



Nestlé Good food, Good life

My Nestlé, My Sri Lanka

Nestlé Lanka PLC
Annual Report 2020





My Nestlé, My Sri Lanka

Staying true to our promise of *Good food, Good life*, doing good for Sri Lanka has been at the heart of our business for 115 years. We have proudly served generations of Sri Lankans with good food and beverages from early childhood to old age, and supported them beyond our products to live a better life. Our commitment to do good and make a positive impact on health and wellbeing, the local community, and the planet is captured by the phrase “My Nestlé, My Sri Lanka”. It’s an expression of who we are and what it means to work at Nestlé Lanka.

The report you hold shows glimpses of the great effort made by every one of our employees to enhance the lives of Sri Lankans across the island. In the face of a life-changing pandemic, we stand together with the nation – doing our part to welcome a healthier and happier future for all.



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Good for my family



We're proud to offer Sri Lankan individuals and families products and services that enable healthier and happier lives, from early childhood to old age. More than 90% of the products we sell in Sri Lanka are manufactured at our state-of-the-art factory in Pannala, made by Sri Lankans for Sri Lankans. In addition to making our products tastier and healthier, we are supporting and empowering millions of Sri Lankans to eat healthier and stay active through a number of educational programmes.

Good for my community



We're supporting better livelihoods for the community we live and work with, and promoting respect and diversity throughout our value chain. We are currently one of Sri Lanka's largest buyers of fresh milk and one of the world's largest coconut milk powder exporters, sustaining the livelihoods of more than 20,000 Sri Lankan families through our business. We share our technical know-how, best practices and expertise, and provide them training, resources and other assistance. We are also helping thousands of Sri Lankan youth become more employable by upskilling them, and have created job opportunities for hundreds of young Sri Lankans over the last 10 years.

Good for my planet



We're making bold and ambitious commitments to continuously improve our positive impact on the planet. We are caring for water, acting on climate change, and safeguarding the environment we live in. We are aggressively driving our 2025 target to make all of our packaging 100% recyclable or reusable, and launching collection, recycling and energy recovery schemes for our packaging waste. We are also working towards achieving net zero emissions across our value chain by 2050.

A force for good

The world has changed. Being a force for good in this new reality is more important than ever, and we're proud to be a company whose values aligns with those of our consumers, with products and services that are helping to address society's greatest challenges. We have identified three interconnected areas where we can have the most impact: the individuals and families who place their trust in our products and brands, the communities where we operate, and the planet. We want our products to not just be good for our consumers and our families, but good for the community and good for the planet. We do this by:

- Offering tastier and healthier products
- Educating about nutrition and a healthy diet
- Encouraging an active lifestyle
- Supporting the livelihoods of 20,000+ milk and coconut farmers
- Supporting youth employment
- Fostering diversity and inclusion across the value chain
- Greening our value chain from farm to table
- Making our packaging 100% recyclable or reusable
- Working together with stakeholders to launch public waste management schemes

Our Performance

Doing well by doing good

While driving good financial performance, we continue to care for the communities we operate in and one another, leaving a positive impact on the lives of people and nature.

Revenue
LKR 37.87 BILLION

Taxes
LKR 4.7 BILLION

Earnings per share
LKR 54.85

*2010-2020 per tonne of production

Good for my family

923 MILLION

servings of micronutrient enriched products to consumers

~1,000

children educated on nutrition and health through our Nestlé Healthy Kids e-learning platform

~400,000

children encouraged to get active through Milo sports programmes and activities

14,500

people provided with free health checks and nutritional counselling through our Choose Wellness, Choose Nestlé programmes

~40,000

Sri Lankans inspired to live a healthier, happier and fitter life through the Nestlé Family Club

Good for my community

RS. 2.4 BILLION

paid to ~14,000 local dairy farmers for fresh milk

RS. 4.5 BILLION

contributed to the coconut industry as payment for producing fresh coconuts

16,000+

young people directly reached through our Nestlé Needs YOUth programme, to help them become more employable

RS. 70 MILLION

donated to frontliners and vulnerable families impacted by the pandemic

Good for my planet

Saved energy by

16%*

Saved water by

11%*

Reduced greenhouse gas emissions by

8%*

of our packaging by weight is recyclable

70%+

Eliminated plastic in our promotional items, reducing our plastic consumption by

250 MT

children taught about responsible waste disposal through our School Waste Management Programme

50,000

Innovations and Renovations

We are passionate about innovating and renovating our products, to create new and improved experiences that delight our consumers



Maggi Papare Kottu

Maggi Papare Kottu is a mouth-watering noodle dish made with onion, garlic, chilli and pepper. It is our first broad noodle product, offering the same mouthfeel as kottu. Enriched with calcium, and free of artificial flavours and colours, Maggi Papare Kottu is a tasty, convenient light meal.



Nestomalt

We enhanced Nestomalt's nutritional profile to go beyond supporting energy yielding metabolism, to support immunity, learning and concentration, and healthy bones and muscle.



Ceregrow

Our Ceregrow Wheat, Honey & Dates with milk is a junior cereal for toddlers between 1 and 3 years old. It is enriched with iron, zinc, vitamins A and C, calcium and probiotics (Bifidus BL). Its goodness was enhanced with a sugar reduction of more than 20%.



Maggi Magic Masala Mix

Maggi Magic Masala Mix is a spice masala premix that can enhance the taste of South Asian cuisine. It is a delicious blend of 10 choice, aromatic roasted spices that lends a perfectly balanced tangy taste, irresistible aroma and colour to the most loved everyday dishes.



Maggi Broad Noodle Family Pack

Our Maggi Family Meal Pack Broad Noodles provides a wholesome noodle base to recreate favourite recipes for the family. Fortified with calcium, it can be enhanced with vegetables, eggs, chicken, seafood or any other meat for added goodness.

Awards and Accolades



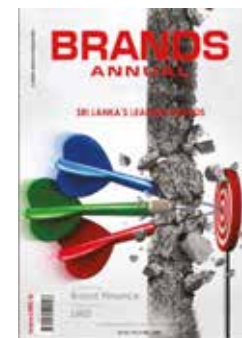
Best Corporate Citizen Sustainability Awards

We were announced the winner of the Community Relations award at the recent Best Corporate Citizens Sustainability Awards 2020, in recognition of our strong actions in making a positive impact on the local community, and enhancing quality of life for people across its value chain, from farmer to consumer. We were further recognised as one of Sri Lanka's top 10 corporate citizens in 2020.



Most Loved Brands of 2020

Our flagship brands Milo and Nestomalt secured a spot in the Top 20 'Most Loved Brands of 2020' ranking, making it Milo's fifth consecutive ranking and Nestomalt's third time on the list. Milo was ranked at number 13, while Nestomalt maintained its rank at number 15 from a total of 125 brands from varying categories. Our household favourite Maggi also secured a spot in the ranking and Nestlé and Nescafé were featured in the list for the first time.



Most Valuable Consumer Brands

We were ranked one of Sri Lanka's Most Valuable Food and Beverage Brands in 2020 by Brand Finance, in its annual report of Sri Lanka's Most Valuable Consumer Brands. This marks the eighth consecutive year in which we have been listed amongst Sri Lanka's Top 10 'Most Valuable Consumer Brands', securing an overall rank of number 9 out of 100 corporate brands from varying industries.



World Coconut Day Award

We were awarded by the Sri Lankan coconut authorities at an official event on World Coconut Day, in recognition of our high foreign exchange contribution as one of the world's largest exporters of coconut milk powder, and the strategic planning support we extended to the government to help promote the Sri Lankan coconut industry.



Business Today Top 30

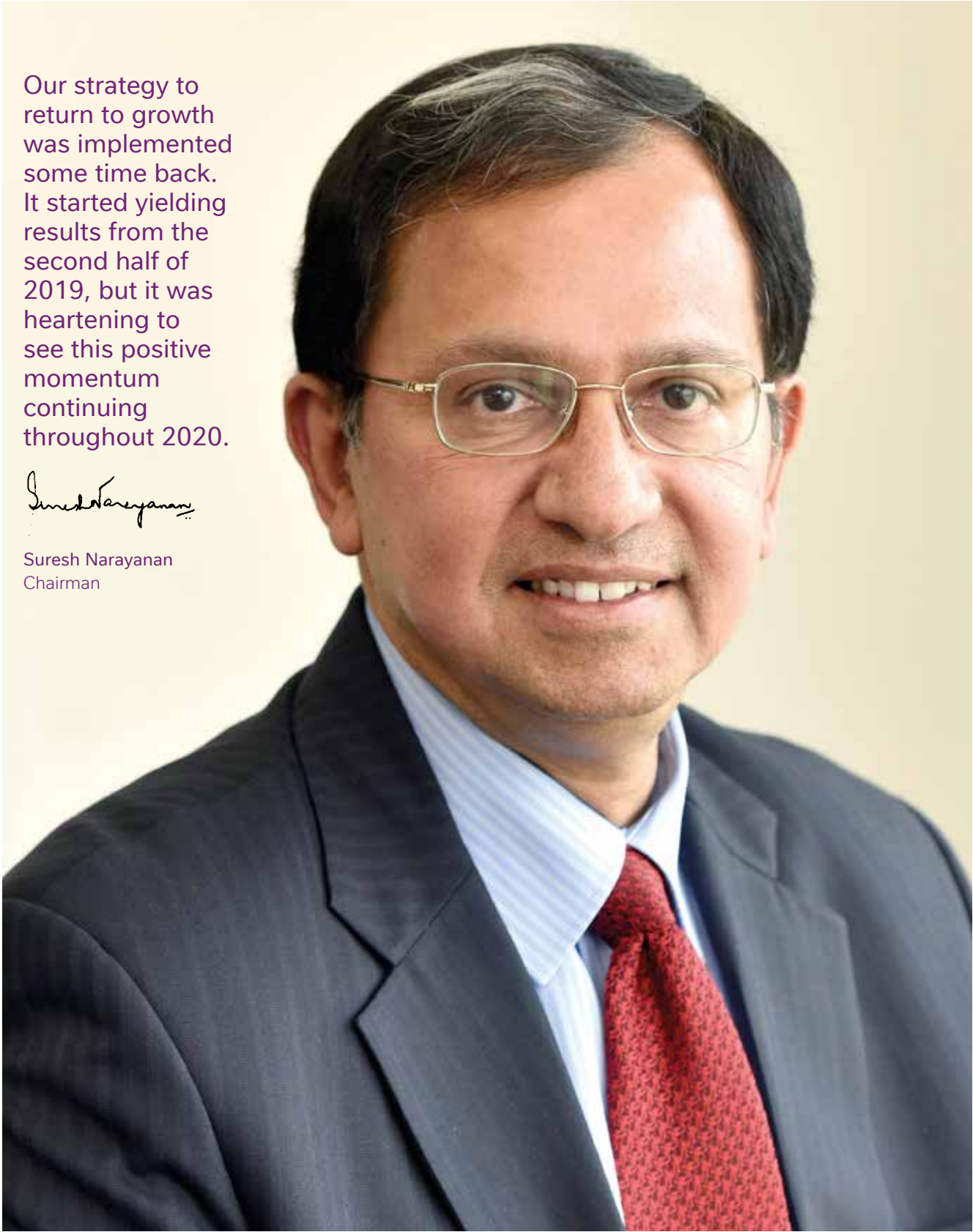
We were ranked Sri Lanka's Number 1 F&B company in 2019-2020 in Business Today's TOP 30. Featuring Sri Lanka's best-performing entities across all industries, the ranking recognizes organisations that achieve growth amidst challenges, and who demonstrate resilience and ingenuity in serving consumers and supporting the country's economy.

Rank	Company Name	Industry
1	Bank of Ceylon	Banking
2	Shree Lanka	Food & Beverage
3	Nestlé Lanka	FMCG
4	Shree Lanka	Food & Beverage
5	Bank of Ceylon	Banking
6	Shree Lanka	Food & Beverage
7	Bank of Ceylon	Banking
8	Shree Lanka	Food & Beverage
9	Bank of Ceylon	Banking
10	Shree Lanka	Food & Beverage

Top 20 Multinational Corporate Brands

We were ranked amongst the Top 20 'Multinational Corporate Brands' of 2020 for the fifth consecutive year, securing a number three position.

Chairman's Message



Our strategy to return to growth was implemented some time back. It started yielding results from the second half of 2019, but it was heartening to see this positive momentum continuing throughout 2020.

Suresh Narayanan
Chairman

Dear Shareholders,

2020 was a challenging year. Yet it brought opportunities to innovate and inspire, and to come closer together as a community.

Our deep roots in the country, good understanding of the people, nutritional expertise, digital capabilities and innovative mindset helped us adapt quickly to changing consumer behaviour, and provide Sri Lankan families and the wider community with the support needed. Soon after the pandemic hit, people began looking for safe, high-quality, locally-made products and services, which not only enhance health, wellbeing and immunity, but also helped them make and enjoy more home-made meals. In this new reality, our Nestlé brands continued to be seen, more than ever, as products they could trust and which met the needs of the whole family, from early childhood to old age.

Our strategy to return to growth was implemented some time back. It started yielding results from the second half of 2019, but it was heartening to see this positive momentum continuing throughout 2020. In this unprecedented environment, we achieved a strong growth in our domestic retail business. It was able to offset the negative growth in our exports and out-of-home businesses (Nestlé Professional), both of which were severely impacted by global and local lockdowns. Based on these results, the Board of Directors has approved an interim dividend of Rs. 35.00 per share, and proposed a final dividend of Rs. 20.00 per share, subject to the approval of shareholders at the upcoming Annual General Meeting.

Our strong foundation and values helped deliver the growth we promised for 2020. We would not have been able to achieve this without the dedication of our people and our partners. We saw their passion and determination rise to new heights, as they worked towards ensuring an uninterrupted supply of our products to the country, while managing their own personal challenges in adapting to the new reality. I thank all of them – our employees, suppliers, distributors and frontliners – from the bottom of my heart, for their unwavering commitment during this time, and you, our shareholders for your continued loyalty to the company.

We have adapted to the new normal, but 2021 continues to pose its own set of challenges, including currency volatilities, milk availability and affordability, and a steep increase in coconut prices which can impact our export competitiveness. Nevertheless, we will continue

our balanced pursuit of top-line growth, bottom-line performance, and improved capital efficiency, to deliver sustainable results with a purpose-driven approach.

Nestlé stands for *Good food, Good life*. Quality of food and quality of life go together. What and how we eat and drink is fundamental to our health and wellness, today and for the future. We aim to be trusted and transparent, living up to our purpose and responsibilities to the local community, and the planet on which we live. That means responsibly manufacturing our products and managing our supply chain, bringing meaningful innovations to market, and building brands that delight and do good. We do this in a way that is true to the values our company has been built on for more than 150 years.

In line with this, Nestlé globally has made some of the most ambitious environmental commitments to be set by any company in the world. By 2025 we will cut our emissions by 20%, make 100% of our packaging recyclable or reusable, and have all our sites powered through renewable electricity. By 2030, our aim is to reduce our emissions by 50% and to achieve net zero emissions by 2050. This journey starts now, and we will be announcing significant milestones in achieving this, starting from 2021. We are confident this will support future growth and generate value for you, our shareholders, and for the people of this country.

Suresh Narayanan
Chairman

NESTLÉ LANKA PLC

18 February 2021

Managing Director's Review

2020 was a year like no other. It was disruptive and full of challenges, but also full of opportunities – opportunities to deliver solid results and demonstrate how business can be a force for good even in a challenging business environment.



Fabrice Cavallin
Managing Director

Dear Shareholders,

2020 was a year like no other. It was disruptive and full of challenges, but also full of opportunities – opportunities to deliver solid results and demonstrate how business can be a force for good even in a challenging business environment.

Sri Lanka implemented what was likely one of the strictest lockdowns in the world during the first wave of the pandemic. Out-of-home movement was completely restricted and physical retail channels were shut down, permitting only home-deliveries. In this new reality, we had to switch to new ways of working literally overnight – implementing remote working, traveling with curfew passes where necessary, using masks and social distancing. We didn't hesitate to invest in best-in-class safety protocols at our sites, providing employees with personal protective equipment and other resources to safely come in to work or work from home. We extended this care and support as much as possible to our business partners across the value chain.

We swiftly developed a focused and flexible RTM (Route-to-Market) model to ensure the availability of our products. A strong omni-channel communication strategy, leveraging digital platforms, was implemented to demonstrate how our brands could best meet consumer needs. We accelerated and strengthened our presence on e-commerce, implemented door-to-door sales, and launched 'Nestlé Mart', a retail hub locator which shows users a list of grocery stores and supermarkets closest to them, which can deliver Nestlé products to their homes.

I am proud to see that our quick decision-making, and the proactive approach of our highly motivated and committed workforce, helped us deliver our products without disruption. Our domestic retail sales experienced a solid double-digit growth, more than compensating for the degrowth of our exports and sizeable out-of-home business.

At a time where we're seeing significant shifts in consumer behaviour, we are encouraging local innovation and using it to shape our offerings to our consumers. Ensuring sustainability and nutrition in our products are our key priorities – we want to offer consumers products that are not just good for them but good for the planet.

We launched two innovation challenges with Hatch, Sri Lanka's largest incubator for start-ups, and with four universities – University of Kelaniya, University of Sri Jayewardenepura, University of Colombo and University of Moratuwa – calling for open innovation ideas from students, start-ups and entrepreneurs for green initiatives and products made with local ingredients, which meet local nutritional needs. In parallel, we are working on 23 projects to substitute imports through local sourcing, by developing local suppliers. With these projects, we are driving an open innovation culture and supporting local communities.

We continued to drive and strengthen a number of other purpose-driven initiatives:

- **The Nestlé Family Club: Our corporate loyalty programme** – We launched the Nestlé Family Club www.nestlefamilyclub.lk, our first corporate loyalty programme, to help Sri Lankans live healthier and support their physical and mental wellbeing in these unprecedented times. In addition to offering advice on nutrition, diet, and staying fit, it also provides tips and support to help take care of the family.
- **Supporting virtual learning for students** – With close to 4.5 million Sri Lankan school children at home, we decided to launch an e-learning version of our long-running Nestlé Healthy Kids programme. Hosted on the Ministry of Education's website, it is Sri Lanka's first official 'Nutrition and Wellness' (Poshanayai Suwadiwiyai) e-learning programme. The programme helps children learn about nutrition, health, food safety and hygiene, and an active lifestyle.
- **Supporting livelihoods** – We donated approximately LKR 70 million to assist frontline workers and vulnerable families whose livelihoods were impacted by the pandemic. We accepted milk from all farmers who could not sell to their regular channels during the height of the pandemic, to protect their livelihoods in those uncertain times. We also adapted our Nestlé Needs YOUTH programme to reach 10,000 young people on digital platforms, helping them learn the skills they need to become more employable, and succeed in a new virtual workplace.

Managing Director's Review

- **Shaping a waste-free future** – In working towards our commitment to make our packaging 100% recyclable by 2025, I'm happy to say that more than 80% of our packaging by weight is already recyclable. We have also completely stopped the use of plastic items in our promotions, eliminating about 250 MT of plastic a year. We launched our first ever waste collection programme with the Central Environmental Authority and Ministry of Education, to manage waste and create awareness about responsible disposal in schools. We aim to reach approximately 400,000 students across 250 schools by the end of 2022.

Developing and implementing these initiatives amidst a pandemic was not easy but it was rewarding and motivating. We're proud to have been recognised as a force for good by winning the Best Corporate Citizen Sustainability Award for Community Relations, and being recognised as one of Sri Lanka's Top 10 Best Corporate Citizens in 2020 by the Ceylon Chamber of Commerce.

I want to thank all our employees for their continuous dedication and commitment. They went over and beyond the call of duty to keep our factory running, our trucks on the road, and the shelves restocked. Together we delivered a solid performance, demonstrating agility, teamwork, and fast decision making. I also want to express my gratitude to our consumers and business partners, who supported our business and stayed loyal to us, and to you, our shareholders, for your continued support, trust and confidence.

We expect challenging times to continue into 2021. If anything, however, we have proven that we are resilient and innovative, tuned in to the needs of our consumers, communities and people. We are preparing for the future by accelerating innovation, embracing new platforms and technologies, and delivering relevant products and services to delight our consumers. We are also taking a leadership role in sustainability, accelerating our actions to tackle climate change. 2021 will be an exciting year, with many developments on this front.

I am confident that we can continue to deliver top and bottom line growth, while making a real contribution to society and acting as a force for good.



Fabrice Cavallin
Managing Director

NESTLÉ LANKA PLC

18 February 2021

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හිතවත් කොටස් හිමිකරුවනි,

දෙදහස් විස්ස (2020) වර්ෂය අනෙකුත් වර්ෂයන් මෙන් නොව, බොහෝ බාධක හා අභියෝගවලින් පිරුණු වර්ෂයකි. එසේ වුවද එය නව අවස්ථා රැසකින් යුක්ත වූ වසරක් වූවා මෙන්ම, දුෂ්කර ව්‍යාපාරික වාතාවරණයකදී වුව ද යහපත් ප්‍රතිඵල උදෙසා ව්‍යාපාරයන්හට බලයක් විය හැක්කේ කෙසේද යන්න පෙන්නුම් කිරීමට මහඟු අවස්ථාවක් ලැබුණු වර්ෂයකි.

කොවිඩ් වසංගතයේ පළමු රැල්ල අවස්ථාවේදී ශ්‍රී ලංකාව, අන් රටවලට සාපේක්ෂව බරපතල හුදකලා ක්‍රියාමාර්ගයකට (ලොක්ඩවුන්) අවතීර්ණ වූ අතර, මුළු රටේම ජනතාවට තම නිවෙස්වලින් බැහැරට ඒම තහනම් කෙරුණි. එමෙන්ම වෙළඳසැලට ගොස් අවශ්‍ය බඩුබාහිරාදිය මිලදී ගැනීම වළකාලනු ලැබූ අතර, ආහාර ද්‍රව්‍ය ඇතුළු අත්‍යවශ්‍ය ද්‍රව්‍ය නිවසටම ගෙන්වා ගැනීමට ජනතාවට සිදුවිය. මෙම නව පරිසරය තුළ අපට ද ව්‍යාපාර මෙහෙයුම් වෙනස් කිරීමට සිදුවිය. දිවා රාත්‍රී නොබලා රාජකාරි කිරීමටත්, කාර්යාලයෙන් බැහැර දුරස්ථ රාජකාරි ක්‍රමයට අනුගත වීමටත්, ඇදිරි නීති අවසර පත්‍ර භාවිත කරමින් රාජකාරි සඳහා එහා මෙහා යාමටත් සිදුවූ අතර, මුහුණු ආවරණ පැළඳීමත්, සමාජ දුරස්ථභාවය පවත්වාගැනීමත් අනිවාර්ය විය. අපගේ ආයතන සහ කර්මාන්තශාලා පරිශ්‍රයන්හි භෞදම තත්ත්වයේ ආරක්ෂිත ක්‍රමවේද ස්ථාපිත කිරීමටත්, සේවකයින්ට පෞද්ගලික ආරක්ෂක උපකරණ (PPE) ලබාදීමටත්, ඔවුන්ට නිවසේ සිට ආරක්ෂිතව රැකියා ස්ථානය බලා ඒමට අවශ්‍ය අනෙකුත් සම්පත් ලබාදීම මෙන්ම නිවසේ සිට රාජකාරි කටයුතු කිරීමට අවශ්‍ය පහසුකම් සලසා ලබාදීමටත් අපි ක්‍රියා කළෙමු. මෙම සහයෝගය අපගේ වටිනාකම් දාමයේ සිටින සෞඤ්‍ය ව්‍යාපාරික හවුල්කරුවන් වෙත ද හැකි පමණ ලබාදීමටත් අපි කටයුතු කළෙමු.

අපගේ නිෂ්පාදන ජනතාව වෙත සැපයීමේ නව නම්‍යශීලී ක්‍රමවේදයක් ඉතා ඉක්මනින් සකසමින් ජනතාවට නෙස්ලේ නිෂ්පාදන කරා ප්‍රවේශවීමේ හැකියාව උදාකරදුනිමු. තව ද පාරිභෝගික අවශ්‍යතාවන් සපුරාලීමට අපගේ නිෂ්පාදන සන්නාම සතු හැකියාව පිළිබඳ ඩිජිටල් අවකාශය පුළුල් කරමින් සන්නිවේදනය කිරීමට ද අපි පියවර ගනිමු. එමෙන්ම ඉලෙක්ට්‍රොනික් වාණිජ්‍ය සේවාවන්ට පිවිසෙමින් ජනතාවට අවශ්‍ය නිෂ්පාදන ඔවුන්ගේ දොරකඩටම සැපයීමටත්, එමෙන්ම පාරිභෝගිකයින් හට තම නිවෙස් සමීපයේ පිහිටි, නෙස්ලේ නිෂ්පාදන ගෙන්වාගත හැකි අලෙවිසැල් පිළිබඳ තොරතුරු දැන දැනගැනීමට හැකි වන ලෙස 'Nestlé Mart' නමින් නව සේවාවක් හඳුන්වාදීමට ද අපට හැකිවිය.

අපගේ තීරණ ගැනීමේ කාර්යක්ෂමතාවයත්, උද්යෝගීමත් කාර්යමණ්ඩලයේ පූර්වගාමී ක්‍රියාකාරීත්වයත් නිසා නොකඩවා අපගේ නිෂ්පාදන වෙළඳපොළට සැපයීමට අපට හැකිවූ බව මම පවසන්නේ ඉමහත් අභිමානයෙනි. මේ තත්ත්වය හමුවේ අපගේ ගෘහස්ථ නිෂ්පාදන පරිභෝජනය 10%ට වඩා වැඩි මට්ටමකින් වර්ධනය කරගැනීමට අපට හැකිවූ බැවින්, අපනයන වෙළඳපොළ සහ ගෘහස්ථ නොවන නිෂ්පාදන පරිභෝජනයේ අඩාලවීම හමුවේ වුව ද සාර්ථකව ඉදිරියට යාමට අපට හැකිවිය.

පාරිභෝගික හැසිරීම් රටාවේ සැලකිය යුතු වෙනස්කම් සිදුවන මෙවන් කාලයකදී, දේශීය නවෝත්පාදන සඳහා දිරි දීමටත්, එම සංකල්ප අප විසින් පාරිභෝගිකයින් වෙත පිරිනමන නිෂ්පාදන හැඩගැන්වීමේලා

යොදා ගැනීමටත් අප විසින් කටයුතු කර ඇත. පෝෂණයෙන් අනූන නිෂ්පාදන අපගේ පාරිභෝගිකයන්ට ලබාදීම මෙන්ම පරිසරයට හිතකර නිෂ්පාදන එළිදැක්වීම අපගේ අවශ්‍යතාව බැවින් අපගේ නිෂ්පාදනවල තිරසාරභාවය සහ පෝෂණ සංඝටක තහවුරු කිරීමට කටයුතු කිරීම අපගේ මූලික පරමාර්ථයන් බවට පත්ව තිබේ.

එහි ප්‍රතිඵලයක් ලෙස, නව ව්‍යවසාය සංවර්ධන සඳහා ආධාර අනුබල ලබාදෙන, ශ්‍රී ලංකාවේ විශාලතම ආයතනයක් වන හැච් ආයතනය සමඟ එක්ව නවෝත්පාදන අභියෝගතා වැඩසටහන් දෙකක් ක්‍රියාවට නංවන්නට අපි කටයුතු කළෙමු. එක් වැඩසටහනක් ශ්‍රී ලංකාවේ රාජ්‍ය විශ්ව විද්‍යාල හතරක් (කැලණිය විශ්ව විද්‍යාලය, ශ්‍රී ජයවර්ධනපුර විශ්ව විද්‍යාලය, කොළඹ විශ්ව විද්‍යාලය සහ මොරටුව විශ්ව විද්‍යාලය) හා එක්ව ආරම්භ කෙරුණි. අනෙක් වැඩසටහන ක්‍රියාත්මක කෙරුණේ නවව්‍යවසාය සහ ව්‍යවසායකයින් සඳහා විවෘත අභියෝගතා ව්‍යාපෘතියක් ලෙසිනි. එහිදී දේශීය පෝෂණ අවශ්‍යතාවන්ට සරිලන ලෙස දේශීය ආහාර අමුද්‍රව්‍ය භාවිත කරමින් තිරසාර සහ නවෝප්තාපදන ප්‍රවේශයකින් යුතුව නව නිෂ්පාදන එළිදැක්වීම සඳහා සරසවි සිසුන්ගෙන්, ව්‍යවසායකයින්ගෙන් මෙන්ම, නව ව්‍යවසායකයින්ගේද අදහස් ලබාගැනුණි. ඊට සමගාමීව දේශීය සැපයුම් හරහා ආනයන ආදේශ සිදුකිරීමේ අරමුණින් ව්‍යාපෘති 23ක් ද ක්‍රියාත්මක කෙරේ. මෙම ව්‍යාපෘතීන් හරහා විවෘත නවෝත්පාදන සංස්කෘතියක් ගොඩනැගීමටත්, දේශීය ප්‍රජාවට සහාය වීමටත් අරමුණු කර ඇත.

මෙවන් අරමුණු කේන්ද්‍ර කරගත් තවත් වැඩසටහන් රැසක්ම අපි අඛණ්ඩව පවත්වාගෙන යන්නට කටයුතු කර ඇත්තෙමු.

- **The Nestlé Family Club: ළබැදි පාරිභෝගික වැඩසටහන**
- මෙම අභියෝගාත්මක කාලයේදී ශ්‍රී ලාංකිකයින්ට සෞඛ්‍යමත් ජීවිතයක් සඳහා, ඔවුන්ගේ කායික සහ මානසික යහපැවැත්මට දායකවීම වීම අරමුණු කරගනිමින්, අපගේ පළමු ළබැදි පාරිභෝගික වැඩසටහන "Nestlé Family Club (www.nestlefamilyclub.lk)" නමින් දියත් කෙරුණි. පෝෂණය, ආහාරවේල සහ සවිමත්ව සිටීම පිළිබඳ උපදෙස් දීමට අමතරව, පවුලේ රැකවරණය වෙනුවෙන් සහාය සහ තොරතුරු සැපයීම ද මෙම වැඩසටහනේ අරමුණු වේ.

- **සිසුන්ගේ ඩිජිටල් අධ්‍යාපන කටයුතුවලට සහාය වීම** - මිලියන 4.5කට ආසන්න පාසල් සිසුන් ප්‍රමාණයක් තම නිවෙස්වල සිට ඉගෙනීමේ කටයුතු කරන බැවින්, අපගේ නෙස්ලේ හෙල්දි කිඩ්ස් (Nestlé Healthy Kids) වැඩසටහන අන්තර්ජාල පහසුකම් හරහා ස්ථාපිත කිරීමට අපි පියවර ගනිමු. අධ්‍යාපන අමාත්‍යාංශ වෙබ් අඩවිය හරහා 'පෝෂණයයි සුව දිවියයි' නමින් නිර්මාණය වූ මෙය ශ්‍රී ලංකාවේ පළමු පෝෂණ සහ සුවතා මාර්ගගත ඉගෙනුම් වැඩසටහනයි. දරුවන්ට පෝෂණය, සෞඛ්‍ය, ආහාර සුරක්ෂිතතාව හා සනීපාරක්ෂාව, ක්‍රියාශීලී ජීවන රටාව ආදිය පිළිබඳ දැනුම සැපයීමට මේ හරහා අවස්ථාව උදාවී ඇත.

- **ජීවනෝපාය ආධාර** - වසංගතයෙන් ජීවනෝපායන් බලපෑමට ලක්වූ හා වසංගතය හමුවේ ඉදිරි පෙළ සිට කටයුතු කරන සේවකයින්ට සහ අවදානමට ලක්විය හැකි පවුල්වලට උපකාර කිරීම සඳහා අපි රුපියල් මිලියන 70 කට අධික මුදලක් පරිත්‍යාග

கළමநாகார அடாக்கீசுதுடாதே සමාලෝචනය

කළෙමු. එමෙන්ම වෙනත් ගැනුම්කරුවන්ට කිරි සපයමින් සිටි සහ වසංගතය හේතුවෙන් එම සැපයුම් ජාල බිඳවැටීම නිසා අපහසුතාවට පත්ව සිටි ගොවීන්ගෙන් පවා කිරි මිලදී ගනිමින් ඔවුන්ගේ ජීවනෝපාය ආරක්ෂා කරදීමට අපි ක්‍රියාකළෙමු. ඩිජිටල් මාර්ගයෙන් තරුණ තරුණියන් 10,000 ක් වෙත අපගේ නෙස්ලේ නීඩ්ස් යූත් වැඩසටහන හරහා වෘත්තීය නිපුණතා වැඩිදියුණු කරගැනීමට උපකාර වීම තුළින්, වැඩි රැකියා අවස්ථාවක් සඳහා ඔවුන්ට ඇති අවකාශය ඉහළ නංවා ගන්නට අප උපකාර කළෙමු.

- අපද්‍රව්‍යවලින් තොර අනාගතයක්** - වර්ෂ 2025 වන විට අපගේ ඇසුරුම් 100% ප්‍රතිවක්‍රීකරණය කිරීමේ ඉලක්කය වෙනුවෙන් කටයුතු කරමින් යන ගමනේදී, මේ වන විටත් අපගේ ඇසුරුම්වලින් 80% කට වඩා බර අනුව ප්‍රතිවක්‍රීකරණය කළ හැකි බව පැවසීම සතුටට කරුණකි. අපගේ ප්‍රවර්ධන කටයුතුවලදී ජ්‍යෙෂ්ඨික් භාණ්ඩ භාවිතය සම්පූර්ණයෙන්ම නවතා දමා ඇති අතර එමගින් වසරකට මෙවුක් ටොන් 250 ක් පමණ ජ්‍යෙෂ්ඨික් භාවිතයෙන් බැහැර කිරීමට හැකිවී ඇත. අපද්‍රව්‍ය එකතු කිරීමේ අපගේ පළමු වැඩසටහන මධ්‍යම පරිසර අධිකාරිය හා අධ්‍යාපන අමාත්‍යාංශය සමඟ දියත් කර ඇති අතර, 2022 වසර අවසන් වන විට පාසල් 250 ක් තුළ සිසුන් 400,000කට අධික පිරිසක් හා එක්ව කසළ කළමනාකරණය සහ වගකීමෙන් යුතුව කසළ බැහැර කිරීම පිළිබඳව දැනුවත් කිරීම මේ හරහා ඉලක්ක කර ඇත.

වසංගතයක් මධ්‍යයේ මෙබඳු මූලපිරීම් ආරම්භ කිරීම සහ ක්‍රියාත්මක කිරීම පහසු කාර්යයක් නොවූ නමුත් එය ප්‍රතිඵලදායක සහ උද්‍යෝගිමත් කටයුත්තක් විය. ශ්‍රී ලංකා වාණිජ මණ්ඩලය විසින් 2020 වසර සඳහා තෝරාගත් ශ්‍රී ලංකාවේ හොඳම ආයතනික පුරවැසියන් 10 දෙනා අතරට එක්වීම තුළින් සහ, එහිදී ප්‍රජා සම්බන්ධතා අංශයෙන් හොඳම ආයතනික පුරවැසි තිරසාර සම්මානය දිනා ගැනීමෙන්ද, යහපත සඳහා වූ බලවේගයක් ලෙස බහුමන් ලැබීම ගැන අපි ඉතා ආඩම්බර වෙමු.

අපගේ නිෂ්පාදන කටයුතු අඛණ්ඩව කරගෙන යමින්, බෙදාහැරීම් ජාලය නොකඩවා පවත්වාගෙන යමින් සහ වෙළඳසැල් නැවත නෙස්ලේ නිෂ්පාදනවලින් පුරවාලීම සඳහා තම සාමාන්‍ය රාජකාරියට ඔබ්බට ගොස් කටයුතු කළ අපගේ සියලු සේවකයින්ගේ අඛණ්ඩ කැපවීම සහ ටෙටර්යය පිළිබඳ මේ අවස්ථාවේදී මම ඔවුනට බෙහෙවින් කෘතඥවෙමි. අපි එක්ව එකාමෙන්, කඩිසරව, කාර්යක්ෂමව, ශක්තිමත් කාර්ය සාධනයක් ළඟාකරගතිමු. අපගේ ව්‍යාපාරයට සහයෝගය දුන් සහ අපට ළබැදිව සිටි අපගේ පාරිභෝගිකයින්ට සහ ව්‍යාපාරික හවුල්කරුවන්ට මෙන්ම අපගේ කොටස් හිමියන් ලෙස ඔබ සැම දැක්වූ අඛණ්ඩ සහයෝගය සහ අප කෙරෙහි තැබූ විශ්වාසය වෙනුවෙන් මම ස්තූතිපූර්වක වන්නෙමි.

මෙම අභියෝගාත්මක කාලය 2021 වසර පුරා ද පවතිනු ඇතැයි අපි අපේක්ෂා කරමු. කෙසේ වෙතත්, නෙස්ලේ සමාගම යනු අපගේ පාරිභෝගිකයින්ගේ, ප්‍රජාවන්ගේ සහ ජනතාවගේ අවශ්‍යතාවන්ට අනුකූලව කටයුතු කරන සහ ශක්තිමත් හා නව්‍යකරණයෙන් හෙබි සමාගමක් බව ඔප්පු කර අවසන් ය. නව්‍යකරණයන් වේගවත් කිරීම, නව ප්‍රවේශ සහ තාක්ෂණයන් වැලඳ ගැනීම සහ අපගේ පාරිභෝගිකයින් සතුටු කිරීම සඳහා අදාළ නිෂ්පාදන හා සේවාවන් ලබා දීම හරහා අපි අනාගතය සඳහා සූදානම් වෙමින් සිටින්නෙමු. දේශගුණික විපර්යාසයන්ට මුහුණ දීම සඳහා අපගේ ක්‍රියාමාර්ග වේගවත් කරමින්, තිරසාරභාවය සඳහා අපි නායකත්ව කාර්යභාරයක් ඉටු කරමින් ටින්නෙමු. මේ අනුව 2021 වසර, මෙවන් ඉදිරිගාමී සංවර්ධන ක්‍රී ක්‍රියාවන්ගෙන් සපිරි, සුවිශේෂී වසරක් වනු ඇත.

සමාජයට සැබෑ දායකත්වයක් ලබාදෙමින්, යහපත සඳහා වූ බලවේග යක් ලෙස අංග සම්පූර්ණ වර්ධනයක් වෙනුවෙන් නොකඩවා කටයුතු කිරීමට අපට හැකිවනු ඇතැයි මම විශ්වාස කරමි.



ෆැබිරිස් කැවලින්

කළමනාකාර අධ්‍යක්ෂ

නෙස්ලේ ලංකා පීඑල්සී

2021 පෙබරවාරි 18

முகாமைத்துவப் பணிப்பாளரின் மீளாய்வு

அன்புள்ள பங்குதாரர்களே,

2020 என்பது முன்னெப்போதையும் போலல்லாத ஒரு ஆண்டாக அமையப்பெற்றது. அனைத்தும் சீர்குலைக்கப்பட்டதுடன், சவால்கள் நிறைந்ததாக இருந்தது. ஆனாலும், சவால்மிக்க ஒரு வணிகச்சூழலில் கூட அது எவ்வாறு நன்மைக்கான ஒரு மாபெரும் சக்தியாகத் திகழ முடியும் என்பதைக் காண்பிக்கும் வகையில் வலுவான பெறுபேறுகளை வெளிக்கொண்டு வருவதற்கான வாய்ப்புகள் நிறைந்த ஒரு ஆண்டாகவும் அமைந்துள்ளது.

தொற்றுநோய் பரவலின் முதல் அலையின் போது உலகின் மிகக் கடுமையான ஊரடங்குச்சட்டங்களில் ஒன்றை இலங்கை அமுல்படுத்தியிருந்தது. வீட்டிற்கு வெளியேயான நடமாட்டங்கள் முற்றிலுமாக கட்டுப்படுத்தப்பட்டதுடன், நேரடி சில்லறை வியாபார வழிமுறைகள் மூடப்பட்டு, வீட்டிற்கான விநியோகங்கள் மாத்திரமே அனுமதிக்கப்பட்டிருந்தன. இந்த புதிய யதார்த்தத்தில், பணிகளை முன்னெடுப்பதற்கான புதிய வழிமுறைகளை ஒரே இரவிலேயே நாம் மேற்கொள்ள வேண்டிய கட்டாயம் எழுந்தது. பணியகத்திற்கு வெளியிலிருந்தே பணிகளை முன்னெடுத்தல், தேவையான இடங்களில் ஊரடங்கு அனுமதிப் பத்திரங்களுடன் பிரயாணம் செய்தல், முகக்கவசங்கள் அணிதல் மற்றும் சமூக இடைவெளியைப் பின்பற்றுதல் போன்ற பல்வேறு புதிய வழிமுறைகளைக் கடைப்பிடிப்பதற்கு நாம் நிர்ப்பந்திக்கப்பட்டோம். எங்கள் பணித்தளங்களில் மிகச் சிறந்த தரத்திலான பாதுகாப்பு நெறிமுறைகளில் முதலீடு செய்ய நாங்கள் தயங்கவில்லை. பாதுகாப்பாக பணிக்கு வருகை தந்து வீடு திரும்பவோ அல்லது வீட்டிலிருந்து பணியை முன்னெடுக்கவோ எமது பணியாளர்களுக்கு தனிப்பட்ட பாதுகாப்பு உபகரணங்கள் மற்றும் பிற வளங்களை வழங்கினோம். எமது மதிப்புச் சங்கிலி முழுவதும் எங்கள் வணிக கூட்டாளர்களுக்கும் இந்த அக்கறையையும், ஆதரவையும் முடிந்தவரை வழங்கினோம்.

எமது வணிக நோக்கத்தை அடையப்பெற்று, சந்தையில் வளர்ச்சியை துரிதப்படுத்தும் முகமாக, நாம் இலக்கு வைத்த வாடிக்கையாளர்களுக்கு தயாரிப்புக்கள் கிடைக்கப்பெறுவதை உறுதி செய்வதற்காக அவற்றின் வழங்கல் வழிமுறைகளை நெகிழ்வுப்போக்குடையதாக நாம் துரிதமாக மாற்றியமைத்தோம். எங்கள் வர்த்தகநாமங்கள் நுகர்வோரின் தேவைகளை எவ்வாறு மிகச் சிறப்பாகப் பூர்த்தி செய்ய முடியும் என்பதை நிரூபிக்க, டிஜிட்டல் மார்க்கங்களின் அனுகூலத்துடன் வலுவான பல்வேறுபட்ட வழிமுறைகளிலான தகவல்தொடர்பாடல்களையும் நாங்கள் முன்னெடுத்தோம். மின்-வர்த்தகத்தில் எமது செயற்பாடுகளை நாம் வலுப்படுத்தி, விரைவுபடுத்தியதுடன், வீட்டுக்கு வீடு விற்பனை செய்யப்படும் வழிமுறைகளையும் ஆரம்பித்தோம். சில்லறை விற்பனை மையங்களை கண்டறிய உதவுகின்ற ‘Nestlé Mart’ இணையும் நாங்கள் ஆரம்பித்தோம். இது நுகர்வோருக்கு அவர்கள் இருக்கின்ற இடத்திற்கு அருகாமையில் நெஸ்லே தயாரிப்புக்களைக் கொண்டுள்ள பலசரக்கு கடைகள் மற்றும் பல்பொருள் அங்காடிகள் எங்கெல்லாம் உள்ளன என்ற விபரங்களைக் காண்பிப்பதுடன், அதன் துணையுடன் நெஸ்லே தயாரிப்புகளை அவர்களது வீடுகளுக்கே விநியோகம் செய்யப்பெறக்கூடிய ஏற்பாடுகளை மேற்கொள்ள முடியும்.

விரைவாக தீர்மானத்தை மேற்கொள்ளும் எமது திறன் மற்றும் உந்துசக்தியும், அர்ப்பணிப்பும் மிக்க பணியாளர்களின் செயல்திறன்மிக்க அணுகுமுறை, எங்கள் தயாரிப்புகளை எந்தவித தங்குதடையுமின்றி வழங்க உதவியது என்பதில் பெருமிதம் கொள்கிறேன். எங்கள் உள்நாட்டு சில்லறை விற்பனையானது வலுவான இரட்டை இலக்க வளர்ச்சிக்கு முகங்கொடுத்ததுடன், இது எங்கள் ஏற்றுமதியின் வீழ்ச்சி மற்றும் வீட்டுக்கு வெளியேயான வணிகத்தில் ஏற்பட்ட வீழ்ச்சி ஆகியவற்றுக்கும் மேலாக எமது ஒட்டுமொத்த வணிகத்திற்கும் ஈடுசெய்துள்ளது.

நுகர்வோரின் பழுக்கவழக்கங்களில் குறிப்பிடத்தக்க மாற்றங்களை நாங்கள் காண்கின்ற ஒரு காலகட்டத்தில், உள்நாட்டில் புத்தாக்கத்தை ஊக்குவித்து, எங்கள் நுகர்வோருக்கு எங்கள் வழங்கல்களை வடிவமைக்க அதனைப் பயன்படுத்தி வருகிறோம். எங்கள் தயாரிப்புகளில் பேண்தகமை மற்றும் ஊட்டச்சத்தை உறுதிப்படுத்துவதற்கு நாங்கள் முக்கியத்துவம் அளித்துள்ளமையால், நுகர்வோருக்கு மட்டுமல்லாது, நமது பூமிக்கும் நன்மைபயக்கும் தயாரிப்புகளை வழங்க விரும்புகிறோம்.

இலங்கையின் ஆரம்ப வர்த்தக முயற்சிகளுக்கான மிகப்பெரிய வளர்மையமான Hatch உடனும், களனி, ஸ்ரீ ஜெயவர்த்தனபுர, கொழும்பு மற்றும் மொரட்டுவை ஆகிய நான்கு பல்கலைக்கழகங்களுடனும் இணைந்து இரு புத்தாக்க சவால் போட்டிகளை நாம் ஆரம்பித்தோம். மாணவர்களிடமிருந்து பகிரங்கமான புத்தாக்க சிந்தனைகளை வெளிக்கொண்டு வருவதற்கும், உள்நாட்டு ஊட்டச்சத்து தேவைகளைப் பூர்த்தி செய்யும் வகையில் உள்நாட்டு மூலப் பொருட்களைக் கொண்டு தயாரிக்கப்பட்ட தயாரிப்புகளுக்கான பசுமை பேணல் முயற்சிகளுக்காக ஆரம்ப வர்த்தக முயற்சியாளர்கள் மற்றும் தொழில் முயற்சியாளர்களுக்கு நாம் அழைப்பு விடுத்தோம். இதற்கு இணையாக, உள்நாட்டு வழங்குனர்களின் வளர்ச்சிக்கு உதவி, இறக்குமதிகளுக்குப் பதிலாக உள்நாட்டிலேயே மூலப்பொருட்களைப் பெற்றுக்கொள்ளும் 23 செயற்திட்டங்களை நாம் முன்னெடுத்து வருகின்றோம். இச்செயற்திட்டங்களின் மூலமாக நாம் பகிரங்க புத்தாக்க கலாச்சாரத்தை முன்னெடுத்து, உள்நாட்டு சமூகங்களுக்கு உதவி வருகின்றோம்.

நற்பலனை அளிக்கும் உந்துசக்தியுடன் முன்னெடுக்கப்படும் ஏனைய பல முயற்சிகளை நாங்கள் தொடர்ந்து வலுப்படுத்தி, முன்னெடுத்து வருகின்றோம்:

- நெஸ்லே :.பெமிலி கிளப்** (Nestlé Family Club): **எமது நிறுவன நம்பிக்கை அங்கத்துவத் திட்டம்** - நாம் முன்னெப்போதும் முகங்கொடுத்திராத வகையில் தற்போதைய காலகட்டங்களில் இலங்கை மக்கள் ஆரோக்கியமாக வாழ உதவுவதற்கும், அவர்களின் உடல் மற்றும் உள நலனை ஆதரிப்பதற்கும் எங்கள் முதல் நிறுவன நம்பிக்கை அங்கத்துவத் திட்டமான www.nestlefamilyclub.lk என்ற நெஸ்லே :. பெமிலி கிளப்பினை நாம் ஆரம்பித்தோம். ஊட்டச்சத்து, சிறந்த உணவு முறை மற்றும் உடல்ரீதியாக திடகாத்திரமாக இருப்பது குறித்த ஆலோசனைகளை வழங்குவதோடு மட்டுமல்லாமல், குடும்பத்தை கவனித்துக்கொள்ள உதவும் உதவிக் குறிப்புகள் மற்றும் உதவியையும் இது வழங்குகிறது.

முகாமைத்துவப் பணிப்பாளரின் மீளாய்வு

- **மாணவர்களுக்கு மெய்நிகர் வழிமுறை கற்றலுக்கு உதவுதல்**
- இலங்கையில் 4.5 மில்லியனுக்கும் அதிகமான சிறுவர்கள் வீடுகளுக்குள் முடக்கப்படும் நிலைமை எழுந்தமையால், நண்டகாலமாக நாம் முன்னெடுத்து வருகின்ற Nestlé Healthy Kids programme என்ற செயற்திட்டத்தின் மின்-கற்றல் வடிவத்தை ஆரம்பிப்பதற்கு நாம் தீர்மானித்தோம். கல்வி அமைச்சின் இணையத்தளத்தில் இடம்பெற்றுள்ள இது, இலங்கையின் முதன்முதல் உத்தியோகபூர்வ ‘ஊட்டச்சத்து மற்றும் ஆரோக்கியம்’ தொடர்பான மின் கற்றல் செயற்திட்டமாகும். ஊட்டச்சத்து, ஆரோக்கியம், உணவுப் பாதுகாப்பு, சுகாதாரம் மற்றும் உடற்பயிற்சி மிக்க வாழ்க்கை முறை பற்றி கற்றுக்கொள்ள இச்செயற்திட்டமானது சிறுவர்களுக்கு உதவியுள்ளது.
- **ஜீவனோபாயத்திற்கு உதவுதல்** - தொற்றுநோய் பரவல் காரணமாக ஜீவனோபாயத்திற்கு நிர்க்கதிக்கு ஆளாகியுள்ள முன்கள பணியாளர்கள் மற்றும் பாதிக்கப்படக்கூடிய குடும்பங்களுக்கு உதவ ரூபா 70 மில்லியனுக்கும் அதிகமான நன்கொடை வழங்கியுள்ளோம். தொற்றுநோயின் உச்ச நிலைமையில் தங்கள் வழக்கமான மார்க்கங்களுக்கு விற்பனை செய்ய முடியாத அனைத்து பார்பண்ணையாளர்களிடமிருந்தும் பாலை நாங்கள் ஏற்றுக்கொண்டோம். நிச்சயமற்ற காலகட்டங்களில் அவர்களின் ஜீவனோபாயத்தை பாதுகாக்க இது உதவியுள்ளது. டிஜிட்டல் தளங்களில் 10,000 இளைஞர்,யுவதிகளை எட்டுவதற்காக எங்கள் Nestlé Needs YOUth நிகழ்ச்சித்திட்டத்தையும் நாங்கள் தேவைக்கேற்ப மாற்றியமைத்து, அவர்கள் கூடுதல் வேலைவாய்ப்பைப் பெற்று, புதிய மெய்நிகர் பணியிடத்தில் வெற்றி பெறத் தேவையான திறன்களைக் கற்றுக்கொள்ள உதவி வருகின்றோம்.
- **கழிவு இல்லாத எதிர்காலத்தைத் தோற்றுவித்தல்** - 2025 ஆம் ஆண்டளவில் எங்கள் பொதியிடல் சார்ந்த பொருட்களை 100மு மீள்கழற்சி செய்யக்கூடியதாக மாற்றும் எங்கள் உறுதிப்பாட்டை நோக்கி செயல்படுவதில், எடையின் அடிப்படையில் எங்கள் பொதியிடல் பொருட்களில் 80மு க்கும் அதிகமானவை ஏற்கனவே மீள்கழற்சி செய்யக்கூடியதாக உள்ளன என்பதை நான் மகிழ்ச்சியுடன் கூறிக்கொள்ள விரும்புகின்றேன். எங்கள் விளம்பரப் பொருட்களில் பிளாஸ்டிக் பொருட்களின் பயன்பாட்டை நாங்கள் முற்றிலுமாக நிறுத்தி, ஆண்டுக்கு 250 மெட்ரிக் தொன் பிளாஸ்டிக்கை அப்புறப்படுத்தியுள்ளோம். கழிவுகளை முகாமைத்துவம் செய்வதற்கும், பாடசாலைகளில் பொறுப்புணர்வுமிக்க வழியில் கழிவுகளை அகற்றுதல் குறித்த விழிப்புணர்வை ஏற்படுத்துவதற்கும் மத்திய சுற்றுச்சூழல் அதிகார சபை மற்றும் கல்வி அமைச்சு ஆகியவற்றுடன் இணைந்து எங்கள் முதன்முதல் கழிவு சேகரிப்பு திட்டத்தை ஆரம்பித்தோம். 2022 ஆம் ஆண்டின் இறுதிக்குள் 250 பாடசாலைகளில் சுமார் 400,000 மாணவர்களை எட்டும் இலக்குடன் செயற்பட்டு வருகின்றோம்.

தொற்றுநோய் நிலைமைக்கு மத்தியில் இந்த முயற்சிகளை திட்டமிடுவதும், செயல்படுத்துவதும் எளிதானது அல்ல, ஆனால் அது பலனளிப்பதாக உள்ளதுடன், மிகுந்த ஊக்கமளிக்கிறது. இலங்கை வர்த்தக சம்மேளனத்திடமிருந்து 2020 ஆம் ஆண்டில் சமூக உறவுகளுக்கான சிறந்த வர்த்தக நிறுவன பேண்தகைமை

விருதை வென்றதன் மூலமும், இலங்கையின் மிகச் சிறந்த 10 வர்த்தக நிறுவனங்களில் ஒன்றாக அங்கீகரிக்கப்பட்டதன் மூலமும் நன்மைக்கான சக்தியாக அங்கீகரிக்கப்பட்டதில் நாம் பெருமை அடைந்துள்ளோம்.

தொடர்ச்சியான அர்ப்பணிப்பு மற்றும் ஈடுபாட்டிற்காக எங்கள் ஊழியர்கள் அனைவருக்கும் நான் நன்றி கூற விரும்புகிறேன். எங்கள் தொழிற்சாலையை இயங்க வைப்பதற்கும், எங்கள் பார ஊர்திகள் தெருத்தெருவாகச் சென்று, எமது தயாரிப்புகள் விற்பனை மையங்களில் போதுமான அளவில் கையிருப்பில் இருப்பதற்கும் தமது வழக்கமான கடமைக்கும் அப்பாற்சென்று அவர்கள் தமது கடைமையுணர்வை மிகச் சிறப்பாக வெளிப்படுத்தியுள்ளனர். நாங்கள் ஒன்றுபட்ட உழைப்பின் மூலமாக வலுவான பெறுபேற்றை வெளிப்படுத்தி, சுறுசுறுப்பு, ஒன்றுபட்ட உழைப்பு மற்றும் விரைவாக தீர்மானம் எடுக்கும் ஆற்றலை நிரூபித்துள்ளோம். எங்கள் வணிகத்தை ஆதரித்த மற்றும் எங்களுக்கு விசுவாசமாக இருந்த எங்கள் நுகர்வோர் மற்றும் வணிக கூட்டாளர்களுக்கும், தொடர்ச்சியான ஆதரவு, நம்பிக்கை மற்றும் விசுவாசத்தைக் காண்பித்து வருகின்ற பங்குதாரர்களாகிய உங்களுக்கும் எனது நன்றியைத் தெரிவித்துக் கொள்ள விரும்புகிறேன்.

2021 ஆம் ஆண்டிலும் சவாலான காலகட்டங்கள் தொடரும் என்று நாங்கள் எதிர்பார்க்கிறோம். எவ்வாறாயினும், நாங்கள் எங்கள் நுகர்வோர், சமூகங்கள் மற்றும் மக்களின் தேவைகளுக்கு ஏற்றவாறு நெகிழ்வுப்போக்குடன் மீண்டெழுகின்ற திறன் கொண்டவர்கள் மற்றும் புத்தாக்குனர்கள் என்பதை நிரூபித்துள்ளோம். புத்தாக்கங்களை விரைவுபடுத்துவதன் மூலமும், புதிய தளங்களையும் தொழில்நுட்பங்களையும் தழுவி, எங்கள் நுகர்வோரை மகிழ்விக்க பொருத்தமான தயாரிப்புகள் மற்றும் சேவைகளை வழங்குவதன் மூலமும் எதிர்காலத்திற்கான ஆயத்தங்களை நாங்கள் செய்கிறோம். காலநிலை மாற்றத்தை சமாளிக்க எங்கள் நடவடிக்கைகளை துரிதப்படுத்தி, பேண்தகைமையில் நாங்கள் தலைமைப் பங்கினை ஏற்றுள்ளோம். இந்த விடயத்தில் பல முன்னேற்றங்களுடன் 2021 ஒரு உற்சாகமான ஆண்டாக அமையும்.

சமுதாயத்திற்கு உண்மையான பங்களிப்பை வழங்குவதோடு, நன்மைக்கான சக்தியாக செயல்படும் அதே வேளையில், நாம் தொடர்ந்தும் விற்பனை மற்றும் இலாப வளர்ச்சியை வெளிப்படுத்த முடியும் என்று நான் திடமாக நம்புகிறேன்.

ஃபேப்ரிஸ் காவலின்
முகாமைத்துவப் பணிப்பாளர்

நெஸ்லே லங்கா பீஎல்சீ

18 பெப்ரவரி 2021

Board of Directors

Our long-term value creation model is based on the balanced pursuit of resource-efficient top-line and bottom-line growth, and improved capital efficiency.

We create value by:

- Increasing growth through innovation and differentiation, and offering relevant products and solutions to our consumers.
- Improving operational efficiency, with the goal to increase our underlying trading operating profit margin
- Allocating our resources and capital with discipline and clear priorities.



Suresh Narayanan
Chairman



Fabrice Cavallin
Managing Director



Gurcharan Grover
Director, Finance & Control



David Steven McDaniel
Non-Executive Director



Shobinder Duggal
Non-Executive Director



Ranjan Seevaratnam
Independent Non-Executive Director



Mahen Dayananda
Independent Non-Executive Director



Dian Gomes
Independent Non-Executive Director



Keerthi Pathiraja
Company Secretary

Board of Directors' Profiles

Suresh Narayanan

is the Head of Nestlé in South Asia, which includes India, Sri Lanka, Bangladesh, Nepal, Bhutan and Maldives. He was appointed as a Non- Executive Director and Chairman to the Board of Nestlé Lanka PLC on 16 October 2015.

Suresh joined Nestlé in 1999 as Executive Vice President–Sales in India. He moved to Nestlé Indochina (which includes Thailand, Cambodia, Myanmar, Laos and Vietnam) in 2003 as Executive Director for Sales, Marketing and Food-Services for the region. Two years later, he returned to Nestlé India as Head of Sales. In 2008, he was appointed Managing Director of Nestlé, Singapore. He was awarded the Medal of Commendation by the Government of Singapore, for sustaining growth amidst economic downturn in the country. In 2010 he was appointed Head of NEAR (Northeast Africa Region) for Nestlé. His last post before moving to his current role in the South Asian Region was Chairman and CEO of Nestlé Philippines. He holds a Master’s Degree in Economics from the Delhi School of Economics and a Diploma from the IMD Executive Development programme in Switzerland. He has also participated in Nestlé’s Leadership Programme at the London Business School. Suresh has over 30 years of experience in the FMCG industry. In addition to Nestlé, his vast career includes a number of senior management positions in Unilever and Colgate Palmolive.

Fabrice Cavallin

is the Managing Director of Nestlé Lanka PLC, effective 1 January 2019. He is responsible for the management of Nestlé’s operations both in Sri Lanka and Maldives. Fabrice started his career with Nestlé in Switzerland in 1995 as an International Auditor.

His international career with Nestlé includes several successful General Management roles for Nestlé’s bottled water and nutrition businesses across the USA, Argentina, Mexico, Germany, Spain and India. Prior to joining Nestlé Lanka, Fabrice was the Regional Business Head for Nestlé’s Infant Nutrition business in South Asia. He was able to deliver outstanding results for the nutrition business in the South Asia Region, achieving strong growth in a highly competitive environment.

Over his 25 years in the company, Fabrice has earned a reputation for energy, pragmatism, and a determination to win; setting new standards and creating opportunities to succeed in difficult market environments across varying geographies. He holds a Master’s Degree in Economics from the renowned University of St. Gallen in Switzerland.

Gurcharan Grover

is the Director - Finance & Control of Nestlé Lanka PLC, effective 1 January 2018. He is a gold medalist Chartered Accountant and also a Cost Accountant, with a rich and varied experience in the field of Auditing, Costing, Accounting & Reporting, Controlling, and Business Partnering across India, Africa (Ghana) and Switzerland.

Gurcharan’s career at Nestlé spans over 24 years. He joined Nestlé India in 1996 and was involved in a number of assignments in Finance & Control before moving to Ghana as Factory Controller in 2006. In early 2009, he moved to Nestlé’s headquarters in Switzerland as Market Reporting Controller for the Nestlé group. He went on to become a Reporting Specialist. He returned to Nestlé India in 2012 as Head of Accounting and Reporting for the South Asian Region. He took over as Sales Controller for Nestlé India in 2014 before joining Nestlé Lanka in 2018.

At Nestlé Lanka, Gurcharan provides overall leadership to the Finance & Control and Information Technology functions, and supports cross-functional teams to deliver business results for the company.

David Steven McDaniel

is the Director - Finance & Control and Chief Financial Officer of Nestlé India Limited. He was appointed as a Non-Executive Director of Nestlé Lanka PLC effective 1 March 2020. He succeeds Shobinder Duggal, who has taken up retirement after 33 years with the Nestlé Group.

David is a Chartered Management Accountant. He has over 23 years of rich experience in the Finance & Control division, and has held senior management positions in various countries during his career with the Nestlé Group.

Prior to taking on his current position, David was the Chief Financial Officer of Nestlé UK & Ireland for four years. He has held a number of roles in Asia, including Division Director - Finance & Control for Nestlé Korea, Head of Finance & Control in Nestlé Indochina, and a number of other positions in Nestlé China. David was also Head of Financial Services for the Nestlé Global Business Services Organization at the company's global headquarters in Switzerland.

Shobinder Duggal

was a Non-Executive Director of Nestlé Lanka PLC from 1 January 2014. He was also Director – Finance & Control and Chief Financial Officer of Nestlé India Limited, responsible for the financial management of Nestlé’s business operations in South Asia, as well as Chairman of the Risk Management Committee and member of the Stakeholders Relationship Committee of Nestlé India Limited.

He held positions of increasingly broader importance in Finance & Control across geographies and functional streams. After diverse experience and exposure, Shobinder handled various responsibilities for Nestlé India, including Vice President – Corporate Control and Head of Internal Audit, in addition to undertaking important assignments at the Nestlé Group Headquarters in Switzerland. He is an Economics (Hons.) Graduate from St. Stephens College, Delhi University, as well as a Chartered Accountant, and has received his Executive Education from the prestigious IMD Business School in Switzerland. Shobinder Duggal took a well-deserved retirement effective 29 February 2020, after a successful career spanning over 33 years with the Nestlé group.

Ranjan Seevaratnam

is an Independent Non- Executive Director since 2007, and the Chairman of the Audit Committee and Related Party Transactions Review Committee.

He is well versed and proficient in fiscal matters and has enjoyed a long, distinguished tenure as a former Partner of KPMG. He is a fellow member of the Institute of Chartered Accountants of Sri Lanka and the Institute of Chartered Accountants in England and Wales. He currently serves as a Non-Executive Director on the Boards of prominent local companies across a range of industries; including agriculture, tea, consumer goods, construction, engineering, rubber, transportation and active carbon.

Mahen Dayananda

is an Independent Non- Executive Director since 2007, and Chairman of the Remuneration Committee.

An expert on economic issues, Mahen is a former Chairman of the Sri Lanka Business Development Centre, Ceylon Chamber of Commerce, Monetary Policy Consultative Committee of the Central Bank of Sri Lanka, and Colombo Tea Traders’ Association. He also chairs several organisations such as Total Tea Concepts (Pvt) Ltd and Indo Asia Teas (Pvt) Ltd. Mahen is currently a Non-Executive Director of Pegasus Hotels of Ceylon PLC and Bukit Darah PLC, and was the Resident Representative in Sri Lanka of Gover Horowitz & Blunt Ltd (UK). He was also the Honorary Consul for the Republic of Benin in Sri Lanka, and the immediate Past President of the Sri Lanka – Japan Business Council.

Dian Gomes

is an Independent Non-Executive Director with effect from 17 March 2017. He commenced his career at KPMG in 1977 and was the General Manager of the May Corporation in Sri Lanka prior to embarking on his over 25-year career in the apparel industry.

He is a Fellow Member of the Chartered Institute of Management Accountants (UK), the Association of Chartered Certified Accountants (UK) and Certified Practicing Accountants (Australia). He received his Executive Education at Wharton, Ashbridge and Harvard Business Schools and was the President of the Chartered Institute of Management Accountants (UK), Sri Lanka Division, in 2001/2002. He is also the Honorary Consul of Georgia in Sri Lanka.

Dian currently serves as the Chairman and Director of Urban Built (Pvt) Ltd, Gandhara Crafts and Artifacts (Pvt) Ltd, Villa Republic (Pvt) Ltd, Westgate Apparel (Pvt) Ltd, and Westgate International (Pvt) Ltd. He is the former Chairman of Hela Clothing (Pvt) Ltd., former Managing Director/CEO of MAS Intimates (Pvt) Ltd, and Group Director of MAS Holdings Ltd.

His versatile interests saw him take over as President of the Boxing Association of Sri Lanka from 2004- 2009 and 2017 - 2020. He is also part of the Executive Committee of the International Boxing Association (AIBA).

Dian is a member of the Public Services Commission of Sri Lanka. He was also conferred the national title of “Sri Lanka Sikhamani” by the President of Sri Lanka in August 2019.

Management Team



Fabrice Cavallin
Managing Director



Gurcharan Grover
Finance & Control



Thomas Mueller
Technical



Jagath Wedage
Sales



Panchadcharam Sathiyenthra
Supply Chain



Enoca Sirimanne
Human Resources



Bandula Egodage
Corporate & Regulatory Affairs



Radhini de Costa
Communications



Vivek Upadhyaya
Customer & Consumer Insights



Keerthi Pathiraja
Legal

We come together as a diverse team to challenge the status quo and cultivate new ideas that push boundaries. No other food and beverage company has the global resources and local know-how to make positive impact at the scale and pace of Nestlé. We aim to continuously improve, taking on commitments that ensure that we enhance quality of life for everyone.

Consumer expectations, competition, trade landscapes and society are all evolving at an unprecedented pace. Our company must respond to deliver good food in ever more relevant, accessible and sustainable ways. Every choice we make reflects our commitment to deliver *Good food, Good life*. 'Good' is about holding ourselves to high standards and always striving to be better.



Makshoodh Meerasaibu
Food, Coffee



Ruwan Welikala
Dairy



Mohamed Ali
Milo



Tharinda Jayasundera
Nestlé Nutrition



Roshan Perera
Nestlé Professional

A scientist wearing a white lab coat, a grey hairnet, safety glasses, and a blue surgical mask is operating a piece of laboratory equipment. The equipment has a digital display and several blue tubes connected to it. The background shows a factory setting with shelves and equipment.

Good for my family

Upholding the highest quality and food safety standards

Quality and safety for our consumers and our employees have always been our top priority, and this has never been more important than in the new reality we find ourselves in today. This applies to our entire portfolio, from foods and beverages to all our systems and services. We conduct no less than 900,000 quality checks a year from farm to table and implement stringent best-in-class food safety and hygiene practices in our facility, for our safety and yours.



Good for my family

Nestlé Healthy Kids e-learning Programme

With close to 4.5 million Sri Lankan school children at home due to COVID-19, we launched Sri Lanka's first official 'Nutrition and Wellness' (Poshanayai Suwadiwiyai) e-learning programme with the Ministry of Education. It is an e-learning version of our long-running Nestlé Healthy Kids programme, and aims to help parents teach their kids about nutrition, health, food safety and hygiene during this time. Those scoring above 60% receive an official certificate from the Ministry of Education.



Good for my family

Nestlé Family Club

We launched the Nestlé Family Club www.nestlefamilyclub.lk, our first corporate loyalty programme, to help Sri Lankans live healthier and support their physical and mental wellbeing in these unprecedented times. In addition to offering advice on nutrition, diet and staying fit, it also provides tips and support to help take care of the family.

Corporate Governance

Nestlé Lanka complies with highest standards of best practices of Corporate Governance. The Board has adopted the Nestlé Corporate Business Principles, which guide the conduct of Nestlé employees in their dealings with customers, suppliers and other stakeholders. It is one of the key objectives of the Company to maintain high standards of integrity in its business.

Members of the Board

The Board of Directors of Nestlé Lanka PLC comprises seven Directors of whom two are Executive Directors, three are Independent Non-Executive Directors and two are Non- Executive Directors, including the Chairman of the Board. The Managing Director of the Company also acts as the Chief executive Officer, and the Board has entrusted the Managing Director to manage all the affairs of the Company. The Board of Directors act on a fully informed basis, in good faith, with due diligence and care and in the best interest of the Company. They are well aware of the Company's activities and give direction for long-term strategy; seeking and contributing views and opinions on strategic options proposed by the senior management of the Company. The Directors also ensure that the Company is fully compliant with the provisions of the Companies Act No. 7 of 2007 and the Listing Rules of the Colombo Stock Exchange (CSE). The Directors' interest / involvement in the affairs of the Company

are explained on pages 41 to 43 and the Corporate Governance Compliance Table is shown on pages 32 to 33.

Board Independence

All Directors make a formal declaration of all their interests on an annual basis. Based on the declarations made annually by each of the Non-Executive Directors, in accordance with the requirements set out in the Listing Rules of the CSE, three out of five Non- Executive Directors, namely Mahen Dayananda, Ranjan Seevaratnam and Dian Gomes are considered independent. Notwithstanding that Mahen Dayananda and Ranjan Seevaratnam have completed more than nine consecutive years as Directors of the Board, The Board considers Mahen Dayananda and Ranjan Seevaratnam as 'Independent' having considered their unbiased approach to the matters of the Board. Further it was noted that they are independent of day to day management and free from any business or other relationships which could materially interfere with the exercise of independent judgement, other than those that are disclosed in this report. The Board considers that the other two out of the five Non-Executive Directors, as Non-Independent.

Company Secretary

The Company Secretary is qualified to act as per the provisions of the Companies Act No. 7 of 2007, and also functions as the Legal Advisor to the Company.

Management Committee

The Management Committee is led by the Managing Director, to which the Board has entrusted certain responsibilities, including the day to day running of the business. Every member of the Management Committee is responsible for operations and the delivery of objectives pertaining to his / her particular division.

Compliance Committee

As part of robust governance protocols and procedures in the market, the Company has established a Compliance Committee. The purpose of the Compliance Committee is to assist the management in fulfilling its responsibilities to oversee the Company's compliance with respect to legal and regulatory requirements and Nestlé's internal standards. The Compliance Committee is comprised of divisional heads such as Finance & Control, Human Resources, Corporate Affairs and, Technical, and is chaired by the Managing Director. The Company Secretary acts as the Secretary of the Committee.

The main objectives of the Compliance Committee are as follows;

- To sustain a 'compliance' culture that enables good business decisions.
- To ensure that the Company is compliant with local legislations, Nestlé Corporate Business Principles, Nestlé Code of Business Conduct, Nestlé Insider Trading Policy and other policies as issued by the Nestlé Group from time to time.
- To ensure independence of processes in addressing any compliance related matter.
- To devise a proper system to ensure compliance with the provisions of all applicable laws and internal controls, and that such systems are operating effectively.
- To perform any other duties as directed by the Board, Audit Committee or Management Committee.

The Committee meets quarterly and the Chairman of the Committee periodically reports to the Board if necessary on the status of compliance.

Auditors

At the thirty ninth Annual General Meeting of Nestlé Lanka PLC, held on 21 July 2020, the shareholders appointed Ernst & Young as the Company's Auditors and authorised the Directors to fix their remuneration. The independent Auditors conducted the annual audit for the year ended 31 December 2020 in order to form an opinion on the financial statements. Their report on the financial statements is given on pages 53 to 55.

Audit, Remuneration and Related Party Transactions Review Committee

The Audit Committee Report on pages 35 and 36, the Remuneration Committee Report on page 37 and Related Party Transactions Review Committee Report on pages 38 to 39 detail the functions and responsibilities of the respective Board Sub-Committees.

Internal Controls

In addition to the statutory requirements for an external audit, Nestlé Lanka PLC complies with best practices as laid down by the Nestlé Group. To ensure such conformity, the Company conducts regular reviews and is also monitored by multi-tiered audits conducted by the Group's international and regional Auditors from time to time, as deemed appropriate.

Internal audits are carried out regularly by the Company's Internal Auditors, who report directly to the Director - Finance & Control whilst also being accountable to the Managing Director and the Audit Committee of the Company.

Risk Management

Nestlé has always recognized its obligation towards the occupational health and safety of its employees, as well as of community members directly or indirectly involved in the Company's operations. Equally important is the Company's obligation to protect Shareholders' interests, by managing risks to minimize potential financial losses. In order to manage these risks, the Company has implemented the following procedures:

- Strict compliance with local laws.
- Clear accountability and active management leadership.
- Behavioural-based safety management.
- Credible market and site safety organisation.
- Appropriate, systematic hazard assessments.
- Technical standards for design, construction, operation and maintenance.
- Emergency and contingency planning to minimise the impact of incidents.
- Security management to protect products and assets.

Employee Relations

One of our greatest assets is our employees. It is critical to our success to attract, retain, develop and motivate the best people with the right capabilities at all levels of our operations. We review our employee policies regularly and are committed to investing in training and development. We also carry out succession planning to ensure that the future needs of the business are considered and provided for. There are clear processes for understanding and responding to employees' needs through Human Resource initiatives, staff surveys and regular communication of business developments.

Shareholders

Nestlé Lanka PLC aims to ensure that Shareholders have access to relevant, up-to-date and consistent financial and non-financial information pertaining to the Company. The Annual Report and quarterly financial statements provide Shareholders as well as prospective investors the required information to assess the Company's performance

Corporate Governance Reporting

Disclosure Regarding the Board of Directors Under the Listing Rules Issued by the Colombo Stock Exchange				
Section	Subject	Applicable Rule	Compliance Status	Details
7.10.1(a) to (c)	Non-Executive Directors	Two or at least one third of the total number of Directors should be Non-Executive Directors	Compliant	Five out of seven Directors are Non-Executive Directors.
7.10.2(a)	Independent Directors	Two or one third of Non-Executive Directors (whichever is higher) should be independent	Compliant	Three of the five Non-Executive Directors are independent.
7.10.2(b)	Independent Directors	Each Non-Executive Director should submit a declaration of independence / non- independence in the prescribed format	Compliant	The three Non-Executive Independent Directors, and two Non-Executive Directors have submitted to the Company declaration in the prescribed format.
7.10.3(a)	Disclosures relating to Directors	Determination of Independent Directors and their names should be disclosed in the Annual Report	Compliant	Please refer page 30 of the Annual Report
7.10.3(b)	Directors do not qualify as independent but are specified by the Board as independent	The qualification not met under Rule 7.10.4 of the CSE Listing Rules and the basis for determining the Director to be independent	Compliant	Please refer page 30 of the Annual Report
7.10.3(c)	Brief résumé of each Director in the Annual Report	A brief resumé of each Director should be included in the Annual Report, including the area of expertise	Compliant	Please refer pages 20 and 21 of the Annual Report

Disclosure Regarding the Remuneration Committee Under the Listing Rules Issued by the Colombo Stock Exchange				
Section	Subject	Applicable Rule	Compliance Status	Details
7.10.5(a)	Composition of the Remuneration Committee	Shall comprise of Non-Executive Directors, a majority of whom shall be independent The Chairman of the Committee shall be a Non-Executive Director	Compliant Compliant	Please refer page 37 of the Annual Report
7.10.5(a)	Remuneration Committee	A listed company may be permitted to have the same Remuneration Committee if the parent company is also listed	Not applicable	The parent company is not listed in Sri Lanka. As such a separate Remuneration Committee has been formed
7.10.5(b)	Disclosure of the Functions of the Remuneration Committee	The Remuneration Committee shall recommend the remuneration payable to the Board and Executive Officers	Compliant	Please refer page 37 of the Annual Report

Disclosure Regarding the Remuneration Committee Under the Listing Rules Issued by the Colombo Stock Exchange				
Section	Subject	Applicable Rule	Compliance Status	Details
7.10.5(c)	Disclosure in the Annual Report	Names of the Directors in the Remuneration Committee A Statement of the Remuneration Policy The aggregate remuneration paid to Executive and Non-Executive Directors	Compliant Compliant	Please refer page 37 of the Annual Report Please refer page 89 the Annual Report

Disclosure Regarding the Audit Committee Under the Listing Rules Issued by the Colombo Stock Exchange				
Section	Subject	Applicable Rule	Compliance Status	Details
7.10.6(a)	Composition of the Audit Committee	Shall comprise Non-Executive Directors, a majority of whom shall be independent The Chairman of the Committee shall be a Non-Executive Director The Chairman or a member should be a member of a professional accounting body	Compliant Compliant Compliant	Please refer page 35 of the Annual Report
7.10.6(a) and (c)	Audit Committee	A listed company may be permitted to have the same Audit Committee if the parent company is also listed	Not applicable	The parent company is not listed in Sri Lanka. As such, a separate Audit Committee has been formed
7.10.6(b)	Functions of the Audit Committee	Should be detailed as per section 7.10.6(b) of the Listing Rules	Compliant	Please refer page 35 of the Annual Report
7.10.6(c)	Disclosure in the Annual Report	Names of the Directors in the Audit Committee The basis of determination of the Auditor's independence A report of the Audit Committee as per section 7.10.6(c) of the Listing Rules	Compliant Compliant Compliant	Please refer page 35 of the Annual Report

Corporate Governance Reporting

Disclosures Regarding the Related Party Transactions Review Committee Under the Listing Rules Issued by the Colombo Stock Exchange				
Section	Subject	Applicable Rule	Compliance Status	Details
9	Related Party Transactions Review Committee	The Company shall have a Related Party Transactions Review Committee	Compliant	Related Party Transactions Review Committee duly appointed as per CSE Listing Rules
9.2.2	Composition of the Related Party Transaction Review Committee	Shall comprise a combination of Non- Executive Directors, Independent Non- Executive Directors and Executive Directors	Compliant	
		The Chairman of Committee should be an Independent Non-Executive Director	Compliant	Please refer page 38 of the Annual Report

Report of the Audit Committee

The Committee, appointed by the Board of Directors, comprises of four members; namely Ranjan Seevaratnam, Mahen Dayananda and Dian Gomes who are Non-Executive Independent Directors, and David Steven McDaniel who is a Non-Executive Director. The Committee is chaired by Ranjan Seevaratnam, who is a fellow member of the Institute of Chartered Accountants of Sri Lanka and the Institute of Chartered Accountants in England and Wales, and a former Partner of KPMG. Dian Gomes and David Steven McDaniel are also qualified Chartered Management Accountants.

In discharging its responsibilities, the Audit Committee has unrestricted access to the Company’s management, books and records. The Committee supports the Board of Directors in its supervision of financial controls through a direct link to Ernst & Young (External Auditors), Nestlé Lanka Internal Auditors and the Nestlé Group Auditors. The Nestlé Group Auditors are a world-class audit department. They provide value-added assistance to top management in Nestlé’s international headquarters and across the markets.

The Company’s Internal Audit team regularly updates the Committee on the progress of internal audits carried out during the relevant period.

The Audit Committee’s main duties include the following:

- Assisting the Board of Directors in reviewing the financial statements, to ensure that the financial reporting process is in compliance with the required standards.
- Reporting to the Board on the quality and acceptability of accounting policies and practices.
- Reviewing the Company’s internal controls, risk management process, and process for monitoring compliance with laws and regulations.
- Assessing the independence and performance of the Company’s external Auditors.
- Making recommendations to the Board pertaining to the appointment, reappointment and removal of external Auditors.
- Approving the remuneration and terms of engagement of the external Auditors.

Page 20 of this Annual Report displays the profiles of the members of the Audit Committee. The members of the Audit Committee have the requisite financial knowledge and business acumen to carry out their roles effectively, and discuss matters that come within their purview independently and professionally.

The Committee met four times during the year under review, as recorded in the table.

Date of the meeting	Attendance Yes (✓) / No (x)					Attendance by invitation Yes (✓) / No (x)	
	Ranjan Seevaratnam	Mahen Dayananda	Dian Gomes	David Steven McDaniel <small>(Appointed w.e.f. 01.03.2020)</small>	Shobinder Duggal <small>(Resigned w.e.f. 29.02.2020)</small>	Managing Director	Director - Finance & Control
28.02.2020	✓	✓	✓	x	✓	✓	✓
09.06.2020	✓	✓	✓	✓	x	✓	✓
11.08.2020	✓	✓	✓	✓	x	✓	✓
10.11.2020	✓	✓	✓	✓	x	✓	✓

Report of the Audit Committee

The Managing Director and Director-Finance & Control of the Company attended Audit Committee Meetings by invitation and the Company Secretary acted as the Secretary to the Committee. Internal and external Auditors were invited to be present where appropriate, at the deliberation of the Committee.

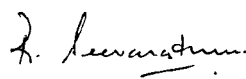
Having evaluated the prevailing processes and systems, the Audit Committee is satisfied that the internal controls of the Company provide reasonable assurance regarding the financial reporting, and that the requirements under the Listing Rules of the Colombo Stock Exchange have been met.

KPMG informed the Company that they would not be available for reappointment as Auditors at the Annual General Meeting 2020. On the recommendations made by the Committee, the Board of Directors proposed to Shareholders to appoint Ernst & Young as Auditors for the statutory audit for the year ending 31 December 2020. At the Virtual Annual General Meeting held on 21 July 2020, the shareholders approved the appointment of Ernst & Young as External Auditors of the Company.

The External Auditors' Letter of Engagement, including the scope of the audit, was reviewed and discussed by the Committee with the External Auditors and management prior to the commencement of the audit. The External Auditors kept the Committee advised on an on-going basis regarding matters of significance that were pending resolution. The Committee is satisfied that the independence of the External Auditors have not been impaired by any event or service that gives rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the Auditors and the level of audit and non-audit fees received by the Auditors from the Company. The Committee also reviewed the arrangements made by the Auditors to maintain their independence and confirmation has been received from the Auditors of their compliance with the

independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka. The Audit Committee has assessed, evaluated and reviewed the effectiveness of the independent performance of the external Auditors Ernst & Young.

Shobinder Duggal resigned from the Audit Committee with effect from 29 February 2020 subsequent to his resignation from the Board of Nestlé Lanka PLC and David Steven McDaniel was appointed as member to the Audit Committee with effect from 01 March 2020.



Ranjan Seevaratnam
Chairman, Audit Committee

NESTLÉ LANKA PLC

18 February 2021

Report of the Remuneration Committee

The Remuneration Committee was appointed by the Board of Directors with the aim of recommending the remuneration payable to the Executive Directors and Chief Executive Officer of the Company. The Committee comprises of three Non-Executive Directors; namely Mahen Dayananda and Ranjan Seevaratnam, who are Independent Non-Executive Directors, and Suresh Narayanan, who is a Non-Executive Director. Mahen Dayananda is the Chairman of the Committee.

The Committee was established and assigned with the task of evaluating and assessing the remuneration payable to the Executive Directors and Chief Executive Officer of the Company. The Remuneration Policy of the Company is to be consistent and aligned with market reality to attract and retain qualified and competent personnel. The Committee evaluated the Executive Directors' remuneration and recommended the remuneration payable.

The Committee is assisted by the Director-Finance & Control and Vice President-Human Resources in providing relevant information. The remuneration packages are linked to individual performances and are aligned with the Company's remuneration policy. The Committee makes every attempt to maintain the policy whilst attracting and retaining talent.

The members of the Committee meet as and when necessary. During the year under review, the Committee met on 11 November 2020 with all members being present. The Managing Director of the Company, together with the Director-Finance & Control, attended the said meeting by invitation. The Company Secretary attended this meeting in the capacity of Secretary to the Committee.



Mahen Dayananda
Chairman, Remuneration Committee

NESTLÉ LANKA PLC

18 February 2021

Report of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee, appointed by the Board of Directors, comprises three members; namely Ranjan Seevaratnam and Mahen Dayananda, who are Non-Executive Independent Directors, and Gurcharan Grover, Director-Finance & Control of the Company. The Committee is chaired by Ranjan Seevaratnam, who is a fellow member of the Institute of Chartered Accountants of Sri Lanka and the Institute of Chartered Accountants in England and Wales, and a former partner of KPMG. In addition, the Managing Director and the Head of Financial Accounting & Reporting attend meetings by invitation and the Company Secretary serves as the Secretary of the Committee.

The objectives of the Committee are to ensure that the interests of Shareholders are taken into account by the Company when entering into Related Party Transactions, and to comply with the provisions of the Listing Rules’ terms pertaining to Related Party Transactions, to prevent Directors, Chief Executive Officers or substantial Shareholders from taking advantage of their positions.

The Committee held four meetings during the financial year. Information on the attendance of these meetings by the members of the Committee is given below:

Date of the meeting	Attendance Yes (✓) / No (✗)			Attendance by invitation Yes (✓) / No (✗)	
	Ranjan Seevaratnam	Mahen Dayananda	Gurcharan Grover	Managing Director	Head of Financial Accounting
28.02.2020	✓	✓	✓	✓	✓
09.06.2020	✓	✓	✓	✓	✓
11.08.2020	✓	✓	✓	✓	✓
10.11.2020	✓	✓	✓	✓	✓

Committee recommendations were communicated by the Chairman of the Committee to the Board of Directors at Board Meetings every quarter.

In every Committee meeting, the Management presented the summary of Related Party Transactions incurred during the period under review, along with the basis of their pricing together with material changes in pricing if any.

The Committee confirmed that all the Recurrent and Non-Recurrent Related Party Transactions, incurred during the year ended 31 December 2020 and estimated transactions for year 2021, were at arm’s length and in

The functions of the Committee, in terms of Section 9 of the Listing Rules of the Colombo Stock Exchange and the Code on Related Party Transactions, issued by the Securities and Exchange Commission of Sri Lanka (Code), are as follows:

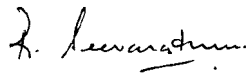
- Review all proposed Related Party Transactions (except for exempted transactions).
- Direct the transactions for Board approval / Shareholder approval as appropriate.
- Obtain updates on previously reviewed Related Party Transactions from senior management, and approve any material changes.
- Establish guidelines for senior management to follow in its ongoing dealings with Related Parties.
- Review and assess, on an annual basis, the transactions for compliance with Committee guidelines.

compliance with rules and regulations. The Committee further confirmed that all the Recurrent Related Party Transactions incurred during the year ended 31 December 2020 and estimated transactions for year 2021 were of a revenue or trading nature, which were necessary for day to day operations of the Company, where terms were not favourable to respective related parties. Accordingly the Committee recommended to the Board to resolve at the meeting held on 18 February 2021, that all the Recurrent Related Party Transactions incurred during the year ended 31 December 2020 and estimated transactions for year 2021, shall not fall within the ambit of Related Party Transactions Rules (Section 9

of the listing rules) as per provisions of Section 9.5(a) of the listing rules, and the Board approved the same at their meeting held on 18 February 2021.

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

Details of Related Party Transactions are disclosed in the Annual Report of the Board of Directors, under note 25 of the financial statements in accordance with the provision of Rule 9.3.2 of the listing rules.



Ranjan Seevaratnam
Chairman, Related Party Transactions Review Committee

NESTLÉ LANKA PLC

18 February 2021

Annual Report of the Directors on the Affairs of the Company

The Directors of Nestlé Lanka PLC take pleasure in presenting to the Shareholders the Annual Report together with the audited financial statements for the year ended 31 December 2020 and the Auditors’ Report thereon.

Board of Directors

Suresh Narayanan, Fabrice Cavallin, Gurcharan Grover, Shobinder Duggal (resigned w.e.f. 29.02.2020) David Steven McDaniel (appointed w.e.f. 01.03.2020), Mahen Dayananda, Ranjan Seevaratnam and Dian Gomes are the Directors of the Company.

Shobinder Duggal resigned from the Board as Non-Executive Director with effect from 29 February 2020 and David Steven McDaniel was appointed as Non-Executive Director to the Board with effect from 01 March 2020, and re-elected by the shareholders in terms of Article 64 of the Articles of Association of the Company at the preceding Annual General Meeting.

In terms of Article 56, 57 and 58 of the Articles of Association of the Company, Dian Gomes will retire by rotation and being eligible, offer himself for re-election. Ranjan Seevaratnam and Mahen Dayananda will retire pursuant to Section 210 of the Companies Act No. 07 of 2007, as they attained the age of 70 years on 24 September 2013 and 19 June 2016 respectively.

Resolutions, in terms of Section 211, to the effect that the age limit of 70 years referred to in Section 210 of the Companies Act shall not be applicable to Ranjan Seevaratnam and Mahen Dayananda for re-election, will be proposed at the forthcoming Annual General Meeting, in order to re-elect Ranjan Seevaratnam and Mahen Dayananda.

Directors' Remuneration is given under Note 25.2 of the financial statement.

Review for the Year

The Chairman’s Message and Managing Director’s Review on pages xx and xx highlight the Company’s affairs and the performance of the period under review.

Results and Dividends

The profit achieved by the Company on a Revenue of Rs. 37.9 billion, after provisioning for all known liabilities and depreciation on Property, Plant and Equipment, but before taxation, amounts to Rs 4.3 billion. After deducting a sum of Rs. 1.3 billion as income tax, the net profit was Rs 2.9 billion.

The Statement of Profit or Loss and Other Comprehensive Income for the year is given on page 56.

The Directors of Nestlé Lanka PLC declared an interim dividend of Rs. 35.00 per share which will be paid to the Shareholders of the Company on 04 March 2021 via bank transfers and on 23 March 2021 via cheques. The Directors also were pleased to recommend a final dividend of Rs. 20.00 per share, payable on 15 June 2021 via bank transfer and 02 July 20201 via cheques, subject to the approval of the Shareholders at the upcoming Annual General Meeting scheduled to be held on 10 June 2021.

Stated Capital

The stated capital of the Company as at 31 December 2020 amounts to Rs. 537,254,630.

Activity

Nestlé prides itself on local manufacturing, using mainly local ingredients at its state-of-the-art factory in Kurunegala. Its portfolio comprises some of the country’s best loved brands, from global icons like *Milo* and *Maggi* to local favourites like *Nestomalt*, all which benefit from Nestlé’s R&D network, global expertise in nutrition, and stringent quality control procedures.

The company continued to support the local community in 2020 by paying out Rs. 2.4 billion to 14,000 local dairy farmers for fresh milk and Rs. 4.5 billion to the local coconut industry for purchase of fresh coconuts. With close to 4.5 million Sri Lankan school children at home, the company launched an e-learning version of its long-running Nestlé Healthy Kids programme, hosted on the Ministry of Education’s website. It is Sri Lanka’s first official ‘Nutrition and Wellness’ (Poshanayai Suwadiyiyai) e-learning programme. 14,500 people were also given free health checks and nutritional counselling through its Choose Wellness, Choose Nestlé programmes. To help address the deficiencies of certain nutrients in local diets, Nestlé delivered 923 million servings of micronutrient enriched food and beverages in 2020. Nestlé also continued to help young people learn the skills they need to be successful in the workplace through its Nestlé Needs YOUth programme, reaching over 16,000 young people.

The company also launched the Nestlé Family Club www.nestlefamilyclub.lk, its first corporate loyalty programme, to help Sri Lankans live healthier and support their physical and mental wellbeing in these unprecedented times. Two innovation challenges were also launched

with Hatch, Sri Lanka’s largest incubator for start-ups, and with four universities – University of Kelaniya, University of Sri Jayewardenepura, University of Colombo and University of Moratuwa – calling for open innovation ideas from students, start-ups and entrepreneurs for green initiatives and products made with local ingredients, which meet local nutritional needs. The aim of these projects is to refresh the company’s local insight and innovation process, and encourage innovative thinking.

The company also made more than 80% of its packaging by weight recyclable, and has completely stopped the use of plastic items in its promotions, eliminating about 250 MT of plastic a year. It launched its first ever waste collection programme with the Central Environmental Authority and Ministry of Education, to manage waste and create awareness about responsible disposal in schools, reaching 50,000 students. Between 2010 and 2020, the company has reduced its energy use by 16%, water use by 11%, and greenhouse gas emissions by 8%.

Last but not least, it continued to be recognized as a force for good with a number of awards and recognitions, mentioned on page 9.

Directors’ Interest

a) In Contracts

Details of Directors’ interest in contracts of the Company as at 31 December 2020 are disclosed below. The Directors do not have direct or indirect interest or proposed contracts other than those disclosed hereunder.

The Directors have disclosed all material interests in contracts (if any) involving the Company and have refrained from participating when decisions were taken.

Suresh Narayanan	-	Transactions with affiliates or related parties. Disclosed in notes 16, 24 and 25 to the financial statements.
Fabrice Cavallin	-	Transactions with affiliates or related parties. Disclosed in notes 16, 24 and 25 to the financial statements.
Gurcharan Grover	-	Transactions with affiliates or related parties. Disclosed in notes 16, 24 and 25 to the financial statements.
David Steven McDaniel (appointed w.e.f. 01.03.2020)	-	Appointed with effect from 01 March 2020. Transactions with affiliates or related parties Disclosed in notes 16, 24 and 25 to the financial statements.
Shobinder Duggal (resigned w.e.f. 29.02.2020)	-	Transactions with affiliates or related parties. Disclosed in notes 16, 24 and 25 to the financial statements.

Mahen Dayananda - No transaction with affiliates

Directorships and dealings with other Companies:

Company	Position	Transactions (procurement) during the year 2020 (Rs.’000s)	Balance (due to) / from as at 31.12.2020 (Rs.’000s)
Total Tea Concepts (Private) Ltd	Chairman	No	Nil
Indo Asia Teas (Pvt) Ltd	Chairman	No	Nil
Pegasus Hotels of Ceylon PLC	Director	No	Nil
Bukit Darah PLC	Director	No	Nil
Sri Lanka – Japan Business Council (retired w.e.f. 30.09.2020)	President	No	Nil

Annual Report of the Directors on the Affairs of the Company

Ranjan Seevaratnam - No transaction with affiliates

Directorships and dealings with other Companies

Company	Position	Transaction (procurement) During the year 2020 (Rs.'000s)	Balance (due to) / from as at 31.12.2020 (Rs.'000s)
Acme Printing & Packaging	Non-Executive Director	No	Nil
Diesel & Motor Engineering PLC (retired w.e.f. 30.06.2020)	Non-Executive Director	22,831	9,815
Lanka Aluminium Industries PLC	Non-Executive Director	No	Nil
Tokyo Cement Lanka PLC	Non-Executive Director	No	Nil
The Colombo Fort Land & Investments PLC	Non-Executive Director	No	Nil
The Colombo Fort Land & Building Co. PLC	Non-Executive Director	No	Nil
Metecno Lanka (Pvt) Ltd	Non-Executive Director	835	835
Distilleries Company of Sri Lanka PLC	Non-Executive Director	No	Nil
Lankem Ceylon PLC	Non-Executive Director	No	Nil
EB Creasy & Company PLC	Non-Executive Director	No	Nil
Melstacorp PLC	Non-Executive Director	No	Nil
Omega Line (Pvt) Ltd	Non-Executive Director	No	Nil
Benji Ltd	Non-Executive Director	No	Nil
Sirio Ltd.	Non-Executive Director	No	Nil
Alpha Apparels PLC	Non-Executive Director	No	Nil

Dian Gomes - No transaction with affiliates

Directorships and dealings with other Companies

Company	Position	Transaction (procurement) during the year 2020 (Rs.'000s)	Balance (due to) / from as at 31.12.2020 (Rs.'000s)
Urban Built (Pvt) Ltd	Director/Chairman	No	Nil
Gandhara Crafts & Artifacts (Pvt) Ltd	Director/Chairman	No	Nil
Villa Republic (Pvt) Ltd	Director/Chairman	No	Nil
Westgate International (Pvt) Ltd	Director/Chairman	No	Nil
Westgate Apparel (Pvt) Ltd (retired w.e.f. 11.03.2020)	Director/Chairman	No	Nil
Gandhara Investments (Pvt) Ltd (retired w.e.f. 11.03.2020)	Director/Chairman	No	Nil

b) In Shares of the Company

	Director	Shareholding	
		01.01.2020	31.12.2020
Executive	Fabrice Cavallin	Nil	Nil
	Gurcharan Grover	Nil	Nil
Non-Executive	Suresh Narayanan	Nil	Nil
	Shobinder Duggal (retired with effect from 28.02.2020)	Nil	Nil
	David McDaniel (appointed with effect from 01.03.2020)	Nil	Nil
Independent Non-Executive	Mahen Dayananda	1,000	1,000
	Ranjan Seevaratnam	Nil	Nil
	Dian Gomes	Nil	Nil

Board Meetings Attendance

	28.02.2020	09.06.2020	11.08.2020	10.11.2020
Suresh Narayanan -Chairman	-	✓	✓	✓
Fabrice Cavallin- Managing Director	✓	✓	✓	✓
Gurcharan Grover - Director, Finance & Control	✓	✓	✓	✓
Shobinder Duggal - Director (resigned w.e.f. 29.02.2020)	✓	-	-	-
David Steven McDaniel (appointed w.e.f. 01.03.2020)	-	✓	✓	✓
Mahen Dayananda- Director	✓	✓	✓	✓
Ranjan Seevaratnam- Director	✓	✓	✓	✓
Dian Gomes- Director	✓	✓	✓	✓

Corporate Governance

The corporate governance practices of the Company are set out in detail on page 30.

The Auditors’ fees are disclosed in note 7 to the financial statements on page 69. As far as the Directors are aware, Ernst & Young does not have any relationship / interest (other than that of an Auditor) with the Company other than those disclosed in note 7 to the financial statements on page 69. The Auditors also do not have any interest the Company.

Property, Plant and Equipment

Details of property, plant and equipment, additions made during the year and depreciation thereof for the year are shown in note 12 to the financial statements on page 71.

The Company prepared its annual financial statements according to Sri Lanka Accounting Standards (SLFRS / LKAS). All relevant applicable standards have been followed in presenting the financial statements for the financial year ended 31 December 2020.

Auditors

KPMG, Chartered Accountants, have been the Company’s Auditors in the past, and informed the Company that they would not be available for reappointment. The Shareholders of the Company appointed Ernst & Young who had been recommended by the Board and the Audit Committee as Auditors of the Company at the Virtual Annual General Meeting held on 21 July 2020 for the statutory audit of the year ended 31 December 2020.

The Auditors’ fees are disclosed in note 7 to the financial statements on page 69. As far as the Directors are aware, Ernst & Young does not have any relationship / interest (other than that of an Auditor) with the Company other than those disclosed in note 7 to the financial statements on page 69. The Auditors also do not have any interest the Company.

Annual Report of the Directors on the Affairs of the Company

Disclosures on Related Party Transactions

Non-Recurrent Related Party Transactions

There were no Non-Recurrent Related Party Transactions for which aggregate value exceeded 10% of the equity or 5% of the total assets (whichever is lower) of the Company as per the audited financial statements for the year ended 31 December 2020, which requires additional disclosures in the Annual Report under Colombo Stock Exchange listing Rule 9.3.2.

Recurrent Related Party Transactions

Recurrent Related Party Transactions are shown in note 25 on page 86.

The Management in every meeting of the Related Party Transactions Reviews Committee (RPTRC), presented the summary of Related Party Transactions incurred during the period under review along with the basis of their pricing.

Based on the recommendations of the RPTRC, the Board of Directors confirmed at their meetings held on 18 February 2021, that all the Recurrent and Non-Recurrent Related Party Transactions incurred during the year ended 31 December 2020 and estimated transactions for the year 2021 were at arm's length and in compliance with the rules and regulations.

Based on the recommendation of the RPTRC, the Board resolved at the meeting held on 18 February 2021 that all the Recurrent Related Party Transactions incurred during the year, ended 31 December 2020 and estimated transactions for the year 2021, were of a revenue or trading nature and were necessary for day to day operations of the Company, and terms were not favourable to the respective related parties. Accordingly, the Board had resolved at the same meeting held on 18 February 2021 that all the Recurrent Related Party Transactions incurred during the year ended 31 December 2020, and estimated transactions for the year 2021 shall not fall within the ambit of Related Party Transactions Rules (Section 9 of the Listing Rules) as per provisions of Section 9.5(a) of the Listing Rules.

Material Issues

There were no material issues pertaining to employees and industrial relations.

Risk Factors

The Directors of the Company have reviewed the risk management structure of the Company and confirmed that there are no material risk factors foreseeable.

Conclusion

The Directors of Nestlé Lanka PLC wish to convey their gratitude and appreciation to the Management and staff of the Company for their dedicated and untiring cooperation during the year under review.

NESTLÉ LANKA PLC



Fabrice Cavallin
Managing Director



Gurcharan Grover
Director-Finance & Control



Keerthi Pathiraja
Company Secretary

18 February 2021

Directors' Responsibility for Financial Reporting

The Company's financial statements, presented in this report for the financial year ended 31 December 2020, conform to the requirements of the Financial Reporting Standards and the Companies Act No. 7 of 2007. The Directors confirmed that the financial statements presented by them give a true and fair view of the Company's activities as at that date. The financial information is consistent with that in the financial statements.

The Board of Directors has initiated an efficient and concise system of internal control. It also includes internal checks and internal audits, along with financial and other controls required to carry on the business smoothly, whilst safeguarding its assets in a secure, practical, accurate and reliable manner.

The Company's Auditors, M/s Ernst & Young, reviewed and carry out random checks on the internal controls wherever considered necessary, towards endorsing their opinion on the financial statements.

The Management's responsibilities on financial reporting is overseen by the Board of Directors/Audit Committee through regular review meetings and approving of financial information contained in the Annual Report, along with the preparation and presentation of the financial statements.

M/s Ernst & Young are the Auditors appointed by the Shareholders. They have audited the financial statements submitted by the Board of Directors and have expressed their opinion which is published under the Independent Auditor's Report on pages 53 to 55.

By Order of the Board.



Keerthi Pathiraja
Company Secretary

NESTLÉ LANKA PLC

18 February 2021



Good for My Community

Standing by our community

For the last 115 years, we have cared deeply about the welfare of our farmers, suppliers and business partners. Today, we're continuing to stand with them by doing whatever is in our power to help protect their livelihoods in this pandemic:

We continued to buy milk from our 14,000 farmers, to ensure their livelihoods are protected in these uncertain times. We also worked closely with our suppliers to help them adapt their processes to work with minimal staff, in line with necessary safety protocols. To help minimise financial impact for our distributor partners, we helped them set up mobile stores, as well as business models for home delivery and for supply to e-commerce sites.



Good for My Community

Nestlé Coconut Plan

We continued to buy coconuts from 6,600 local farmers, and continued to help train and develop 3,000 farmers and outgrowers via the Nestlé Coconut Plan.



Good for My Community


Nestlé Needs YOUth – Supporting youth employment

In line with our mission to help Sri Lankan youth learn the skills they need to become more employable, we scaled up our reach in 2020 to conduct our programmes virtually and help prepare young graduates to face a new virtual workplace. We're proud that we were able to support more than 16,000 aspiring young people in this manner.

Company Highlights

	2020 Rs. Mn	2019 Rs. Mn
Revenue	37,866	36,355
Profit before Taxation (PBT)	4,264	3,770
Profit after Taxation (PAT)	2,947	2,566
Net Operating Cashflows	6,119	4,485
Capital Expenditure	434	562
Shareholders Funds	5,934	5,510
Key Ratios	2020	2019
PBT as a % of Revenue	11.3%	10.4%
PAT as a % of Revenue	7.8%	7.1%
Effective Tax Rate	30.9%	31.9%
Earnings Per Share (Rs.)	54.85	47.76
Dividend Per Share (Rs.)	55.00	47.50
Dividend Payout Ratio	100%	99%
Net Assets Per Share (Rs.)	110.45	102.55
Return on Capital Employed	56.1%	44.1%
Current Ratio	0.89	0.94
Market Value Per Share (Rs.) - Highest	1,348.90	1,750.00
- Lowest	985.00	1,150.00
- Average	1,046.61	1,464.32
- Last Traded	1,275.00	1,299.80
Number of Personnel	802	798

Independent Auditor’s Report



EY
Building a better
working world

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TO THE SHAREHOLDERS OF NESTLE LANKA PLC

Report on the audit of the Financial Statements
Opinion

We have audited the financial statements of Nestle Lanka PLC (“the Company”), which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2020, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Company 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.

Other matters

The financial statements of the Company for the year ended 31 December 2019, were audited by another auditor who expressed an unmodified opinion on those statements dated 28 February 2020.

Key audit matters

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

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

Partners: W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA W K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G S Manatunga FCA Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA
Principals: G B Goudian ACMA A A J R Perera ACA ACMA T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

Independent Auditor’s Report



Key Audit Matter	How our audit addressed the key audit matter
<p>Measurement of revenue as it relates to Trade Spend</p> <p>As described in Notes 3.1.10 and 5 of the financial statements, revenue from the sale of goods is recognized when control of the goods has transferred to the customer and is measured net of discounts, allowances and promotional rebates (collectively ‘trade spend’).</p> <p>We deemed the measurement of Revenue to be a key audit matter due to the following;</p> <ul style="list-style-type: none">• Materiality and complexity in estimating the amount of trade spend. The level of trade spend is estimated by Management using judgments based on historical experience and the specific terms of the agreements/ arrangements with the customers. These estimates are subject to uncertainty related to future outcomes, including possible changes in buying patterns resulting from COVID-19.• Consideration of Revenue as an important component in the determination of measurable financial objectives linked to achievement of performance targets and management incentive schemes.	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none">• We assessed the appropriateness of the Company’s revenue recognition accounting policy, including the recognition and classification criteria for trade spend;• We gained an understanding of the types of arrangements, processes, and internal controls related to trade spend and tested selected internal controls related to measuring and accounting for trade spend;• Due to the high reliance on information technology in revenue recognition, we tested the integrity of the general IT control environment relating to the most significant IT systems relevant to revenue recognition and tested IT application controls;• For a sample of trade spend arrangements, we reconciled key inputs and assumptions used in the estimates with relevant internal sources of information including contracts with the relevant customers; and• We assessed the adequacy of the disclosures provided in Note 3.1.10 and 5 of the financial statements.

Other information included in the Company’s 2020 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor’s report thereon. The Management is responsible for the other information.

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 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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’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 judgement 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’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 Company’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 Company 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.

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 relevant ethical requirements in accordance with the Code of Ethic 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 2471.

18 February 2021
Colombo

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December	Note	2020 Rs.'000s	2019 Rs.'000s
Revenue	5	37,866,215	36,355,084
Cost of Sales		(25,647,194)	(24,414,015)
Gross Profit		12,219,021	11,941,069
Other Operating Expenses	6	(56,654)	(135,961)
Marketing, Selling and Distribution Expenses		(5,129,361)	(5,223,296)
Administrative Expenses		(2,536,100)	(2,492,941)
Profit from Operating Activities	7	4,496,906	4,088,871
Finance Income		39,170	36,963
Finance Expenses		(272,155)	(355,940)
Net Finance Expenses	8	(232,985)	(318,977)
Profit Before Taxation		4,263,921	3,769,894
Income Tax Expense	9	(1,317,038)	(1,203,911)
Profit for the Year		2,946,883	2,565,983
Other Comprehensive Income - Net of Tax			
Items that will not be reclassified to Profit or Loss			
Actuarial Gain / (Loss)	19.5	(81,007)	(8,568)
Items that will be subsequently reclassified to Profit or Loss			
Gain / (Loss) on Cash Flow Hedges		(4,210)	3,312
		(85,217)	(5,256)
Total Comprehensive Income - Net of Tax		2,861,666	2,560,727
Earnings Per Share (Rs.)			
Basic and Diluted, Profit for the year attributable to Ordinary Shareholders	10	54.85	47.76

"Notes to the Financial Statements", form an integral part of the Financial Statements. Figures in brackets indicate deductions.

Statement of Financial Position

As at 31 December	Note	2020 Rs.'000s	2019 Rs.'000s
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	12	8,396,939	9,012,305
Capital Work-In-Progress	13	523,837	377,235
Other Non-Current Assets	15.2	349,027	366,115
		9,269,803	9,755,655
Current Assets			
Inventories	14	4,947,795	3,486,130
Trade and Other Receivables	15	2,045,837	2,686,713
Amounts Due from Related Parties	16	440,332	434,476
Cash and Cash Equivalents	17	2,507,912	507,585
		9,941,876	7,114,904
Total Assets		19,211,679	16,870,559
EQUITY AND LIABILITIES			
Equity			
Stated Capital	18	537,255	537,255
Retained Earnings and Reserves		5,396,528	4,972,354
		5,933,783	5,509,609
Non-Current Liabilities			
Retirement Benefit Obligations	19	439,120	368,940
Deferred Tax Liabilities	20	1,036,119	997,439
Non-Current Provisions	21	524,089	421,434
Non-Current Financial Liabilities	22.1	84,460	1,984,029
		2,083,788	3,771,842
Current Liabilities			
Trade and Other Payables	23	6,225,296	4,951,225
Amounts Due to Related Parties	24	1,893,087	805,046
Current Tax Payable		935,197	652,508
Dividends Payable		86,772	192,752
Current Financial Liabilities	22.2	2,053,756	987,577
		11,194,108	7,589,108
Total Liabilities		13,277,896	11,360,950
Total Equity and Liabilities		19,211,679	16,870,559

"Notes to the Financial Statements", form an integral part of the Financial Statements. Figures in brackets indicate deductions.

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



Gurcharan Grover
Director - Finance & Control

The Board of Directors is responsible for these financial statements.

Signed for and on behalf of the Board.

NESTLÉ LANKA PLC
Colombo



Fabrice Cavallin
Managing Director
18 February 2021



Ranjan Seevaratnam
Director

Statement of Changes in Equity

	Stated Capital Rs.'000s	Retained Earnings Rs.'000s	Other Equity Reserves * Rs.'000s	Total Rs.'000s
Balance as at 1 January 2019	537,255	5,034,985	62,916	5,635,156
Total Comprehensive Income for the Year				
Profit for the Year	-	2,565,983	-	2,565,983
Other Comprehensive Income	-	-	(5,256)	(5,256)
Transactions with Owners of the Company Recognised Directly in Equity				
Interim Dividend	-	(1,343,137)	-	(1,343,137)
Final Dividend	-	(1,343,137)	-	(1,343,137)
Balance as at 31 December 2019	537,255	4,914,694	57,660	5,509,609
Balance as at 1 January 2020	537,255	4,914,694	57,660	5,509,609
Total Comprehensive Income for the Year				
Profit for the Year	-	2,946,883	-	2,946,883
Other Comprehensive Income	-	-	(85,217)	(85,217)
Transactions with Owners of the Company Recognised Directly in Equity				
Unclaimed Dividend Written Back	-	114,467	-	114,467
Interim Dividend	-	(1,611,764)	-	(1,611,764)
Final Dividend	-	(940,195)	-	(940,195)
Balance as at 31 December 2020	537,255	5,424,085	(27,557)	5,933,783

* Includes Actuarial Gain / (Loss) and Results of Cash Flow Hedges

"Notes to the Financial Statements", form an integral part of the Financial Statements. Figures in brackets indicate deductions.

Statement of Cash Flows

For the Year Ended 31 December	Note	2020 Rs.'000s	2019 Rs.'000s
Cash Flows from Operating Activities			
Profit Before Taxation		4,263,921	3,769,894
Adjustments for:			
Depreciation of Property, Plant and Equipment	12	968,272	1,029,719
Impairment of Property, Plant and Equipment	12	-	12,052
Loss on Sale of Property, Plant and Equipment	6	2,205	35,614
Amortisation of Staff Loan		31,731	30,390
Interest Expense	8	267,297	354,225
Interest Income	8	(39,170)	(36,963)
Movement of Retirement Benefit Obligation (Excluding Actuarial Gain / Loss)	19	(42,330)	(33,660)
Operating Profit Before Working Capital Changes		5,451,926	5,161,271
Working Capital Changes			
Increase in Inventories	14	(1,461,665)	(498,286)
Decrease in Trade and Other Receivables	15	636,894	645,799
Decrease / (Increase) in Amount due from Related Parties	16	(5,856)	419,658
Increase in Trade and Other Payables	23	1,270,820	363,117
Increase / (Decrease) in Amount due to Related Parties	24	1,086,329	(504,906)
Cash Generated from Operations		6,978,448	5,586,653
Income Tax Paid		(859,873)	(1,101,884)
Net Cash Flows Generated from Operating Activities		6,118,575	4,484,769
Cash Flows from Investing Activities			
Investment in Property, Plant and Equipment	12 & 13	(434,371)	(561,931)
Proceeds from Sale of Property, Plant and Equipment		840	11,049
Movement of Other Non-Current Financial Assets	15.2	17,088	(12,231)
Net Cash Flows Used in Investing Activities		(416,443)	(563,113)
Cash Flows from Financing Activities			
Payment of Lease Liabilities	22.4.2	(65,887)	(87,018)
Dividends Paid		(2,543,473)	(2,675,526)
Interest Paid		(265,547)	(356,934)
Interest Received		7,439	6,573
Net Cash Flows Used in Financing Activities		(2,867,468)	(3,112,905)
Net Increase in Cash and Cash Equivalents		2,834,664	808,751
Cash and Cash Equivalents at the Beginning of the Year		(416,550)	(1,225,301)
Cash and Cash Equivalents at the End of the Year	17	2,418,114	(416,550)
Analysis of Cash and Cash Equivalents at the End of the Year			
Cash and cash equivalents in the statement of financial position		2,507,912	507,585
Current Financial Liabilities (Excluding Short Term Lease Liabilities & Loan from Related Party)		(89,798)	(924,135)
Cash and Cash Equivalents in the statement of cash flows		2,418,114	(416,550)

"Notes to the Financial Statements", form an integral part of the Financial Statements. Figures in brackets indicate deductions.

Notes to the Financial Statements

1. Reporting Entity

Nestlé Lanka PLC is a Company incorporated and domiciled in Sri Lanka and listed in the Colombo Stock Exchange. The registered office and the principal place of business is located at 440, T.B. Jayah Mawatha, Colombo 10. The Company is in the food and beverage industry.

The parent and holding Company is Nestlé S.A.

1.1. Principal Activities and Nature of Operations

Principal activities of the Company include manufacturing, marketing, selling and distribution of food and beverage products including the export of locally manufactured products and re-export of such products.

2. Basis of Preparation

2.1. Statement of Compliance

Nestlé Lanka PLC has prepared the financial statements in accordance with the Sri Lanka Accounting Standards (LKAS and SLFRS) issued by the Institute of Chartered Accountants of Sri Lanka, the requirements of the Companies Act No. 07 of 2007 and provides appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange (CSE). These financial statements, except for information on cash flows, have been prepared following the accrual basis of accounting.

The financial statements were authorised for issue by the Board of Directors at the meeting held on 18 February 2021.

2.2. Basis of Measurement

The financial statements are prepared under the historical cost basis and applied consistently, with no adjustments being made for inflationary factors affecting the financial statements except for;

- Liability for the Defined Benefit Obligation, recognised at the present value of the Defined Benefit Obligation, net of plan assets,
- Liabilities for the cash-settled share-based payment arrangements, measured at fair value,
- Derivative financial instruments, measured at fair value.

2.3. Functional and Presentation Currency

The financial statements are presented in Sri Lankan rupees, which is the Company's functional currency. All financial information presented in Sri Lankan rupees has been rounded to the nearest thousand, except when otherwise indicated.

2.4. Going Concern

In preparing these financial statements, based on the available information the management has assessed the existing and anticipated effects of COVID-19 on the Company and the appropriateness of the use of the going concern basis.

The management has evaluated the resilience of its business considering a wide range of factors such as current and expected profitability, the impact on cash flows, the ability to defer non-essential capital expenditure and the ability to continue providing goods and services. The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future, to justify adopting the going concern basis in preparing these financial statements.

2.5. Use of Estimates and Judgments

The preparation of financial statements in conformity with the Sri Lanka Accounting Standards, requires Management to make judgements, estimates and assumptions that affect income and expenses, reported amounts of assets and liabilities in the application of policies. The estimates, judgements and associated assumptions are based on current knowledge, historical experience and various other factors that are held to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant judgements, estimates and assumptions made by management in preparing these financial statements are explained further in

relevant notes including useful lives of Property, Plant and Equipment, Impairment of Financial and Non-Financial Assets, Employee Benefits, Revenue, Provisions and Contingent Liabilities.

In determining the above significant management judgments, estimates and assumptions the probable effect of the COVID-19 pandemic has been considered as of the reporting date.

3. Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1. Significant Accounting Policies

3.1.1. Foreign Currency Transactions

Transactions in foreign currencies are translated to Sri Lankan Rupees at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities, denominated in foreign currencies at the reporting date, are translated to Sri Lankan rupees at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.1.2. Financial Instruments

a) Financial Assets

Financial assets are initially recognised at fair value plus directly attributable transaction costs. However, when a financial asset measured at fair value through Profit or Loss is recognised, the transaction costs are expensed immediately. Subsequent remeasurement of financial assets is determined by their categorisation, which is revisited at each reporting date. The settlement date is used for both initial recognition and subsequent derecognition of financial assets, as these transactions are generally under contracts that terms which require delivery within the time frame established by regulation or convention in the market place (regular-way purchase or sale).

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified and as measured either:

- at amortised cost;
- at Fair Value through Other Comprehensive Income (FVOCI); or
- at Fair Value through Profit or Loss (FVTPL)

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Company 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.

b) Cash and Cash Equivalents

Cash and cash equivalents comprise of cash and bank balances and call deposits with a maturity period of less than three months. For the purpose of the Statement of Cash Flows, cash and cash equivalents are presented net of bank overdrafts, short-term borrowings and investments of less than 3 months maturity.

c) Financial liabilities at amortised cost

Financial liabilities are initially recognised at the fair value of consideration received, less directly attributable transaction costs.

Subsequent to the initial measurement, financial liabilities are recognised at amortised cost. The difference between the initial carrying amount of the financial liabilities and their redemption value is recognised in the Statement of Profit or Loss and Other Comprehensive Income over the contractual terms using the effective interest rate method. This category includes trade and other payables, as well as other financial liabilities.

Financial liabilities at amortised cost are further classified as current and non-current depending on whether these will fall due within 12 months after the reporting date or beyond.

Notes to the Financial Statements

Financial liabilities are derecognised (in full or partly) when the obligation specified in the contract is either discharged, canceled, expired or replaced by a new liability with substantially modified terms.

The Company’s financial liabilities include Current Liabilities and Non-Current Financial Liabilities.

d) Derivative Financial Instruments and Hedge Accounting

The Company designates and documents the use of certain derivatives as hedging instruments against changes in fair values of recognised assets and liabilities (fair value hedges) and highly probable forecast transactions (cash flow hedges). The effectiveness of such hedges is assessed at inception and verified at regular intervals.

e) Stated Capital

Ordinary shares of the Company are classified as equity.

3.1.3. Property, Plant and Equipment

a) Recognition and Measurement

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

Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the assets to the working condition for their intended use, the costs of dismantling and removing the items, and restoring the site on which they are located.

Where an item of Property, Plant and Equipment comprises major components having different useful lives, they are accounted for as separate items of Property, Plant and Equipment.

Buildings constructed by the Company on leasehold land are capitalised and included under the category “Buildings on Leasehold Land.”

Borrowing cost incurred during the course of construction are capitalised if the assets under construction are significant and if their construction requires a substantial period to

complete. The capitalisation rate is determined on the basis of the appropriate borrowing rate for the period of construction.

b) 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 use. Gains or losses on disposal of an item of Property, Plant and Equipment are determined by comparing the proceeds from disposal (net of any directly attributable expenses) with the carrying amount of Property, Plant and Equipment, and are recognised net within “Other Operating Income / Expense” in the Statement of Profit or Loss and Other Comprehensive Income.

c) Subsequent Expenditure

The cost of replacing part of an item of Property, Plant and Equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance of Property, Plant and Equipment are recognised in the Statement of Profit or Loss and Other Comprehensive Income as incurred.

d) Depreciation

Depreciation is recognised in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the estimated useful lives of items of Property, Plant and Equipment. Land is not depreciated. The residual values are 30% on head office buildings and nil for all other asset types. The estimated useful lives for the current and comparative periods are as follows:

- Buildings on Freehold / Leasehold land	25 – 35 years
- Plant and Machinery	10 – 25 years
- Tools, Furniture and Office Equipment	4 – 5 years
- Motor Vehicles	5 years
- Information Systems/ Technology Equipment	3 – 5 years

Depreciation on asset begins when it is available for use and ceases at the earlier of the date that the assets are classified as held for sale, or the date that the assets are derecognised.

The depreciation methods, useful lives and residual values are reassessed annually or on an earlier date, where any circumstances indicate such assessment is required.

e) Capital Work-In-Progress

Capital expenses incurred on assets, which are not completed as at the date of Statement of Financial Position, are shown as Capital Work-In-Progress whilst the capital assets which have been completed during the year and put to use have been transferred to Property, Plant and Equipment.

3.1.4. Intangible Assets

The Company recognises intangible assets, if it is probable that the future economic benefits that are attributable to the asset will flow to the entity, and cost can be measured reliably.

a) Recognition and Measurement

Intangible assets that are acquired by the Company, which have finite useful lives are recognised and carried at cost less accumulated amortisation and impairment losses.

b) Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Statement of Profit or Loss and Other Comprehensive Income as incurred.

c) Amortisation

Amortisation is recognised in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis, over the estimated useful lives of intangible assets from the date that they are available for use.

d) Retirement and Disposal

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gains or losses on disposal of an item of Intangible Asset are determined by comparing the proceeds from disposal (net of any directly attributable expenses) with the carrying amount, and are recognised net within “Other Operating Income / Expense” in the Statement of Profit or Loss and Other Comprehensive Income.

3.1.5. Impairment & Derecognition

a) Financial Assets

At each balance sheet date, the Company assesses whether its financial assets are impaired. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income where there is an objective evidence of impairment, such as where the issuer is in bankruptcy, default or other significant financial difficulties. This analysis requires the identification of the credit risk associated with the counterparties and, considering that the majority of Company’s financial assets are trade receivables, integrates statistical data reflecting the past experience of losses incurred due to default.

The Company measures impairment loss allowances at an amount equal to lifetime expected credit losses (ECL), except for the bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision methodology that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairment related to trade and other receivables are not presented separately in the Statement of Profit or Loss and Other Comprehensive Income, but are reported under the heading Marketing, Selling and Distribution expenses.

Financial assets are derecognised (in full or partly) when substantially all the Company’s rights to cash flows from the respective assets have expired or have been transferred, and the Company has neither exposure to substantially all the risks inherent in those assets nor entitlement to rewards from them.

Notes to the Financial Statements

b) Non-Financial asset

The carrying amounts of the Company's assets are reviewed at each date of the Statement of Financial Position to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash flows from continuing use, that are largely independent from cash flows of other assets and cash generating units.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

i. Calculation of Recoverable Amount

The recoverable amount of assets is the greater of its value in use and fair value, less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time of value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

ii. Reversal of Impairment

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.1.6. Leases (Right-of-Use Assets)

At inception, the Company assesses whether a contract is or contains a lease. This assessment involves the exercise of judgement about whether

it depends on a specified asset, whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of the asset.

The Company recognises right of use (ROU) assets and the amount of lease liabilities at the commencement of the lease. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated over the shorter of the lease term or the useful life of the underlying asset and are subject to testing for impairment if there is an indicator.

Lease payments may include fixed payments and variable payments that depend on the lease agreements. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

ROU assets are included in the heading Property, Plant and Equipment, and the lease liabilities are included in the headings Current and Non-Current Financial Liabilities.

The Company has elected not to recognise ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or for low value leases. The lease payments for such leases are recognised in the Statement of Profit or Loss and Other Comprehensive Income over the lease term.

3.1.7. Inventories

Inventories are stated at the lower of cost and net realisable value. Raw and packaging materials are valued at purchase cost on a First-In-First-Out (FIFO) basis. Purchased Energy, Technical Materials are valued at moving average cost for the period. Work-In-Progress and Finished Goods are valued at weighted average cost including all direct expenditure and production overheads based on the normal level of activity.

Net realisable value is the price at which inventories can be sold in the normal course of business after allowing for the cost of realisation

and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolete, slow-moving and defective stocks.

3.1.8. Employee Benefits

a) Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of plan asset is deducted to arrive at net defined benefit obligation. The Company determines the Net Interest Expense / (Income) on the Net Defined Benefit Liability / (Asset) for the period by applying the discount rate used to measure the Defined Benefit Obligation at the beginning of the annual period to the Net Defined Benefit Liability / (Asset), taking into account any change in the net defined benefit liability during the period as a result of contributions and benefit payments.

The calculation is performed annually by an independent actuary using the "Projected Unit Credit Method." When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Re-measurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest). The Company recognises them immediately in Other Comprehensive Income. All other expenses related to defined benefit plans are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

When the benefits of a plan are changed, the portion of the changed benefit related to past service by employees is recognised immediately in profit or loss when the plan amendment occurs.

b) Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of Profit or Loss and Other Comprehensive Income when they are due.

All employees of the Company are members of either the Mercantile Service Provident Society (MSPS) or Employee Provident Fund (EPF) to which the Company contributes 12%, and Employee Trust Fund (ETF), to which the Company contributes 3% of such employees' wages or salary.

In addition to the statutory contributions mentioned above, the Company commenced contributions of 2% (for employees over 5 years) and 5% (for employees over 10 years) to the MSPS under a new defined contribution scheme offered to employees joining after 1 January 2006 from July 2014 onwards.

c) Share-Based Payments

The Company participates in the Nestlé Performance / Restricted Stock Unit plan of Nestlé S.A, the parent Company, where selected employees are granted rights to obtain the stock units of Nestlé S.A. This represents a cash settled share-based payments arrangement in accordance with SLFRS 2 Share Based Payment Accordingly, the grant-date fair value of stock units granted to employees is recognised as an employee expense, with a corresponding increase in liability over the period that the employees become unconditionally entitled to the awards. Until the liability to the parent Company is settled, the liability is re-measured at each reporting date and at the settlement date, and the difference, if any from the previously reported is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Financial Statements

3.1.9. Liabilities and Provisions

Liabilities and provisions are recognised in the Statement of Financial Position when there is a present legal /constructive obligation as a result of the past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Obligations payable at the demand of the creditor, or within one year of the reporting date, are treated as current liabilities in the Statement of Financial Position. Liabilities payable after one year from the reporting date are treated as non-current liabilities in the Statement of Financial Position.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a Interest Expense.

Dividends

Dividends are recognised as a liability in the period in which they are declared and approved for distribution.

3.1.10.Revenue

Sale of Goods

Sales represent amounts received and receivable for goods supplied to the customers. Revenue from the sales of goods is recognised in the Statement of Profit or Loss and Other Comprehensive Income at the time when control of the goods has been transferred to the customer.

Revenue is measured as the amount of consideration which the Company expects to receive, net of returns, sales taxes, pricing allowances, other trade discounts and volume rebates. The level of discounts, allowances and promotional rebates (collectively 'trade spend') is recognised as a deduction from revenue at the time that the related sales are recognised or when the rebate is offered to the customer.

They are estimated using judgments based on historical experience and the specific terms of the agreements with the customers.

3.1.11.Other Operating Income

a) Gain / Loss from Sale of Property, Plant and Equipment

Any gains or losses on retirement or disposal of Property, Plant and Equipment are recognised in the period in which the sale occurs and is classified as Other Operating Income or Expense.

b) Other Income

Other income is recognised on an accrual basis.

3.1.12.Expenses

Expense Recognition

a) Revenue Expenditure

The profit earned by the Company, as shown in the Statement of Profit or Loss and Other Comprehensive Income, is after providing for all known liabilities and for depreciation of Property, Plant and Equipment.

For the purpose of presentation of the Statement of Profit or Loss and Other Comprehensive Income, the Directors are of the opinion that the function of expenses method presents fairly the elements of the Company performance, hence such presentation method is adopted.

b) Capital Expenditure

Expenditure incurred for the purpose of extending or improving assets of a permanent nature, by means to carry on the business or for the purpose of increasing the earning capacity of the business, has been treated as capital expenditure.

3.1.13.Finance Income and Finance Expenses

Net finance expenses comprise of interest on financial liabilities, interest on funds invested/ deposited and foreign exchange gains and losses relating to Liquid Assets that are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

All interest and other costs incurred in connection with borrowings are expensed as incurred, as part of net finance expenses, except to the extent which is eligible for capitalisation.

3.1.14.Income Tax Expense

Income tax expense for the year comprises current and deferred tax. Income tax is recognised in the 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.

a) 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 as per the provisions of the Inland Revenue Act No. 24 of 2017, and any adjustment to tax payable in respect of previous years.

b) Deferred Tax

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.1.15.Statement of Cash Flows

The Statement of Cash Flows has been prepared using the indirect method in accordance with the Sri Lanka Accounting Standard No. 7 – Statement of Cash Flows (LKAS 7).

3.1.16.Related Party Transactions

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

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

3.1.17.Earnings Per Share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary Shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary Shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.1.18.Operating Segments

A segment is a distinguishable component of the Company that is engaged either in providing related products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

Nestlé Lanka PLC is primarily involved in the business of manufacturing, marketing, selling and distribution of food and beverage products. The entire business is organised as one segment for making operating decisions in assessing performance by the Chief Operating Decision Maker. Further, information of the business is reported to the Chief Operating Decision Maker as a whole. Therefore the Board of Directors is of the opinion that there are no identifiable operating segments within the Company. Therefore the disclosure requirements of SLFRS 8 will not be applicable to Nestlé Lanka PLC.

Notes to the Financial Statements

3.1.19. Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset of Property, Plant and Equipment, in which case they are capitalised as part of the cost of the asset.

3.1.20. Comparative Information

Comparative information has been reclassified where necessary to conform to the current year's presentation.

3.1.21. Commitments and Contingencies

Contingencies are possible assets or obligations that arise from a past event, where existence is confirmed only on the occurrence or non-occurrence of uncertain future events which are beyond the Company's control.

3.1.22. Events Occurring After the Reporting Period

All material events occurring after the reporting period have been considered, disclosed and adjusted where applicable.

4. Changes to Accounting Standards, that may affect the Company after 31 December 2020

The following amendments to the existing accounting standards which will be effective from 01 January 2021 are not expected to have a significant impact on the Company's financial statements.

- Amendments to SLFRS 9, LKAS 39 and SLFRS 7 - Interest Rate Benchmark Reform
- Amendment to SLFRS 16 - COVID-19 Related Rent Concessions

5. Revenue

For the Year Ended 31 December	2020 Rs.'000s	2019 Rs.'000s
Domestic	33,913,605	32,021,662
Export	6,140,121	6,410,313
Total Revenue	40,053,726	38,431,975
Less : Trade Discounts and Volume Rebates	(2,187,511)	(2,076,891)
	37,866,215	36,355,084

6. Other Operating Income / (Expense)

For the Year Ended 31 December	2020 Rs.'000s	2019 Rs.'000s
Net Foreign Exchange Loss	(102,380)	(139,230)
Net Loss on Sale of Property, Plant and Equipment	(2,205)	(35,614)
Impairment of Property, Plant and Equipment	-	(12,052)
Income from Scrap Sales	47,931	50,935
	(56,654)	(135,961)

7. Profit from Operating Activities

Profit from Operating Activities are Stated after Charging / (Crediting) All Expenses Including the Following:

For the Year Ended 31 December	2020 Rs.'000s	2019 Rs.'000s
Employees Benefit Expense (Note 7.1)	2,801,786	2,749,964
General Licence Fee	1,829,334	1,762,080
Depreciation of Property, Plant and Equipment	968,272	1,029,719
Provision for Inventories and Inventory Written Off	169,542	334,573
Net Impairment of Trade Receivables	(3,560)	(3,832)
Legal Fees	16,958	14,221
Auditors Remuneration - Audit	3,600	3,750
- Non-Audit	375	744

7.1 Employees Benefit Expense

For the Year Ended 31 December	2020 Rs.'000s	2019 Rs.'000s
Salaries and Wages	2,049,326	1,970,321
Contributions to Defined Contribution Plans	188,547	189,532
Provision for Retirement Benefit Obligations (Note 19.3)	94,150	99,830
Other Benefits	469,763	490,281
	2,801,786	2,749,964

Notes to the Financial Statements

8. Net Finance Income / (Expense)

For the Year Ended 31 December	2020 Rs.'000s	2019 Rs.'000s
Finance Income		
Interest on Bank and Other Deposits	7,439	6,573
Imputed Interest on Staff Loans	31,731	30,390
	39,170	36,963
Finance Expense		
Interest on Financial Liabilities	(267,297)	(354,225)
Net Loss on Foreign Currency Liquid Assets	(4,858)	(1,715)
	(272,155)	(355,940)
	(232,985)	(318,977)

9. Income Tax Expense

For the Year Ended 31 December	2020 Rs.'000s	2019 Rs.'000s
Current Tax Expense		
Tax on Current Year Profits	1,142,563	1,031,474
Provision in Respect of Previous Years	102,655	173,678
	1,245,218	1,205,152
Deferred Tax Expense		
Origination / (Reversal) of Temporary Differences (Note 20.1)	71,820	(1,241)
	1,317,038	1,203,911

9.1 Reconciliation Between Accounting Profit and Taxable Profit

For the year ended 31 December	2020 Rs.'000s	2019 Rs.'000s
Accounting Profit Before Tax	4,263,921	3,769,894
Net Disallowances / (Allowances)	(49,794)	35,570
Accounting Depreciation	968,271	1,029,719
Capital Allowances	(1,101,815)	(1,153,117)
Taxable Profit	4,080,583	3,682,066
Tax on Current Year Profit	1,142,563	1,031,474

9.2 Reconciliation of the Accounting Profit to Income Tax Expense

For the year ended 31 December	2020 Rs.'000s	2019 Rs.'000s
Accounting Profit Before Tax	4,263,921	3,769,894
Tax at Statutory Rate of 28%	1,193,898	1,055,570
Adjustments in Respect of Previous Years (Note 21)	102,655	131,975
Tax Effect of Net Permanent Differences	20,485	16,366
Income Tax Expense	1,317,038	1,203,911

10. Basic and Diluted Earnings Per Share (EPS)

The calculation of earnings per share is based on the profit for the year attributable to ordinary shareholders, divided by the weighted average number of ordinary shares outstanding during the year. Net profit attributable to ordinary shareholders and weighted average number of ordinary shares are given below:

	2020 Rs.'000s	2019 Rs.'000s
Profit Attributable to Ordinary Shareholders	2,946,883	2,565,983
Weighted Average Number of Shares	53,725,463	53,725,463
Basic and Diluted Earnings Per Share (Rs.)	54.85	47.76

11. Dividend Per Share

The Board of Directors has declared an interim dividend of Rs. 35.00 per share on 18 February 2021 and have also proposed a final dividend of Rs. 20.00 per share for the year ended 31 December 2020, to be approved by the Shareholders at the upcoming Annual General Meeting of the Company. In accordance with Sri Lanka Accounting Standard, Events After the Reporting Period (LKAS 10), the interim and final dividend have not been recognised as a liability as at 31 December 2020.

Dividend (including Interim) per share of the Company is Rs. 55.00 for 2020 (2019 - Rs. 47.50).

12. Property, Plant and Equipment

As at 31 December	2020 Rs.'000s	2019 Rs.'000s
Property, Plant and Equipment Owned (Note 12.1)	8,265,987	8,884,424
Right-of-Use Assets (Note 12.2)	130,952	127,881
	8,396,939	9,012,305

Notes to the Financial Statements

12.1 Property, Plant and Equipment Owned

	Buildings on Freehold Land			Buildings on Leasehold Land			Plant and Machinery		Furniture and Office Equipment		Motor Vehicles		Information System Equipment		Total
	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s
Cost															
Balance as at 1 January 2019	17,925	133,451	3,383,430	8,953,668	1,929,362	148,047	388,601	14,954,484							
Additions	-	15,357	128,728	13,405	83,742	-	46,803	288,035							
Transferred from Capital Work-in-Progress	-	-	85,330	400,085	26,736	-	57,627	569,778							
Disposals	-	-	(1,083)	(263,971)	(148,018)	(26,408)	(26,373)	(465,853)							
Balance as at 31 December 2019	17,925	148,808	3,596,405	9,103,187	1,891,822	121,639	466,658	15,346,444							
Depreciation and Impairment															
Balance as at 1 January 2019	-	42,744	526,003	3,616,032	1,342,886	121,142	268,623	5,917,430							
Depreciation	-	5,235	105,752	564,427	186,012	8,836	68,671	938,933							
Impairment	-	-	-	-	12,052	-	-	12,052							
On Disposals	-	-	-	(506)	(131,136)	(25,967)	(26,325)	(406,395)							
Balance as at 31 December 2019	-	47,979	631,249	3,957,998	1,409,814	104,011	310,969	6,462,020							
Cost															
Balance as at 1 January 2020	17,925	148,808	3,596,405	9,103,187	1,891,822	121,639	466,658	15,346,444							
Additions	-	11,855	8,029	10,600	21,974	-	39,608	92,066							
Transferred from Capital Work-in-Progress	-	-	6,455	152,168	35,482	-	1,598	195,703							
Disposals	-	-	-	-	-	(3,861)	(6,810)	(10,671)							
Balance as at 31 December 2020	17,925	160,663	3,610,889	9,265,955	1,949,278	117,778	501,054	15,623,542							
Depreciation and Impairment															
Balance as at 1 January 2020	-	47,979	631,249	3,957,998	1,409,814	104,011	310,969	6,462,020							
Depreciation	-	8,643	107,510	549,455	163,470	7,827	67,642	904,547							
On Disposals	-	-	-	-	-	(3,861)	(5,151)	(9,012)							
Balance as at 31 December 2020	-	56,622	738,759	4,507,453	1,573,284	107,977	373,460	7,357,555							
Written Down Value															
As at 31 December 2019	17,925	100,829	2,965,156	5,145,189	482,008	17,628	155,689	8,884,424							
As at 31 December 2020	17,925	104,041	2,872,130	4,758,502	375,994	9,801	127,594	8,265,987							

- 12.1.1** The cost of fully depreciated property plant and equipment which are still in use as at 31 December 2020 is amounted to Rs. 3,045 million (2019 - Rs. 2,531 million).
- 12.1.2** Freehold land & building situated at No.440, T.B. Jayah Mawatha, Colombo 10 was revalued on 05 October 2020 by Messer. KPMG Deal Advisory (Pvt) Ltd, (Certified by Mr. B. J. B. Kariyawasam, Independent Chartered Valuer). Market values and other details are given in the following table;

Property	Valuation Techniques	Extent	Rs. Mn	Significant Unobservable Inputs
Freehold Land	Market Approach	239 P	3,107	Price per perch Rs.13 Mn
Freehold Building (1 Building)	Cost Approach	50,038 sq. ft.	210	Price per sq. ft. Rs. 6,000

Description of Valuation Techniques

Market Approach	Cost Approach
The selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for any differences in the nature, size, location or condition of the specific property.	The market value of a property is estimated as a function of the current cost to purchase or replace the property. Adjustments to new replacement cost are made to account for depreciation to determine the market value of the property.

However, the market values have not been considered in the financial statements; the said property is stated at cost.

There were no restrictions that existed on the title to the property, plant and equipment of the Company as at the reporting date.

Notes to the Financial Statements

12.2 Right-of-Use Assets

	Land Rs.'000s	Buildings Rs.'000s	Motor Vehicles Rs.'000s	Total Rs.'000s
Cost				
Balance as at 1 January 2019	769	34,178	197,899	232,846
Additions	-	2,200	43,279	45,479
Disposals	-	-	(39,212)	(39,212)
Balance as at 31 December 2019	769	36,378	201,966	239,113
Depreciation				
Balance as at 1 January 2019	581	7,074	52,003	59,658
Charge For the Year	16	12,126	78,644	90,786
On Disposals	-	-	(39,212)	(39,212)
Balance as at 31 December 2019	597	19,200	91,435	111,232
Cost				
Balance as at 1 January 2020	769	36,378	201,966	239,113
Additions	-	41,505	32,364	73,869
Disposals	-	(36,378)	(49,503)	(85,881)
Balance as at 31 December 2020	769	41,505	184,827	227,101
Depreciation				
Balance as at 1 January 2020	597	19,200	91,435	111,232
Charge For the Year	15	12,411	51,299	63,725
On Disposals	-	(29,305)	(49,503)	(78,808)
Balance as at 31 December 2020	612	2,306	93,231	96,149
Written Down Value				
As at 31 December 2019	172	17,178	110,531	127,881
As at 31 December 2020	157	39,199	91,596	130,952

The leasehold land is for factory premises with a duration of fifty years.

The leasehold building is in relation to warehouse space with a duration of three years.

Vehicle leases are for contract terms of two to five years.

These leases include an option to renew at mutually agreed terms and conditions after the end of the contract term.

13. Capital Work-In-Progress

	2020 Rs.'000s	2019 Rs.'000s
Balance as at 1 January	377,235	673,117
Additions During the Year	342,305	273,896
Capitalised During the Year	(195,703)	(569,778)
Balance as at 31 December	523,837	377,235

14. Inventories

As at 31 December	2020 Rs.'000s	2019 Rs.'000s
Raw and Packaging Materials	1,627,964	1,416,790
Finished Goods	1,806,538	1,241,612
Energy and Technical Materials	379,960	349,326
Work-In-Progress	75,527	61,672
Goods-In-Transit	1,057,806	416,730
	4,947,795	3,486,130

During 2020, Rs. 11.6 million (2019: Nil) was recognised under Cost of Sales for inventories where net realisable value is lower than its carrying value.

15. Trade and Other Receivables

As at 31 December	2020 Rs.'000s	2019 Rs.'000s
Trade Receivables (Note 15.1)	1,797,703	2,479,423
Other Receivables (Note 15.2)	248,134	207,290
	2,045,837	2,686,713

15.1 Trade Receivables

As at 31 December	2020 Rs.'000s	2019 Rs.'000s
Trade Receivables	1,924,234	2,609,514
Less: Impairment of Trade Receivables (Note 15.1.1)	(126,531)	(130,091)
	1,797,703	2,479,423

15.1.1 Impairment of Trade Receivables

	2020 Rs.'000s	2019 Rs.'000s
Balance as at 1 January	130,091	133,923
Net Charge / (Reversal) for the Year	(3,560)	(3,832)
Balance as at 31 December	126,531	130,091

Notes to the Financial Statements

15.2 Other Receivables

As at 31 December	2020 Rs.'000s	2019 Rs.'000s
Loans to Employees (Note 15.2.1)	394,277	411,477
Prepayments	117,233	83,078
Derivatives - Forward Exchange Contract	14,536	15,909
Others	71,115	62,941
	597,161	573,405
Current	248,134	207,290
Non-Current	349,027	366,115
	597,161	573,405

15.2.1 Loans to Employees

	2020 Rs.'000s	2019 Rs.'000s
Balance as at 1 January	411,477	401,721
Granted During the Year	144,468	174,767
Repaid During the Year	(161,668)	(165,011)
Balance as at 31 December	394,277	411,477

All employee loans are disbursed as per the Company policies. No loans have been granted to any of the Directors.

16. Amounts Due from Related Parties

As at 31 December	2020 Rs.'000s	2019 Rs.'000s
Nestlé Australia Ltd	-	11,472
Nestlé Business Services AOA, Inc.	43	-
Nestlé Canada, Inc.	-	8,802
Nestlé Caribbean, Inc.	-	7,876
Nestlé India Ltd	17,726	91,701
Nestlé Jamaica Ltd	-	50,495
Nestlé Manufacturing (Malaysia) Sdn. Bhd.	822	6,850
Nestlé Middle East FZE	-	106,480
Nestlé (PNG) Ltd	-	3,121
Nestlé R&D Center (Pte) Ltd	1,528	-
Nestlé Singapore (Pte) Ltd	182	1,724
Nestlé Suisse S.A.	-	3,248
Nestlé Taiwan Ltd	-	7,565
Nestlé (Thai) Ltd	-	13,699
Nestlé Trinidad and Tobago Ltd	-	38,826
Nestlé UK Ltd	-	11,933
Nestlé USA, Inc.	16	-
Nestlé Waters Marketing & Distribution	-	2,360
Nestrad S.A	420,015	68,324
	440,332	434,476

17. Cash and Cash Equivalents

As at 31 December	2020 Rs.'000s	2019 Rs.'000s
Balances with Banks	2,098,733	495,106
Short Term Deposits	409,179	12,479
Cash and Cash Equivalents in the statement of financial position	2,507,912	507,585
Bank Overdrafts and Other Current Financial Liabilities [Excluding Short Term Lease Liabilities & Loan from Related Party] (Note 22.2)	(89,798)	(924,135)
Cash and Cash Equivalents in the statement of cash flows	2,418,114	(416,550)

The Company has no restrictions on Cash and Cash Equivalents from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Notes to the Financial Statements

18. Stated Capital

As at 31 December	2020 Rs.'000s	2019 Rs.'000s
Ordinary Shares Issued and Fully-paid		
53,725,463 Ordinary Shares	537,255	537,255

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

19. Retirement Benefit Obligations

As at 31 December	2020 Rs.'000s	2019 Rs.'000s
Present Value of Defined Benefit Obligations		
Pension Plan	587,010	570,750
Gratuity Plan	623,920	565,190
Total Present Value of the Defined Benefit Obligations (Note 19.1)	1,210,930	1,135,940
Total Fair Value of Plan Assets (Note 19.2)	(771,810)	(767,000)
Present Value of Net Retirement Benefit Obligations	439,120	368,940

Employees who joined prior to 2006 and who hold a minimum 10 years of service, are entitled to a lump sum pension upon retirement at the age of 55 years. In addition, there are 22 (2019 - 24) retired employees who are drawing a monthly pension under the old pension plan, which was discontinued in 2014.

The liability to Retirement Benefit Obligation under the Payment of Gratuity Act No. 12 of 1983, is a defined benefit plan covering all permanent employees of the Company.

The Gratuity Plan and Pension Plan is partially funded by a policy obtained from AIA Insurance Lanka Ltd.. The contributions to the fund by the Company are based on actuarial valuations carried out by AIA Insurance Lanka Ltd.. The Company expects to pay Rs. 125 million as contributions to its plan assets for the period ended 31 December 2021. Employees are not required to contribute to this fund.

The Actuarial Calculation is performed annually by a qualified actuary, M/s Willis Towers Watson India Private Limited, using the "Projected Unit Credit Method".

19.1 Movement in the Present Value of the Defined Benefit Obligations:

	2020 Rs.'000s	2019 Rs.'000s
Balance as at 1 January	1,135,940	1,137,990
Current Service Cost	60,980	62,450
Interest Cost	115,260	119,770
Benefits Paid to the Employees	(214,520)	(193,840)
Remeasurements		
Actuarial Loss / (Gain) - Experience Loss	(22,960)	(8,140)
Actuarial Loss / (Gain) - Financial Assumptions	136,230	17,710
Balance as at 31 December	1,210,930	1,135,940

The weighted average duration of the Defined Benefit Obligation at the end of the reporting period is as follows:

Pension Plan - 7 years (2019 : 7 years)

Gratuity Plan - 13 years (2019 : 13 years)

19.2 Movement in the Fair Value of Plan Assets:

	2020 Rs.'000s	2019 Rs.'000s
Balance as at 1 January	767,000	747,290
Contributions Paid by employer	120,820	117,060
Benefits Reimbursed by the plan	(198,860)	(177,410)
Interest Income	82,090	82,390
Return of Plan Assets greater/(lesser) than Discount Rate (Excluding Interest Income)	760	(2,330)
Balance as at 31 December	771,810	767,000

19.3 The Expense Recognised in Statement of Profit or Loss

For the Year Ended 31 December	2020 Rs.'000s	2019 Rs.'000s
Current Service Cost	60,980	62,450
Net Interest on Defined Benefit Obligation	33,170	37,380
	94,150	99,830

Notes to the Financial Statements

19.4 Expected Benefit Payments to Employees

The Expected Benefit Payment for the Year Ending

	Pension Rs.'000s	Gratuity Rs.'000s	Total Rs.'000s
31 December 2021	45,660	33,870	79,530
31 December 2022	55,400	38,010	93,410
31 December 2023	139,210	116,830	256,040
31 December 2024	47,010	42,640	89,650
31 December 2025	81,640	83,260	164,900
31 December 2026 to 2030	403,540	490,830	894,370

19.5 The Income / (Expense) Recognised in Other Comprehensive Income, in relation to Retirement Benefit Obligation:

For the Year Ended 31 December	2020 Rs.'000s	2019 Rs.'000s
Actuarial Gain / (Loss)	(112,510)	(11,900)
Deferred Tax Impact on Actuarial Gain / (Loss)	31,503	3,332
Actuarial Gain / (Loss) - Net of Tax	(81,007)	(8,568)

19.6 Actuarial Assumptions

Principal actuarial assumptions as at the reporting date:

	2020 Rs.'000s	2019 Rs.'000s
(1) Rate of Discount	8.0%	11.0%
(2) Future Salary Increase		
First 5 Years	8.0% to 9.0%	8.0% to 11.0%
Beyond 5 Years	8.0%	8.0% to 9.0%
(3) Future Pension Increase	7.0%	6.0%

Assumptions regarding future mortality are based on published statistics and mortality tables.

The assumption made for the expected rate of return on assets have been derived by considering the best estimate for the expected long-term real rates of return and return from the main asset classes.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, performance, promotion, grades and other relevant factors such as demand and supply in the employment market.

As Defined Benefit Obligations are relatively long-term in nature, the actuarial assumptions take into account the requirements of the LKAS 19 coupled with a long-term view of the underlying variables / trends, wherever required.

19.6.1 Sensitivity Analysis

The calculation of the Defined Benefit Obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the Defined Benefit Obligation at the end of the reporting period would have increased / (decreased) as a result of a change in the respective assumptions by 0.5%, holding other assumptions constant.

Defined Benefit Obligation

	+0.5% Rs.'000s	-0.5% Rs.'000s
Rate of Discount	(36,860)	39,030
Future Salary Increase	36,060	(34,440)
Future Pension Increase	5,290	(5,000)

	Scaled up by 1 year Rs.'000s	Scaled down by 1 year Rs.'000s
Mortality Rates	(4,410)	4,450

19.7 The Composition of Insurance Plan Asset is as follows:

	2020	2019
Reporting Entity's Own Financial Instruments	Nil	Nil
Property Occupied by, or Other Assets Used by, the Reporting Entity	Nil	Nil

The Investment Portfolio of AIA Insurance Lanka Ltd. as at 31 December	2020	2019
Government Securities	72.3%	58.00%
Corporate Debt	26.2%	27.6%
Fixed Deposits	0.0%	9.7%
Policyholder Loans	1.4%	1.0%
Equity	0.1%	3.7%
	100.0%	100.0%

Notes to the Financial Statements

20. Net Deferred Tax Liabilities

	2020 Rs.'000s	2019 Rs.'000s
Balance as at 1 January	997,439	1,000,725
Net Charge/ (Reversal) for the Year	38,680	(3,286)
Balance as at 31 December	1,036,119	997,439

20.1 Deferred Taxes - Origination/ (Reversal) of Temporary Differences

For the Year Ended 31 December	2020 Rs.'000s	2019 Rs.'000s
Recognised in Statement of Profit or Loss	71,820	(1,241)
Recognised in Other Comprehensive Income	(33,140)	(2,045)
	38,680	(3,286)

Deferred Taxes of the company is computed at the rate of 28% (2019 - 28%).

20.2 Types of Temporary Differences and the related Tax Effect

As at 31 December	2020		2019	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Property, Plant and Equipment	4,764,525	1,334,067	4,596,723	1,287,082
Retirement Benefit Obligations	(300,800)	(84,224)	(308,594)	(86,406)
Other Employee Benefits	(485,361)	(135,901)	(413,795)	(115,862)
Inventories, Receivables and Others	(277,939)	(77,823)	(312,052)	(87,375)
	3,700,425	1,036,119	3,562,282	997,439

21. Non-Current Provisions

	2020 Rs.'000s	2019 Rs.'000s
Balance as at 1 January	421,434	289,459
Provisions / (Reversals)	102,655	131,975
Utilisation / Settlement	-	-
Balance as at 31 December	524,089	421,434

Non-Current Provisions represent estimates made mainly for probable claims arising out of dispute / litigation pending with the relevant authorities. The probability and the timing of the outflow with regard to these matters depend on the ultimate settlement /conclusion with the relevant authorities.

22. Financial Liabilities

As at 31 December	Interest Rate	Maturity	2020 Rs.'000s	2019 Rs.'000s
22.1 Non-Current Financial Liabilities				
Loan from Related Party (Note 22.3)	10.5%	May 2021	-	1,893,000
Non-Current Lease Liabilities (Note 22.4)	10.1% - 14.0%	2021 - 2031	84,460	91,029
			84,460	1,984,029

22.2 Current Financial Liabilities

Bank Overdrafts			1,801	9,895
Distributor Finance with Recourse to Company			87,997	194,240
Short-Term Bank Loans			-	720,000
Current Lease Liabilities (Note 22.4)			70,958	63,442
Loan from Related Party (Note 22.3)			1,893,000	-
			2,053,756	987,577

22.3 Loan from Related Party

The Company obtained a loan from the Nestlé Treasury Centre - Middle East and Africa Ltd in May 2018, amounting to LKR 1,893 million, to partially fund Capital Expenditure. The interest rate was priced on an arm's length basis and approved by the Related Party Transactions Review Committee meeting held on 22 February 2018.

The loan is free from any foreign currency exposure / fluctuations and is for a duration of three years.

22.4 Lease Liabilities

As at 31 December	2020 Rs.'000s	2019 Rs.'000s
Maturity Analysis - Contractual Undiscounted Amounts		
Not Later Than One Year	71,765	63,467
Later Than One Year and Not Later Than Five Years	91,218	101,599
Later Than Five Years	9,105	10,319
	172,088	175,385
Discounted Amounts included in the Statement of Financial Position		
Current (Note 22.2)	70,958	63,442
Non-Current (Note 22.1)	84,460	91,029
	155,418	154,471

Notes to the Financial Statements

22.4.1 Amounts Recognised in Statement of Profit or Loss

For the Year Ended 31 December	2020 Rs.'000s	2019 Rs.'000s
Interest on Lease Liabilities	13,656	19,042
Depreciation on Lease Assets	63,725	90,786
Expenses relating to Short-Term Leases	21,211	4,833
Expenses relating to Leases of Low Value Assets, excluding Short-Term Leases of Low Value Assets	8,194	4,251
	106,786	118,912

22.4.2 Amounts Recognised in Statement of Cash Flows

For the Year Ended 31 December	2020 Rs.'000s	2019 Rs.'000s
Total Cash Outflow for Lease Liabilities	65,887	87,018

23. Trade and Other Payables

As at 31 December	2020 Rs.'000s	2019 Rs.'000s
Trade Payables	3,918,784	2,780,121
Customers' Credit Balances and Trade Accruals	936,735	879,326
Employee Related Payables	556,279	487,736
Supplier Payables Relating to Capital Expenditure	348,575	327,353
Derivatives - Forward Exchange Contract	11,674	9,575
Others	453,249	467,114
	6,225,296	4,951,225

24. Amounts Due to Related Parties

As at 31 December	2020 Rs.'000s	2019 Rs.'000s
LOTTE - Nestlé (Korea) Co., Ltd	-	3,022
Nestlé R&D Centre (Pte) Ltd	-	291
Nestlé Australia Ltd.	40,786	38,665
Nestlé Brasil Ltda	-	413
Nestlé Business Services AOA, Inc.	-	477
Nestlé Cameroun S.A.	-	9,029
Nestlé Dubai Manufacturing LLC	-	4,343
Nestlé France S.A.S.	1,065	410
Nestlé India Ltd	41,902	70,705
Nestlé Japan Ltd	-	226
Nestlé Manufacturing (Malaysia) Sdn. Bhd.	-	77,581
Nestlé Nederland B.V.	-	3,916
Nestlé Operational Services Worldwide S.A.	2,052	14,646
Nestlé Philippines, Inc.	-	144,444
Nestle Product Technology Center, Singen	-	413
Nestlé Products Sdn. Bhd.	-	12,133
Nestlé Regional Service Centre (Malaysia) Sdn. Bhd.	740	-
Nestlé Singapore (Pte) Ltd	-	182,433
Nestlé Suisse S.A.	384	9,586
Nestlé (Thai) Ltd.	-	4,308
Nestlé Treasury Centre - Middle East & Africa LTD.	23,741	22,030
Nestlé USA Inc.	-	2,456
Nestlé Vietnam Ltd.	-	836
Nestlé Waters Management & Technology	-	582
Nesttrade S.A.	1,647,799	73,145
P.T. Nestlé Indonesia	-	513
Société des Produits Nestlé S.A.	134,618	128,443
	1,893,087	805,046

Notes to the Financial Statements

25. Related Party Disclosure

25.1 Transactions With Related Companies

25.1.1 Recurrent Related Party Transactions

Name of the Company	Relationship	Nature of Transaction	2020 Rs.'000s	2019 Rs.'000s
LOTTE - Nestlé (Korea) Co., Ltd	Affiliate	Imports	(4,665)	(41,531)
Nestec S.A.	Affiliate	Recoveries / (Reimbursement)	-	1,226
Nestlé Asean (Malaysia) Sdn Bhd	Affiliate	Re-Export	(9,359)	(26,575)
Nestlé Australia Limited	Affiliate	Imports / Re-Export	(67,993)	(146,584)
		Recoveries	-	61
		Services Received	(408,215)	(323,944)
		Exports	37,962	76,749
Nestlé Bangladesh Limited	Affiliate	Imports	-	(56,749)
		Recoveries	622	-
		Exports	-	2,319
Nestlé Brasil Ltda	Affiliate	Imports	(1,851)	(1,398)
		Services Received	-	(108)
Nestlé Business Service AOA Inc	Affiliate	Services Received	(2,510)	(1,884)
Nestlé Cameroun	Affiliate	Imports / Re-Export	(1,109)	(14,663)
Nestlé Canada Inc.	Affiliate	Exports	9,531	63,526
		Recoveries	-	117
Nestlé Caribbean	Affiliate	Exports	-	10,500
Nestlé Deutschland AG	Affiliate	Recoveries	156	-
Nestlé Dominicana S.A.	Affiliate	Exports	3,163	-
Nestlé Dubai Manufacturing LLC	Affiliate	Imports	(4,930)	(16,410)
Nestlé France	Affiliate	Services Received	(9,107)	(2,250)
		Exports	33,768	47,126
		Reimbursement	(63)	-
		Imports / Re-Export	(14,008)	(30,984)
Nestlé (Thai) Limited	Affiliate	Exports	417,236	859,487
		Recoveries / (Reimbursement)	(375)	(1,588)
		Imports	(20,623)	(45,151)
		Services Received	(292,750)	(247,853)
Nestlé Jamaica Limited	Affiliate	Exports	77,148	118,983
Nestlé Japan Limited	Affiliate	Exports	33,778	70,337
Nestlé Manufacturing (Malaysia) Sdn Bhd	Affiliate	Imports / Re-Export	(391,861)	(988,019)
		Services Received	(2,955)	(2,956)
		Exports	45,614	20,809
Nestlé Middle East FZE	Affiliate	Exports	376,412	1,075,121
		Recoveries / (Reimbursement)	3,637	-
Nestlé Middle East Manufacturing	Affiliate	Recoveries	158	-

Name of the Company	Relationship	Nature of Transaction	2020 Rs.'000s	2019 Rs.'000s
Nestlé Nederlands B.V.	Affiliate	Imports	(13,700)	(23,298)
Nestlé Nigeria Plc	Affiliate	Recoveries	-	1,172
		Reimbursement	(2,853)	(7,791)
Nestlé Operational Services Worldwide S.A.	Affiliate	Services Received	(59,573)	(45,889)
		Recoveries	158	-
Nestlé Panama S.A.	Affiliate	Exports	4,921	-
		Imports	(831,339)	(1,728,169)
Nestlé Philippines, Inc.	Affiliate	Recoveries / (Reimbursement)	17,042	4,023
		Exports	188,668	-
Nestlé (PNG) Limited	Affiliate	Exports	28,706	53,305
Nestlé Products Sdn Bhd	Affiliate	Imports / Re-Export	(34,246)	(107,602)
		Reimbursement	-	(1,862)
Nestlé Products Technology Centre	Affiliate	Reimbursement	-	(410)
Nestlé R & D Centre (Pte) Limited	Affiliate	Services Received	(6,563)	(7,978)
		Recoveries / (Reimbursement)	671	(180)
Nestlé Regional Service Center	Affiliate	Reimbursement	(746)	-
Nestlé S.A.	Parent	Dividend Payment* / PSUP*	(2,410,326)	(2,506,685)
Nestlé Servicios Corporativos	Affiliate	Reimbursement	-	(1,741)
		Exports	-	6,796
Nestlé Singapore (Pte) Limited	Affiliate	Reimbursement	(446)	(119)
		Recoveries	155	-
		Imports	(982,750)	(1,930,905)
		Exports	7,809	12,984
Nestlé Suisse S.A.	Affiliate	Imports	(24,025)	(41,620)
		Reimbursement	(203)	(236)
Nestlé Taiwan Limited	Affiliate	Exports	16,820	53,446
		Recoveries	156	-
Nestlé Treasury Centre Middle East & Africa LTD	Affiliate	Loan Interest	(202,078)	(201,526)
Nestlé Trinidad and Tobago Limited	Affiliate	Exports	60,404	118,958
		Recoveries	34,745	-
Nestlé UK Limited	Affiliate	Exports	46,101	117,388
		Imports	(4,037)	(7,002)
Nestlé USA Inc.	Affiliate	Services Received	(7,171)	(2,914)
Nestlé Vietnam Ltd.	Affiliate	Imports / Re-Export	(875)	(9,613)
		Exports	852	-
Nestlé Waters Marketing	Affiliate	Imports / Re-Export	(7,089)	(30,135)
		Recoveries	-	2,340

Notes to the Financial Statements

Name of the Company	Relationship	Nature of Transaction	2020 Rs.'000s	2019 Rs.'000s
Nestlé Waters Management	Affiliate	Services Received	(575)	(575)
		Recoveries	18,326	10,615
		Services Rendered	34,113	39,798
Nestrad S.A.	Affiliate	Exports	1,920,450	299,962
		Services Received	(252,372)	(218,619)
		Imports	(2,503,054)	(22,794)
P.T. Nestlé Indonesia	Affiliate	Imports	-	(9,046)
		Reimbursement	(388)	(16)
Société des Produits Nestlé S.A.	Affiliate	General Licence Fee	(1,829,335)	(1,762,080)
		Services Received	(4,028)	(1,234)
		Reimbursement	(2,577)	(4,496)

* Exempted Related Party Transactions as per section 9.5 (b) and (c) of Listing Rules.

Aggregated value of the recurrent Related Party Transactions (excluding exempted Related Party Transactions) as a percentage of gross revenue is 28.5% (2019 - 29.1%).

Transactions with Related Parties are carried out in the ordinary course of the business and were made on terms equivalent to those that prevail in arm's length transactions.

25.1.2 Non-Recurrent Related Party Transactions

Name of the Company	Relationship	Nature of Transaction	2020 Rs.'000s	2019 Rs.'000s
Nestrad S.A.	Affiliate	Capital Expenditure	(28,268)	(41,196)

Transactions with Related Parties are carried out in the ordinary course of the business and were made on terms equivalent to those that prevail in arm's length transactions.

There were no Non-Recurrent Related Party Transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 December 2020 audited financial statements.

25.2 Transactions with Key Management Personnel

Key management personnel include all the members of the Board of Directors of the Company having authority and responsibility for planning, directing and controlling the activities of the Company.

For the year ended 31 December	2020 Rs.'000s	2019 Rs.'000s
Executive Directors' Emoluments		
Short-Term Employee Benefits	156,438	151,691
Share Based Payments	42,261	48,751
	198,699	200,442
Non-Executive Director's Fees	1,800	1,800
	200,499	202,242

25.3 Share-Based Payments (SBP)

The Company participates in the Nestlé Performance / Restricted Stock Unit (PSU/RSU) plan of Nestlé S.A. whereby selected employees are granted non-tradable stock units with the right to obtain Nestlé S.A. shares or cash equivalents. Performance / Restricted stock units are granted to employees vest, subject to certain conditions, after completion of three years. Upon vesting, Nestlé S.A. determines whether shares, free of charge or cash equivalent to the value of shares, is to be transferred to the employee. The Company has to pay Nestlé S.A. an amount equivalent to the value of Nestlé S.A. shares on the date of vesting, delivered to the employee. Accruals are made based on estimates, including the Nestlé S.A. share price, and the period end exchange rate over the vesting period of three years.

For the Year Ended 31 December	2020 Rs.'000s	2019 Rs.'000s
Number of Shares Granted During the Year	2,467	2,704
Fair Value of Shares Granted During the Year	55,827	39,461
Total Expense Recognised in Statement of Profit or Loss	80,696	87,038
Carrying Amount as at the Reporting Date	108,848	120,774

There are no Related Party Transactions other than those disclosed in Notes 16, 22, 24 and 25

26. Financial Risk Management

In the course of its business, the Company is exposed to a number of financial risks: credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management procedures are established to identify and analyse the risks faced by the Company, set appropriate risk limits, and to control and monitor risks to ensure adherence.

Notes to the Financial Statements

(a) Credit Risk -

Credit risk arises when the counterparty may fail to perform its obligation. The risk in this regard arises from trade and other receivables, which are subject to credit limits and control and approval procedures to minimise the extent of the Company's financial exposure. Bank guarantees are obtained where possible to minimise the risk further.

The Company limits its exposure to credit risk by investing only with counterparties that have an existing business relationship at a global level with Nestlé Group. For all short-term investments, credit rating of the counterparty should be "Investment Grade", as rated by an independent rating agency.

The carrying amount of financial assets represents the maximum credit exposure, which at the reporting date is as follows.

As at 31 December	2020 Rs.'000s	2019 Rs.'000s
Trade Receivables	1,797,703	2,479,423
Loans to Employees	394,277	411,477
Amount Due from Related Parties	440,332	434,476
Other Non-Trade Receivables	71,115	62,941
	2,703,427	3,388,317
The Ageing of Trade Receivables as at the reporting date were as:		
Not Past Due	1,489,596	2,283,392
Past Due 1-30 Days	322,091	152,840
Past Due 31-60 Days	37,873	50,165
Past Due 61-90 Days	10,108	30,892
Past Due 91-120 Days	6,239	6,938
Past Due More Than 120 Days	58,327	85,287
Impairment of Trade Receivables	(126,531)	(130,091)
	1,797,703	2,479,423

(b) Liquidity risk -

Liquidity risk arises when the Company encounters difficulties to meet commitments associated with liabilities and other payment obligations. In the management of liquidity risk the Company monitors and maintains sufficient backup lines to finance Company's operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through short-term and long-term borrowings.

The Contractual Maturities of Financial Liabilities are as follows:

As at 31 December	2020 Rs.'000s			2019 Rs.'000s		
	Less than 6 Months	6 - 12 Months	1 - 5 Years	Less than 6 Months	6 - 12 Months	1 - 5 Years
Trade and Other Payables*	6,137,502	-	-	4,877,251	-	-
Amounts Due to Related Parties	1,893,087	-	-	805,046	-	-
Loan from Related Party	1,893,000	-	-	-	-	1,893,000
Other Current Financial Liabilities (Excluding Lease Liabilities)	89,798	-	-	924,135	-	-
	10,013,387	-	-	6,606,432	-	1,893,000

*Excluding Statutory Liabilities, which are payable as per due dates.

(c) Market Risk -

The Company is exposed to risk from movements in foreign currency exchange rates, interest rates and market prices that affect its assets, liabilities and anticipated future transactions.

The Company's objective is to manage the interest rate risk to minimise the adverse effects of fluctuating interest rates.

The Company is exposed to currency risk on sales, purchases that are denominated in foreign currencies, primarily the US Dollar (USD), Singapore Dollar (SGD), Australian Dollar (AUD), Euro (EUR) and Swiss Franc (CHF).

The exposures are managed within a prudent and systematic hedging policy in accordance with the Company's specific needs.

The Company's objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return and / or cost.

Notes to the Financial Statements

Exposure to Currency Risk

The Company's exposure to currency risk as at the reporting date can be summarised as follows:

As at 31 Dec 2020	Rs.'000s				
	USD	EUR	SGD	AUD	CHF
Receivables	681,034	-	-	-	-
Payables	(2,125,753)	(111,653)	(2,177)	(45,799)	(20,010)
Net Financial Position	(1,444,719)	(111,653)	(2,177)	(45,799)	(20,010)

As at 31 Dec 2019					
Receivables	775,348	2,361	-	-	-
Payables	(1,051,124)	(60,106)	(112,781)	(42,130)	(27,559)
Net Financial Position	(275,776)	(57,745)	(112,781)	(42,130)	(27,559)

The following significant exchange rates are applied:

As at	31 Dec 2020	31 Dec 2019
USD	185.25	181.40
EUR	227.82	203.28
SGD	140.23	134.76
AUD	142.82	127.13
CHF	210.31	187.20

Sensitivity Analysis

Strengthening / weakening of the USD / EUR / SGD / AUD / CHF against the LKR (Lankan Rupee) would affect the measurement of the financial instruments denominated in foreign currencies, and the increase / decrease of profit or loss by the amount shown below.

	As at 31 December 2020		As at 31 December 2019	
	Strengthening Profit or Loss	Weakening Profit or Loss	Strengthening Profit or Loss	Weakening Profit or Loss
	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s
USD (1% movement)	(14,447)	14,447	(2,758)	2,758
EUR (1% movement)	(1,117)	1,117	(577)	577
SGD (1% movement)	(22)	22	(1,128)	1,128
AUD (1% movement)	(458)	458	(421)	421
CHF (1% movement)	(200)	200	(276)	276

Capital Risk Management

The Company's capital management is driven by the impact on shareholders of the level of total capital employed. It is the Company's policy to maintain a sound capital base to support the continued development of its business.

The Board of Directors seeks to maintain a prudent balance between the components of the Company's capital and monitors the capital structure and the net financial liabilities, in line with changes in global and local economic and market conditions.

The gearing ratio (Financial Liabilities/ (Financial Liabilities + Equity)) of the company is 26% as at 31 December 2020 (2019 : 35%)

27. Derivative Assets and Liabilities and Hedge Accounting

Derivative Financial Instruments

Company's derivatives mainly consist of currency forwards. Derivatives are mainly used to manage the fluctuations of foreign currency exchange rates as described in Note 26 (c), Market Risk.

Derivatives are initially recognised at fair value. They are subsequently re-measured at fair value at each reporting date, with all their gains and losses, realized and unrealized, recognised in the Statement of Profit or Loss and Other Comprehensive Income unless they are in a qualifying hedging relationship.

Hedge Accounting

The Company designates and documents the use of certain derivatives as hedging instruments against changes in fair values of recognised assets and liabilities (fair value hedges) and highly probable forecasted transactions (cash flow hedges). The effectiveness of such hedges is assessed at inception and verified at least on a quarterly basis to ensure that an economic relationship exists between the hedged items and the hedging instrument.

Fair Value Hedges

The Company uses fair value hedges to mitigate foreign currency risk of its recognised assets and liabilities. Changes in fair values of hedging instruments designated as fair value hedges are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Cash Flow Hedges

The Company uses cash flow hedges to mitigate foreign currency risks of highly probable forecasted transactions such as anticipated future export sales proceeds and payments for purchases of goods.

The effective part of changes in fair value of hedging instruments is recognised in the Other Comprehensive Income, while any ineffective part is recognised in the Statement of Profit or Loss. Ineffectiveness of hedges of foreign currency may result from changes in the timing of the forecasted transactions than was originally foreseen.

Notes to the Financial Statements

Derivatives by Hedged Risks

As at 31 December	2020 Rs.'000s			2019 Rs.'000s		
	Contractual or Notional Amounts	Fair Value Assets	Fair Value Liabilities	Contractual or Notional Amounts	Fair Value Assets	Fair Value Liabilities
Fair Value Hedges						
Foreign Currency Risk	-	-	-	-	-	-
Cash Flow Hedges						
Foreign Currency Risk	1,592,937	14,536	11,674	2,355,327	15,909	9,575

28. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

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

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

All Company derivative assets and liabilities are categorised as level 2 in the fair value hierarchy (2019 - level 2)

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 and Amounts Due from Related Parties

Trade and other receivables and Amount Due from Related Parties are expected to be settled within one year of the reporting date, hence the discounting impact would be immaterial. Therefore the carrying amount approximates the fair value as at the reporting date.

Trade and Other Payables and Amounts Due to Related Parties

Trade and other payables and Amounts Due to Related Parties are expected to be settled within one year of the reporting date, hence the discounting impact would be immaterial. Therefore the carrying amount approximates the fair value as at the reporting date.

Accounting Classifications and Fair Values

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

As at 31 December	Fair Value - Hedging Instruments	
	2020 Rs.'000s	2019 Rs.'000s
Financial Assets		
Derivative - Forward Exchange Contract	14,536	15,909
	14,536	15,909
Financial Liabilities		
Derivative - Forward Exchange Contract	11,674	9,575
	11,674	9,575

29. Commitments

Capital Commitments - The capital commitment for the year 2020, which has been approved and contracted for, is Rs. 88 million (2019 - Rs. 66 million).

30. Contingent Liabilities

Income Tax Assessments up to 2020 amounting to Rs. 302 Mn (Up to 2019 - Rs. 302 Mn), were issued against the Company for which appeals have been lodged with appropriate tax authorities. The Company is of the view that provisions are not required as at the reporting date since the Company believes it has a strong case.

There are no other material contingent liabilities.

31. Events Occurring After the Reporting Date

There were no material events occurring after the reporting date that require adjustment or disclosure in the financial statements, other than the following;

- An interim dividend of Rs. 35.00 per share amounting to Rs. 1,880,391,205.00 was approved on 18 February 2021 by the Board of Directors and will be paid on 04 March 2021 for shareholders via bank transfers and on 23 March 2021 via cheques.
- The Board of Directors has proposed a final dividend of Rs. 20.00 per share amounting to Rs. 1,074,509,260.00 for the year ended 31 December 2020, subject to approval by the Shareholders at the upcoming Annual General Meeting of the Company.

32. Comparative Information

Comparative information has been reclassified where necessary to conform to the current year's presentation.



Good for my planet

Making our packaging 100% recyclable

More than 70% of our packaging by weight is already recyclable, and we're committed to making this 100% by 2025. We're also working together with the government, our suppliers, NGOs and other local FMCG companies to develop collection and recycling schemes.

A man with short dark hair, wearing a white long-sleeved shirt, is smiling and making a heart shape with his hands. The background is a plain, light grey wall.

Good for my planet

Eliminating single-use plastic

In our journey to make our packaging 100% recyclable or reusable by 2025, we've stopped using plastic items in our promotions. This has helped us reduce the plastic we use by 250 metric tonnes.

A photograph of four school children, two girls and two boys, standing outdoors in front of a lush green background. They are all smiling and wearing white short-sleeved shirts with dark blue ties. The ties feature a crest and the text 'OMANTHAI C.C.'. The girls have their hair in braids. The boy in the back has a white mark on his forehead. The boy in the front right has a black strap over his shoulder.

Good for my planet

Waste Collection Programme in Schools

We launched our first waste management programme with the Central Environmental Authority and the Ministry of Education, to manage waste and create awareness about responsible disposal. We aim to reach approximately 400,000 students by the end of 2022.

Ten Year Summary

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s
Statement of Comprehensive Income										
Revenue	25,575,780	28,571,488	30,913,413	32,902,885	34,702,511	36,461,695	37,601,472	37,336,943	36,355,084	37,866,215
Profit Before Tax	3,444,267	3,467,713	4,083,211	4,765,797	5,425,507	5,712,078	4,734,672	4,941,457	3,769,894	4,263,921
Taxation	(814,497)	(529,146)	(766,466)	(978,904)	(1,301,183)	(1,313,316)	(1,098,831)	(1,455,656)	(1,203,911)	(1,317,038)
Profit After Tax	2,629,770	2,938,567	3,316,745	3,786,893	4,124,324	4,398,762	3,635,841	3,485,801	2,565,983	2,946,883
Retained Profits Brought Forward	176,283	254,100	291,698	384,915	491,614	512,281	613,005	1,562,572	2,348,711	2,362,735
Super Gain Tax	-	-	-	-	(638,365)	-	-	-	-	-
Impact of Changes in Accounting Policies	-	-	-	-	-	-	-	(13,388)	-	-
Unclaimed Dividend Written Back	-	-	-	-	-	-	-	-	-	114,467
Profit Available for Distribution	2,806,053	3,192,667	3,608,443	4,171,808	3,977,573	4,911,043	4,248,846	5,034,985	4,914,694	5,424,085
Interim Dividend*										
Final Dividend*	(2,551,953)	(1,289,204)	(1,504,313)	(1,504,313)	(1,611,764)	(2,149,019)	(1,343,137)	(1,343,137)	(1,611,764)	(1,880,391)
Net Retained Profit	254,100	291,698	384,915	491,614	512,281	613,005	1,562,572	2,348,711	2,362,735	2,469,185
*Dividend includes proposed dividends										

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s
Statement of Financial Position										
Stated Capital	537,255	537,255	537,255	537,255	537,255	537,255	537,255	537,255	537,255	537,255
Retained Earnings and Reserves	2,806,054	3,231,768	3,678,403	3,550,673	3,984,381	4,931,931	4,263,780	5,097,901	4,972,354	5,396,528
Non-Current Liabilities	594,713	794,419	929,020	1,155,712	1,221,692	1,302,144	1,495,708	3,688,838	3,771,842	2,083,788
	3,938,022	4,563,442	5,144,678	5,243,640	5,743,328	6,771,330	6,296,743	9,323,994	9,281,451	8,017,571
Represented by:										
Non-Current Assets	4,636,056	4,904,153	4,810,141	5,414,937	5,621,039	6,409,376	8,170,221	10,237,243	9,755,655	9,269,803
Net Current Assets:										
Current Assets	4,290,657	3,739,135	5,719,972	5,394,992	6,501,008	6,985,874	7,406,314	7,421,563	7,114,904	9,941,876
Less: Current Liabilities	(4,988,691)	(4,079,847)	(5,385,435)	(5,566,289)	(6,378,719)	(6,623,920)	(9,279,792)	(8,334,812)	(7,589,108)	(11,194,108)
	(698,034)	(340,712)	334,537	(171,297)	122,289	361,954	(1,873,478)	(913,249)	(474,204)	(1,252,232)
	3,938,022	4,563,441	5,144,678	5,243,640	5,743,328	6,771,330	6,296,743	9,323,994	9,281,451	8,017,571
Average Market Price per Share (Rs)	764.38	1,154.07	1,978.75	2,105.00	2,049.50	2,144.11	1,913.32	1,726.03	1,464.32	1,046.61
Earnings per Share (Rs)	48.95	54.70	61.74	70.49	76.77	81.87	67.67	64.88	47.76	54.85
Dividend per Share (Rs.)	47.50	54.00	60.00	68.50	64.50	80.00	50.00	50.00	47.50	55.00
Dividend Paid / Proposed (Rs. 000s)	2,551,959	2,901,175	3,223,528	3,680,194	3,465,292	4,298,037	2,686,273	2,686,273	2,551,959	2,954,900

Share Information

Analysis of Shareholders According to the Number of Shares Held as at 31 December

Number of Shares Held	2020 Resident			2019 Resident		
	Number of Shareholders	Number of Shares	%	Number of Shareholders	Number of Shares	%
1 - 1,000	5,206	683,166	1.26	4,984	664,178	1.24
1,001 - 10,000	374	954,454	1.78	371	965,893	1.80
10,001 - 100,000	42	1,086,657	2.02	39	1,004,323	1.87
100,001 - 1,000,000	1	264,404	0.49	1	264,404	0.50
Over 1,000,000	-	-	-	-	-	-
	5,623	2,988,681	5.55	5,395	2,898,798	5.41

Number of Shares Held	2020 Non-Resident			2019 Non-Resident		
	Number of Shareholders	Number of Shares	%	Number of Shareholders	Number of Shares	%
1 - 1,000	55	13,440	0.03	55	13,025	0.02
1,001 - 10,000	23	101,139	0.19	22	99,177	0.18
10,001 - 100,000	6	218,324	0.41	11	425,580	0.79
100,001 - 1,000,000	7	1,610,133	3.00	6	1,495,137	2.78
Over 1,000,000	1	48,793,746	90.82	1	48,793,746	90.82
	92	50,736,782	94.45	95	50,826,665	94.59

Number of Shares Held	2020 Total			2019 Total		
	Number of Shareholders	Number of Shares	%	Number of Shareholders	Number of Shares	%
1 - 1,000	5,261	696,606	1.29	5,039	677,203	1.26
1,001 - 10,000	397	1,055,593	1.97	393	1,065,070	1.98
10,001 - 100,000	48	1,304,981	2.43	50	1,429,903	2.66
100,001 - 1,000,000	8	1,874,537	3.49	7	1,759,541	3.28
Over 1,000,000	1	48,793,746	90.82	1	48,793,746	90.82
	5,715	53,725,463	100.00	5,490	53,725,463	100.00

Categories of Shareholders	2020 Total		2019 Total	
	Number of Shareholders	Number of Shares	Number of Shareholders	Number of Shares
Individual	5,545	2,351,766	5,331	2,383,937
Institutional	170	51,373,697	159	51,341,526
Total	5,715	53,725,463	5,490	53,725,463

Share Information

Market Prices Per Share	2020 (Rs.)		2019 (Rs.)	
Highest	10 December	1,348.90	29 January	1,750.00
Lowest	12 May	985.00	22 November	1,150.00
31 December		1,275.00		1,299.80
Public Holding as at 31 December		9.18%		9.18%
Number of Shareholders Represented by the Public Holding		5,713		5,488

The Directors of the company hold no shares in the Company except for Mr. Mahendra Dayananda, who holds 1,000 shares as at period closing (previous year end 1,000 shares).

Float Adjusted Market Capitalisation as at 31 December 2020 : Rs. 6,288,297 (Rs'000). As the float adjusted market capitalization is over Rs. 5 billion, Nestlé Lanka PLC complies under option 3 of Rule 7.13.1 (a) of Listing Rules.

No.	Names	2020	%	2019	%
1	Nestlé S.A.	48,793,746	90.82	48,793,746	90.82
2	Citibank New York S/A Norges Bank Account 2	493,037	0.92	493,037	0.92
3	Sri Lanka Insurance Corporation Ltd - Life Fund	264,404	0.49	264,404	0.49
4	Deutsche Bank AG - London	250,000	0.47	250,000	0.47
5	RBC Investor Services Bank-Coeli Sicav I-Frontier Markets Fund	241,342	0.45	251,742	0.47
6	Harnam Neesha Jasbinderjit Kaur Piara Singh	200,000	0.37	200,000	0.37
7	Deutsche Bank AG Singapore A/C2 (DCS CLT Acc For Deutsche Bank Ag Singapore - PWM WM Client)	155,600	0.29	-	-
8	SSBT - Al Mehwar Commercial Investments L.L.C	144,758	0.27	144,758	0.27
9	SSBT - Frank Russel Trust Company Comingled Benefit Funds Trust GNA-6QH3	125,396	0.23	72,040	0.13
10	Employees Provident Fund	100,000	0.19	100,000	0.19
11	BNYH RE-GHI Holdings Maruitius	75,000	0.14	75,000	0.14
12	Jasbinderjit Kaur Piara Singh	72,194	0.13	71,300	0.13
13	Commercial Bank of Ceylon PLC/P.Subasinghe	68,000	0.13	-	-
14	Union Assurance PLC / Account No. 5 (Unit-Linked Life Insurance Fund - Equity Fund)	54,943	0.1	82,311	0.15
15	Union Assurance PLC - Universal Life Fund	54,718	0.1	-	-
16	Colombo Investment Trust PLC	50,904	0.09	50,904	0.09
17	Udeshi Morarji Meghji Asha Ajay Merchant	45,000	0.08	45,000	0.08
18	Anil Kumar Lalchand Hirdaramani	42,500	0.08	42,500	0.08
19	Radhakrishnan Maheswaran	36,671	0.07	36,671	0.07
20	Radhakrishnan Andal	36,667	0.07	36,667	0.07

Corporate Information

Name of Company	: Nestlé Lanka PLC
Registered Office and Head Office	: 440, T. B. Jayah Mawatha, Colombo 10, Sri Lanka Tel: (+94 11) 2 696 304, 2 697 821, 2 699 991 Fax: (+94 11) 2 699 437 E-mail : info.srilanka@lk.nestle.com Website : www.nestle.lk
Legal Form	: A public quoted Company with limited liability, incorporated in Sri Lanka on 29 January 1981 and listed on the Main Board of the Colombo Stock Exchange.
Company Registration Number	: PQ20
Company Secretary	: Keerthi Pathiraja
Nestlé Lanka PLC Certifications	: FSSC 22000 version 4.1. (Food Safety System Certification) ISO 9001:2015 (Quality Management System) ISO 14001:2015 (Environmental Management Systems) ISO 45001:2018 (Occupational Health and Safety Management System) SLS Certification for <i>Nestomalt</i> Malted Food, <i>Nestlé a+</i> Standardised Milk, <i>Ceregrow</i> and <i>Cerelac</i> Cereal Based Foods for infants and young children, <i>Milkmaid</i> Sweetened Condensed Milk, <i>Nespray</i> FortiGrow Full Cream Milk Powder, <i>Nespray</i> Nutri-Up and <i>Nescafé</i> Ice Coffee Flavoured Milks, <i>Maggi</i> Coconut Milk Powder and our entire <i>Maggi</i> noodle range. SLS 1672:2020 COVID-19 Safety Management System Halal Certification, Kosher Certification, Organic Certification
Environmental Protection Licence No	: 345/2020 R18
Registrars	: SSP Corporate Services (Pvt) Ltd. 101, Inner Flower Road, Colombo 3, Sri Lanka Tel : 011 2 573 894, 2 576 871
Legal Advisors	: Keerthi Pathiraja, Attorney-at-Law D. L. & F. De Saram (Attorneys-at-Law) Julius & Creasy (Attorneys-at-Law) Nithya Partners (Attorneys-at-Law)
Auditors	: Ernst & Young (Chartered Accountants)
Bankers	: Citibank, N.A. Commercial Bank Hatton National Bank The Hongkong and Shanghai Banking Corporation Limited Standard Chartered Bank
Financial Year	: 1 January to 31 December

Notice of Meeting

Notice is hereby given that the Fortieth (40th) Annual General Meeting of Nestlé Lanka PLC will be held at the “Wellness Café” of Nestlé Lanka PLC Head Office at No. 440, T. B. Jayah Mawatha, Colombo 10 on Thursday 10 June 2021, at 10.00 a.m. via audio visual means only for the following purposes:

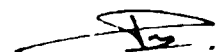
1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company, Independent Auditors’ Report and the financial statements for the year ended 31 December 2020.
2. To approve a final dividend of Rs. 20.00 for the year ended 31 December 2020 as recommended by the Board of Directors.
3. To re-elect as Director Mr. Dian Gomes, in terms of Article 56, 57 and 58 of the Articles of Association.
4. To re-elect as Director Mr. Ranjan Seevaratnam, who is over the age of 70 years, and retires at the forthcoming Annual General Meeting in terms of Section 210 of the Companies Act No. 07 of 2007, by passing the following ordinary resolution in terms of Section 211 of the Companies Act No. 07 of 2007.

“Resolved that Mr. Ranjan Seevaratnam, who is 77 years of age, be and is hereby re- elected as a Director of the Company. It is hereby resolved and declared that the age limit of 70 years, referred to in Section 210 of the Companies Act No. 7 of 2007, shall not apply to the said Director.”
5. To re-elect as Director Mr. Mahen Dayananda, who is over the age of 70 years, and retires at the forthcoming Annual General Meeting in terms of Section 210 of the Companies Act No. 07 of 2007, by passing the following ordinary resolution in terms of Section 211 of the Companies Act No. 07 of 2007.

“Resolved that Mr. Mahen Dayananda, who is 74 years of age, be and is hereby re- elected as a Director of the Company. It is hereby resolved and declared that the age limit of 70 years, referred to in Section 210 of the Companies Act No. 7 of 2007, shall not apply to the said Director.”

6. To reappoint the Auditors M/s. Ernst & Young and to authorize the Directors to determine their remuneration.

By Order of the Board.
NESTLÉ LANKA PLC.



Keerthi Pathiraja
Company Secretary

18 February 2021

Note:

1. In the interest of protecting public health and safety, the Fortieth (40th) Annual General Meeting (AGM) of Nestlé Lanka PLC will be a virtual meeting, held by participants joining in person or by proxy through audio or audio visual means only in the manner specified below:
2. The AGM is to be held in line with the guidelines given by the Colombo Stock Exchange and as per applicable laws. The AGM is scheduled on the assumption that no curfew will be in force on the AGM date and that there would be no restriction imposed by the authorities on conducting of meetings.
3. The Board of Directors, the Company Secretary, and the Auditors will be present at the “Wellness Cafe” of Nestlé Lanka PLC, No. 440, T. B. Jayah Mawatha, Colombo 10, at 10.00 a.m. on Thursday 10 June 2021.
- 4.(a) The Board will make necessary arrangements for shareholders who wish to participate at the AGM via an online meeting platform, by ensuring that login information will be forwarded to them prior to the date of the AGM in the form of an audio/video link. To facilitate this process, they are required to send their email addresses via email to keerthi.pathiraja@lk.nestle.com, via facsimile to +9411 4794520, or by post to Company Secretary to the Address No. 440, T. B. Jayah Mawatha, Colombo 10, not less than seven (07) days prior to the date of the meeting so that the meeting login information could be forwarded to the email address furnished.
- 4.(b) To facilitate the appointment of proxies, the Form of Proxy is attached with the Notice of Meeting and the duly filled Forms of Proxy are required to be forwarded to the Company Secretary via e-mail to keerthi.pathiraja@lk.nestle.com, via facsimile to +9411 4794520, or by post addressed to the Company Secretary, Nestlé Lanka PLC, 440, T. B. Jayah Mawatha, Colombo 10, not less than forty eight (48) hours before the time fixed for the meeting.
- 4.(c) Shareholders will be required to use internet with adequate speed to avoid any disturbance during the meeting.
- 4.(d) Shareholders connecting from mobile devices or tablets, or through laptops connecting via mobile hotspots, may experience audio/video loss due to fluctuation of their respective networks. It is therefore recommended to use a stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
5. Shareholders’ queries

If the shareholders wish to raise any queries/ questions during the meeting, they are advised to forward the same via e-mail to keerthi.pathiraja@lk.nestle.com, via facsimile to +9411 4794520, or by post addressed to the Company Secretary, Nestlé Lanka PLC, 440, T. B. Jayah Mawatha, Colombo 10, not less than seven (7) days prior to the date of the meeting, so that the Company Secretary will be able to compile the queries and forward same for the attention of the Board of Directors to be discussed at the meeting.
6. The shareholders who wish to speak or raise verbal questions at the meeting will be able to join the meeting through audio or audio and visual means, and to facilitate this process, they are required to send their email addresses via email to keerthi.pathiraja@lk.nestle.com, via facsimile to +9411 4794520, or by post addressed to the Company Secretary, Nestlé Lanka PLC, 440, T. B. Jayah Mawatha, Colombo 10, not less than seven (07) days prior to the date of the meeting so that the meeting login information could be forwarded to the email address furnished.
7. Casting of votes by shareholders

The shareholders are requested to appoint an Independent Non-Executive Director or any other Director of the Company of their choice as their proxy to represent them and vote on behalf of shareholders at the meeting.
8. The Annual Report of the Company for the year ended 31 December 2020 will be available for perusal on the Company website <https://www.nestle.lk/investors/key-facts-and-figures>, and the Colombo Stock Exchange website on www.cse.lk.

Notes

Annual Report 2020

Instructions as to the completion

1. Kindly perfect the form of proxy legibly by filling in your full name and address in the spaces provided, along with the date and your signature.
2. If the proxy form is signed by an Attorney, the related Power of Attorney should also accompany the completed form of proxy for registration, if it has not been already registered with the Company.
3. If the Shareholder is a Company or Corporate Body, the proxy form should be executed under its common seal in accordance with its Articles of Association or Constitution.
4. In the absence of any specific instructions as to voting, the proxy may use his/her discretion in exercising the vote on behalf of his appointor.
5. The completed form of proxy should be sent via e-mail to keerthi.pathiraja@lk.nestle.com, via facsimile to +9411 4794520, or by post to the registered address of the Company at No. 440, T. B. Jayah Mawatha, Colombo 10, not less than 48 hours before the time appointed for holding of the Annual General Meeting.

NESTLÉ LANKA PLC
40th Annual General Meeting 2021
Registration of Shareholders Details for Virtual AGM

Please provide the following details (mandatory):

NIC/PP/Company Registration No. of the Shareholder/s :

Folio No. :

E-mail address of the Shareholder(s) :

Contact No. – Mobile/Fixed :

Signature : Date:



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Nestlé Lanka PLC

440, T.B. Jayah Mawatha, Colombo 10, Sri Lanka.

Tel.: +94 11 2 699 991

Web: www.nestle.lk