-	-	678	-	35	39,612
Disposals	-	-	-	-	(68,568)	-	-	-	-	(68,568)
Transfer out	-	-	-	-	-	-	-	-	(7,535)	(7,535)
Revaluation reversal of Cost	(197,851)	-	-	-	-	-	-	-	-	(197,851)
Revaluation Gain	691,213	-	-	-	-	-	-	-	-	691,213
As at 31st March 2020	1,132,307	60,937	621,817	69,177	239,171	12,100	82,292	9,798	30,712	2,258,311
As at 1st April 2020	1,132,307	60,937	621,817	69,177	239,171	12,100	82,292	9,798	30,712	2,258,311
Additions/Transfer in	13,676	-	8,800	-	-	-	7,468	-	9,101	39,045
Disposals	-	-	-	-	(3,967)	-	-	-	-	(3,967)
Transfer out	-	-	-	-	-	-	-	-	(1,913)	(1,913)
As at 31st March 2021	1,145,983	60,937	630,617	69,177	235,204	12,100	89,760	9,798	37,900	2,291,476
Depreciation										
As at 1st April 2019	189,162	42,574	434,681	32,690	301,543	9,126	72,484	9,359	-	1,091,619
Charge for the year	30,481	2,351	32,412	4,625	1,406	2,380	2,682	143	-	76,480
Disposals	-	-	-	-	(68,567)	-	-	-	-	(68,567)
Revaluation reversal of depreciation	(197,851)	-	-	-	-	-	-	-	-	(197,851)
As at 31st March 2020	21,792	44,925	467,093	37,315	234,382	11,506	75,166	9,502	-	901,681
As at 1st April 2020	21,792	44,925	467,093	37,315	234,382	11,506	75,166	9,502	-	901,681
Charge for the year	44,224	2,196	31,624	4,625	2,814	594	2,322	115	-	88,514
Disposals	-	-	-	-	(3,967)	-	-	-	-	(3,967)
As at 31st March 2021	66,016	47,121	498,717	41,940	233,229	12,100	77,488	9,617	-	986,228
Net Carrying Value										
As at 31st March 2021	**1,079,967**	**13,816**	**131,900**	**27,237**	**1,975**	**-**	**12,272**	**181**	**37,900**	**1,305,248**
As at 31st March 2020	1,110,515	16,012	154,724	31,862	4,789	594	7,126	296	30,712	1,356,631

13. TANGIBLE ASSETS (OTHER THAN MATURE / IMMATURE PLANTATIONS)

13.2 Company

	Buildings and Land Improvements	Water Projects and Sanitations	Plant and Machinery		Motor Vehicles		Equipment	Furniture and Fittings	Work-in Progress	Total
			Freehold	Leasehold	Freehold	Leasehold				
	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000
Cost										
As at 1st April 2019	627,681	60,937	593,791	69,177	307,740	12,100	80,935	9,798	38,212	1,800,371
Additions/Transfer in	11,264	-	27,635	-	-	-	678	-	35	39,612
Disposals	-	-	-	-	(68,568)	-	-	-	-	(68,568)
Transfer out	-	-	-	-	-	-	-	-	(7,535)	(7,535)
Revaluation reversal of Cost	(197,851)	-	-	-	-	-	-	-	-	(197,851)
Revaluation Gain	691,213	-	-	-	-	-	-	-	-	691,213
As at 31st March 2020	1,132,307	60,937	621,426	69,177	239,172	12,100	81,613	9,798	30,712	2,257,242
As at 1st April 2020	1,132,307	60,937	621,426	69,177	239,172	12,100	81,613	9,798	30,712	2,257,242
Additions/Transfer in	13,676	-	8,800	-	-	-	7,468	-	9,101	39,045
Disposals	-	-	-	-	(3,967)	-	-	-	-	(3,967)
Transfer out	-	-	-	-	-	-	-	-	(1,913)	(1,913)
As at 31st March 2021	1,145,983	60,937	630,226	69,177	235,205	12,100	89,081	9,798	37,900	2,290,407
Depreciation										
As at 1st April 2019	189,162	42,574	434,549	32,690	301,543	9,126	72,180	9,359	-	1,091,183
Charge for the year	30,481	2,351	32,383	4,625	1,406	2,380	2,597	143	-	76,366
Disposals/Transfer out	-	-	-	-	(68,567)	-	-	-	-	(68,567)
Revaluation reversal of depreciation	(197,851)	-	-	-		-	-	-	-	(197,851)
As at 31st March 2020	21,792	44,925	466,932	37,315	234,382	11,506	74,777	9,502	-	901,131
As at 1st April 2020	21,792	44,925	466,932	37,315	234,382	11,506	74,777	9,502	-	901,131
Charge for the year	44,224	2,196	31,595	4,625	2,814	594	2,237	115	-	88,400
Disposals/Transfer out	-	-	-	-	(3,967)	-	-	-	-	(3,967)
As at 31st March 2021	66,016	47,121	498,527	41,940	233,229	12,100	77,014	9,617	-	985,564
Net Carrying Value										
As at 31st March 2021	**1,079,967**	**13,816**	**131,699**	**27,237**	**1,976**	**-**	**12,067**	**181**	**37,900**	**1,304,843**
As at 31st March 2020	1,110,515	16,012	154,494	31,862	4,790	594	6,836	296	30,712	1,356,111

13.2.1 The cost of the fully deprecated items of Property, Plant & equipment which are still in use as at 31st March are as follows;

Asset Category	2021 Rs. `000	2020 Rs. `000
Water Projects and Sanitations	**18,672**	17,012
Plant and Machinery	**234,805**	175,579
Motor Vehicles	**242,194**	234,243
Equipment	**69,546**	64,182
Furniture and Fittings	**8,976**	8,559
	574,193	499,575

13.3 Capital Work-in-Progress

Capital Work-in-Progress include the Work-in-Progress pertaining to Improvements to Land & Buildings, Water Projects & Sanitations and Plant & Machinery.

13.4 Property, plant and equipment pledged as security for liabilities

The Property, Plant and Equipment which are pledged as securities as at 31st March 2021 disclosed under note 22.4.1.

13.5 The Company has revalued its Buildings and Land Improvements as at 30th September 2019. The fair value of the buildings are determined by Mr.Fathihu A A M (FIV), an external independent property valuer, having appropriate recognised professional qualifications, experience in the category of the property being valued and the location of the asset as explained under note 13.5.1

The details of carrying amounts of revalued assets and the carrying value, if such assets were carried at historical cost less deprecations are as follows;

Property, plant and equipment category	Method of revaluation	Carrying value of revalued assets if carried at historical cost as at 31st March 2021 Rs'000	Carrying value of assets under Revaluation Model Rs'000
Buildings and Land Improvements	Gross replacement cost	633,956	1,079,967

Fair Value Hierarchy

The fair value measurement for all of Buildings and Land Improvements has been categorized as level 03 fair based on the input to the valuation technique used.

Valuation technique and significant unobservable techniques

The following table shows the valuation technique used in measuring the fair value of property plant & equipment, as well as the significant unobservable inputs used;

Valuation Method	Significant unobservable input	Interrelationship Between Key Unobservable Inputs and Fair Value	Total Floor Area (Sq. Ft.)
Cost approach	Gross replacement cost	Positively correlated sensitivity	6,156,485

Cost approach	Gross replacement cost	Interrelationship Between Key Unobservable Inputs and Fair Value Unobservable Inputs and Fair Value
This reflects the amount that would be required currently to replace the service capacity of an asset (current replacement cost)	The cost to rebuild/replace the property as new (GRC Value amounts to Rs. 5,452 Mn) and discounted for the age, condition, refurbishment level of maintenance etc.	The estimated fair value would increase (decrease) if: - Gross replacement cost is higher/ (lower) - Remaining useful life of the asset is higher/ (lower)

13.5.1 The details of Buildings and Land Improvements, which were revalued indicated below:

Name of Estate	Location	Number of Buildings	Floor Area (Sq. Ft.)
Kotagala Region			
Bogahawatte	Bogahawatta	36	215,725
Chrystler's Farm	Kotagala	38	231,628
Craigie Lea	Kotagala	49	301,948
Drayton	Kotagala	39	367,921
Kelliewatte	Patana	28	169,604
Mayfield	Hatton	48	565,391
Mount Vernon	Pattana	49	513,785
Stonycliff	Kotagala	63	518,371
Yulliefield	Hatton	61	486,668
Derryclare	Kotagala	35	279,168
Horana/ Kalutara Region			
Eduragala	Ingiriya	25	117,824
Hedigalla	Badureliya	16	37,639
Gikiyanakanda	Neboda	36	460,689
Rayigam	Ingiriya	53	413,297
Vogan	Matugama	46	307,441
Arapolakanda	Thebuwana	26	236,712
Dalkeith	Lathpandura	50	347,407
Padukka	Padukka	32	110,363
Paiyagala	Dodangoda	34	131,480
Sorana	Horana	38	197,359
Usk Valley	Badureliya	23	146,065
Total		825	6,156,485

13.6 Impairment

The Company does not foresee any indications of impairment as at the reporting date due to the COVID-19 pandemic, and business unit functions under the business continuity plans as per the Group risk management strategy, allowing operations to function through alternate working arrangements, whilst strictly adhering to and supporting government directives

14. BIOLOGICAL ASSETS

14.1 Group/ Company

As at 31st March	2021 Rs. `000	2020 Rs. `000
Bearer Biological assets **(Note 14.1.1)**	**3,235,110**	3,293,872
Consumable Biological assets **(Note 14.1.3)**	**1,660,151**	1,467,610
Total Biological Assets - Non Current Assets	**4,895,261**	4,761,482
Fair value of growing produce bearer biological assets - Current Assets **(Note 14.1.2)**	**6,526**	937
Total Biological Assets	**4,901,787**	4,762,419

14.1.1 Bearer Biological assets

	Mature Plantations			Immature Plantations				Total
	Tea	Rubber	Oil palm	Tea	Rubber	Oil Palm	Other	2020
	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000
Cost								
As at 1st April 2020	1,221,705	2,071,944	495,876	154,607	574,832	69,699	20,651	4,609,314
Additions/Transfer in	-	110,264	36,746	12,550	74,784	2,194	18,620	255,158
Transfer out	-	-	-	-	(110,264)	(36,746)	-	(147,010)
As at 31st March 2021	1,221,705	2,182,208	532,622	167,157	539,352	35,147	39,271	4,717,462
Depreciation								
As at 1st April 2020	386,281	831,997	97,164	-	-	-	-	1,315,442
Charge for the year	36,649	103,625	26,636	-	-	-	-	166,910
As at 31st March 2021	422,930	935,622	123,800	-	-	-	-	1,482,352
Carrying Value as at 31.03.2021	**798,775**	**1,246,586**	**408,822**	**167,157**	**539,352**	**35,147**	**39,271**	**3,235,110**
Carrying Value as at 31.03.2020	835,424	1,239,947	398,712	154,607	574,832	69,699	20,651	3,293,872

a) These are investments in mature/immature plantations since the formation of the Company. The assets (including plantation assets) taken over by way of estate leases are set out in Notes 11 and 12. Further investment in Immature Plantations taken over by way of leases are shown in this note. When such plantations become mature, the additional investments since taken over to bring them to maturity are transferred from immature to mature under this note. A corresponding movement, from Immature to Mature, in respect of the investment undertaken by JEDB/SLSPC on the same plantation prior to the leases are shown under Note 12.

b) Borrowing costs amounting Rs. 9.1 million (2019/2020 - Rs. 17.1 million) on Tea, and Rs. 60.0 million (2019/2020- Rs. 73.8 million) on Rubber incurred on term loans and overdrafts utilised to finance replanting expenditure of tea and rubber have been capitalised. The average rate of interest for capitalisation was 11.79% (2019/20 -15.45%) The capitalisation will cease when crops are ready for harvest.

c) Other immature plantations includes other crops such as Cinnamon. Coconut etc. and are carried at cost less impairment.

14.1.2 Produce on bearer Biological Assets

	2021 Rs. `000	2020 Rs. `000
Balances as at 1st April	**937**	5,000
Change in fair value less cost to sell	**5,589**	(4,063)
As at 31st March	**6,526**	937

14.1.3 Consumable Biological Assets

	2021 Rs. `000	2020 Rs. `000
Consumable Biological assets - Mature		
Balance as at 1st April	**1,467,610**	1,320,483
Transfer from consumable biological assets - immature	**-**	-
Fair value gain for the year	**192,541**	147,127
Balance as at 31st March	**1,660,151**	1,467,610
Consumable Biological assets - Immature		
Balance as at 1st April	**-**	-
Additions during the year	**-**	-
Transfer to consumable biological assets - mature	**-**	-
Balance as at 31st March	**-**	-
Total Consumable Biological Assets	**1,660,151**	1,467,610

Managed tress include commercial timber plantations cultivated on estates. The cost of immature trees up to 5 years from planting are treated as approximate fair value particularly on the grounds of little biological transformation has taken place and impact of the biological transformation on price is not material. When such plantations become mature, the additional investments since taken over to bring them to maturity are transferred from immature to mature.

The fair value of managed trees was valued by Mr.Fathihu A A M (FIV), Incorporated Valuers by using following assumptions

Key assumptions used in valuation are as follows,

Timber Content (Cu. Ft. 2,903,877)	Estimated based on the girth, height and considering the growth and present age of the trees of each species in different geographical regions, factoring all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company approved by the Forestry Department.
Economic Useful Life	Estimated based on normal life span of each species by factoring the forestry plan of the Company approved by the Forestry Department.
Selling Price (Rs. 260- Rs. 800)	Estimated based on prevailing Sri Lankan market prices factoring all the conditions to be fulfilled in bringing the trees in to saleable condition.
Discount rate	Future cash flows are discounted at the rate of 10.5% , 11.5% & 12.5% (2019/20- 13%, 14% & 15%)

The board of directors established that the fair value of consumable biological assets of the Company is comprised of only managed trees which fall under the purview of the forestry management plan of the company, since LKAS 41 is only applicable for managed agricultural activity in terms of the ruling issued by The Institute of Chartered Accountants of Sri Lanka.

During the year ended 31st March 2020, a physical verification of timber was carried out by the management covering all the estates and the actual number of trees available in the estates was ascertained. The actual number of commercially cultivated managed timber trees available as per the physical verification is included within the fair value of timber (consumable biological assets) for the year ended 31st March 2021.

The Company is exposed to the following risks relating to its timber plantations. .

Regulatory and environmental risks

The Company is subject to laws and regulations in Sri Lanka. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Supply and demand risk

The Company is exposed to risks arising from fluctuations in the price and sales volume of timber. When possible, the Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis to ensure that the Company's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

Climate and other risks

The Company's timber plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Company has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

14.1.3.1 Measurement of Fair Value

The future cash flows are determined by reference to current timber prices

a) The fair value measurement for the consumable biological assets has been categorized as level 3 fair value based on inputs to the valuations used. Breakdown of the total gains recognized in respect of level 3 fair values of consumable biological assets namely, managed timber plantation, are given below.

	Group/Company	
	2021	2020
	Rs. `000	Rs. `000
As as 31st March		
Change in fair value of consumable biological assets (Note 14.1.3)	192,541	147,127
Change in fair value of growing produce of bearer biological assets (Note 14.1.2)	5,589	(4,063)
Total Gain for the year	198,130	143,064

b) Valuation techniques and significant unobservable inputs

Following table shows the valuation techniques in measuring level 3 fair value of consumable biological assets as well as significant unobservable inputs used.

Type	Valuation techniques used	Significant unobservable Inputs	Inter relationship between key unobservable inputs and fair value measurements
Mature Timber	**Discounted Cashflows**	**Determination of Timber Content (Cu. Ft. 2,903,877)**	
Mature timber older than 5 years with GBH >18 inches	The valuation model considers present value of future net cashflows expected to be generated by the plantation from the timber content of managed timber plantation on a tree-per tree basis.	Species planted in separate blocks as at the reporting date have been identified by a qualified forestry officer of the company and the timber content has been estimated based on the age and current cubic content.	The estimated fair value at the time of harvesting each specific species is sensitive to the following variables, - The estimated timber content - The estimated timber prices per cubic meter - The estimated selling related costs - The estimated maturity age - The risk adjusted discount rate
	Expected cashflows are discounted using a high risk adjusted rates of ; 10.5% - Trees age to harvest 5 years or below 11.5% - Trees age to harvest 6 -14 years 12.5% - Trees age to harvest 15 years or above comprising a risk free rate of of 7.5%	**Determination of Price of Timber (Rs. 260- Rs. 800)** Trees have been valued as per the current timber prices per cubic meter which is the recent selling price of a cubic meter of the specific species.	

14.2.3 Sensitivity Analysis

Sensitivity Variation on Sales Price and Discount Rate

The future cashflows are determined by reference to current timber prices

Increase/(Decrease) in the Discount Rate	Increase/(Decrease) in the Selling price of specific species	Sensitivity effect on the carrying value of Biological Assets Assets As at 31st Match 2021 Rs.000	Sensitivity effect on the carrying value of Biological Assets As at 31st Match 2020 Rs.000
1%		(71,833)	(61,006)
-1%		78,129	66,061
	10%	166,367	147,068
	-10%	(166,367)	(147,068)

	As at 31st March		Group 2021 Rs. `000	Group 2020 Rs. `000	Company 2021 Rs. `000	Company 2020 Rs. `000
15.	**INVESTMENTS**					
15.1	**Investments in Subsidiaries**	Holding %				
	Consolidated Rubber Plantations PTE Ltd	100%	**-**	-	**115**	115
	Cambodia Rubber Plantation Industries PTE Ltd	100%	**-**	-	**115**	115
	Lanka Agro Plantations PTE Ltd	100%	**-**	-	**115**	115
	Rubber & Allied Products (Colombo) Ltd	100%	**-**	-	**60**	60
			-	-	**405**	405
	Less- provision for impairment of Investments in Subsidiaries **(Note 15.1.1)**				**(405)**	(405)
			-	-	**-**	-
15.1.1	**Provision for impairment of Investments in Subsidiaries**					
	Balance as at 1st April		**-**	-	**(405)**	(290)
	Charge for the year		**-**	-	**-**	(115)
	Balance as at 31st March		**-**	-	**(405)**	(405)

Name of the Company	Nature of Business	Location	Ownership Percentage Rs.000	Carrying value Rs.000
Rubber & Allied Products (Colombo) Ltd	Manufacturing Centrifuged Latex	Colombo/Horana	100%	-
Consolidated Rubber Plantations PTE Ltd	Cultivation of Rubber	Cambodia	100%	-
Cambodia Rubber Plantation Industries PTE Ltd	Cultivation of Rubber	Cambodia	100%	-
Lanka Agro Plantations PTE Ltd	Cultivation of Rubber	Cambodia	100%	-
Total				-

15.1.2 Summarised financial information for Subsidiary Companies of the Group

Summary of the Statement of Comprehensive income of Subsidiary Companies

	Rubber & Allied Products (Colombo) Ltd Rs. `000	Consolidated Rubber Plantations PTE Ltd. Rs. `000	Cambodia Rubber Plantation Industries PTE Ltd. Rs.000	Lanka Agro Plantations PTE Ltd. Rs.000
Revenue	114,082	-	-	-
Profit after tax	1,408	-	-	-
Other comprehensive Income	-	16,704	(4,435)	(12,329)
Total Comprehensive Income /(Expense)	1,408	16,704	(4,435)	(12,329)
Summary of the Statement of financial position of Subsidiary Companies				
Non Current Assets	3,671	-	-	-
Current Assets	21,199	319,827	19,804	-
Total Assets	24,870	319,827	19,804	-
Non Current Liabilities	4,028	-	-	-
Current Liabilities	50,398	434,489	104,569	235,636
Total Liabilities	54,426	434,489	104,569	235,636
Net Assets - Attributable to Non Controlling interests				
Attributable to the Group	(29,556)	(114,662)	(84,765)	(235,636)
Summary of the Statement of Cash flows of Subsidiary Companies				
Net Cash inflow/(outflow) from Operating Activities	-	-	-	-
Net Cash inflow/(outflow) from Investing Activities	-	-	-	-
Net Cash inflow/(outflow) from Financing Activities	-	-	-	-
Net increase /(decrease) of cash and cash equivalents	-	-	-	-

	As at 31st March		Group 2021 Rs. `000	Group 2020 Rs. `000	Company 2021 Rs. `000	Company 2020 Rs. `000
15.2	**Investments in Associates**	Holding %				
	Union Commodities (Private) Limited **(Note 15.2.1)**	15%	**10,992**	107,898	**10,992**	63,005
	Imperial Hotels Limited **(Note 15.2.2)**	31.15%	**90,254**	90,212	**90,222**	89,981
			101,246	198,110	**101,214**	152,986
15.2.1	**Investment in Union commodities (Pvt) Ltd**					
	Balance as at beginning of the year		**107,898**	168,331	**236,250**	236,250
	Share of Loss for the year		**(66,575)**	(56,590)	**-**	-
	Share of OCI for the year		**6,414**	(3,718)	**-**	-
	Adjustment on initial application of SLFRS 16		**-**	(125)	**-**	-
	Provision for Impairment of Investments in Associates **(Note 15.2.1.1)**		**(36,745)**	-	**(225,258)**	(173,245)
	Balance at the end of the year		**10,992**	107,898	**10,992**	63,005
15.2.1.1	Provision for impairment of investment in Union commodities (Pvt) Ltd					
	Balance as at 1st April		**-**	-	**173,245**	119,447
	Charge for the year		**36,745**	-	**52,013**	53,798
	Balance as at 31st March		**36,745**	-	**225,258**	173,245
15.2.2	**Investments in Imperial Hotels Limited**					
	Balance as at beginning of the year		**90,212**	90,023	**94,753**	94,753
	Share of Profit for the year		**42**	189	**-**	-
	Provision for Impairment of Investments in Associates **(Note 15.2.2.1)**		**-**	-	**(4,531)**	(4,772)
	Balance at the end of the year		**90,254**	90,212	**90,222**	89,981
15.2.2.1	***Provision for impairment of investment in York Hotels (Kandy) Limited***					
	Balance as at 1st April		-	**-**	**4,772**	4,772
	Charge for the year		-	**-**	**(241)**	-
	Balance as at 31st March		-	**-**	**4,531**	4,772

Name of the Company	Nature of Business	Location	Ownership Percentage	Carrying value Rs.000
			Rs.000	
Union Commodities (Private) Limited	Tea Exports	Kelaniya	15%	10,992
Imperial Hotels Limited	Hospitality	Kandy	31.15%	90,254

As at 31st March	2021		2020	
	Union Commodities (Private) Limited	Imperial Hotels Limited	Union Commodities (Private) Limited	Imperial Hotels Limited
	Rs. `000	Rs. `000	Rs. `000	Rs. `000
15.2.3 Summarised financial information of Associate Company				
Summary of the statement of Profit or Loss and Comprehensive Income of the Associate Company				
Percentage of Ownership interest	**15%**	**31.15%**	15%	31.15%
Revenue	**4,293,129**	**231**	3,543,838	10,127
Profit/ (Loss) After Tax	**(443,834)**	**134**	(377,269)	608
Other Comprehensive Expense	**42,759**	**-**	(24,783)	-
Total Comprehensive Income/ (Expense)	**(401,075)**	**134**	(402,052)	608
Group's share of Profit and Total Other Comprehensive Income/ (Expense)	**(60,161)**	**42**	(60,308)	189
Non Current Assets	**2,641,779**	**157,940**	2,652,586	157,144
Current Assets	**1,737,949**	**150,449**	1,672,411	149,337
Total Assets	**4,379,728**	**308,389**	4,324,997	306,481
Non Current Liabilities	**(1,833,774)**		(1,649,421)	
Current Liabilities	**(2,472,675)**	**(18,783)**	(2,201,223)	(17,010)
Total Liabilities	**(4,306,449)**	**(18,783)**	(3,850,644)	(17,010)
Net assets (100%)	**73,279**	**289,606**	474,353	289,471
Group share of Net assets	**10,992**	**90,212**	71,153	90,170
Goodwill	**-**	**42**	36,745	42
Carrying Amount of Interest in Associate	**10,992**	**90,254**	107,898	90,212

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March		Group		Company	
			2021	2020	2021	2020
			Rs. `000	Rs. `000	Rs. `000	Rs. `000
15.3	Fair value through OCI Investment					
	Investments in unquoted securities **(Note 15.3.1)**		**83,952**	68,727	**83,952**	68,727
	Investments in Unit Trusts **(Note 15.3.2)**		**221,586**	216,737	**221,586**	216,737
			305,538	285,464	**305,538**	285,464
15.3.1	**Investments in Unquoted Securities**					
	Agarapatana Plantations Limited 20,000,000		**68,727**	88,573	**68,727**	88,573
	Change in fair value of Investment in unquoted securities during the year		**15,225**	(19,846)	**15,225**	(19,846)
			83,952	68,727	**83,952**	68,727
15.3.1.1	***Investments in Unquoted Securities- Agarapatana Plantations Limited***					
	No of Shares	Nos`000	**17,333**	17,333	**17,333**	17,333
	% Holding	%	**7.38%**	7.38%	**7.38%**	7.38%
	Carrying Value as at 1 April	Rs. `000	**68,727**	88,573	**68,727**	88,573
	Equity Value Per Share as at 31 March	Rs.	**4.84**	3.97	**4.84**	3.97
	Loss on FVTOCI Financial Asset	Rs. `000	**15,225**	(19,846)	**15,225**	(19,846)
	Carrying Value as at 31 March	Rs. `000	**83,952**	68,727	**83,952**	68,727

15.3.1.2 Information about Fair Value Measurements using Significant observable Inputs (Level 2)

Financial Asset	Valuation Methodology	Location Observable Inputs	Range of Observable Inputs 2021
Investment in unquoted Ordinary Shares of Agarapathana Plantations Limited	Market Multiplier methodology	Price to Sales (P/S Ratio)	Price to Sales (P/S) ratio range of 0.077 - 0.983

Key assumptions used in valuation;

1 Screening was conducted on similar Companies listed on the Colombo Stock Exchange based on similarities in market capitalization and total revenue.

2 Results of screening based on publicly available information as at the latest practicable date

3 Valuation exercise was concluded on Price-to-sales (P/S) ratio of identified similar Companies

	As at 31st March	Group		Company	
		2021	2020	2021	2020
		Rs. `000	Rs. `000	Rs. `000	Rs. `000
15.3.2	**Investment in Unit trusts**				
	NSB 0 /A Cey Bank Savings Plus Money Market Fund	**216,737**	188,326	**216,737**	188,326
	Change in fair value of Invesment in Unit Trusts	**4,849**	28,411	**4,849**	28,411
		221,586	216,737	**221,586**	216,737

As at 31st March	Group 2021 Rs. `000	Group 2020 Rs. `000	Company 2021 Rs. `000	Company 2020 Rs. `000
16. INVENTORIES				
Input Materials	**27,460**	23,370	**27,179**	23,148
Growing Crop Nurseries	**2,753**	1,763	**2,753**	1,763
Produce Stock (Tea and Rubber)	**212,173**	146,081	**212,173**	146,081
Spares and Consumables	**22,448**	32,981	**17,004**	18,149
Provision for impairment	**(4,018)**	(4,018)	**(4,018)**	(4,018)
	260,816	200,177	**255,091**	185,123
17. TRADE & OTHER RECEIVABLES				
Trade Receivables	**69,199**	11,926	**60,864**	10,242
Other Receivables				
Advances, Deposits, Prepayments & Other Receivables	**223,156**	168,228	**221,134**	189,341
Employee Advances	**45,132**	48,141	**45,072**	48,141
Less : Provision for bad and doubtful receivables	**(42,372)**	(45,760)	**(42,372)**	(45,760)
	225,916	170,609	**223,834**	191,722
	295,115	182,535	**284,698**	201,964

17.1 No Advance over Rs. 20,000/- have been granted to employees and workers of the Company.

17.2 Millewa estate was acquired by the Urban Development Authority (UDA) of Sri Lanka on the 26th of October 2017. All assets pertaining to Millewa estate were written off from the financial statements of the Company, since the Company no longer has control of the said estate and assets. Subject to the take of Millewa estate by the Government Kotagala Plantations PLC have, lodged a rightful compensation claim amounting to Rs. 660 Mn with UDA. Therefore the assets have been re-classified under other receivable balance due from Urban development authority of Sri Lanka. The liabilities pertaining to Millewa estate as at 26th of October 2017 have been retained within the financial statements of the Company, since the Company has an obligation that may arise during the course of business operations.

Advances, Deposits, Prepayments & Other Receivables consists of receivable from Urban Development Authority (UDA) related to Millewa Estate amounting to Rs. 134,902,000 as follows;

Description	Rs. `000
Property Plant and equipment	10,334
Leasehold Right to Bare Land	5,713
Immovable leased assets	48
Bearer Biological assets	118,807
	134,902

As at 31st March	Group 2021 Rs. `000	Group 2020 Rs. `000	Company 2021 Rs. `000	Company 2020 Rs. `000
18. AMOUNTS DUE FROM RELATED PARTIES				
Lankem Tea & Rubber Plantations (Private) Limited	**694**	694	**694**	694
Agarapatana Plantations Ltd	**22,303**	57,631	**22,303**	57,631
Sherwood Holidays Limited	**7,869**	7,869	**7,869**	7,869
Horton Plains & Spa	**107**	107	**107**	107
Colombo Fort Group Services(CFGS) (Pvt) Ltd	**584**	-	**584**	-
Rubber & Allied Products (Colombo) Ltd	**-**	-	**44,113**	41,009
Consolidated Rubber Plantations Private Limited	**-**	-	**-**	408,456
Far Eastern Extports (Colombo) Ltd	**363**	213	**363**	213
Lanka Agro Plantations Pte Ltd	**-**	-	**122**	122
The Colombo fort Land & Building PLC	**3,202**	-	**3,202**	-
	35,122	66,514	**79,357**	516,101
Less - Provision for impairment of amounts due from related parties	**(12,162)**	(11,372)	**(53,294)**	(460,960)
	22,960	55,142	**26,063**	55,141
Provision for Impairment of amounts Due from Related Parties				
Balance as at 1st April	**(11,372)**	(13,574)	**(460,960)**	(250,833)
Write-off during the year	**-**	-	**408,456**	-
Charge for the year	**(790)**	2,202	**(790)**	(210,127)
Balance as at 31st March	**(12,162)**	(11,372)	**(53,294)**	(460,960)
19. CASH AND CASH EQUIVALENTS				
Cash at Bank and Cash in Hand	**72,947**	20,580	**67,767**	20,428
Bank Overdraft **(Note 19.1)**	**(566,642)**	(596,050)	**(566,642)**	(596,050)
Cash and cash equivalents for the purpose of the Cash Flow Statement	**(493,695)**	(575,470)	**(498,875)**	(575,622)

19.1 Bank Overdraft

Bank	:	Seylan Bank
Purpose	:	To finance working capital requirements.
Facility	:	Rs. 50,000,000/-
Securities Pledged	:	Primary mortgage over leasehold rights of the estate lands and buildings, fixed and floating assets of Yuilliefield and Chrystlers Farm Estates.
		Primary mortgage over leasehold rights of the estate lands and buildings Sorana Estates.
Bank	:	Standard Chartered Bank
Purpose	:	To finance working capital requirements.
Facility	:	Rs. 250,000,000/-
Securities Pledged	:	Primary mortgage over leasehold rights of the estate lands and buildings, fixed and floating assets of Hedigalle and Eduragala Estates.

20. STATED CAPITAL

As at 31st March	2021 Rs.	2020 Rs.
Issued and Fully Paid		
Ordinary Shares	**781,500,000**	781,500,000
01 Golden Share **(Note 20.1)**	**10**	10
	781,500,010	781,500,010

As at 31st March	No. of Shares 2021	No. of Shares 2020
Total no. of Ordinary Shares as at 31st March	**75,225,000**	75,225,000
Golden Share as at the end of the year	**1**	1

20.1 Golden Shareholder

The total amount received by the Company in respect of issue of shares are referred to as Stated Capital. The Golden share is currently held by Secretary to the Treasury and should be owned either directly by the Government of Sri Lanka or by a 100% Government owned public Company. In addition to the rights of the normal ordinary shareholders, in terms of the Articles of the Company, following special rights are vested with the Golden Shareholder.

a) The Company shall obtain the written consent of the Golden Shareholder prior to sub-leasing, ceding or assigning its rights in part or all of the lands leased to the Company by the JEDB/SLSPC.

b) The Golden Shareholder shall be entitled to call upon the Board of Directors once in three months to meet him or his nominee to discuss matters of the Company of interest to the estate.

c) The Golden Shareholder and or his nominee shall be entitled to inspect the books of accounts of the Company after giving two weeks written notice to the Company.

d) The Company shall submit to the Golden Shareholder, within 60 days of the end of each quarter, a quarterly report relating to the performance of the Company during the said quarter in a pre- specified format agreed to by the Golden Shareholder and the Company

e) The Company shall submit to the Golden Shareholder, within 90 days of the end of each fiscal year, information related to the company in a pre-specified format agreed to by the Golden Shareholder and the Company

20.2 General Reserve

General Reserve represents amounts set-aside from time to time by the Directors of the Company for the purpose of general application. These have been appropriated by the Board in compliance with the Articles, which provides for such amounts being set-aside for future and utilized after appropriate Board Approvals.

As at 31st March	Group		Company	
	2021 Rs. `000	2020 Rs. `000	2021 Rs. `000	2020 Rs. `000
Balance as at 1st April	**240,000**	240,000	**240,000**	240,000
Balance as at 31st March	**240,000**	240,000	**240,000**	240,000

20.3 Foreign Currency Translation Reserve

The Foreign Currency Translation Reserve represents the differences between translated values of assets and liabilities of foreign operations at the exchange rate as at reporting date and historical rate.

As at 31st March	Group		Company	
	2021	2020	2021	2020
	Rs. `000	Rs. `000	Rs. `000	Rs. `000
Balance as at 1st April	(10,739)	(1,862)	-	-
Translation differences arising on Foreign operations	(60)	(8,877)		
Balance as at 31st March	(10,799)	(10,739)	-	-

20.4 Fair Value Through Other Comprehensive Income Reserve

Fair Value Through Other Comprehensive Income Reserve represents the change in fair value of Investment in Agarapathana Plantations Limited and Investment in unit trust.

As at 31st March	Group		Company	
	2021	2020	2021	2020
	Rs. `000	Rs. `000	Rs. `000	Rs. `000
Balance as at 1st April	20,528	14,689	26,509	17,944
Share of other comprehensive income of equity accounted investees	6,232	(2,726)	-	-
Fair value through OCI Investments - Net Change in Fair Value	20,074	8,565	20,074	8,565
Balance as at 31st March	46,834	20,528	46,583	26,509

20.5 Revaluation Reserve

The revaluation reserve relates to leasehold and freehold buildings which have been revalued by the Group/ Company.

As at 31st March	Group		Company	
	2021	2020	2021	2020
	Rs. `000	Rs. `000	Rs. `000	Rs. `000
Balance as at 1st April	594,443	-	594,443	-
Revaluation Gain net of tax	-	594,443	-	594,443
Balance as at 31st March	594,443	594,443	594,443	594,443

21. DEFERRED INCOME

Grants and Subsidies

Group/ Company

As at 31st March	ADB-PRP Rs. `000	PDSP Rs. `000	PHDT Rs. `000	Others Rs. `000	2021	2020
As at 1st April	30,833	143,847	8,732	146,897	**330,309**	328,357
Received during the year	-	-	-	6,272	**6,272**	14,166
Amortisation for the year	(842)	(5,797)	(776)	(5,763)	**(13,178)**	(12,214)
As at 31st March	29,991	138,050	7,956	147,406	**323,403**	330,309

(i) Asian Development Bank - Plantation Reform Project (ADB - PRP)

The funds received are utilised for construction of Staff Quarters, Water Projects, Latrines, Farm Roads and purchase of Forestry Equipment.

(ii) Plantation Development Support Programme (PDSP)

The funds received are utilised for construction of Dispensaries, Staff Quarters, Water Projects and upgrading Creches.

(iii) Plantation Human Development Trust (PHDT)

The funds received are utilised for construction of Worker Housing, Water Projects and purchase of Ambulance.

(iv) Others

a) Ministry of Livestock Development and Estate Infrastructure

The funds received are utilised for construction of Community Centers, Agency Post Offices and Upgrading Farm Roads and Creches.

b) Sri Lanka Tea Board

Funds received are utilised for the construction of the CTC Tea Factory at Mount Vernon Estate.

c) Rubber Development Department

Funds received are utilised for replanting.

The amounts spent are capitalised under the relevant classification of Property Plant & Equipment and the corresponding grant component is reflected under deferred grants and subsidies and amortised over useful life span of the asset.

As at 31st March		Note	Group 2021 Rs. `000	Group 2020 Rs. `000	Company 2021 Rs. `000	Company 2020 Rs. `000
22.	**INTEREST BEARING BORROWINGS**					
22.1	**Payable after one year**					
	Debentures	22.3	**407,128**	481,123	**407,128**	481,123
	Term Loans	22.4	**638,802**	705,096	**638,802**	705,096
			1,045,930	1,186,219	**1,045,930**	1,186,219
22.2	**Payable within one year**					
	Debentures	22.3	**73,995**	18,877	**73,995**	18,877
	Term Loans	22.4	**669,396**	625,050	**669,396**	625,050
	Finance Leases	22.5	**13,229**	24,115	**13,229**	24,115
			756,620	668,042	**756,620**	668,042
	Total		**1,802,550**	1,854,261	**1,802,550**	1,854,261

22.3 Rated Secured Redeemable Listed Debentures - after the restructure

Debenture Type	Year of Issue	Original Year of Redemption	Restructured Period (Capital Repayment)	Colombo Stock Exchange Listing	Issued Value	Interest Payable Frequency	Interest Rate %	Outstanding Balance as at 31st March 31/03/2021 Rs`000	Outstanding Balance as at 31st March 31/03/2020 Rs`000
C	2014	2020	From 2020 to 2025	Unlisted	Rs.250Mn	Monthly	7.50%	**231,123**	250,000
D1-D6	2014	2021	From 2021 to 2026	Listed	Rs.250Mn	Annually	7.50%	**250,000**	250,000
								481,123	500,000

22.3.1 Trading at Colombo Stock Exchange

Debenture Type	Highest Value (Rs.)	Lowest Value (Rs.)	Last Traded Value (Rs.)
C	Not Traded	Not Traded	Not Traded
D1-D6	Not Traded	Not Traded	Not Traded

22.4 Group /Company

Term Loans	NDB	Sampath Bank	Peoples Bank	Peoples Bank Interest Loan (39 mn)	Standard Chartered	Tea Board Loan	Seylan Bank	Seylan Bank Moratorium Loan Capital - 6 mn	State Mortgage bank	F & W	John Keels	CeyBank Commercial Papers	Total 31.03.2021	Total 31.03.2020
	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000
At the beginning of the year	140,227	403,700	250,001	-	85,107	71,374	88,000		2,816	64,000	-	224,921	1,330,146	1,354,829
Add: Loans Obtained during the year	-	-	-	39,000	-	-	-	-	-	8,000	31,524	-	78,524	105,022
Exchange loss	2,780	-	-	-	-	-	-	-	-	-	-	-	2,780	4,166
Transfer to Moratorium Interest	-	-	-	-	-	-	(6,000)	6,000	-	-	-	-	-	
Interest charged for the year	-	-	-	-	-	-	-	-	-	-	-	5,712	5,712	37,119
Less: Repayments made during the year	-	(14,899)	-	-	-	(23,379)	-	-	(2,816)	(42,000)	(25,870)	-	(108,964)	(170,990)
At the end of the year	143,007	388,801	250,001	39,000	85,107	47,995	82,000	6,000	-	30,000	5,654	230,633	1,308,198	1,330,146
Less: Payable within one year	(143,007)	(83,400)	-	(25,600)	(85,107)	(47,995)	(12,000)	(6,000)	-	(30,000)	(5,654)	(230,633)	(669,396)	625,050
Payable after one year	-	305,401	250,001	13,400	-	-	70,000	-	-	-	-	-	638,802	705,096

Accrued interest for Interest Bearing Borrowing Loans amounting to Rs. 99 Mn (2019/20: Rs. 72 Mn) included in Trade and Other Payables. (Note 26)

22.4.1 Term Loans

	Bank	Amount Obtained Rs.'000	Balance 31.03.2021 Rs.'000	Balance 31.03.2020 Rs.000	Rate of Interest %	Terms of Repayment	Securities Pledged
a)	**NDB**						
	Term Loan						
	Tranch 01		**23,584**	23,584	AWPR + 5% if delayed AWPR+ 8%	Payable in 63 euqal monthly instalments of Rs. 2,030,000/- with a first instalment of Rs. 2,110,000/-.	Primary Mortgage over the lease hold right, building &machinery of estates already mortgaged to NDB namely Stonycliff, Vogan, Gikiyanakande & Dalkieth.
	Tranch 02	500,000	**23,584**	23,584			
	Tranch 03		**30,319**	30,319			
	USD Loan						
	Tranch 01		**21,840**	20,914	LIBOR + 8% if delayed LIBOR+ 11%	Payable in 56 euqal monthly instalments of $8,000/- with a first instalment of $7,000/-.	Primary Mortgage over the lease hold right, building &machinery of estates already mortgaged to NDB namely Stonycliff, Vogan, Gikiyanakande & Dalkieth.
	Tranch 02	204,470	**21,840**	20,914		Payable in 56 euqal monthly instalments of $8,000/- with a first instalment of $7,000/-.	
	Tranch 03		**21,840**	20,912		Payable in 56 euqal monthly instalments of $7,306/- with a first instalment of $7,318.98/-.	
	Total	704,470	**143,007**	140,227			
b)	**Sampath Bank**						
	Term Loan	403,700	**388,801**	403,700	AWPLR+3.5%	Payable in 71 euqal monthly instalments of Rs.6,950,000 and final instalment of Rs.6,550,000 with a capital grace period of 12 months.	Primary Mortgage Bond for Rs.500Mn over leasehold rights of Drayton and Kelliewatte Estates in Nuwara Eliyatogether together with factory building therein.
	Total	453,700	**388,801**	403,700			
c)	**Peoples Bank**						
	Term Loan	196,000	**177,000**	177,000	AWPLR+3%	Repayable within 60 instalments of Rs.3,157,777/- each and monthly interest on outstanding balance.	Primary Mortgage Bonds over Leashold rights of all those estate plantation and premises of Mayfield Estate situated in the village of dimbula and Ukutile in the Nuwara Eliya Pattu in Kotmale Korale in the district of Nuwara Eliya, Central provice.
	Term Loan	300,000	**73,001**	73,001	AWPLR+3% if delayed AWPLR+5%	Repayable within 60 instalments of Rs.1,725,000/- each and monthly interest on outstanding balance.	Primary Mortgage Bonds over Leashold rights of all those estate plantation and premises of Mayfield Estate situated in the village of dimbula and Ukutile in the Nuwara Eliya Pattu in Kotmale Korale in the district of Nuwara Eliya, Central provice.
	Interest Loan	39,000	**39,000**	-		Payable within 1 year.	
	Total	535,000	**289,001**	250,001			

	Bank	Amount Obtained Rs.'000	Balance 31.03.2021 Rs.'000	Balance 31.03.2020 Rs.000	Rate of Interest %	Terms of Repayment	Securities Pledged
d)	**Standard Charted Bank**						
	Term Loan	250,000	**13,766**	13,766	SLIBOR+3.5%	Payable within 2 years and 10 months.	Primary Mortgage Bond over leasehold rights of Hedigalle and Eduragala Estates together together with factory building therein.
	Packing credit		**71,341**	71,341			
	Total	250,000	**85,107**	85,107			
e)	**State mortgage Bank**						
	Term Loan	50,000	-	2,816	19%	Repayment in 72 equal monthly instalments of Rs.111,240/- commencing after the date of disbursement of the loan.	10 vehilces offered as security
	Total	50,000	-	2,816			
f)	**Cey Bank Asset Management Ltd**						
	Commercial Paper	172,700	**230,633**	224,921	16.50%	Repayable as per the commercial paper maturity date	
	Total	172,700	**230,633**	224,921			
g)	**Sri Lanka Tea board Loan**						
	Term Loan	43,416	**10,556**	20,101	5%	Repayable within 36 instalments of Rs.1,301,221.2/- each.	
	Term Loan	45,000	**9,990**	21,251	AWPLR +1%	Repayable within 36 monthly instalments of Rs.1,250,000/- each (12 months grace period)	
	Term Loan	30,000	**27,449**	30,022			
	Total	118,416	**47,995**	71,374			
h)	**Forbes & Walker Ltd**						
	Term Loan	75,000	**30,000**	64,000	19.00%	Repayable within 30 monthly instalments of Rs.5,000,000/- each.	The realized and unrealized values of the stock of the teas catalogued and to be catalogued with broker.
	Total	75,000	**30,000**	64,000			
i)	**John Keels**						
	Term Loan	31,524	**5,654**	-	19.00%	Repayable within 30 monthly instalments of Rs.5,000,000/- each.	The realized and unrealized values of the stock of the teas catalogued and to be catalogued with broker.
	Total	31,524	**5,654**	-			

	Bank	Amount Obtained Rs.'000	Balance 31.03.2021 Rs.'000	Balance 31.03.2020 Rs.000	Rate of Interest %	Terms of Repayment	Securities Pledged
j)	**Seylan Bank Loan**						
	Term Loan	100,000	**88,000**	88,000	16%	Repayable within 72 months with following intallements 12 installement of Rs.400,000 + Interest 12 installement of Rs.600,000 + Interest 12 installement of Rs.1,000,000 + Interest 12 installement of Rs.1,500,000 + Interest 12 installement of Rs.2,250,000 + Interest 11 installement of Rs.2,500,000 + Interest and final installement of Rs. 3,500,000	Primary Mortgage over leasehold rights of the estate lands and buildings, fixed and floating assets of Hedigalle and Eduragala Estates
	Total	100,000	**88,000**	88,000			
	Grand Total	2,526,342	**1,308,198**	1,330,146			

22.5 Finance Leases

As at 31st March	Group 2021 Rs. `000	Group 2020 Rs. `000	Company 2021 Rs. `000	Company 2020 Rs. `000
Finance Leases				
Gross Lease Obligation	**13,229**	24,219	**13,229**	24,219
Less: Finance cost applicable for future periods	**-**	(104)	**-**	(104)
Net Lease Obligation	**13,229**	24,115	**13,229**	24,115
Payable within one year (Transferred to Current Liabilities)				
Gross Lease Obligation	**13,229**	24,219	**13,229**	24,219
Less: Finance cost applicable for future periods	**-**	(104)	**-**	(104)
Net Lease Obligation	**13,229**	24,115	**13,229**	24,115
Total Net Lease Obligation	**13,229**	24,115	**13,229**	24,115

22.5.1 Finance Leases

Leasing Company and Asset	Cost of the Asset Rs. `000	Gross Lease Obligation Rs. `000	Finance cost applicable for future periods Rs. `000	Net Lease Obligation Rs. `000	Amount payable within one year Rs. `000
Commercial Bank of Ceylon PLC					
Colour Sorter	13,932	-	-	-	-
Hot Water Boiler	23,528	4,100	-	4,100	4,100
CTC Machine	26,069	8,836	-	8,836	8,836
Radiator	1,638	-	-	-	-
Drier	6,737	293	-	293	293
Prado	8,330	-	-	-	-
Total	80,234	13,229	-	13,229	13,229

	As at 31st March	Group 2021 Rs. `000	Group 2020 Rs. `000	Company 2021 Rs. `000	Company 2020 Rs. `000
23.	**RETIREMENT BENEFIT OBLIGATIONS**				
	Balance at the beginning of the year	**874,322**	758,026	**873,812**	757,556
	Provision made during the year **(Note 23.1)**	**82,660**	138,168	**82,410**	138,128
		956,982	896,194	**956,222**	895,684
	Payments made during the year	**(69,609)**	(21,872)	**(69,609)**	(21,872)
	Balance at the end of the year	**887,373**	874,322	**886,613**	873,812
23.1	**Provision for the year consists of the following**				
	Recognized in Profit & Loss				
	Interest cost	**87,381**	87,119	**87,381**	87,119
	Current service cost	**59,335**	56,278	**59,085**	56,238
	Recognized in Other Comprehensive Income				
	Actuarial Gain	**(64,056)**	(5,229)	**(64,056)**	(5,229)
	Present value of obligation as at 31st March	**82,660**	138,168	**82,410**	138,128

The actuarial valuation had been carried out by M/S Actuarial & Management Consultants (Pvt) Ltd. According to the valuation the gratuity liability on employees of the Company as at 31st March 2021 is Rs.886,612,445/-

The Key assumptions used by the Actuary include the following,

		2021 Rs. `000	2020 Rs. `000
1	Rate of Interest	**7.5%**	10%
2	Rate of Salary Increase		
	Workers	**5.68% per annum**	16% in every two years
	For other categories of staff	**10%**	10%
3	Retirement age		
	Workers	**60 years**	60 years
	For other categories of staff	**60 years**	60 years
5	.The Staff Turnover Rate	**4.3%**	4.3%
6	The Company will continue in business as a going concern		

The sensitivity analysis on the total comprehensive expense an financial position based on the assumed rates for salary increment and discount rate as at 31st March 2021 is given below,

Discount Rate	Salary escalation rate	Present value of defined benefit obligation (Rs.) Staff	Present value of defined benefit obligation (Rs.) Workers
One percentage point increase	One percentage point increase	(162,779,334)	(650,254,902)
One percentage point decrease	One percentage point decrease	202,028,684	770,110,501
As stated above	As stated above	202,126,615	773,985,196
As stated above	As stated above	(162,340,110)	(646,039,047)

Weighted average duration of Defined Benefit Obligation

Staff 11.53 (2019/20- 9.59 years)

Workers 9.02 (2019/20- 8.87 years)

Distribution of defined benefit obligation over future working life time

Future working life Time	Defined benefit obligation (Rs.)	
	Staff	Workers
Within the next 12 Months	16,156,197	95,100,367
Between 2- 5 years	27,020,980	155,685,003
Beyond 5 years	137,567,745	455,082,154
Total	180,744,922	705,867,524
Grand Total	886,612,446	

	As at 31st March	Group		Company	
		2021	2020	2021	2020
		Rs. `000	Rs. `000	Rs. `000	Rs. `000
24.	**NET OBLIGATION TO LESSOR (JEDB/SLSPC ESTATES)**				
	At the beginning of the year	**646,906**	356,073	**646,906**	356,073
	Impact due to initial application of SLFRS 16 on 1st April 2019	**-**	293,200	**-**	293,200
	Remeasurement of Right-of-Use Asset	**14,232**	649,273	**14,232**	649,273
	Interest Charge for the year	**92,766**	91,381	**92,766**	91,381
	Repayment according to Lease Agreement	**(95,809)**	(93,748)	**(95,809)**	(93,748)
	Net Lease Obligation	**658,095**	646,906	**658,095**	646,906
24.1	**Lease rentals in arrears**				
	Balance as at 1st April	**214,783**	133,483	**214,783**	133,483
	Rentals accrued during the year	**95,809**	93,748	**95,809**	93,748
	Repayment during the year	**-**	(12,448)	**-**	(12,448)
	Balance as at 31st March	**310,592**	214,783	**310,592**	214,783
24.2	**Leasehold rights can be analysed as follows**				
	Payable within one year	**3,500**	2,367	**3,500**	2,367
	Payable within two to five years	**19,761**	11,642	**19,761**	11,642
	Payable after five years	**634,834**	632,897	**634,834**	632,897
	Total Net Liability	**658,095**	646,906	**658,095**	646,906
	Net lease obligations payable after one year	**654,595**	644,539	**654,595**	644,539
	Amount recognised in Profit or Loss				
	Interest on lease liabilities	**92,766**	91,381	**92,766**	91,381
	Depreciation charged for Right of Use Asset	**25,298**	24,734	**25,298**	24,734
		118,064	116,115	**118,064**	116,115
	Amount recognised in Statement of Cash Flows				
	Total cash outflow for leases	**-**	12,448	**-**	12,448
	Maturity analysis of contractual undiscounted cash flows				
	Within One Year	**95,810**	93,748	**95,810**	93,748
	2-5 years	**383,241**	374,991	**383,241**	374,991
	More than 5 years	**1,844,347**	1,898,391	**1,844,347**	1,898,391
	Total undiscounted lease liabilities	**2,323,398**	2,367,130	**2,323,398**	2,367,130

In terms of the amendment of leases, Rs.22.2 million is payable each year as lease rental, commencing from 22.06.1996 till the end of the lease on 21.06.2045. This amount is to be inflated annually by the Gross Domestic Product (GDP) deflater in the form of contingent rent.

The lease rentals in arrears amounting to Rs. 310 Mn (2019/20: Rs. 215 Mn) includes in Trade and Other Payables. (Note 26)

25. DEFERRED TAXATION

As at 31st March	Group 2021 Rs. `000	Group 2020 Rs. `000	Company 2021 Rs. `000	Company 2020 Rs. `000
Balance at the beginning of the year	**403,004**	303,637	**403,004**	303,637
Charged in the profit & loss under income tax	**7,237**	1,865	**7,237**	1,865
Charged in the other comprehensive income	**8,968**	97,502	**8,968**	97,502
Balance at the end of the year	**419,209**	403,004	**419,209**	403,004

25.1 The average tax rate used to calculate deferred tax liability/asset as at March 2021 is 14% (2019/20 -14%).

25.2 The closing deferred tax liability arises as follows,

	Group/ Company			
	2021		2020	
	Temporary Difference Rs. `000	Tax Effect Rs. `000	Temporary Difference Rs. `000	Tax Effect Rs. `000
Temporary differences on;				
Property plant and equipment (Excluding Revaluation gain on buildings)	**367,783**	**51,490**	548,326	76,766
Revaluation gain on buildings	**691,212**	**96,770**	691,213	96,770
Consumable biological assets	**1,377,073**	**192,790**	1,467,610	205,465
Bearer Biological Assets	**2,734,379**	**382,813**	3,293,872	461,142
Net Lease liability	**(44,622)**	**(6,247)**	(22,367)	(3,131)
Provision for doubtful debt	**(42,372)**	**(5,932)**	(45,760)	(6,406)
Retirement benefit obligation	**(886,613)**	**(124,126)**	(873,812)	(122,334)
CF Tax Losses	**(1,202,496)**	**(168,349)**	(2,180,487)	(305,268)
	2,994,344	**419,209**	2,878,595	403,004

25.3 Unrecognised Deferred Tax Asset

The company has not recognized deferred tax asset in respect of the following items as the Board of directors are of the opinion that the reversal of Deferred Tax Asset (disclosed below) will not be crystalized in theforseeable future.

Group / Company

As at 31st March	2021		2020	
	Temporary Difference Rs. `000	Tax Effect Rs. `000	Temporary Difference Rs. `000	Tax Effect Rs. `000
Tax loss carried forward	**2,511,838**	351,657	**1,929,903**	270,186
Provision for Related party impairment	**53,294**	7,461	**460,960**	64,534
Retirement Benefit Obligations	**760**	106	**510**	71
	2,565,892	359,224	**2,391,373**	334,791

In accordance with LKAS 12 Income Tax, deferred tax asset should be recognized for all the deductible temporary differences to the extent it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. However, the management of the company is of the opinion that deferred tax assets arising from its subsidiaries should not be recognised in the Group financial statements.

25.4 Assessment of Recoverability on carried forward tax losses

The Company recognized a Deferred Tax asset consequent to the changes in the Inland Revenue Act No. 24 of 2017. As per the said Act, which was effective from 1st April 2018, 100% of taxable income is allowed to be deducted against the tax losses incurred. According to the transitional provisions of the new act, the brought forward tax loss can be claimed against taxable income for a period of 6 years commencing from the year of assessment 2018/19 and ending in year of assessment 2023/24.

The Management carefully analyzed the availability of the future taxable profits against which the unused tax losses can be utilised. In this assessment the Company estimated the profitability using the internal budgets and plans in a conservative manner. In this assessment, directors noted the composition of the carried forward tax loss as given in the note 9.3 Current estimated duration of recoverability of deferred tax asset is 6 years until March 2027.

Deferred tax is an estimate computed based on the assumptions and available information as at the reporting date. Hence these estimates are subject to change based on further developments , for which assumptions have been considered at the time of estimation (i.e. further clarifications to the new IRD act). Such changes to the estimates will be adjusted during the period the change occurs.

26. TRADE & OTHER PAYABLES

As at 31st March	Group		Company	
	2021	2020	2021	2020
	Rs. `000	Rs. `000	Rs. `000	Rs. `000
Trade Payables	**137,897**	155,708	**136,710**	149,430
Other Payables **(Note 26.1)**	**1,898,994**	1,769,172	**1,896,340**	1,766,163
Payable to Employees	**134,644**	87,923	**134,644**	87,923
Unclaimed Dividends	**7,225**	7,225	**7,225**	7,225
	2,178,760	2,020,028	**2,174,919**	2,010,741

26.1 Other Payables

Government Departments and Statutory Bodies	**1,077,648**	990,683	**1,077,648**	990,683
Refundable Deposits Received	**45,123**	50,455	**45,111**	50,443
Others including Provisions and Accrued Charges	**776,223**	728,034	**773,581**	725,037
	1,898,994	1,769,172	**1,896,340**	1,766,163

Accrued interest for Interest Bearing Borrowing Loans amounting to Rs. 99 Mn (2019/20: Rs. 72 Mn) includes in 'Others including Provisions and Accrued Charges'.

The lease rentals in arrears amounting to Rs. 310 Mn (Rs. 215 Mn as at 31st March 2020) includes in 'Government Departments and Statutory Bodies' under Other Payables.

27. AMOUNTS DUE TO RELATED PARTIES

As at 31st March	Group		Company	
	2021	2020	2021	2020
	Rs. `000	Rs. `000	Rs. `000	Rs. `000
Lankem Plantation Services Limited	**-**	4,727	**-**	4,727
Sigiriya Village Hotels PLC	**-**	678	**-**	678
The Colombo fort Land & Building PLC	**-**	71,278	**-**	71,278
Union Commodities Pvt Ltd	**163**	30,360	**163**	30,360
Lankem Ceylon PLC	**6,983**	244,756	**6,983**	244,756
Lanka Special Steels Ltd.	**-**	15,094	**-**	15,094
Darley Butler & Co. Ltd	**-**	15,670	**-**	15,670
Colombo Fort Group Services(CFGS) (Pvt) Ltd	**-**	4,527	**-**	4,527
Ceylon Tea Brokers PLC	**65,830**	53,196	**65,830**	53,196
E B Creasy & Company PLC	**5,902**	-	**5,902**	-
Consolidated Tea Plantations Limited	**575,532**	-	**575,532**	-
	654,410	440,286	**654,410**	440,286
	654,410	440,286	**654,410**	440,286

28. CAPITAL COMMITMENTS

There were no material commitments as at the Reporting date.

29. CONTINGENT LIABILITIES

There were no material contingent liabilities outstanding as at the Reporting date which require adjustments or disclosure to the Financial Statements, other than following;

29.1 The Ceybank and the National Savings Bank filed an action in the year 2020 against the Company, in which Company intends to set off the commercial paper liability owed to Cey Bank Asset Management Ltd against the Unit Trust Investments with the same party valued as of May 19, 2020 listed market price of the Units. The difference will be settled to Cey bank Asset management Ltd no sooner the set off is decided by Cey Bank Asset Management Ltd in due course.

The Company is confident of a successful completion of this action favourably whilst making a cross claim against the Plaintiffs. However upon reaching the settlement proposed by the Company, the proceeds from the Unit Trust Investments will be utilised to settle the commercial paper and the balance will also be settled in due course. The case is still going on and the next hearing will be on 11th November 2021.

29.2 Contingent Liability on Retirement Benefit Obligation wage rate change: -

In the past wages of the Plantation workers were negotiated between Trade Unions and Regional Plantation Companies (RPCs), once in every two years and a Collective Agreement was signed between the parties. However, the last wage negotiations between the parties were not successful and therefore, the matter was referred to the Wages Board by the Minister of Labour. Consequently, The Wages Board without considering objections of the RPC's decided the minimum daily wage of Rs. 1,000/- comprising of a minimum daily wage of Rs. 900/- and a budgetary relief allowance of Rs. 100/- for workers in tea and rubber growing and manufacture trade and gazetted its decision on 5th March 2021.

However, RPCs instituted a "Writ Application" in the Court of Appeal seeking an interim order, staying and/or suspending the operation of the decision of the Wages Board, but the Honorable Judges of the Court of Appeal issued notice on the Respondents of the case and was not inclined to issue an interim order and the Respondents were directed to file Objections and RPCs were directed to file Counter Objections. The matter was taken for argument at the Court of Appeal on 5th May 2021, counsel for RPCs conducted his oral submission. The matter was postponed for respondent's submissions.

As this matter is under the purview of the Court of Appeal at the time of approval of these financial statements, the Board of Directors of the Company concurred with the independent legal experts and decided to continue using the same daily wage rate used in the previous year for the estimation of the benefits to be paid as gratuity at retirement in the calculation of Retirement Benefit Obligations as at 31st March 2021.

In the event Court of Appeal issues an unfavorable judgement to RPCs, the retirement Benefit obligation as at 31st March 2021 may be increased by Rs. 302 Mn resulting in an additional charge of Rs. 18 Mn to the profit or loss and an additional charge of Rs. 284 Mn to the other comprehensive income for the year ended 31st March 2021. No provisions have been made in the financial statements for the year ended 31st March 2021 in this regard.

30. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the reporting date, no materiel circumstances have arisen which required adjustments to or disclosure in these Financial Statements except for the below,

30.1 Gazette Notification on Cultivation of Oil Palm

The Government of Sri Lanka through its gazette notification 2222/13 dated 5th April 2021 has directed to systematically remove the Oil Palm cultivation and nurseries already launched and utilize about 10% of the land under Oil Palm cultivation yearly for rubber planting or any other cultivation conducive to conservation of water resources. The Company is in the process of evaluating the impact of the same to the financial statements of the Company.

Since the gazette notification was issued subsequent to the reporting date, the Company considered the requirements as per the above gazette notification as a non-adjusting event in accordance with LKAS 10 "Events after reporting date".

KPPLC jointly along with all other RPCs have filed a petition on the 3rd May 2021 at the Supreme Court of Sri Lanka, objecting to the aforementioned Gazette notification.

30.2 Rights Issue

The Company made a Rights Issue of 263,287,500 Ordinary Shares at a price of Rs. 3/- per Share to the holders of the Issued Ordinary Shares of the Company as at the end of trading on 19th July 2021, in the proportion of Seven (7) new Ordinary Shares for every Two (2) existing issued Ordinary Shares held in the Capital of the Company. The Issue closed on 17th August 2021. The issue was fully subscribed and the consideration received was Rs.789,862,500/-.

Subsequent to the Rights Issue of shares the Company's Stated Capital amounts to Rs.1,571,362,510/- represented by 338,512,500 Ordinary Shares and One Golden Share.

A part of the proceeds from the Rights Issue was utilised to settle funds amounting to Rs. 564.3 Mn already advanced by the major shareholders to support the working capital requirements of the company. The balance funds amounting to Rs. 225.5 million raised will be utilised to further support the working capital needs of the ongoing operations of the company.

31. DISCLOSURE ON COVID 19 IMPACT

On 11 March 2020 the World Health Organization declared the corona virus outbreak a pandemic, and the Sri Lankan government declared a state of emergency. Responding to the potentially serious threat the COVID – 19 presents to public health, the Sri Lankan government authorities have taken measures to contain the outbreak, including introducing restrictions on the cross-borders movement of people, entry restrictions on foreign visitors and the 'lock-down'of certain industries, pending further developments. In particular, airlines, suspended international transport of people, schools, universities, restaurants, cinemas, theaters and museums and sport facilities, retailers excluding food retailers, grocery stores and pharmacies were closed. Some businesses in the country have also instructed employees to remain at home and have curtailed or temporarily suspended business operations.

However, the Government granted relief measures in terms of Bank loan moratorium for a period of 12 months from April 2020 through the Circular No.5 of Central Bank of Sri Lanka which helped the companies greatly during the period. Similar concessions were extended during 2020/21.

The wider economic impacts of these events include:

- Disruption to business operations and economic activity in the country, with a cascading impact on both upstream and downstream supply chains;
- Significant disruption to businesses in certain sectors, both within Sri Lanka and in markets with high dependence on a foreign supply chain as well as export-oriented businesses with high reliance on foreign markets. The affected sectors include trade and transportation, travel and tourism, entertainment, manufacturing, construction, retail, insurance, education and the financial sector;
- Significant decrease in demand for non-essential goods and services;
- An increase in economic uncertainty, reflected in more volatile asset prices and currency exchange rates.

The entity operates in Plantation Sector that has not been significantly affected by the outbreak of COVID – 19 and over the Company realized relatively stable, and its operations including supplies were uninterrupted.

In order to mitigate the risks resulting from potential adverse scenarios, Management implemented the measures, which notably include:

- Implementation of work from home program on a rotational basis for a significant group of administrative employees;
- Strict health care & safety measures have been introduced and adopted among the employees in Tea Factories, fields and offices including social distancing;
- Continue to proceed with e-auction mechanism which has been introduced by Colombo Tea Traders'Association (CTTA).

Further, deferment of Capital expenditures, cancellation of company events, restructuring of overhead, were several measures taken by the Company to conserve cash during the lock down period and the Company has applied for Covid-19 debt moratoriums introduced by the Central Bank of Sri Lanka for existing term loans.

As per the management's preliminary assessment over future business plan after incorporating the potential impact of Covid-19 outbreak and is of the view that the range of possible outcomes considered at arriving this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the business continuity of the Company.

32. RELATED PARTY DISCLOSURES

The Company carried out transactions in the ordinary course of business at commercial rates with the following related entities

No	Related Party	Name of Director	Details of Transaction	Amount (paid)/ received 2021 Rs. `000	Amount (paid)/ received 2020 Rs. `000	Balance as at 31 March 2021 Rs. `000	Balance as at 31 March 2020 Rs. `000
1)	**Transactions with Ultimate Parent Company**	S D R Arudparagaam	Office Rental	**(9,255)**	(9,540)		
	The Colombo Fort Land & Building PLC	A M de S Jayaratne	Office Expenses	**-**	(1,008)		
		C P R Perera	settlement of Office Rental and Expenses	**360**	7,513		
		Anushman Rajaratnam	Setting-off the balance against CFLB	**-**	(60,070)		
			Advance received	**(44,000)**			
			Loan interest	**(7,089)**			
			Debt Assigned to CTPL	**134,464**			
						3,202	(71,278)
2)	**Transactions with Intermediate Parent Company**						
	Lankem Ceylon PLC	S D R Arudpragasam	Management expense	**(15,000)**	(15,000)		
		Anushman Rajaratnam	Debt Assigned to CTPL	**272,632**	-		
			Set off against inter company balance	**-**	6,015		
			Interest Charged 200Mn Loan	**(23,059)**	(26,766)		
			Loan Granted	**-**	(200,000)		
			Settlement of Expense	**3200**	-		
						(6,983)	(244,756)
3)	**Transactions with Other Related Companies**						
a.	Lankem Tea & Rubber Plantations (Pvt) Limited	S D R Arudpragasam		**-**	-		
		C P R Perera	Disbursement of Kia investment disposal proceeds	**-**	(46,600)		
		D A Ratwatte (Resigned w.e.f 31.03.2021)	Setting-off the balance against CFLB	**-**	(35,194)		
		G D V Perera (Resigned w.e.f 31.03.2021)	Advance Received from LTRP for Marawila shares	**-**	(20,302)		
		M S Madugalle					
		S S Poholiyadde					
		Anushman Rajaratnam					
						694	694

No	Related Party	Name of Director	Details of Transaction	Amount (paid)/ received		Balance as at 31 March	
				2021	2020	2021	2020
				Rs. `000	Rs. `000	Rs. `000	Rs. `000
b.	Agarapatana Plantations Limited	S D R Arudpragasam					
		C P R Perera	Settlement of advance	**96,180**	191,558		
		D A Ratwatte	Advance Received	**(131,508)**	(149,142)		
		(Resigned w.e.f 31.03.2021)					
		G D V Perera					
		(Resigned w.e.f 31.03.2021)					
		S S Poholiyadde					
		Anushman Rajaratnam				**22,303**	**57,631**
c.	Lankem Plantation Services Limited	S D R Arudpragasam	Debt Assigned to CTPL	**4,727**	-		
						-	(4,727)
d.	Ceylon Tea Brokers PLC	C P R Perera	Interest charged	**(11,216)**	(24,537)		
			Loan Granted	**(13,000)**	(5,000)		
			Advance taken	**(528,366)**	(411,900)		
			Settlement of loan	**8,333**	5,000		
			Sale of Tea	**531,615**	502,364		
						(65,830)	(53,196)
e.	Consolidated Rubber Plantations Pte Ltd	Anushman Rajaratnam					
		M S Madugalle					
			Advance Given	**-**	3,374		
			Written-off the balance	**(408,456)**	-		
						-	408,456
f.	Lanka Agro Plantations Pte Ltd	Anushman Rajaratnam	Advance Payment	**-**	122		
		M S Madugalle	Written-off the balance				
						122	122
g.	Rubber & Allied Products (Colombo) Limited	S D R Arudpragasam	Sale of Rubber	**63,616**	44,176		
		Anushman Rajaratnam	Rubber Sale Proceed	**(62,200)**	(38,964)		
			Advance Given	**1,688**	1,085		
						44,113	41,009
h.	Far Eastern Exports (Colombo) Limited	S D R Arudpragasam					
		Anushman Rajaratnam	Advance given	**150**	-		
		G D V Perera	Settlement	**-**	-		
						363	213
i.	Darley Butler & Company Ltd	S D R Arudpragasam	Advance Received	**(30,000)**			
		A M de S Jayaratne	Debt Assigned to CTPL	**45,670**		**-**	(15,670)
j.	Union Commodities (Pvt) Ltd	S D R Arudpragasam	Interest charged on loans	**(1,882)**	(3,229)		
		G D V Perera	Debt Assigned to CTPL	**32,079**			
		Anushman Rajaratnam					
						(163)	(30,360)
k.	Colombo Fort Group Services (Pvt)Ltd	S D R Arudpragasam					
		Anushman Rajaratnam	IT Consultancy Fee	**(3,242)**	(5,187)		
			Settlement	**2,372**	5,250		
			Advance received	**(23,139)**			
			Debt Assigned to CTPL	**29,120**			
						584	(4,527)

No	Related Party	Name of Director	Details of Transaction	Amount (paid)/ received		Balance as at 31 March	
				2021	2020	2021	2020
				Rs. `000	Rs. `000	Rs. `000	Rs. `000
l.	Sigiriya Village Hotels PLC	S D R Arudpragasam C P R Perera Anushman Rajaratnam	Debt Assigned to CTPL	678	-	-	(678)
m.	Lanka Special Steels Ltd	S D R Arudpragasam	Loan Granted	(401)	(15,000)		
			Interest Charged		(94)		
			Balance transfer to Agarapatana Plantations Limited	15,495		-	(15,094)
n.	E B Creasy & Company PLC	S.D.R.Arudpragasam A M de S Jayaratne	Advance Received	(51,000)			
			Advances given	220			
			Debt Assigned to CTPL	45,000			
			Interest charged on loans	(122)		(5,902)	-
o.	Consolidated Tea Plantations Limited	C P R Perera S.D.R.Arudpragasam S S Poholiyadde (Appointed w.e.f 27.01.2021) A M de S Jayaratne (Appointed w.e.f 27.01.2021) Anushman Rajaratnam (Appointed w.e.f 27.01.2021)	Take over of debt from Inter Companies	(564,370)			
			Interest Charged	(11,162)		(575,532)	-

Except for the following transactions, there were no non-recurrent related party transactions entered into by the Company during the financial year, the value of which exceeded 10% of shareholders equity or 5% of the total assets of the group or recurrent related party transactions the value of which exceeded 10% of gross revenue of the group during the year ended 31st March 2021.

4) Non Recurrent Related Party Transactions

Name of the Related Party	Relationship	Value of the Related Party Transactions entered into during the financial year (Rs'000)	Value of Related Party Transactions as a % of Equity and as a % of Total Assets	Terms & Conditions of the Related Party Transactions	The rationale for entering into the transactions
The Colombo Fort Land & Building PLC	Ultimate Parent	134,464	2% of Total Assets 33% of Total Equity	The same terms & conditions which were applicable between KPPLC and The Colombo Fort Land & Building remained.	Restructuring of the debts of KPPLC, by way of assignment of KPPLC debts to its parent Company CTPL.
Lankem Ceylon PLC	Intermediate Parent	272,632	3% of Total Assets 67% of Total Equity	The same terms & conditions which were applicable between KPPLC and Lankem Ceylon PLC remained.	Restructuring of the debts of KPPLC, by way of assignment of KPPLC debts to its parent Company CTPL.
Darley Butler & Company Ltd	Related	45,670	1% of Total Assets 11% of Total Equity	The same terms & conditions which were applicable between KPPLC and Darley Butler & Company Ltd remained.	Restructuring of the debts of KPPLC, by way of assignment of KPPLC debts to its parent Company CTPL.
E B Creasy & Company PLC	Related	45,000	1% of Total Assets 11% of Total Equity	The same terms & conditions which were applicable between KPPLC and E B Creasy & Company PLC remained.	Restructuring of the debts of KPPLC, by way of assignment of KPPLC debts to its parent Company CTPL.
Union Commodities (Pvt) Ltd	Related	32,079	0.4% of Total Assets 8% Total Equity	The same terms & conditions which were applicable between KPPLC and Union Commodities (Pvt) Ltd remained.	Restructuring of the debts of KPPLC, by way of assignment of KPPLC debts to its parent Company CTPL.
Colombo Fort Group Services (Pvt) Ltd	Related	29,120	0.3% of Total Assets 7% Total Equity	The same terms & conditions which were applicable between KPPLC and Colombo Fort Group Services (Pvt) Ltd remained.	Restructuring of the debts of KPPLC, by way of assignment of KPPLC debts to its parent Company CTPL.
Consolidated Tea Plantations Ltd	Related	564,370	7% of Total Assets 142% of Total Equity	The same terms & conditions which were applicable between KPPLC and the respectived related parties remained.	Restructuring of the debts of KPPLC, by way of assignment of KPPLC debts to its parent Company CTPL.

5) **Recurrent Related Party Transactions**

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of Related Party Transaction s entered into during the financial year (Rs'000)	Value of Related Party Transactions as a % of Net Revenue	Terms & Conditions of the Related Party Transactions
Ceylon Tea Brokers PLC	Affiliate Co.	Advance taken	528,366	16% of Net Revenue	Advances taken at 14% interest and to be set off against the sales proceeds
		Sale of Tea	519,318	16% of Net Revenue	Sales are taking place based on tea auction averages

6) **Transactions, Arrangements and Agreements Involving Key Management Personal (KMP) and their Close Family Members (CFM)**

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

Compensation of Key Management Personnel of the Group

As at 31st March	Group 2021 Rs. `000	Group 2020 Rs. `000
Total compensation paid to Key Management Personnel	**7,800**	8,880

Close Family Members (CFM) of the KMPs are those family members who may be expected to influence or be influenced by that KMPs in their dealing with the entity. They may include KMPs domestic partner and children of the KMPs domestic partner and dependents of the KMPs domestic partner. During the year no transactions have been done with CFMs.

There were no other related party transactions and balances other than those disclosed in notes 18, 27 & 32 to the Financial Statements.

33. FINANCIAL RISK MANAGEMENT

(i) Overview

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

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

(ii) 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 risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The groups audit committee oversees how management monitors compliance with the groups risk management policies and procedures , and reviews and adequacy of the risk management in framework in relation to the risks faced the Group.

The Groups audit committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and this principally arises from the Group's receivables from customers.

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows;

As at 31st March,	Group Carrying Amount		Company Carrying Amount	
	2021 Rs. `000	2020 Rs. `000	2021 Rs. `000	2020 Rs. `000
Trade receivables	**69,199**	11,926	**60,864**	10,242
Advances, prepayments and other receivables	**180,784**	122,468	**178,762**	143,581
Employee advances	**45,132**	48,141	**45,072**	48,141
Amount due from related companies	**22,960**	55,142	**26,063**	55,141
Cash at Bank	**71,558**	18,957	**67,767**	18,770
	389,633	256,634	**378,528**	275,875

(a) Trade and Other Receivables

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. The Group's credit policy is monitored at the Board level. The new customers are analysed individually for credit worthiness before group's standard payment and delivery terms and conditions are offered. Group review includes external ratings when available and in some cases, bank references, purchase limit etc., which also subject to under review on quarterly basis. The past experience of the management is considered when revisions are made to terms and conditions.

The Group has a minimal credit risk of its trade receivables from Produce Brokers, as the repayment is guaranteed within seven days by the Tea and Rubber Auction systems.

The movement in the allowance for impairment in respect of financial assets and contract assets during the year is as follows;

	Balance as at 1st April 2020 Rs. `000	Amount recognised in profit/ loss Rs. `000	Charged to receivable balance Rs. `000	Balance as at 31st March 2021 Rs. `000
Group				
Other receivables	45,760	(3,388)	-	42,372
Amounts Due From Related Parties	11,372	790	-	12,162
	57,132	(2,598)	-	57,534
Company				
Other receivables	45,760	(3,388)	-	42,372
Amounts Due From Related Parties	460,960	790	(408,456)	53,294
	506,720	(2,598)	(408,456)	95,666

The maximum exposure to credit risk for Trade Receivable and Contract Assets as at the reporting date by geographic segments was as follows.

As at 31st March	Group		Company	
	Carrying Amount as at		Carrying Amount as at	
	2021	2020	2021	2020
Domestic (Rs'000)	69,199	11,926	60,864	10,242
	69,199	11,926	60,864	10,242

Cash and Cash Equivalents

The Group held cash and cash equivalents of Rs.72,947,000/- as at 31st March 2021.(Rs.20,580,000/- as at 31st March 2020)

(iv) Liquidity Risk

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

The following are the contractual maturities of financial liabilities.

Group	Carrying Amount Rs. `000	Less than 1 year Rs. `000	More than 1 year Rs. `000	Contractual cash flows Rs. `000
31st March 2021				
Non-derivative financial liabilities				
Interest bearing borrowings	1,802,550	756,620	1,045,930	1,802,550
Trade and other payables	2,178,762	2,178,762	-	2,178,762
Amounts due to related companies	654,410	654,410	-	654,410
Lease liability to SLSPC and JEDB	658,095	95,810	2,227,588	2,323,398
Bank overdraft	566,642	566,642	-	566,642
	5,860,459	4,252,244	3,273,518	7,525,762
31st March 2020				
Non-derivative financial liabilities				
Interest bearing borrowings	1,854,261	668,042	1,186,219	1,854,261
Trade and other payables	2,020,028	2,020,028	-	2,020,028
Amounts due to related companies	440,286	440,286	-	440,286
Lease liability to SLSPC and JEDB	646,906	93,748	2,273,384	2,367,131
Bank overdraft	596,050	596,050	-	596,050
	5,557,531	3,818,154	3,459,603	7,277,756

Company	Carrying Amount Rs. `000	Less than 1 year Rs. `000	More than 1 year Rs. `000	Contractual cash flows Rs. `000
31st March 2021				
Non-derivative financial liabilities				
Interest bearing borrowings	**1,802,550**	**756,620**	**1,045,930**	**1,802,550**
Trade and other payables	**2,174,919**	**2,174,919**	**-**	**2,174,919**
Amounts due to related companies	**654,410**	**654,410**	**-**	**654,410**
Lease liability to SLSPC and JEDB	**658,095**	**95,810**	**2,227,588**	**2,323,398**
Bank overdraft	**566,642**	**566,642**	**-**	**566,642**
	5,856,616	**4,248,401**	**3,273,518**	**7,521,919**
31st March 2020				
Non-derivative financial liabilities				
Interest bearing borrowings	1,854,261	668,042	1,186,219	1,854,261
Trade and other payables	2,010,741	2,010,741	-	2,010,741
Amounts due to related companies	440,286	440,286	-	440,286
Lease liability to SLSPC and JEDB	646,906	93,748	2,273,384	2,367,131
Bank overdraft	596,050	596,050	-	596,050
	5,548,244	3,808,867	3,459,603	7,268,469

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(v) Market risk

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

(a) Currency risk

The Group is exposed to currency risk mostly on purchases that are denominated in a currency other than Sri Lankan rupees (LKR). The foreign currencies in which these transactions primarily denominated are United States Dollars (USD)

Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings as explained in the above paragraph, are denominated in currencies that match the cash flows generated by the underlying operations of the Group and Company, primarily USD. This provides an economic hedge without the need of derivatives being entered into. .

Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

As at 31st March	2021		2020	
Group	USD	Euro	USD	Euro
Cash at Bank	**1,700**	**1,866**	2,260	1,848
Interest bearing loans & borrowings	**(332,600)**	**-**	(332,600)	-
Trade and other payables	**(5,769)**	**-**	(1,088)	-
Gross Statement of Financial Position exposure	**(336,669)**	**1,866**	(331,428)	1,848

NOTES TO THE FINANCIAL STATEMENTS

As at 31st March	2021		2020	
Company	USD	Euro	USD	Euro
Cash and Cash Equivalent	**1,700**	**1,866**	2,260	1,848
Interest bearing loans & borrowings	**(332,600)**	**-**	(332,600)	
Gross Statement of Financial Position exposure	**(330,900)**	**1,866**	(330,340)	1,848

As at 31st March	Average Rate		Reporting Date Spot Rate	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
USD	**196.98**	187.83	**198.86**	188.62
Euro	**234.59**	203.71	**236.55**	207.96

Sensitivity Analysis

A strengthening of the LKR, as indicated below, against the USD at 31st March 2021 would have increased/ (decreased) the equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Group			
	Strengthening		Weakening	
As at 31st March,	Profit/(Loss)	Equity	Profit/(Loss)	Equity
	Rs. `000	Rs. `000	Rs. `000	Rs. `000
As at 31st March 2021				
USD (10% movement)	**6,695**	**6,695**	**(6,695)**	**(6,695)**
Euro (10% movement)	**44**	**44**	**(44)**	**(44)**
As at 31st March 2020				
USD (10% movement)	6,101	6,101	(6,101)	(6,101)
Euro (10% movement)	40	40	(40)	(40)

	Company			
	Strengthening		Weakening	
As at 31st March,	Profit/(Loss)	Equity	Profit/(Loss)	Equity
	Rs. `000	Rs. `000	Rs. `000	Rs. `000
As at 31st March 2021				
USD (10% movement)	**6,580**	6,580	**(6,580)**	(6,580)
Euro (10% movement)	**44**	***44***	**(44)**	***(44)***
As at 31st March 2020				
USD (10% movement)	**7,205**	7,205	**(7,205)**	(7,205)
Euro (10% movement)	**40**	40	**(40)**	(40)

(b) Interest rate risk

The Group has obtained a fixed interest rate loans and variable rate loans. The Group has opted not to mitigate its interest rate risk in the case that the market interest rate were to be lower than the fixed interest rate that the Group has already committed to.

At the reporting date, the Company's interest-bearing financial instruments were as follow:

As at 31st March,	Group		Company	
	Carrying Amount		Carrying Amount	
	2021	2020	2021	2020
	Rs. `000	Rs. `000	Rs. `000	Rs. `000
Fixed Rate Instruments				
Financial Liabilities				
Bank Overdrafts	**566,642**	596,050	**566,642**	596,050
Interest bearing loans and borrowings	**848,639**	923,953	**848,639**	923,953
	1,415,281	1,520,003	**1,415,281**	1,520,003
Variable Rate Instruments				
Financial Liabilities				
Interest bearing loans and borrowings	**953,911**	930,308	**953,911**	930,308
	953,911	930,308	**953,911**	930,308

Cash flow sensitivity analysis for variable rate instruments

The Group and Company is exposed to changes in market interest rates through Bank overdraft and other bank borrowings which were borrowed at a variable interest rate

Group	Profit or Loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rs. `000	Rs. `000	Rs. `000	Rs. `000
31st March 2021				
Variable rate instruments	**(9,539)**	9,539	**(9,539)**	9,539
	(9,539)	9,539	**(9,539)**	9,539
31st March 2020				
Variable rate instruments	**(9,003)**	9,003	**(9,003)**	9,003
	(9,003)	9,003	**(9,003)**	9,003

Company	Profit or Loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rs. `000	Rs. `000	Rs. `000	Rs. `000
31st March 2021				
Variable rate instruments	**(9,539)**	9,539	**(9,539)**	9,539
	(9,539)	9,539	**(9,539)**	9,539
31st March 2020				
Variable rate instruments	**(9,003)**	9,003	**(9,003)**	9,003
	(9,003)	9,003	**(9,003)**	9,003

(vi) 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 and Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

As at 31st March	Group		Company	
	2021	2020	2021	2020
	Rs. `000	Rs. `000	Rs. `000	Rs. `000
Total Liabilities	**7,495,161**	7,165,166	**7,490,558**	7,155,369
Less: Cash and Cash Equivalents	**(72,947)**	(20,580)	**(67,767)**	(20,428)
Net Debt	**7,422,214**	7,144,586	**7,422,791**	7,134,941
Total Equity	**406,579**	551,455	**392,524**	519,830
Net Debt to Equity Ratio	**1826%**	1295%	**1891%**	1372%

There were no changes in the Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirements

(vii) Fair values

Level I: Quoted market price (unadjusted) in an active market for an identical instrument.

Level II: Valuation techniques based on observable inputs, either directly – i.e. as prices or indirectly – i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level III: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates. The objective of the valuation technique is to arrive at a fair value determination that reflect the price of the financial instrument at the reporting date, that would have determined by the market participants acting at the arms length.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, forward rated contracts that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities and government securities. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

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;

As at 31st March,	Group 31st March 2021		Company 31st March 2021		Group 31st March 2020		Company 31st March 2020	
	Carrying Amount Rs'000	Fair Value Rs'000	Carrying Amount Rs'000	Fair Value Rs'000	Carrying Amount Rs'000	Fair Value Rs'000	Carrying Amount Rs'000	Fair Value Rs'000
Assets carried at amortized cost								
Trade and Other Receivable	**295,115**	**295,115**	**284,698**	**284,698**	182,535	182,535	201,964	201,964
Amounts Due from Related Parties	**22,960**	**22,960**	**26,063**	**26,063**	55,141	55,141	55,141	55,141
Cash and Cash Equivalents	**72,947**	**72,947**	**67,767**	**67,767**	20,580	20,580	20,428	20,428
	391,022	**391,022**	**378,528**	**378,528**	258,256	258,256	277,533	277,533
Liabilities carried at amortized cost								
Trade and Other Payables	**2,178,762**	**2,178,762**	**2,174,919**	**2,174,919**	2,020,028	2,020,028	2,010,741	2,010,741
Interest Bearing Borrowings	**1,802,550**	**1,802,550**	**1,802,550**	**1,802,550**	1,854,261	1,854,261	1,854,261	1,854,261
Net Obligation to lessor of JEDB/SLSPC	**658,095**	**658,095**	**658,095**	**658,095**	646,906	646,906	646,906	646,906
Amounts Due to Related Company	**654,410**	**654,410**	**654,410**	**654,410**	440,286	440,286	440,286	440,286
Bank Overdraft	**566,642**	**566,642**	**566,642**	**566,642**	596,050	596,050	596,050	596,050
	5,860,459	**5,860,459**	**5,856,616**	**5,856,616**	5,557,531	5,557,531	5,548,244	5,548,244

Financial Instruments Carried at Fair Value and Valuation Bases

The table below analyses 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:

As at 31st March,	Group / Company			
	Level I Rs. `000	Level II Rs. `000	Level III Rs. `000	Total Rs. `000
As at 31st March 2021				
Fair value through OCI Investments	**221,586**	**83,952**	-	**305,538**
	221,586	**83,952**	-	**305,538**
As at 31st March 2020				
Fair value through OCI Investments	216,737	68,727	-	285,464
	216,737	68,727	-	285,464

The Group/Company has valued the investment in Agarapathana Plantations Limited, which has been coming under Level II of the fair value hierarchy, using revenue multiples of comparable listed Companies. The Company has discounted the fair value by 15% to reflect the non marketability between the unquoted equity held by the Company and the equity instruments of comparable peers. One percentage volatility of the sector performance will have an impact of LKR 0.8 million to the valuation.

Financial Instruments not carried at Fair Value and Valuation Bases

The fair values of financial assets and liabilities , together with the carrying amounts shown in the Statement of Financial Position , are as follows

As at 31st March 2021	Group				Company			
	Level I	Level II	Level III	Total	Level I	Level II	Level III	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial Assets Carried at amortised Cost								
Trade & Other Receivables	-	-	295,115	295,115	-	-	284,698	284,698
Amounts due from Related Parties	-	-	22,960	22,960	-	-	26,063	26,063
Cash and cash equivalents	-	72,947	-	72,947	-	67,767	-	67,767
	-	72,947	318,075	391,022	-	67,767	310,761	378,528
Other Financial Liabilities								
Net obligation to Lessor of JEDB/ SLSPC	-	658,095	-	658,095	-	658,095	-	658,095
Interest bearing Borrowings	-	1,802,550	-	1,802,550	-	1,802,550	-	1,802,550
Trade & Other Payables	-	-	2,178,762	2,178,762	-	-	2,174,919	2,174,919
Amounts due to Related Parties	-	-	654,410	654,410	-	-	654,410	654,410
Bank Overdraft	-	566,642	-	566,642	-	566,642	-	566,642
	-	3,027,287	2,833,172	5,860,459	-	3,027,287	2,829,329	5,856,616

As at 31st March 2020	Group				Company			
	Level I	Level II	Level III	Total	Level I	Level II	Level III	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial Assets Carried at amortised Cost								
Trade & Other Receivables	-	-	182,535	182,535	-	-	201,964	201,964
Amounts due from Related Parties	-	-	55,141	55,141	-	-	55,141	55,141
Cash and cash equivalents	-	20,580	-	20,580	-	20,428	-	20,428
	-	20,580	237,676	258,256	-	20,428	257,105	277,533
Other Financial Liabilities								
Net obligation to Lessor of JEDB/ SLSPC	-	646,906	-	646,906	-	646,906	-	646,906
Interest bearing Borrowings	-	1,854,261	-	1,854,261	-	1,854,261	-	1,854,261
Trade & Other Payables	-	-	2,020,028	2,020,028	-	-	2,010,741	2,010,741
Amounts due to Related Parties	-	-	440,286	440,286	-	-	440,286	440,286
Bank Overdraft	-	596,050	-	596,050	-	596,050	-	596,050
	-	3,097,217	2,460,314	5,557,531	-	2,451,027	2,010,741	5,548,244

Cash and Cash Equivalents

The carrying amount of the cash and cash equivalents and balances with banks approximate the fair value as these are short term in nature.

Trade and Other Receivables

Trade and other receivables are expected to be settled within one year from the reporting date and hence the discounting impact would be immaterial. Therefore carrying amount approximate the fair value as at the reporting date.

Amounts Due to/Due From Related Parties

Amounts due from Related Parties are expected to be settled within one year from the reporting date and hence the discounting impact would be immaterial. Therefore carrying amount approximate the fair value as at the reporting date.

Trade and Other Payables

Trade and other payables are expected to be settled within one year from the reporting date and hence the discounting impact would be immaterial. Therefore carrying amount approximate the fair value as at the reporting date.

Interest Bearing Borrowings

A majority of loans outstanding as at the reporting date are floating rate instruments which are repriced upon changes in economic conditions. Therefore the carrying amount of interest bearing borrowings are approximate to the fair value.

GLOSSARY OF FINANCIAL AND NON FINANCIAL TERMS

Financial Terms

Accounting Policies
The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting financial statements.

Contingent Liabilities
A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise.

Current Ratio
Current Assets divided by Current Liabilities. A measure of liquidity.

Debt/Equity Ratio
Total Interest Bearing Borrowings to Shareholders' Fund.

Deferred Taxation
The tax effect of timing differences deferred to / from other periods, which would only qualify for inclusion on a tax return at a future date.

Dividends
Distribution of profits to holders of equity investments in proportion to their holdings of a particular class of capital.

Dividend Cover
Profit attributable to Ordinary Shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit.

Dividend Yield
Dividend per Share as a percentage of the market price. A measure of return on Investment.

Earnings per Share
Profit attributable to shareholders divided by the weighted average number of ordinary shares in issue during the period

EBITDA
Earnings before Interest, Tax, Depreciation and Amortisation.

ROCE
Profit after Tax plus interest on loans and finance leases divided by the shareholders' funds and interest bearing loans and borrowings.

Gearing
Proportion of borrowings to capital employed.

Interest Cover
Profit before tax plus net finance cost divided by net finance cost. Measure of an entity's debt service ability.

Market Capitalisation
Number of shares in issue multiplied by the market value of a share at the reported date.

Net Assets per Share
Shareholders' Funds divided by the weighted average number of ordinary shares in issue. A basis of share valuation

Price Earnings Ratio
Market price of a share divided by earnings per share as reported at that date.

Related parties
Parties who could control or significantly influence the financial and operating policies of the business.

Segment
Constituent business units grouped in terms of similarity of operations and locations.

Value Additions
The quantum of wealth generated by the activities of the Company measured as the difference between turnover and the cost of materials and services bought in.

Working Capital
Capital required to finance the day-to-day operations computed as the excess of current assets over current liabilities.

Non Financial Terms

COP
Cost of producing a kilo of Tea/Rubber.

CTC
Crush, Tear & Curl. A manufacturing method.

HACCP
Hazard Analysis Critical Control Point System. A standard for safety of foods.

Immature Plantation
The extent of plantation which is not taken in to the bearing and is in the process of development.

ISO
International Standard Organisation.

Mature Plantation
The extent of plantation from which crop is being harvested.

NSA
Net Sales Average. Measures the average value of net selling price of a kilo of Tea/ Rubber.

RRI
Rubber Research Institute.

Seedling Tea
Tea grown from a seed.

TRI
Tea Research Institute.

VP Tea
Vegetatively Propagated. Tea grown from a cutting of a branch of tea plant.

YPH
Yield per Hectare. The measure of average yearly output of produce from a hectare of mature plantation.

NOTICE OF MEETING

Notice is hereby given that the Twenty Eighth Annual General Meeting of Kotagala Plantations PLC will be held on 6th October 2021, at 10.30 a.m. and conducted as a Virtual Meeting from 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01 or 98, Sri Sangaraja Mawatha, Colombo 10, for the following purposes, namely :

1. To receive and consider the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March, 2021 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. Anushman Rajaratnam who retires in accordance with Articles 92 & 93 of the Articles of Association.
3. To reappoint Mr. A.M. de S. Jayaratne who is over seventy years of age as a Director.

   Special Notice has been received from a Shareholder of the intention to pass a resolution which is set out below in relation to his reappointment.
   (see Note No. 6)
4. To reappoint Mr. C.P.R. Perera who is over seventy years of age as a Director.

   Special Notice has been received from a Shareholder of the intention to pass a resolution which is set out below in relation to his reappointment.
   (see Note No. 7)
5. To reappoint Mr. S.D.R. Arudpragasam who has attained the age of seventy years as a Director.

   Special notice has been received from a shareholder of the intention to pass a resolution which is set out below in relation to his re-appointment
   (see Note No. 8)
6. To authorize the Directors to determine contributions to charities.
7. To re-appoint as Auditors, KPMG, Chartered Accountants and authorise the Directors to determine their remuneration.

By Order of the Board
CORPORATE MANAGERS & SECRETARIES (PRIVATE) LTD.
Secretaries

Colombo
2nd September 2021

Notes:

1. A member of the Company who is entitled to attend and vote may appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed for this purpose.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Private) Limited, No.8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not less than forty eight hours before the time fixed for the meeting.
4. Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to represent them and vote on their behalf. Members are advised to complete the Form of Proxy and their voting preferences on the specified resolutions to be taken up at the meeting and submit the same to the Company in accordance with the instructions given on the reverse of the Form of Proxy.
5. Please refer the "Circular to Shareholders" dated 2nd September 2021 for further instructions relating to the Annual General Meeting and for joining the Meeting virtually.
6. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

Resolved –

"That Mr. A.M. de S. Jayaratne who is eighty one years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. A.M. de S. Jayaratne."

7. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

Resolved –

"That Mr. C.P.R. Perera who is seventy seven years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. C.P.R. Perera."

8. Special notice has been received by the Company from a shareholder giving notice of the intention to move the following resolution as an Ordinary resolution at the Annual General Meeting.

Resolved –

"That Mr. S.D.R. Arudpragasam who has attained the age of seventy years be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. S.D.R. Arudpragasam.

9. In the event the Company is required to take any further action in relation to the meeting due to COVID-19 Pandemic, and/ or any communications, guidelines, directives or orders issued by the Government of Sri Lanka, Notice of such action shall be given by way of an announcement to the Colombo Stock Exchange.

NOTE

Note

FORM OF PROXY

I/We* .... of

.... being a member/ members* of Kotagala Plantations PLC, hereby appoint,

.... of .... or failing him

1.	Sri Dhaman Rajendram Arudpragasam	of Colombo or failing him
2.	Chrisantha Priyange Richard Perera	of Colombo or failing him
3.	Mahen Susantha Madugalle	of Colombo or failing him
4.	Ajit Mahendra de Silva Jayaratne	of Colombo or failing him
5.	Sunil Somindranath Poholiyadde	of Colombo or failing him
6.	Anushman Rajaratnam	of Colombo

as my/our *proxy to represent me/us*,and to vote as indicated hereunder for me/us* and on my/our* behalf at the Twenty Eight Annual General Meeting of the Company to be held on 6th October 2021, at 10.30 a.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof

		For	Against
1.	To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2021 with the Report of the Auditors thereon.		
2.	To re-elect Mr. Anushman Rajaratnam as a Director.		
3.	To re-appoint Mr. A.M. de S. Jayaratne as a Director.		
4.	To re-appoint Mr. C.P.R. Perera as a Director.		
5.	To re-appoint Mr.S.D.R. Arudpragasam as a Director.		
6.	To authorize the Directors to determine contributions to charities		
7.	To re-appoint as Auditors, KPMG, Chartered Accountants and authorise the Directors to determine their remuneration.		

* The proxy may vote as he/she thinks fit on any other resolution brought before the meeting.

As witness, my/our* hands this .... day of .... 2021.

....
Signature

Note: *Please delete the inappropriate words.

1. A Proxy need not be a member of the Company.
2. If no words are struck out or there is in view of the Proxy doubt (by reason of the way in which the instructions contained in the form of Proxy have been completed) as to the way in which the Proxy should vote, the Proxy will vote as he thinks fit.
3. Instructions as to completion are noted on the reverse hereof.

Form of Proxy

Instructions as to completion

1. Please write legibly, your name, address and date, and sign in the space provided.

2. The completed Form of Proxy should be received at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Pvt) Ltd at 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, not less than 48 hours before the time appointed for the holding of the meeting.

3. In the case of a Company/Corporation, this Form of Proxy shall be executed either under its Common Seal or by its Attorney or by an Officer on behalf of such Company/Corporation duly authorised in writing.

4. In the case of Proxy signed by an Attorney, the relevant Power of Attorney must be deposited at the Registered Office of the Company's Secretaries for registration.

CORPORATE INFORMATION

Name of the Company	:	Kotagala Plantations PLC
Legal Form	:	A Quoted Public Company with Limited Liability
Date of Incorporation	:	22nd June 1992
Company Registration No.	:	PQ 174
Principle Activities	:	Cultivation, Manufacture and Sale of Tea, Rubber and Cultivation and Sale of Oil Palm
Registered Office	:	53-1/1, Sir Baron Jayatilaka Mawatha, Colombo 1.
E-mail	:	info@lankemplantations.lk
Web	:	www.lankemplantations.lk
Directors	:	S.D.R. Arudpragasam - Chairman C.P.R. Perera - Deputy Chairman S.S. Poholiyadde M.S. Madugalle - Chief Executive Officer A.M. de. S. Jayaratne Anushman Rajaratnam
Stock Exchange Listing	:	The Ordinary Shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka
Senior Management (Lankem Tea & Rubber Plantations (Pvt) Ltd – Managing Agents)	:	S.S. Poholiyadde F.I.P.M M.S. Madugalle Dip. (Plantation Mgt) (NIPM)
Operational Directors		
Up Country	:	R. Edwards
Low Country	:	N.B Seneviratne Dip. (Plantation Mgt) - (NIPM)
General Managers	:	J.K. Congreve Dip. (Plantation Mgt) - (NIPM)
	:	Ms. J. Kariyawasam Attorney – at –Law, Notary Public & Commissioner for Oaths, Diploma in Intellectual Property Law (USA) Diploma in Human Resource Management Training & Development (IPM) MBA (Australia)
	:	M. Kowdu F.C.M.A / F.C.A
Secretaries	:	Corporate Managers & Secretaries (Private) Limited 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1.
Auditors	:	KPMG Chartered Accountants, P.O.Box 186, Colombo 3.
Bankers	:	Seylan Bank PLC Standard Chartered Bank People's Bank National Development Bank
Legal Advisers	:	Messrs Julius & Creasy Attorneys-at-law P.O.Box 154, Colombo 1.

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