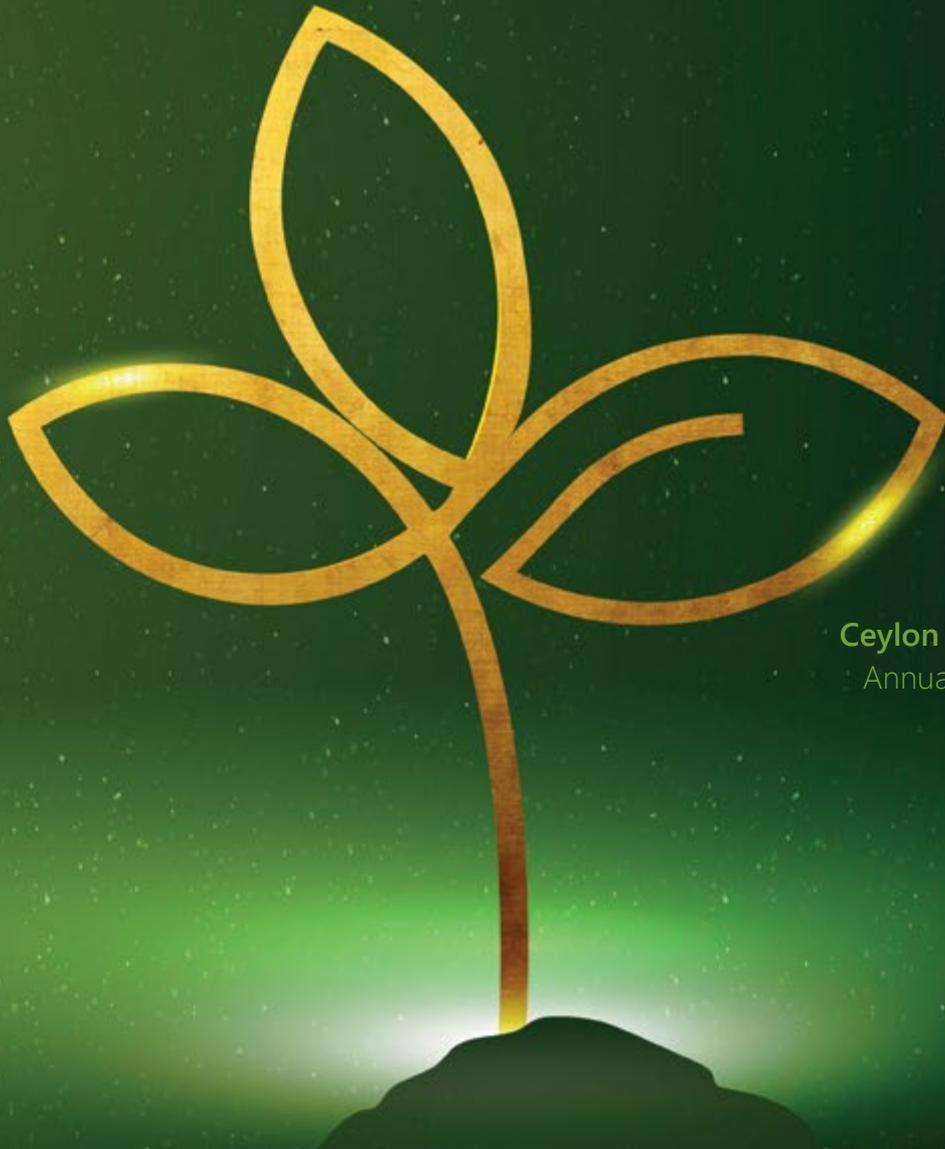


# Built on Sustainability



Ceylon Tea Brokers PLC  
Annual Report 2021/22

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

# Built on Sustainability

When considering the future growth of a company, there is much to assess in terms of our collective aspirations while also weighing in on the opportunity cost of making those dreams a reality. While the year under review laid an obstacle course for progress, we were undeterred and chose to take a more holistic look at how we do business.

In creating a more prudent game plan for our long term growth and existence, we have built on Sustainability, balancing our accountability and goals along with our progression in order to stabilise our journey in the time ahead.



# Introduction to the Report

We are pleased to present our fourth Integrated Report in accordance with the International <IR> Framework of the International Integrated Reporting Council (IIRC). This report consists of both financial and non-financial disclosures regarding our economic, social, and environmental performance for the year 2021/22 and future outlook.

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

This report consists of both financial and non-financial reporting disclosures regarding our economic, social and environmental performance for the year 2021/22 and future outlook.

## Reporting Scope and Boundaries

The contents of this report relate to the operations of Ceylon Tea Brokers PLC "Company" including its fully owned subsidiary, Logicare (Pvt) Ltd. collectively referred to as "Group". The Company does not have any other subsidiaries, associates, joint ventures, overseas operations or other businesses for the purpose of reporting except for Logicare (Pvt) Ltd. The Company's shareholding structure, operations and its geographical presence are disclosed on page 03 and 162 respectively.

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

The Group voluntarily adopted GRI sustainability reporting standards and UN Sustainable Development Goals and a self-assessment of impact is reported in this Integrated Annual Report.

## Reporting Framework

### Financial reporting

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

### Corporate governance reporting

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

### Integrated reporting

- I International Integrated Reporting (IIR) Framework issued by the International Integrated Reporting Council (IIRC)

### Sustainability reporting

- I GRI Sustainability Reporting Standards 2016
- I UNGC Principles and UN Sustainable Development Goals

## Reporting Cycle

The Annual Report 2021/22 of Ceylon Tea Brokers PLC reports for the 12 months period from 1st April 2021 to 31st March 2022. This period is consistent with the Company's usual annual reporting cycle.

## Determining Materiality

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

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

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

The Company's most recent report was for the financial year 2020/21. There have not been any changes in reporting scope and/or boundaries from the previous year. The Company has restated numbers and statements of 2020/21 wherever necessary, to conform to the current year's presentations.

## Disclaimer on Forecasts

The report contains details about business plans and strategies of the Group. These represent the management's views which are unaudited, and forward-looking in nature. As the outcomes of such forecasts are subject to external conditions, there could be deviations from the projections.

## Feedback and Further Information and Suggestions

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

## Contact Us

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

# Who We Are

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

Currently we handle produce of over 170 Tea factories in the country which amounts to around 15.42% of the total volumes sold at the Colombo Tea Auction. Having earned the confidence of our clients, we continue to strengthen our relationships with them, while actively venturing out to gain and secure new ones to further our progress in the future.

## Our Vision

To be a dynamic and leading service organisation.

## Our Mission

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

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

Be a socially responsible corporate citizen.

## Our Values

Ability | Credibility | Integrity | Teamwork

## Business Activities / Key Service Areas

We are a licensed Produce Broker for Tea registered under Sri Lanka Tea Board bearing License No. PB/102/2022.

### Tea Broking / Marketing

Act as an intermediary between Tea Producers and Tea Buyers.

### Warehousing

Providing warehousing solutions to the producer clients (Tea Factories) for their Teas pending for sale.

### Manufacturing Advisory Services

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

### Financing

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

### Market Served

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

## Where We Operate

### Ceylon Tea Brokers PLC

#### Head Office

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

#### Sample Room

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

#### Warehouses

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

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

| No. 26, Welikadamulla Road, Enderamulla, Wattala, Sri Lanka.

### Logicare (Private) Limited

A wholly owned subsidiary of Ceylon Tea Brokers PLC which is providing transportation and warehousing facilities to the third party logistic clients.

#### Head Office

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

#### Warehouse

| No. 1, Muthurajawela Road, Muthurajawela, Sri Lanka.

| No. 205, Awariwatta Road, Wattala, Sri Lanka.

The first stand-alone Tea broking Company to be listed on the Colombo Stock Exchange. Today we are one of the well-respected entities in the field, having achieved considerable growth in a short period of time. Proudly holding our own identity and competing against the might of long-established broking firms, we continue to grow in strength and stature supported by a solid management team.

# Milestones

**1963**

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

**1999**

Incorporated as a private limited company.

**2005**

Acquired by the Capital Alliance Group.

**2006**

Renamed Ceylon Tea Brokers (Pvt) Ltd.

**2007**

Converted to a Public Company.

**2010**

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

**2015**

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

**2016**

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

**2017**

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

## 2018

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

## 2019

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

## 2021

- | Commencement of Online Auctions by the Tea Trade.

## 2022

- | Bronze Award- "Service Organisation Category" at the 56th Annual Report Awards competition organised by CA Sri Lanka
- | Achieved a Market Share of 15.77% on the value of Teas sold.

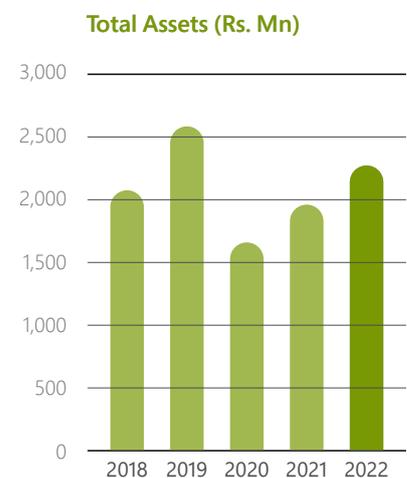
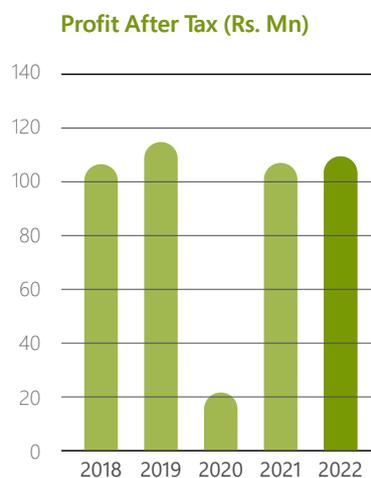
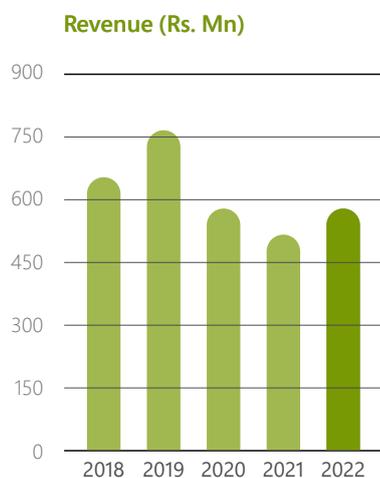


# Financial Highlights

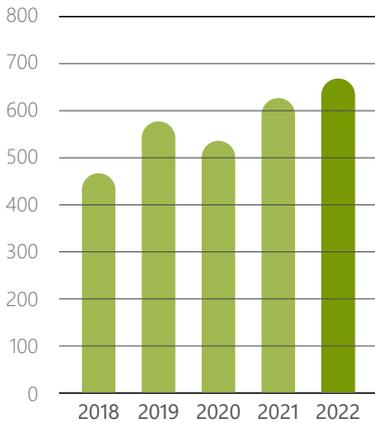
Five Year Summary as at 31st March	Group	Company								
	2022	2022	2021	2021	2020	2020	2019	2019	2018	2018
Revenue (Rs. Mn)	867.31	580.67	693.59	518.68	692.63	580.64	769.65	769.65	655.92	655.92
Expenses (Rs. Mn)	(811.30)	(434.35)	(653.88)	(373.50)	(731.62)	(543.15)	(609.43)	(600.15)	(506.23)	(499.47)
Profit / (Loss) Before Taxation (Rs. Mn)	56.01	146.32	39.71	145.18	(38.99)	37.49	160.22	169.5	149.69	156.44
Profit / (Loss) After Taxation (Rs. Mn)	19.10	109.80	1.00	107.53	(62.5)	21.54	113.55	115.28	100.04	106.79
Total Assets (Rs. Mn)	2,908.86	2,276.82	2,547.21	1,968.18	2,228.34	1,663.82	3,040.77	2,598.68	2,080.51	2,087.15
Shareholder's Funds (Rs. Mn)	510.35	675.00	431.02	633.44	449.45	541.98	574.07	582.56	464.49	471.25
Return on Shareholder's Funds After Tax (%)	3.74	16.27	0.23	16.98	(13.91)	3.97	19.78	19.79	21.54	22.66
Return on Assets After Tax (%)	0.66	4.82	0.04	5.46	(2.80)	1.29	3.73	4.44	4.80	5.12
Net Assets Per Share (Rs.)	2.80	3.70	2.36	3.47	2.46	2.97	3.15	3.19	2.54	2.58
Earnings Per Share (Rs.)	0.104	0.60	0.005	0.59	(0.34)	0.12	0.62	0.63	0.76	0.81
Dividend Per Share (Distribution from during the year profit) (Rs.)	0.36	0.36	0.35	0.35	0.080	0.080	0.35	0.35	0.325	0.325
Current Ratio (Times)	1.24	1.28	1.05	1.22	1.39	1.51	1.15	1.26	1.09	1.09
Total Asset Turnover (Times)	0.30	0.26	0.27	0.26	0.31	0.35	0.25	0.30	0.32	0.31
Market Price (Rs.)	3.20	3.20	3.10	3.10	2.30	2.30	2.70	2.70	3.60	3.60
P/E Ratio (Times)	30.48	5.33	620.00	5.25	(6.76)	19.17	4.35	4.29	4.73	4.44
Earning Yield (Rs.)	0.03	0.19	0.0016	0.19	(0.15)	0.05	0.23	0.23	0.21	0.23
Price/Book value ratio (Times)	1.14	0.86	1.31	0.89	0.93	0.77	0.86	0.85	1.42	1.39



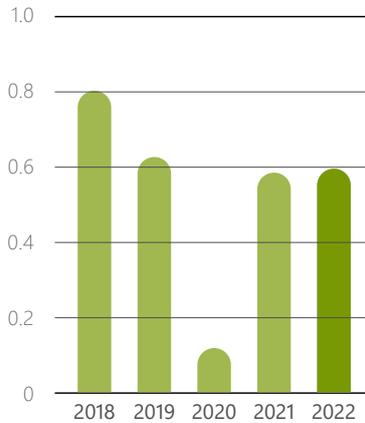
## Financial Performance - Company



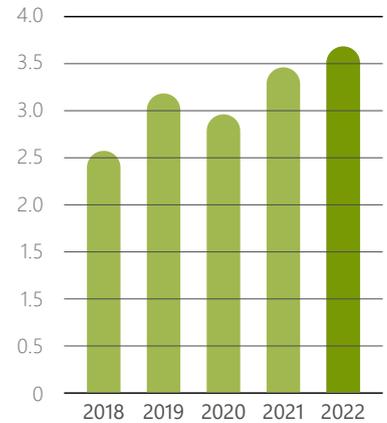
Shareholder Funds (Rs. Mn)



Earnings Per Share (Rs. Cents)

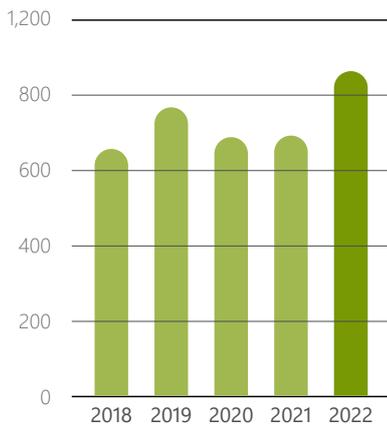


Net Asset Per Share (Rs.)

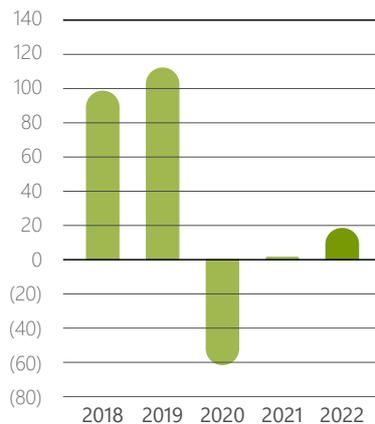


Financial Performance - Group

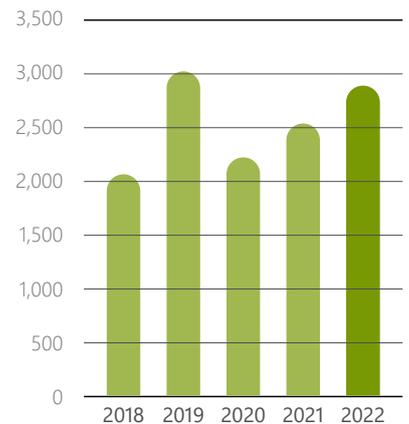
Revenue (Rs. Mn)



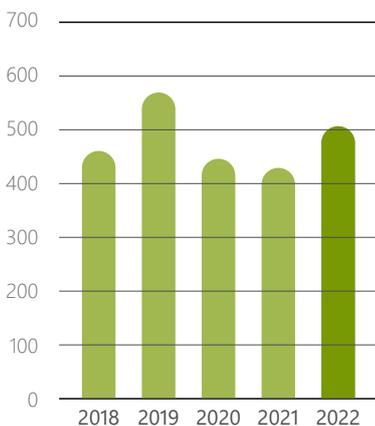
Profit/(Loss) After Tax (Rs. Mn)



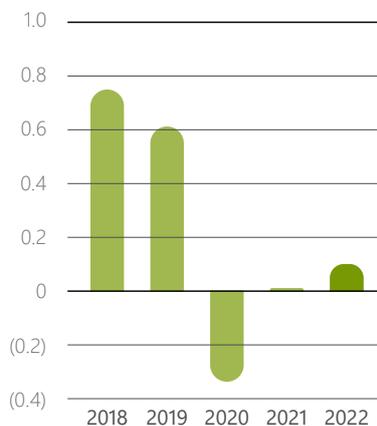
Total Assets (Rs. Mn)



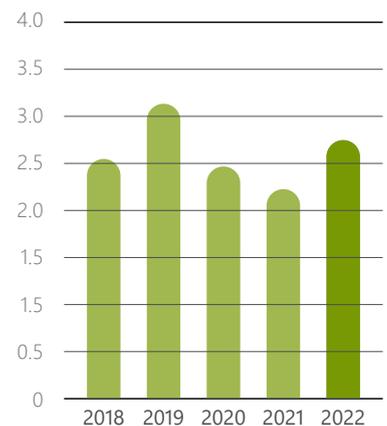
Shareholder Funds (Rs. Mn)



Earnings Per Share (Rs. Cents)



Net Asset Per Share (Rs.)



# Non-Financial Highlights

## Operational Performance Highlight

Rs. **15.42** %  
 ↑ **Market Share on Quantity Sold**  
 2020/21 - 14.77%

Rs. **15.77** %  
 ↑ **Market Share on Value of Teas Sold**  
 2020/21 - 15.28%

**44.4** Mn Kg  
 ↑ **Quantity Sold**  
 2020/21 - 42.5 Mn Kg

Rs. **289.7** Mn  
 ↑ **Tea Broking Revenue**  
 2020/21 - Rs. 280.5 Mn

**(SL) = BBB**  
 ICRA Lanka Assigned  
**Rating with a Stable Outlook**  
 2020/21 - (SL) BBB

## Manufactured Capital

**234,500** sq.ft.  
 ↑ **Warehousing Space (Leased Own)**  
 2020/21 - 198,000 sq.ft.

Rs. **922.4** Mn  
 ↑ **PPE & Leasehold Land**  
 2020/21 - Rs. 696.4 Mn



## Human Capital

**114**  
**Total Employees**

**197** Hrs  
**Number of Training Hours**

**82% Male** **18% Female**  
**Gender Diversity**

Rs. **226.8** Mn  
 ↑ **Total Compensation**  
 2020/21 - Rs. 210.2 Mn

**Religion Diversity**

Buddhist	<b>67%</b>
Catholic	<b>22%</b>
Hindu	<b>06%</b>
Islam	<b>05%</b>

## Intellectual Capital



**"Bronze Award"**  
 Service Organization Category

At the 56th Annual Report Awards Competition Organised by CA Sri Lanka



**Ceylon Tea Brokers**



**LOGICARE PRIVATE LIMITED**



**Natural Capital** 

 **2.24 MJ**  
**Fuel Consumption**  
 2020/21 - 1.84 MJ

 **1.03 Mn**  
**Paper Usage**  
 2020/21 - 1.15 Mn

 **4,792 m<sup>3</sup>**  
**Water Withdrawal**  
 2020/21 - 2,464 m<sup>3</sup>

**Social & Relationship Capital** 

 **25 Cts**  
**Allocated**  
 Per Every kilo of Tea We Sold for  
**CSR initiatives**

 **94%**  
**Customer Satisfaction (Buyers)**

 **170**  
 Tea Producers  
**289**  
 Tea Buyers  
**25**  
 Logistic Clients  
**Customers Handled During the Year**



**Digital Capital** 

 **1,411**  
**Tik Tok Followers**

 **419**  
**Instagram Followers**

 **3,163**  
**Facebook Followers**

 **3,126**  
**Linkedin Followers**

 Being a socially responsible corporate citizen is part of our mission and therefore, we ensure that our business activities will positively impact on economic, social, and environmental sustainability.

## Chairman's Message



2021/2022 was another excellent year for the company with performance exceeding the previous financial year. Both top and bottom lines have exceeded those of 2020/2021 and has the market share.



2021/2022 was another excellent year for the company with performance exceeding the previous financial year. Both top and bottom lines have exceeded those of 2020/2021 and has the market share. I will deal with the Company's performance and on some of the salient features of the Tea Industry in detail later in the report.

### Economy

The economy of Sri Lanka is going through one of the worst periods in history particularly since the beginning of 2022. The Covid-19 pandemic which entered Sri Lanka in 2020 continued to impact the economy up to the end of the first half of the year under review. It began to wane with the implementation of the vaccination program by the government. The loss of income especially from the tourism sector and the decision to peg the Sri Lanka Rupee to the US Dollar for an inordinately long period led to the depletion of the USD reserves experienced more intensely in the new financial year. As a consequence, Sri Lanka was compelled to curtail imports of Fuel, Gas, Medicine, Milk powder and some food items, not sparing fertilizer and packing materials for the tea industry.

### Sri Lankan Economy

The Sri Lankan economy, as per the Central Bank annual report for year 2021, recorded a real GDP growth of 3.7% compared to the contraction of 3.6% recorded in 2020. The real GDP from agriculture, forestry and fishing related activities grew by 2% in the year under review compared to the decline of 2.2% in the previous year. Total tea production in 2021 increased by 7.4% compared to the 7.1% decrease in 2020. Service-related activities and industry sector increased by 3% and 5.3% in 2021 compared to the decline of 1.6% and 6.9% in 2020 respectively.

The per capita GDP in 2021 has been stated as US\$ 3,815 compared to US\$ 3,695 in 2020.

The service sector has contributed 58.3% to the GDP in 2021 as against 58.7% reported in 2020. The marginal decrease from the agriculture, forestry and fisheries sector have contributed 6.9% to the GDP from 7.1% in 2020. Industrial activities increased by 5.3% during the year with a contribution increasing to 25.9% to the GDP in 2021 from a year earlier of 25.5%.

The unemployment rate declined to 5.1% in 2021 from 5.5% in 2020 with the highest unemployment rates being reported among females. The general price level as measured by the National Consumer Price Index (NCPI, 2013=100) and the Colombo Consumer Price Index (CCPI, 2013=100), exhibited a continuous increasing trend during the year and largely followed the movement of prices in the Food category. CCPI based annual average inflation which was recorded at 4.2% at the end 2020, accelerated to 12.1% by end 2021.

Sri Lanka's external sector suffered a major setback in 2021 as a result of large debt servicing requirements and significant depreciation of the Sri Lanka Rupee. Regardless of Sri Lanka's trade performance showing a notable improvement in 2021 a high increase in merchandise imports, outpaced the growth in exports. Consequently the trade deficit as a percentage of GDP increased to 9.6% in 2021 compared to 7.4% in 2020 and the current account deficit widened to 4% of GDP compared to 1.5% in 2020. There is an increasing trend in Average Weighted Prime Lending Rate (AWPLR) and the weekly AWPLR is stated at 21.27% as at 17th June 2022 as per the CBSL website.

### Sri Lanka Tea Industry Tea Production – (Mn. Kilos)

Elevation	2021	2020	2019	2018	2017	2016	2015
High Grown	65.27	62.20	63.05	64.97	64.64	64.42	75.40
Mid Grown	50.91	46.55	47.17	47.13	45.65	44.51	51.00
Low Grown	183.16	169.73	189.90	191.84	197.42	183.64	202.38
<b>Total</b>	<b>299.34</b>	<b>278.49</b>	<b>300.12</b>	<b>303.94</b>	<b>307.72</b>	<b>292.57</b>	<b>328.78</b>

Production for 2021 made a welcome recovery as stated in the report last year. A gain of 20.85 million kilos over the dismal year of 2020 would have been even better had it not been for the total of 12.9 million kilos lost in the last 2 months of 2021. This drop is the beginning of the downward trend in production directly as a result of the fertilizer ban which has moved on to 2022 as well.

Analyzing the production figure in depth, it must be noted that the total production of 299.34 million kilos though improved on 2020 was a trifle short of 2019 and almost 5 and 7 million kilos behind the years 2018 and 2017 respectively. It is also way short of the annual 'highs' achieved in the period 2011 – 2015. All three elevations have recorded increases over the previous year with Low grown elevation recording the highest growth of almost 13 million kilos. However, the production of 183 million kilos is much lower than those produced in the years 2011 – 2015 and 2017 – 2019. High and medium elevations on the other hand have done well to record the highest productions for the respective elevation since 2015 which is commendable.

Sri Lankan tea production in the last 6 years have been hovering around 300 million kilos, a far cry from the years 2011 – 2015. This quantity is barely 5% of the global share although has a slightly larger contribution as an exporting nation. Considering that the low grown teas are heavily demanded in nations covering the Middle East and Russia, the 'up and down' supply position will be of serious concern to those importers. They may be compelled to look at other options to ensure there is no supply breakdown which Sri Lanka can ill afford.

This important aspect needs to be studied deeply considering the 17% crop short fall in the first 5 months of the current year. The short sighted policy change on the type of fertilizer used in agriculture has been the main cause for this decline which as stated earlier commenced from November 2021.

Policy changes which directly affect main foreign exchange earning crops such as tea should be taken after careful study by the experts and not by the politicians. Economic and monetary down sides should not be reasons to bypass expert advice.

# Chairman's Message

The lifting of the chemical fertilizer ban though belated was most welcome. Going forward the tea industry stakeholders together with the Sri Lanka Tea Board with expert opinion from the Tea Research Institute must formulate firstly a National Policy for Tea and secondly a plan of action for production increase, enhance quality within a sustainable framework.

## Colombo Auction Averages (per kilo)

Elevation	High Grown		Medium Grown		Low Grown		Total	
	LKR	Approx. USD	LKR	Approx. USD	LKR	Approx. USD	LKR	Approx. USD
2021	587.13	2.95	550.80	2.77	644.23	3.24	615.44	3.09
2020	580.90	3.13	553.94	2.99	666.32	3.59	628.21	3.39
2019	513.19	2.87	468.73	2.62	577.18	3.23	546.33	3.06
2018	577.92	3.56	521.06	3.21	601.74	3.70	584.08	3.59
2017	606.64	3.98	564.64	3.70	637.42	4.18	620.14	4.07
2016	449.85	3.09	419.59	2.88	486.74	3.34	468.61	3.22
2015	388.38	2.86	362.57	2.67	416.32	3.06	402.14	2.96
2014	420.36	3.22	410.13	3.14	488.06	3.74	461.86	3.54
2013	402.98	3.12	398.65	3.09	469.91	3.64	444.42	3.44

Supply situation in 2021 showed an increase compared to 2020 due to the conducive weather that prevailed throughout the year. The fertilizer applied to the tea fields across the planting districts in 2020 too had a positive impact on harvest. Weekly tea auction offerings improved compared to the previous year resulting in lower tea prices than the year before.

Consequently, medium and low grown elevational averages and the total national average were lower in both rupee and dollar terms. The high grown average however was higher in rupee terms but lower in USD.

All averages for 2017 both in rupee and dollar terms still remain the highest ever on record except for the low grown elevation which in rupee terms achieved the highest in 2020. It is also pertinent to note that all elevational USD averages in 2013 and 2014 too have been higher than those of 2021. In the backdrop of declining quantities since that time to date, it is necessary to analyze the reason for present lower USD prices compared to the years 2013, 2014, 2017 & 2018.

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

Year	Qty. Mn/Kg	Value (Rs/Bn)	Average FOB Price per Kg (Rs.)	Value (USD/Bn)	Average FOB Price per Kg (USD)
2021	286.02	263.35	920.76	1.32	4.63
2020	265.57	230.17	866.70	1.24	4.67
2019	292.66	240.64	822.25	1.35	4.60
2018	282.36	231.75	820.75	1.43	1.23
2017	288.98	233.34	807.44	1.53	5.30
2016	288.77	184.78	639.88	1.27	4.39
2015	306.97	182.05	593.08	1.34	4.36
2014	327.87	212.91	649.37	1.63	4.97
2013	319.66	199.44	623.91	1.54	4.83



Export volume generally follows the same trend as production. The total tea export quantity for 2021 was 20.45 million kilos higher than 2020. The total export earnings of Rs 263.35 billion is now the highest ever surpassing the previous highest of Rs 240.65 Billion in 2019. In US dollar terms, the forex earned from tea exports reached USD 1.32 billion compared with USD 1.24 billion netted in 2020. Export earnings of USD 1.63 billion achieved in 2014 still remains the highest ever to date. The FOB price per kilo of Rs 920.76 is the highest on record and continues to increase YoY since 2016. However, in USD terms the FOB rate was USD 4.63 per kilo which is lower than 2020.

### Global Perspective

As per the information set out in the interim publication of the International Tea Committee's annual bulletin of statistics, tabulated below are the country wise top five Producers, Exporters and Importers of tea in 2021.

Producers			Exports			Importers		
No	Country	Qty. (Mn/kg)	No	Country	Qty. (Mn/kg)	No	Country	Qty (Mn/kg)
1.	China*	3,120.00	1.	Kenya	557.00	1.	Pakistan	247.47
2.	India	1,329.04	2.	China	369.36	2.	Russian Federation**	142.00
3.	Kenya	533.00	3.	Sri Lanka	286.02	3.	USA	114.74
4.	Sri Lanka	299.34	4.	India	193.00	4.	Egypt	99.00
5.	Turkey	280.00	5.	Vietnam	127.00	5.	Other CIS Countries	94.00
*Predominantly Green Tea			Includes imported tea re-exported where applicable					

China continues to dominate the global tea production accounting for approx. 48% share and India with a near 20%. Sri Lanka has managed to regain its position as the 4th largest producer displacing Turkey. With less disruption compared to 2020 and most producing countries enjoying good weather conducive for growth helped total global production to rise by a further 200 million kilos largely on account of the increases from China, India and Sri Lanka. However, Sri Lanka's share as a producer has now dipped to 4.6% which is a matter of serious concern.

Sri Lanka's position in the global exports on the other hand is more heartening as we have been able to maintain the 15% stake we held even the previous year. Nevertheless, the country's presence among the top 5 importing countries is not satisfactory except for the Russian Federation. Sri Lanka has hardly any presence in Pakistan and only an average share in USA and Egypt. Since the last 30 years Sri Lanka shifted its commanding presence from the west to the Middle Eastern countries due to the increase in the production of low grown elevation orthodox tea. This also helped the country to take a large chunk of the Russian market as well. However, the recent decline in the low grown production has seen India once again regaining its dominance in Russia and Iran.

As highlighted in the last few annual reports, Sri Lanka tea industry needs a cohesive strategic plan to enhance productivity, raise the bar on the quality of tea and effectively increase production over the next 5 years. A promotion and marketing program that would complement such a plan too must be in place to assist in deriving the benefits from it.

The FOB price per kilo of Rs 920.76 is the highest on record and continues to increase YoY since 2016. However, in USD terms the FOB rate was USD 4.63 per kilo which is lower than 2020.



# Chairman's Message

## Company Performance

Elaborating on what was stated at the beginning of my message, the company continued to excel on its annual performance surpassing the revenue and profit after tax achieved in the financial year 2020/21. The market share of 15.77% secured in the year under review has not only improved on the previous year but is the highest on record. It is also noteworthy that the company has been gaining on market share for the 6th consecutive year. Assisted by an increase in the national production in the year 2021, the company was able to market a volume of 44.4 million kilos, yet another highest in the history of CTB.

The specific details which reflect these achievements and of interest to the shareholders are set out below.

Year	Quantity of Tea Marketed through the company (Mn/Kg)	Value of Tea Marketed through the company (Rs./Mn)	Revenue generated by the company (Rs./Mn)	Profit After Tax (Rs./Mn)	Total Equity (Rs./Mn)
2021/22	44.4	28,965	580.7	109.8	675
2020/21	42.5	28,049	518.7	107.5	633.4
2019/20	41.2	23,119	580.6	21.5	542.0
2018/19	35.0	22,830	767.6	115.3	582.6
2017/18	34.3	22,402	655.9	106.8	471.3
2016/17	29.9	16,114	419.7	41.5	237.7
2015/16	31.3	12,519	334.0	25.9	208.7
2014/15	34.7	16,073	435.5	54.7	212.4
2013/14	33.3	16,131	466.8	56.2	186.3
2012/13	29.6	12,443	368.3	39.8	149.8

In addition to the above details I tabulate below the performance at a glance showing some salient comparative data on market share.



The relatively young management team of CTB must be congratulated and applauded for their commitment, passion and efficient execution during the year under review culminating in the above achievements. They displayed a high degree of professionalism in the execution of their responsibilities.

It is noteworthy that the income from tea brokering, the company's core business, now dominates the annual revenue. The financial income for the second successive year is lower in comparison to the previous year thereby endorsing the smart and sensible lending policy currently in operation. Our team takes pride in guiding the producer clients to sustainably carry out their businesses. The management has earned the respect and confidence of all our clients. The absence of an impairment provision for the 2nd year running amply demonstrates this.

The tea auction conducted on the electronic platform which began in the year 2020 is now in full swing with a new provider in place. Oklo, who was selected via a tender process, began operations in September 2021 replacing Cicra who did a remarkable job from the time of the Covid-19 pandemic in April 2020. Our team has acclimatized exceptionally well with the system along with all other participants namely buyers and all other brokers.

## Corporate Development and Management Focus

Over the last three decades we witnessed the rapid expansion of the tea smallholder sector, creating opportunities for new entrants to the broking business. We were beneficiaries as the traditional broking houses who were an adjunct to the Plantation industry, continued to concentrate on the large scale growers. The business model we followed was similar as the industry continued to follow traditions which delivered acceptable results.

Covid-19 has now changed the playing field. The auction system had to change to an online model. This incorporated new challenges. Added to this, quality assurance, traceability, ISO conformance, escalating storage costs have begun to impact our revenue streams which required structural, entrepreneurial and innovative solutions. Fielding a young committed team, we have adjusted with the challenges. We re-engineered our organization structure to a flatter, responsive, accountable entity. Executive motivation was addressed with a robust incentive model. We continue to address issues which will help our partners to achieve excellence. We are the lead broker for the low grown sector and continue to make inroads into the high grown arena. We will progress with the high standards we have set for the company and continue to provide excellence to our many stakeholders.

### **Logicare Private Limited**

Despite the decline in volumes due to the restriction of imports on account of the ongoing macroeconomic environment, the logistics industry recorded a marginal growth of 1.3% in 2021 compared to the previous year. The growth was mainly due to the increased demand for third-party logistics services and the surge in demand for warehousing as manufacturers were keen on building inventory in view of the supply chain disruptions. (Source: CBSL Annual Report 2021).

The logistics arm of the Group, Logicare Private Limited expanded its service offerings and customer base across new industry verticals. During the year under review, Logicare's third party logistics (3PL) business, was able to enhance the warehousing footprint by adding another warehouse location in Wattala as a part of its asset-light expansion strategy. Logicare recorded a considerable growth in revenue and profits during the year under review, due to the increase in its warehousing footprint, acquisition of new clients as well as the substantial growth in the transportation sector.

During the year under review, Logicare was certified as a Great Workplace in Sri Lanka, and it was an honour for us to be recognized by our employees as an organization that fosters respect, trust, and fairness.

Due to the current economic crisis, ongoing power cuts and the scarcity of fuel the growth of the logistics industry would be somewhat hindered in the short-term. Looking beyond these short-term challenges, with the appropriate policy responses, the economy is envisaged to gather growth momentum in the medium-term and therefore, the medium to long term outlook for the industry remains positive. Logicare will continue to expand its key business verticals and service offerings during the year 2022/23. As a part of its expansion strategy, Logicare expects to establish additional warehouses which will be operated as asset-light business models. Despite the ongoing fuel crisis, the transportation sector would also continue to grow with our customized transport solutions.

OVER THE LAST 3 YEARS, with our broad service portfolio, agile technology platforms, unwavering commitment of our employees and service providers, we found ourselves in a unique position to help customers in numerous industry verticals adopt to unpredictable times. We strongly believe our approach on continuous improvement and innovative logistics solutions would achieve a sustainable growth for the company in the coming year as well.

### **Dividend**

With the improved performance in the financial year 2021/22, I am pleased to announce that the Directors have declared a dividend of =/36 Cts per share for the year as against =/35 Cts per share in 2020/21. The total payout amounts to Rs 65.66 Mn which accounts for a 59.8% ratio of the distributable profits. The remainder amounting to Rs 44.14 Mn has been transferred to reserves thereby enhancing the total equity.

### **Change of Leadership**

The year under review was also the last year of Mr Chrisantha Perera as Chairman of the Company. His wisdom and astute leadership no doubt helped the Company to achieve a credible growth since he took over. Moreover, it is fitting that the year 2021/22 broke all the records in terms of performance. Since joining the board of Ceylon Tea Brokers in 2009 and becoming Chairman, he has been a mentor in the last 13 years. Mr Perera's wealth of experience in the field of tea brokering and his sharp analytical mind have been a great source of strength to the board and the young management team. His steadfast contribution has seen the company grow in a sustainable manner to reach the levels as described earlier in the report.

Taking over from him, at the commencement of the new financial year 2022/2023, I sincerely hope I will be able to emulate the service rendered by him to the company. Mr Perera will continue to remain on the Board which is of immense reassurance to me as it not only makes my task easier but his experience and sharpness of mind can contribute a great deal more for the benefit of the company as it faces new challenges in the years ahead.

On behalf of the board of Directors, the management team and all staff of Ceylon Tea Brokers, I take this opportunity to express our heartfelt thanks to him.

### **Acknowledgement**

I wish to extend my grateful thanks to my colleagues on the board for their valuable contribution and guidance which helped in no small measure in the progress of the company. My appreciation to the Management and Staff of the company for their loyal and dedicated service with commitment which boosted the company's performance. On behalf of the board of Directors, I extend our thanks with gratitude to all our clients for placing their confidence in us to serve them. My appreciation to our Bankers, Colombo Brokers' Association, Colombo Tea Traders' Association, Sri Lanka Tea Factory Owners' Association, Planters' Association of Ceylon, Tea Exporters' Association, The Sri Lanka Tea Board, Ministry of Plantation Industries and all organizations that we interact with, for their support and cooperation. Last but not least we acknowledge with heartfelt thanks the support of our shareholders for their confidence in the Company which provides the impetus for us to achieve greater heights in the future.

### **Concluding Thought**

Maintaining the tradition of past years, I conclude this message with our corporate theme for 2022 which we shared with our management at the start of the year:

### ***Our values are reflected in our character.***



**Niraj De Mel**  
*Chairman*

23rd June 2022

# Chief Executive Officer's Review



As I write this, people and organizations everywhere continue to struggle with uncertainty that continues to cause so many hardships and yet as we reflect on a very challenging year ahead, one that will be forever remembered as a turbulent chapter in our history, but I find reason to be hopeful.

Year 2021 was a turbulent year for the industry. Uncertainty in the business environment along with low volumes had notable impact on the industry. In spite of adverse business conditions, CTB managed to continue in its growth trajectory with an increase in market share y-o-y.

In the year under review, we continued to regain the market leader status in the Low Grown sector. The High and Medium category witnessed reasonable growth. The Company achieved a total market share of 15.42% on quantity sold for the financial year 2021/2022 compared with 14.77% in 2020/2021, thus maintaining a steady growth. Despite the decline in production and the Covid-19 pandemic which restricted smooth business operations, CTB managed to conclude the year on a strong note recording a notable profit after tax of Rs. 109.8 million. This could be viewed as a remarkable achievement as this was accomplished with a substantially lower interest income due to a lower lending portfolio.

## **Our Opportunity**

For all the disruptions that the pandemic has wrought on our lives and our community, it has also been a catalyst for an unprecedented digital transformation that is driving massive technological and social shifts that are creating new opportunities for our customers and us. This paved the way for the 137-year-old Colombo Tea Auction to be transformed to an online platform as a countermeasure against the Covid-19 pandemic. The online auction has paved the way for a broker to handle more tea for an auction thereby creating an opportunity for us to increase our brokerage income.

It has also created an opportunity for the sellers to view the auction real time and helped exporters gather market patterns, purchase data etc. through the service providers analytical systems.

This year has made us to be more empathetic towards our colleagues and enabled us to work together as a team – as “One Ceylon Tea Brokers” and it underlies our approach to diversity and inclusion.




### Modern Work

The rise of hybrid work will be one of the most profound changes to the way people work in more than a century. To navigate it organizations will need to embrace flexibility across the entire operating model, including the ways people work, the places, the habits and how they manage the business process.

At CTB, we adopted to a ‘Work from Home’ culture as well as online meetings which turned out to be an integral part of day-to-day work due to Covid-19 and the economic crisis that prevails in the country. This helped our employees to integrate work life balance.

Although virtual social gatherings have benefits, they are likely not enough to create levels of connection needed for the organization. We at CTB do not leave employee engagement to chance. Therefore, in the Company organizes employee engagement activities around the year for employees in order to keep them connected to the company.

### Our Culture

Ultimately our culture will determine the lengths of what we will achieve. We aspire to create a culture where employees are encouraged to be curious, innovative and to having a growth mindset.

This has helped to drive our passion towards “Customer obsessions”. This year has made us to be more empathetic towards our colleagues and enabled us to work together as a team – as “One Ceylon Tea Brokers” and it underlies our approach to diversity and inclusion.

At CTB we are care about making an impact that truly matters for our people, clients, and society. We foster a culture in which our people feel empowered to drive positive change every day.

### Moving Fast

Speed is not preordained; it is a leadership choice. Speed is essential in every business choice. We encourage employees and teams at CTB to make speedy decisions. Speed disproportionally is important to every business at every stage of its evaluation.

In the new economy where everything is moving faster, at CTB we believe that real speed decisions at every level is important for continuous growth. We have demonstrated that in the past which has helped us grow at a speed which is commendable.

### Ceylon Tea Brokers – Directorate

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

Although, it may be difficult to imagine in this time of immeasurable hardship and deep uncertainty, we see boundless possibilities ahead. We are encouraged by the power of our customers, our shareholders, our employees, our partners, and everyone who has continued to work hard to make the Company a better place in the face of constraints. As we continue to pursue our mission, I am certain that we will collectively achieve so much more together.

Finally, our mission of inspiration for customers everywhere connects all what we do. The values we share with customers are a major reason why they continuously seek relationships with our brand. As we look to FY23 and beyond, CTB will stay on the offense.

### Thank You!

I would like to take this opportunity to express my sincere gratitude to our outgoing Chairman Mr. Chrisantha Perera who has been an outstanding leader for more than 12 years. His hard work and commitment along with years of expertise in the industry, no doubt paved the way for a stronger organization.



**Waruna De Silva**

*Director / Chief Executive Officer*

23rd June 2022

# Board of Directors



**Niraj De Mel**

*Chairman / Independent Non-Executive Director (Appointed to the post of Chairman w.e.f. 1st April 2022)*

**Date of Appointment:**

1st April 2019

**Qualifications & Experience:**

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

**Other Current Appointments:**

- | Founder/Director of The Mel's Ceylon (Pvt) Ltd.
- | Chairman of Sri Lanka Tea Board

**Previous Appointments:**

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

**Shareholding:**

80,000 shares

**Membership of Board Subcommittees:**

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



**Chrisantha Perera**

*Independent Non-Executive Director (Resigned from the post of Chairman w.e.f. 1st April 2022)*

**Date of Appointment:**

30th October 2009

**Qualifications & Experience:**

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

**Other Current Appointments:**

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

**Previous Appointments:**

- | Chairman of the Sri Lanka Tea Board, Sri Lanka Insurance Corporation Ltd., Public Enterprises Reform Commission and Bank of Ceylon.
- | Served as an Appointed Member of the Monetary Board of the Central Bank of Sri Lanka.

**Shareholding:**

3,500,000 Shares

**Membership of Board Subcommittees:**

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



**Ajith Fernando**

*Managing Director*

**Date of Appointment:**

1st February 2005

**Qualifications & Experience:**

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

**Other Current Appointments:**

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

**Previous Appointments:**

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

**Shareholding:**

48,837,837 Shares

**Membership of Board Subcommittees:**

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



**Waruna de Silva**  
Director / Chief Executive Officer

**Date of Appointment:**  
23rd March 2009

**Qualifications & Experience:**

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

**Other Current Appointments:**  
A Director of Logicare (Pvt) Ltd.

**Previous Appointments:**  
Manager-Tea at Forbes & Walker Limited.

**Shareholding:**  
None

**Membership of Board Subcommittees:**  
A Member of the Risk Management Committee



**Dinesh Fernando**  
Director / Chief Operating Officer

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

**Qualifications & Experience:**

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

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

**Other Current Appointments:**  
None

**Previous Appointments:**  
A Senior Manager at Mercantile Produce Brokers Limited

**Shareholding:**  
None

**Membership of Board Subcommittees:**  
A Member of the Risk Management Committee



**Thilina Nonis**  
Executive Director

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

**Qualifications & Experience:**

Joined Ceylon Tea Brokers in 2006 and was appointed as the Head of Marketing of the Company on the 1st April 2017. Has over 19 years of experience in tea broking.

**Other Current Appointments:**  
None

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

**Shareholding:**  
10,000 shares

**Membership of Board Subcommittees:**  
A Member of the Risk Management Committee

# Board of Directors



**Zameel Mohamed**  
Executive Director

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

**Qualifications & Experience:**

Holds a Master of Business Administration (MBA) from the London Metropolitan University, UK. Joined Ceylon Tea Brokers PLC in 2018 as a Senior General Manager and has over 19 years of experience in tea broking.

**Other Current Appointments:**

None

**Previous Appointments:**

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

**Shareholding:**

None

**Membership of Board Subcommittees:**

A Member of the Risk Management Committee



**Shiromal Cooray**  
Non-Executive Director

**Date of Appointment:**  
9th October 2006

**Qualifications & Experience:**

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

**Other Current Appointments:**

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

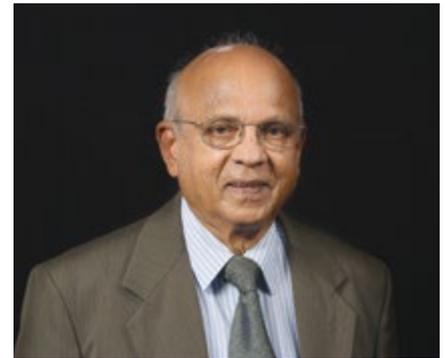
**Previous Appointments:**

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

**Shareholding:**  
10,908,751 Shares

**Membership of Board Subcommittees:**

A Member of the Remuneration Committee



**B.R.L. Fernando**  
Independent Non-Executive Director

**Date of Appointment:**  
5th May 2010

**Qualifications & Experience:**

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

**Other Current Appointments:**

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

**Previous Appointments:**

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

**Shareholding:**

22,640 Shares

**Membership of Board Subcommittees:**

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



**Sharmali Perera**  
Non-Executive Director

**Date of Appointment:**  
9th October 2006

**Qualifications & Experience:**

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

**Other Current Appointments:**

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

**Previous Appointments:**

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

**Shareholding:**

1,390,492 Shares

**Membership of Board Subcommittees:**

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



**Saminda Deshapriya**  
Non-Executive Director

**Date of Appointment:**  
1st April 2016

**Qualifications & Experience:**

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

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

**Other Current Appointments:**

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

**Previous Appointments:**

Chief Operating Officer at Ceylon Tea Brokers PLC

**Shareholding:**

250,000 Shares

**Membership of Board Subcommittees:**

A Member of the Risk Management Committee (Resigned w.e.f. 10th June 2021)



**Dhayan H. Madawala**  
Independent Non-Executive Director

**Date of Appointment:**  
1st December 2015

**Qualifications & Experience:**

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

**Other Current Appointments:**

None

**Previous Appointments:**

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

**Shareholding:**

3,425 Shares

**Membership of Board Subcommittees:**

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

# Corporate Management



**Waruna de Silva**  
*Chief Executive Officer*



**Dinesh Fernando**  
*Chief Operating Officer*



**Thilina Nonis**  
*Executive Director*



**Zameel Mohamed**  
*Executive Director*



**Rochelle Mortier**  
*Chief Human Resources Officer*



**Nishantha Adhikari**  
*Financial Controller*



**Tharake Nilaweera**  
*General Manager - Tea*



**A C K Pathirana**  
*General Manager -  
Manufacturing Advisory*



**Nishan Abeygunawardena**  
*Senior Manager - Operations*



**S J Thasan**  
*Senior Manager - Warehousing*



**Sahan Gunatilake**  
*Senior Manager -  
Manufacturing Advisory*



**Muditha Haththotuwa**  
*Manager - Tea*



**Deemantha Ekanayake**  
*Manager - Tea*



**Harshana Perera**  
*Manager - Tea*



**M P Jayaratne**  
*Manager - Sample Room*



**Mahesh de Zoysa**  
*Manager - IT*



**Nawodi Perera**  
*Manager - Client Financing*



**Sanethri Beminiwatte**  
*Manager - HR*



**J R Epa**  
*Assistant Manager -  
Manufacturing Advisory*



**Kasun Seneviratne**  
*Assistant Manager - Finance*



**Sonia Arif**  
*Assistant Manager -  
Administration*



**T G Kamal**  
*Assistant Manager -  
Warehousing*



**Shaveendra Hettiarachchi**  
*Senior Executive - Tea*



**Devan Jayawardena**  
*Executive - Tea*



**Bhumindra Dissanayake**  
*Executive - Tea*



**Mario Silva**  
*Executive - Tea*



**Sadhananthan Shivani**  
*Executive - Tea*



**Thenuka Karunasena**  
*Executive - Tea*



**Teshan Prashakthi**  
*Manufacturing Consultant*



**Vige Bede-Johnpillai**  
*Consultant*

# Our Strategy

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

## Competent Team

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

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

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

## Operational Excellence

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

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

## Service Excellence

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

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

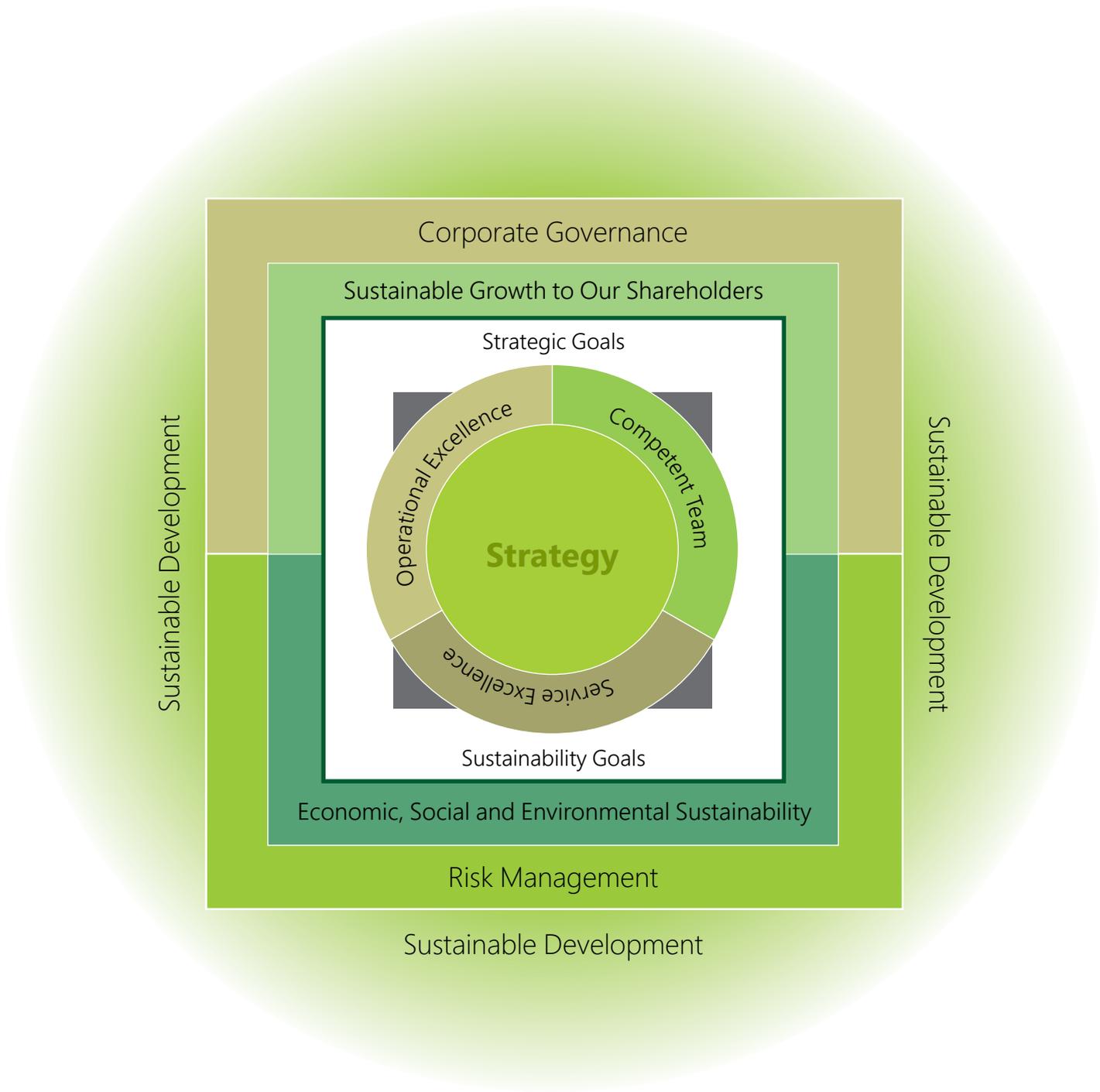
The ultimate objective of our corporate strategy is to create value to all our stakeholders and we will continue to monitor the impact of our actions on the economy, society and environment.



## Sustainable Development

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

Our Strategic direction to sustainable development is graphically depicted on page 25.



# Operating Landscape

This section of the report reviews the global economic and business environment, including the performance of the Sri Lankan Economy. Further, this section discusses how global and domestic economy has impacted Sri Lankan Tea industry during the year. The performance of the Company in 2021/22 must be evaluated in the context of this review.

## Global Economy

The Global economy continued its revival from disruptions caused by the COVID pandemic during the year 2021. However, with the pandemic's continued grip due to emergence of Omicron Variant, the recovery has not been consistent. The circumstances deteriorated with Russia's invasion of Ukraine. It caused a tragic humanitarian crisis in Eastern Europe along with the sanctions imposed on Russia, aimed at pressuring Russia to end hostilities. Consequently, forecasts suggest a decline in global GDP growth rates from 6.1 percent in 2021 to 3.6 percent in 2022 and 2023.

## Global GDP (2021-2023)

GDP Growth Rate	2021 (%)	Projection	
		2022 (%)	2023 (%)
World Output	6.10	3.60	3.60
Advanced Economies	5.20	3.30	2.40
United States	5.70	3.70	2.30
Euro Area	5.30	2.80	2.30
Japan	1.60	2.40	2.30
United Kingdom	7.40	3.70	1.20
Canada	4.60	3.90	2.80
Other Advanced Economies	5.00	3.10	3.00
Emerging Market and Developing Economies	6.80	3.80	4.40
China	8.10	4.40	5.10
India	8.90	8.20	6.90
ASEAN-5	3.40	5.30	5.90
Russia	4.70	(8.50)	(2.30)

Source: IMF World Economic Outlook, April 2022

The war between Russia and Ukraine will delay the global recovery, slowing growth and increasing inflation to even higher levels. Impact of significant GDP contractions in both countries, is spreading far and wide across the global through rising commodity prices, trade, and financial linkages. The fuel and food price increases will hurt low-income households globally, including in America and Asia.

The rising inflation has affected emerging markets, developing economies, and advanced economies. Inflation in 2022, is projected to elevate to 5.7 percent in advanced economies whilst emerging markets and developing economies to witness inflation at 8.7 percent. Inflation in 2023 is projected at 2.5 percent for advanced economies and 6.5 percent for emerging market and developing economies. The United States and some European countries have reached their highest inflation level in 40 years due to tight labour markets. Emerging markets and developing economies are expected to experience severe scarring effects as a result of the output remaining below pre-pandemic levels until 2026. This is more likely to push central banks to react faster than anticipated increasing interest rates and exposing debt vulnerabilities.

Tackling inflation is a challenge as the drivers of inflation are beyond the control of central banks. Countries that give prominence to fuel and war affected commodities in local consumption could be vulnerable to more persistent price pressures. According to the IMF report, tighter monetary policy will be appropriate in these circumstances to check the cycle of prices driving wages and inflation expectations and vice-versa.

As war damages to Ukrainian economy is impossible to obtain, it is expected that the economy will contract by 35 percent. Similarly, tightened trade sanctions, restricted access to some banks and embargos on oil and gas by some large economies, have amplified the adverse impact on Russian economy. As a result, the GDP in Russia is expected to fall by 8.5 percent in 2022 and a further decline of 2.3 per cent in 2023. World economic projections as per the latest IMF report published on April 2022 predicts that war related interruptions to production, sanctions and impaired access to bank systems will disrupt the worldwide trade flows, energy, and food.

In most emerging markets and developing economies, the rising food prices play a significant role in increased inflation. The commodity price increase is expected to persist through 2022 before easing in 2023. The effects of rising interest rates and tightening regulations in advanced economies have resulted in currency depreciations and stringent financial conditions for emerging markets and developing economies. However, the impact varies from country to country depending on debt exposure and trade linkages to advanced economies.

Further, global trade is expected to decline from 10.1 percent in 2021 to 5 percent in 2022 and 4.4 percent in 2023.

## Sri Lankan Economy

The Sri Lankan economy recovered in 2021 generating a 3.7 percent growth in 2021, in real terms, from the pandemic induced contraction of 3.6 percent recorded in 2020. The overall size of the economy expanded from USD 81.0 billion in 2020 to USD 84.5 billion in 2021. GDP per capita for 2021 amounted to USD 3,815 compared to USD 3,695 in 2020. Similarly, GDP at current prices stood at Rs. 16,809.3 billion in 2021 whilst Rs. 15,027.4 billion was recorded for 2020. The final consumption expenditure for 2021 recorded a significant growth of 9.9 percent at current prices compared to 2.0 percent in 2020. The 10.8 percent growth of household consumption expenditure in 2021 was the main contributor to this increase.

## Macroeconomic Performances (2017-2020)

Indicator	Unit	2021	2020	2019	2018	2017
Real GDP Growth	%	3.70	(3.60)	2.30	3.30	3.60
GDP at Market prices	Rs./Bn	16,809	15,027	14,997	14,291	13,328
Per Capita GDP	USD	3,815	3,695	3,848	4,057	4,077
Annual Average Inflation	%	6.00	4.60	4.30	4.30	6.60

Source: Central Bank of Sri Lanka

## GDP Growth – Sector Wise

The country's agricultural activities recorded a growth of 2.0 percent in 2021 compared to the contraction of 2.2 percent in 2020. The expansion of coconut and animal production activities in 2021 was the main reason for this growth, while improvements in tea, spices, forestry, logging, and other cereals during the year also contributed favourably to this growth.

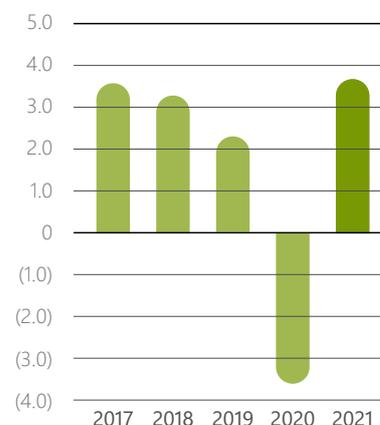
Fishing activities also recorded a moderate growth of 1.4 percent in 2021 compared to the contraction in 2020. The full potential of agricultural activities was not reached during the year as a result of the lack of relevant nutrients, and Agro chemicals, especially in the second half of the year even though the segment recorded an expansion for 2021.

Sector	Growth %		Contribution to Growth %		As a Percentage of GDP	
	2021	2020	2021	2020	2021	2020
Agriculture, Forestry and Fishing	2.0	(2.2)	0.1	(0.2)	6.9	7.1
Industries	5.3	(6.9)	1.4	(1.8)	25.9	25.5
Services	3.0	(1.6)	1.7	(0.9)	58.3	58.7
Taxes less subsidies on Products	4.9	(8.1)	0.4	(0.7)	8.9	8.8
GDP	3.7	(3.6)	3.7	(3.6)	100.0	100.0

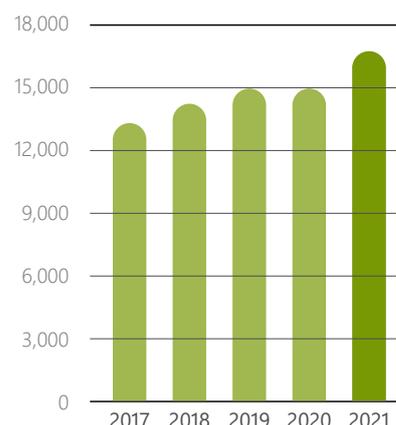
Source: Central Bank of Sri Lanka

The value addition of industries grew by 5.3 percent compared to the 6.9 percent contraction recorded in 2020. Recovery in Manufacturing activities contributed mainly to this sector's growth, while construction, mining and quarrying activities recorded moderate growth. Continuation of operations under new normalcy backed up with successful vaccination rollout, and relaxation of mobility restrictions provided an incentive to recover manufacturing activities. Manufacturing activities reported a growth of 7.2 percent in 2021 from the contraction of 3.9 percent in the previous year.

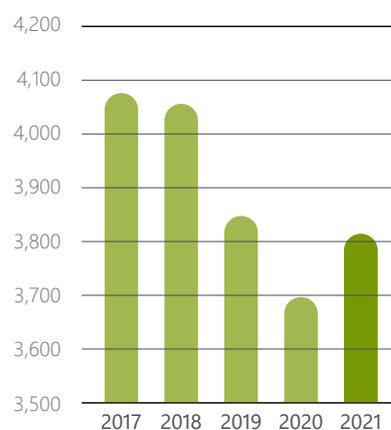
## Real GDP Growth (%)



## GDP at Market prices (Rs. Bn)



## Per Capita GDP (USD)



# Operating Landscape

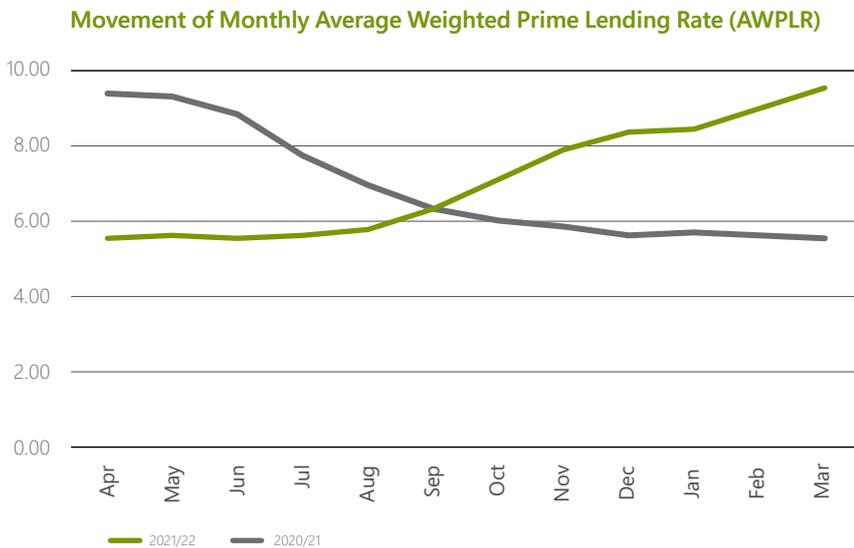
Construction, mining, and quarrying recovered by 1.9 percent in 2021 from a 13.2 percent contraction in 2020. However, the recovery was hindered by the raw material shortages in the country. With relaxation of pandemic-related travel restrictions, economic interaction improved in 2021 resulting in a growth of 3.0 percent in value added services compared to the decline of 1.6 percent in 2020. The pandemic stimulated demand for IT programming, telecommunication and health activities expanded the respective sectors by 21.7 percent, 16.2 percent, and 5.7 percent. Financial services recorded a growth of 7.5 percent, while Insurance, education, and wholesale activities also contributed positively to the overall growth in the services sector.

## Unemployment

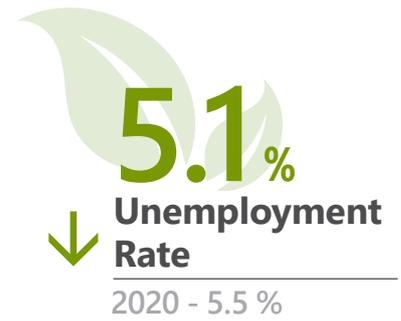
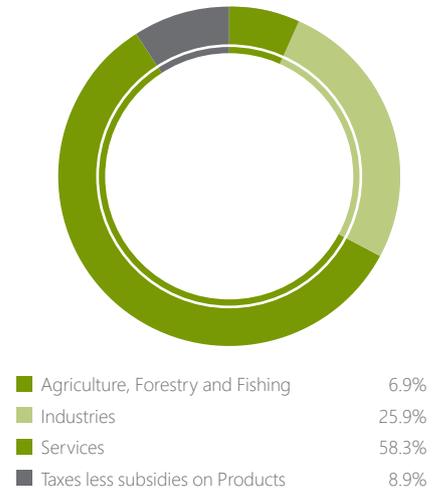
The economically active population in the country increased to 8.553 million in 2021 from 8.467 million in 2020, while the economically inactive population also increased to 8.581 million from 8.273 million partly due to pandemic induced hardships. The unemployment declined to 5.1 percent in 2021 from 5.5 percent in 2020. However, the overall unemployment rate still stands above the pre-pandemic levels as job created during 2021 was insufficient to annul the terminations in 2020. Departures for foreign employment recorded a significant growth of 126.8 percent in 2021 compared to 2020.

## Inflation

Headline inflation accelerated in 2021, recording 12.1 percent as measured by Colombo Consumer Price Index (CCPI) compared to 4.2 percent at the end of 2020. Global and domestic side supply chain disruptions, the surge in global commodity prices, and upward revisions to administered prices drove the headline inflation as well as core inflation to rise. CCPI accelerated from 138.7 index points in January 2021 to 154.7 index points in December 2021. The movement of prices in both food and non-food categories supported this increase.



## Sector-wise Contribution to GDP - 2021



### Interest Rates

Deposit rates of Licensed Commercial Banks (LCB) declined notably until August 2021 as a result of monetary policy easing measures taken by the Central Bank. The deposit rates started increasing at a relatively slow pace following the tightening of monetary policy in August 2021. Both the Average Weighted Deposit Rate (AWDR) and Average Weighted Fixed Deposit Rate (AWFDR) recorded historically low levels of 4.75 percent and 5.62 percent in August 2021. The deposit rates started increasing after August 2021, as a result of monetary policy tightening. Monthly Average Prime Lending Rate (AWPR) and Average Weighted Lending Rate (AWLR) recorded historical lowest levels in 2021, 5.65 percent and 9.37 percent, respectively.



### Distribution of Loans and Advances by Commercial Banks

Credit extended to the private sector during 2021 expanded notably, emphasising on the improved economic activity. Credit extended to private sector by LCBs increased by Rs. 810.5 billion in 2021 compared to the increase of Rs. 374.1 billion in the previous year. Strengthened by the low-interest rate environment, the credit extended to the private sector grew till August 2021. The growth moderated after August 2021, reflecting the impact of tight monetary policies. Overall credit to industry and services as a percentage of overall expansion of credit extended to private sector by LCBs in 2021, contributed to 43.0 percent and 33.0 percent respectively, while credit to the agriculture and fishing sectors amounted to 7.0 percent. Credit to the agriculture and fishing sectors grew by 11.0 percent by the end of 2021. However, credit to Tea subsector contracted marginally in 2021.



### Sectoral Distribution of Loans & Advances granted by Commercial Banks

Sector	End 2021 Rs. Billion	End 2020 Rs. Billion	% Share in 2021	Change %
Agriculture and Fishing	543.60	489.70	7.6	11.0
Industry	2,880.50	2,540.10	40.2	13.4
Services	1,976.00	1,716.70	27.6	15.1
Personal Loans & Advances	1,762.20	1,632.10	24.6	8.0
<b>Total</b>	<b>7,162.30</b>	<b>6,378.60</b>	<b>100.0</b>	<b>12.3</b>

Source: Central Bank of Sri Lanka



### Exports

Export revenue in 2021 reached USD 12,499 million recording the highest export earnings for a year. It exceeded the previous highest of USD 11,940 million in 2019. Recovery of domestic production with rapid vaccination rollout, and gradual revival of demand and supply markets were the main drivers of the increase in export revenue. Agricultural exports recorded a growth of 16.8 percent in 2021 compared to 2020. Main contributors being spices, tea, seafood, and coconut products. The increase in tea export volume by 7.7 percent, offset the decline in average export price in 2021.

Earnings from industrial exports increased to USD 9,702 million in 2021, recording a growth of 26.5 percent. It represents a 78 percent of the total exports for 2021. Textiles and garments exports recorded a growth of 22.9 percent, contributing to more than 40 percent of the increase in the total exports.

Mineral export earnings grew by 77.3 percent in 2021 compared to the previous year. Ores, Slag, and Ash mainly contributed to this increase, while increased revenues from natural graphite and quartz contributed marginally.

# Operating Landscape

## Composition of Exports

Category	2021		2020		Change in Value USD Million	Y-o-Y Change %
	Value USD Mn	Share %	Value USD Mn	Share %		
Agricultural exports	2,729.50	21.80	2,336.20	23.30	393.30	16.80
Industrial Exports	9,702.00	77.60	7,672.00	76.40	2,030.00	26.50
Mineral Exports	44.50	0.40	25.10	0.20	19.40	77.30
Unclassified Exports	22.60	0.20	14.10	0.10	8.50	60.10
<b>Total Exports</b>	<b>12,498.60</b>	<b>100.00</b>	<b>10,047.40</b>	<b>100.00</b>	<b>2,451.20</b>	<b>24.40</b>

Source: Central Bank of Sri Lanka

## Imports

Import expenditure as a percentage of GDP increased from 19.8 percent in 2020 to 24.4 percent in 2021. Accordingly, import expenditure increased considerably to USD 20,637 million in 2021, depicting a 28.5 percent increase from 2020 amidst the restrictions on importing personal vehicles. The main contributors to this increase were, the import of intermediate goods, expenditure on textiles and textile articles, investment goods, and chemical products. Import bill on importing chemical fertiliser remained low due to the import ban that prevailed during 2021.

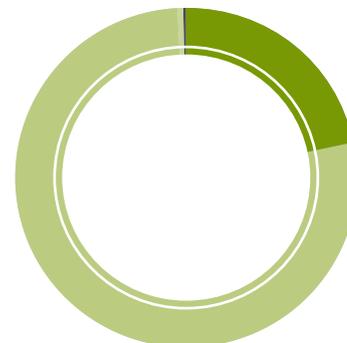
Expenditure on intermediate goods increased by 35.6 percent from previous year to USD 12,309 million. Fuel imports increased by USD 1,200 million, recording an increase of 47.2 percent due to a considerable rise in crude oil, refined petroleum and coal prices as well as the import volumes. Total import expenditure on investment goods increased by 25.2 percent to USD 4,463 million in 2021, while costs on non-consumer goods increased by 18.1 percent to USD 2,182 million in 2021 compared to the previous year. The increase was primarily due to medical and pharmaceuticals-related imports, while import of mobile telephones, rubber tyres and televisions also contributed to a considerable share of this category. Expenditure on imports of food and beverages increased by 7.2 percent in 2021 due to the rise in importation of Rice, and coconut oil.

## Composition of Imports

Category	2021		2020		Change in Value USD Million	Y-o-Y Change %
	Value USD Mn	Share %	Value USD Mn	Share %		
Consumer Goods	3,848.70	18.6	3,401.70	21.2	447.00	13.10
Intermediate Goods	12,308.90	59.6	9,076.50	56.5	3,232.40	35.60
Investment Goods	4,462.70	21.6	3,563.20	22.2	899.50	25.20
Unclassified Imports	17.10	0.1	14.00	0.1	3.10	22.20
<b>Total Imports</b>	<b>20,637.40</b>	<b>100.0</b>	<b>16,055.40</b>	<b>100.0</b>	<b>4,582.00</b>	<b>28.50</b>

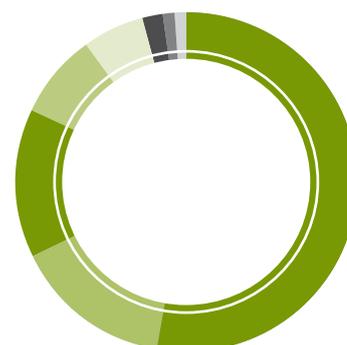
Source: Central Bank of Sri Lanka

## Composition of Export Revenue (%)



Agricultural exports	21.80%
Industrial Exports	77.60%
Mineral Exports	0.40%
Unclassified Exports	0.20%

## Composition of Agricultural Export Revenue (%)



Tea	53%
Spices	15%
Coconut	14%
Seafood	8%
Minor Agricultural Products	6%
Rubber	2%
Unmanufactured Tobacco	1%
Vegetables	1%

### Exchange Rates

Sri Lankan Rupee was maintained at stable levels throughout 2021 before an adjustment in the exchange rate was allowed in early March 2022. The limited liquidity in the domestic foreign exchange market due to dried up foreign exchange inflows and continued outflows in import bills and debt servicing indicated pressures on currency depreciation. To counter these pressures, the Central Bank, together with LCBs, maintained the weighted average spot exchange rate during the latter part of 2021 at around Rs. 200- 203 per USD. As a result, the annual depreciation of Rupee remained at 7.0 percent.

However, the pressure on currency depreciation amplified by the end of 2021 led to the relaxation of exchange rate controls. Accordingly, the Sri Lankan Rupee depreciated by 33.0 percent against the USD by the end of March 2022.

### GLOBAL TEA INDUSTRY

The global Tea Industry recorded a growth of 3.0 percent from 6,279.50 million kilos in 2020 to 6,469.53 million kilos in 2021. China continued to secure its position as the world's largest Tea Producer in 2021 producing 3,120.00 million kilos of Tea in the same year. This is a 4.5 percent growth from the previous year. India and Sri Lanka recorded a growth of 5.7 percent and 7.5 percent, respectively, while Kenya's Tea Production contracted by 6.4 percent.

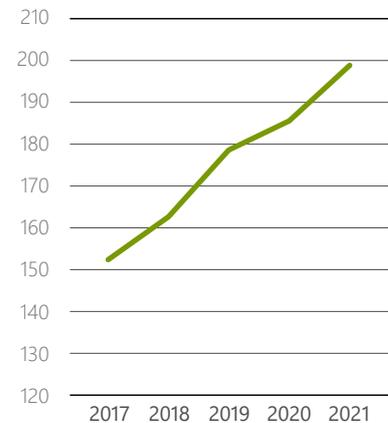
### World Production of Tea

Country	2021 (Mn/Kg)	2020 (Mn/Kg)	Variance	
			(Mn/Kg)	%
China (Mainland)	3,120.00	2,986.02	133.98	4.5
India	1,329.04	1,257.53	71.51	5.7
Kenya	533.00	569.54	(36.54)	(6.4)
Sri Lanka	299.34	278.49	20.85	7.5
Turkey	280.00	280.00	0.00	0.0
Other	908.15	907.93	0.22	0.0
<b>Total</b>	<b>6,469.53</b>	<b>6,279.50</b>	<b>190.03</b>	<b>3.0</b>

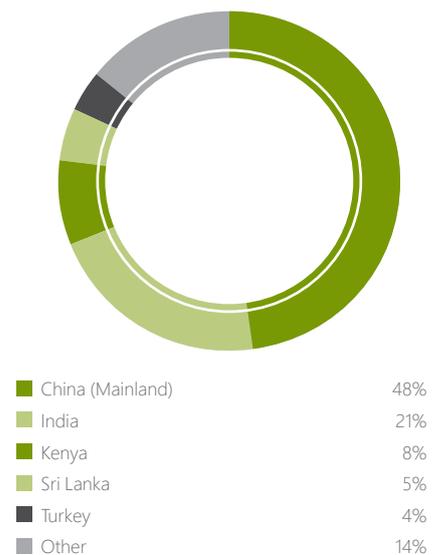
Source: Sri Lanka Tea Board and International Tea Committee

Overall World Tea Exports for 2021 registered a marginal growth of 2.7 percent from 1,830.63 million kilos in 2020 to 1,879.84 million kilos. Kenya exported 557 million kilos in 2021, maintaining its position as the largest exporter, followed by China, Sri Lanka, India, and Vietnam. Kenya, China, and Sri Lanka recorded an increase in exported Tea quantity for 2021, although India and Vietnam declined by 5.2 percent and 2.3 percent, respectively.

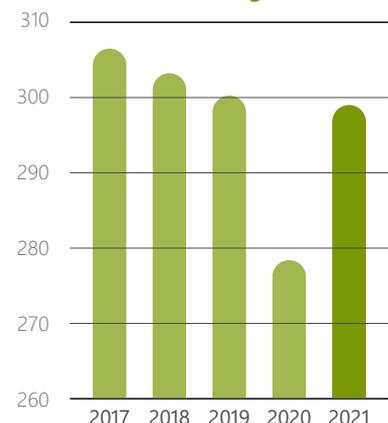
### Annual Average Movement in Exchange Rate (Rs./USD)



### World Production of Tea - 2021 (%)



### Sri Lankan Tea Production 2017-2021 (Mn/Kg)



# Operating Landscape

## World Exports of Tea

Country	2021	2020	Variance	
	(Mn/Kg)	(Mn/Kg)	(Mn/Kg)	%
Kenya	557.00	518.92	38.08	7.34
China (Mainland)	369.36	348.82	20.54	5.89
Sri Lanka	286.02	265.60	20.42	7.69
India	193.00	203.57	(10.57)	(5.19)
Vietnam	127.00	130.00	(3.00)	(2.31)
Other	347.46	366.59	(19.13)	(5.22)
<b>Total</b>	<b>1,879.84</b>	<b>1,830.63</b>	<b>49.21</b>	<b>2.69</b>

Source: Sri Lanka Tea Board and International Tea Committee

Global Tea imports for consumption remained at 1,774.40 million kilos for 2021. Pakistan imported 247.47 million kilos during the year 2021, while Russia imported 142 million kilos as the second largest tea importer. Tea Imported by USA, Egypt and Other CIS countries increased by 8.6 percent, 5.5 percent and 1.2 percent, respectively. United Kingdom lost its place in the top 5 Tea Importers as their imports declined by 17.1 percent.

## Tea Imports for Consumption

Country	2021	2020	Variance	
	(Mn/Kg)	(Mn/Kg)	(Mn/Kg)	%
Pakistan	247.47	251.59	(4.12)	(1.64)
Russian Federation	142.00	142.00	0.00	0.00
USA	114.74	105.69	9.05	8.56
Egypt	99.00	93.80	5.20	5.54
Other CIS	94.00	92.90	1.10	1.18
Other	1,077.19	1,083.72	(6.53)	(0.60)
<b>Total</b>	<b>1,774.40</b>	<b>1,769.70</b>	<b>4.70</b>	<b>0.27</b>

Source: International Tea Committee

## SRI LANKAN TEA INDUSTRY

### Tea Production

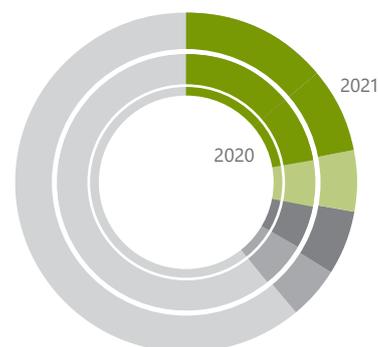
The production of Tea recorded an overall growth of 7.5 percent in 2021. A significant increase in Tea production in the first half of the year recovered the contraction recorded in the latter part due to unfavourable weather conditions that prevailed during November and December. Production in all three elevations (high, medium, and low grown) expanded by 4.9 percent, 9.4 percent, and 7.9 percent, respectively, in 2021.

### Tea Production (Mn/Kg)

Elevation	2021	2020	Variance	
	Mn/Kg	Mn/Kg	Mn/Kg	%
High Grown	65.27	62.20	3.07	4.9
Mid Grown	50.91	46.55	4.36	9.4
Low Grown	183.16	169.73	13.43	7.9
<b>Total</b>	<b>299.34</b>	<b>278.49</b>	<b>20.85</b>	<b>7.5</b>

Source: Sri Lanka Tea Board

## Top 5 Importers of Tea - 2020 Vs 2021



	2021	2020
Pakistan	14%	14%
Russian Federation	8%	8%
USA	6%	6%
Egypt	6%	5%
Other CIS	5%	6%
Other	61%	61%

## Elevation wise Sri Lanka Tea Production - 2021



High Grown	22%
Mid Grown	17%
Low Grown	61%

## Colombo Tea Auction Prices (2017-2021) Rs.



Tea prices at the Colombo Tea Auction (CTA) remained higher than pre pandemic averages despite recording lower than the averages in 2020. Average Tea prices in Rupee Terms declined by 0.6 percent in medium grown and 3.3 percent in low grown, while the high grown areas reported a marginal increase of 1.1 percent in 2021 compared to 2020. However, it is noteworthy that auction tea prices for all three elevations in USD terms declined during 2021. It shows a considerable drop of 8.8 percent from USD 3.39 in 2020 to USD 3.09 in 2021 for all three elevations.

### Colombo Tea Auction Averages

Elevation	2021		2020		Variance		Variance %	
	LKR	USD	LKR	USD	LKR	USD	LKR	USD
High Grown	587.13	2.95	580.90	3.13	6.23	(0.18)	1.1	(5.78)
Mid Grown	550.80	2.77	553.94	2.99	(3.14)	(0.22)	(0.6)	(7.23)
Low Grown	644.23	3.24	666.32	3.59	(22.09)	(0.35)	(3.3)	(9.79)
Total	615.44	3.09	628.21	3.39	(12.77)	(0.30)	(2.0)	(8.75)

Source: Sri Lanka Tea Board

Although the average export price (FOB) increased by 6.2 percent, the FOB price of Tea in USD terms declined by 0.9 percent in 2021. A sharp increase in freight costs, packing materials, and increase in the quantity of Tea produced during the year adversely impacted the prices in 2021. Depreciation of Sri Lankan Rupee against major currencies resulted in an increase in the Average FOB price per kg in Rupee terms.

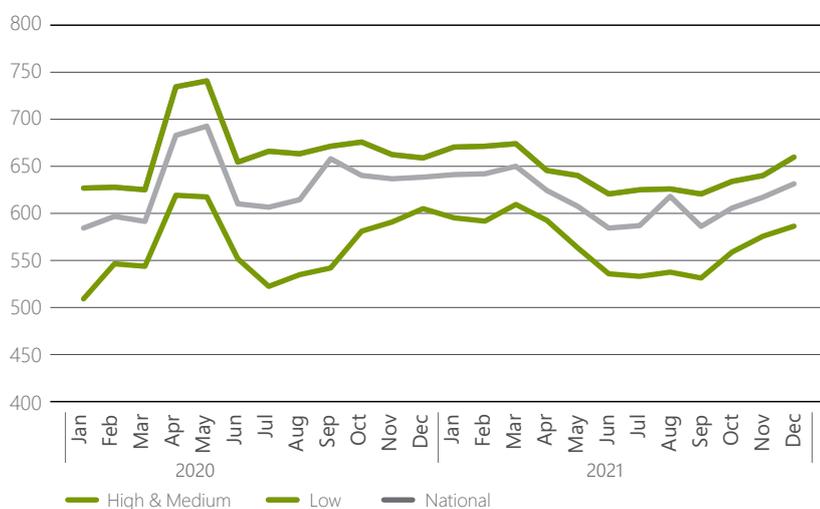
### Tea Export Earnings (Including re-exports with Imported Teas)

Year	Qty. (Mn/Kg)	Value (Rs/Bn)	Average FOB Price per Kg (Rs.)	Value (USD/Bn)	Average FOB Price per Kg (USD)
2021	286.02	263.35	920.76	1.32	4.63
2020	265.57	230.17	866.70	1.24	4.67

Source: Sri Lanka Customs and Central Bank of Sri Lanka

Sri Lanka exported 286.0 million kilos of tea in 2021, which is a 7.7 percent growth from 2020. Similarly, the value of the total tea exports for 2021 increased from Rs. 230.2 billion to Rs. 263.4 billion.

### Monthly National Average Movement (Rs.) - 2020 & 2021



**Rs. 587.31**  
 ↑ **High Grown**  
 2020 - Rs. 580.90

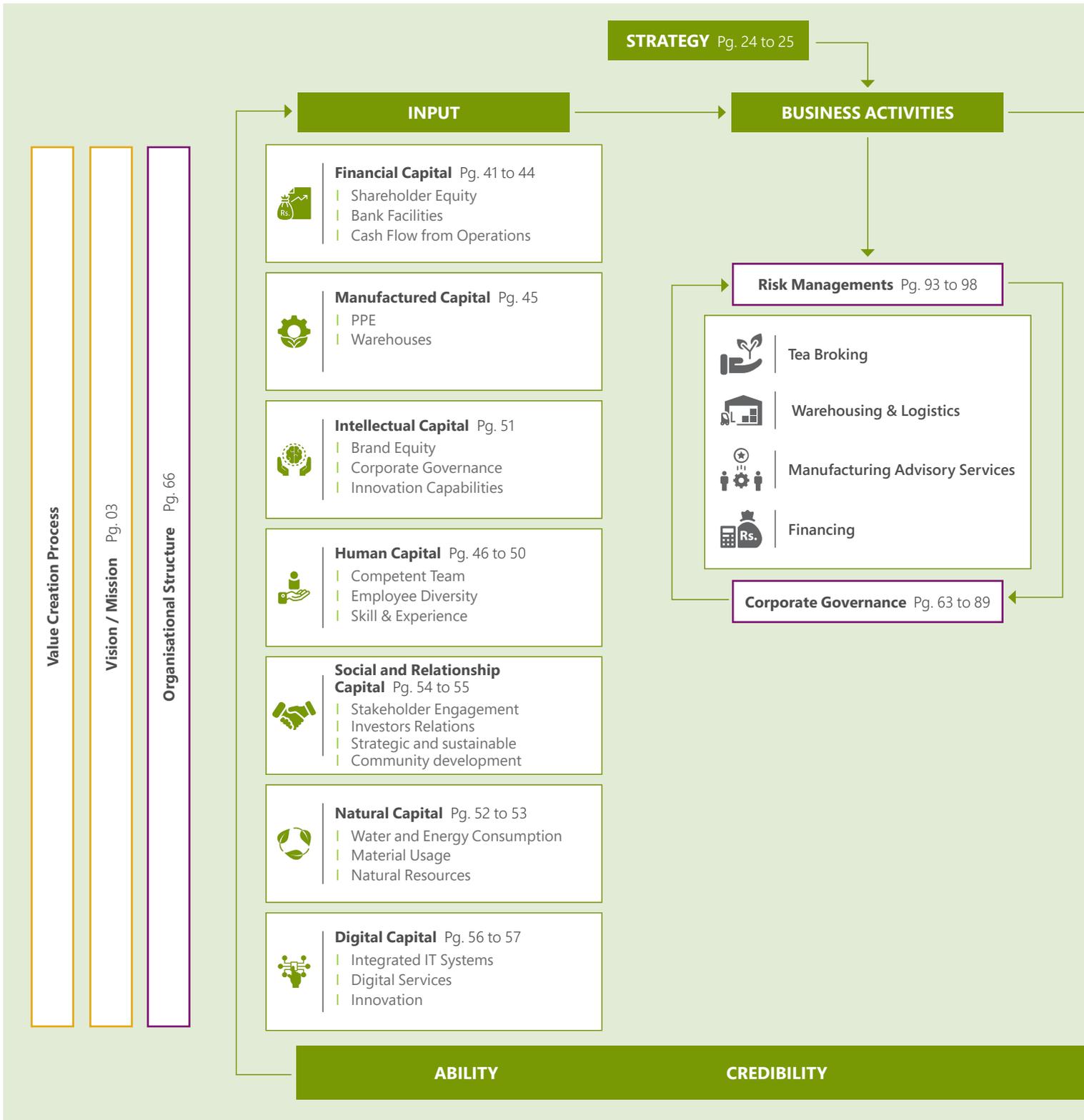
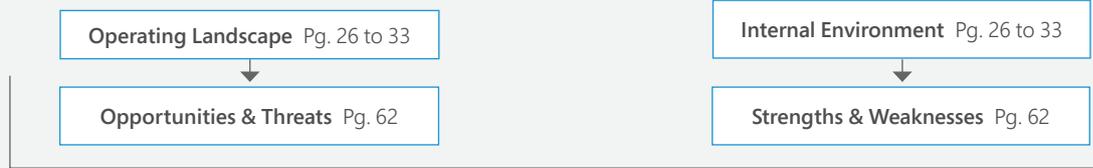
**Rs. 550.80**  
 ↓ **Mid Grown**  
 2020 - Rs. 553.94

**Rs. 644.23**  
 ↓ **Low Grown**  
 2020 - Rs. 666.32

**USD 4.63**  
 ↓ **FOB Price per kg**  
 2020 - USD 4.67

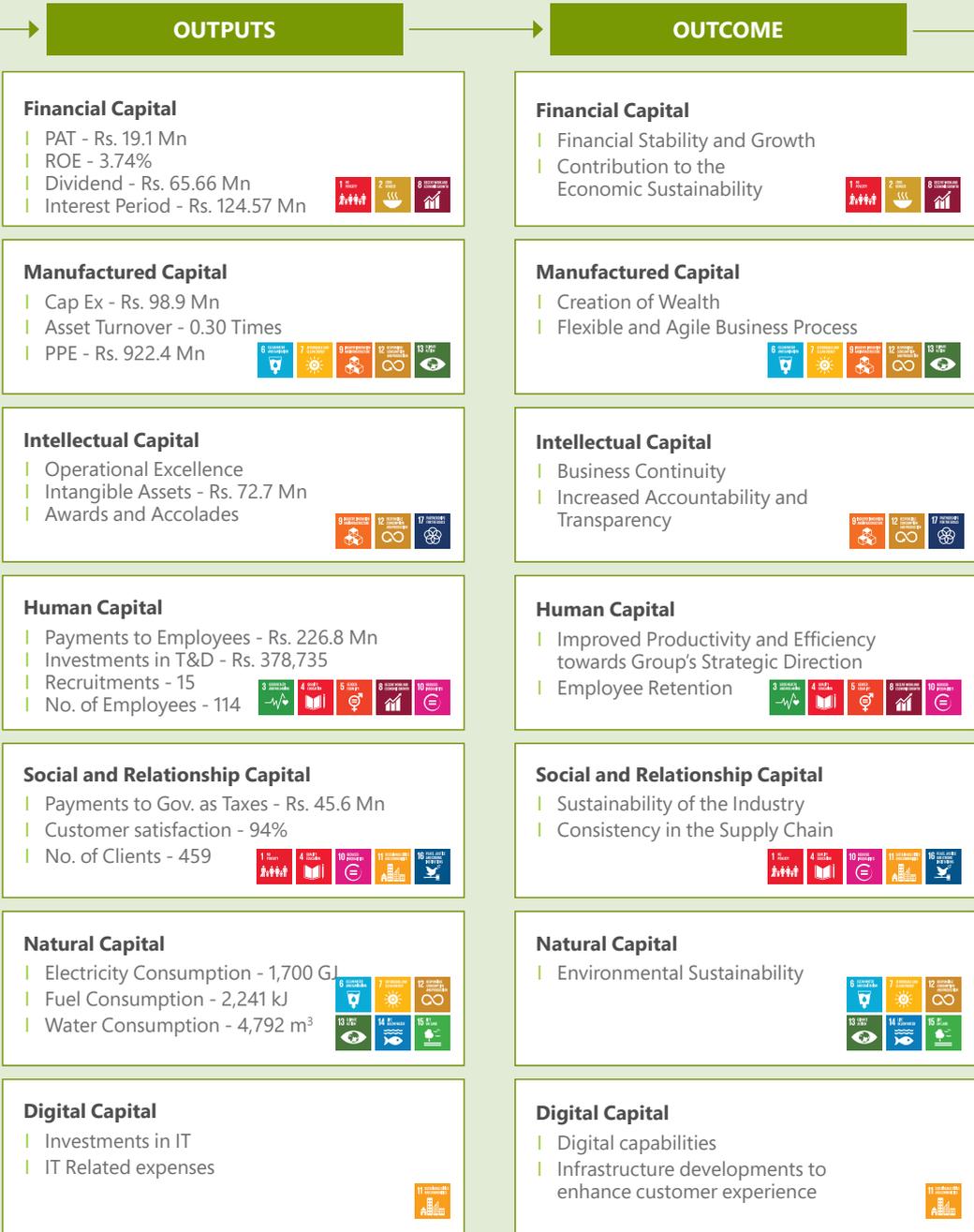
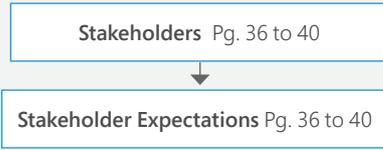
Our business model explains how we create value using our capital and transform them through our business activities and their output and impact to our stakeholders, society and environment.

# Our Business Model



We regularly review our external environment and identify the risks and opportunities relevant to our Group and revise the components of the business model and our strategies accordingly. As a socially responsible corporate citizen we continuously improve our processes and technology to reduce the adverse social and environmental effects that may arise from our business model.

GRI 2016: 102-42, 102-43



**Investor**  
Shareholder returns & sustainable business growth

**Customer**  
Quality product, best possible prices & superior customer service

**Employee**  
Better compensation, career growth, better working environment & work life balance

**Supplier**  
Long term business relationships, fast settlements & convenience in transactions

**Community & Environment**  
Community development, responsible business practices & environmental sustainability

**Regulator**  
Compliance with regulatory requirements, responsible business practices

INTEGRITY TEAMWORK

# Stakeholder Relationships and Materiality

## Stakeholder Relationships

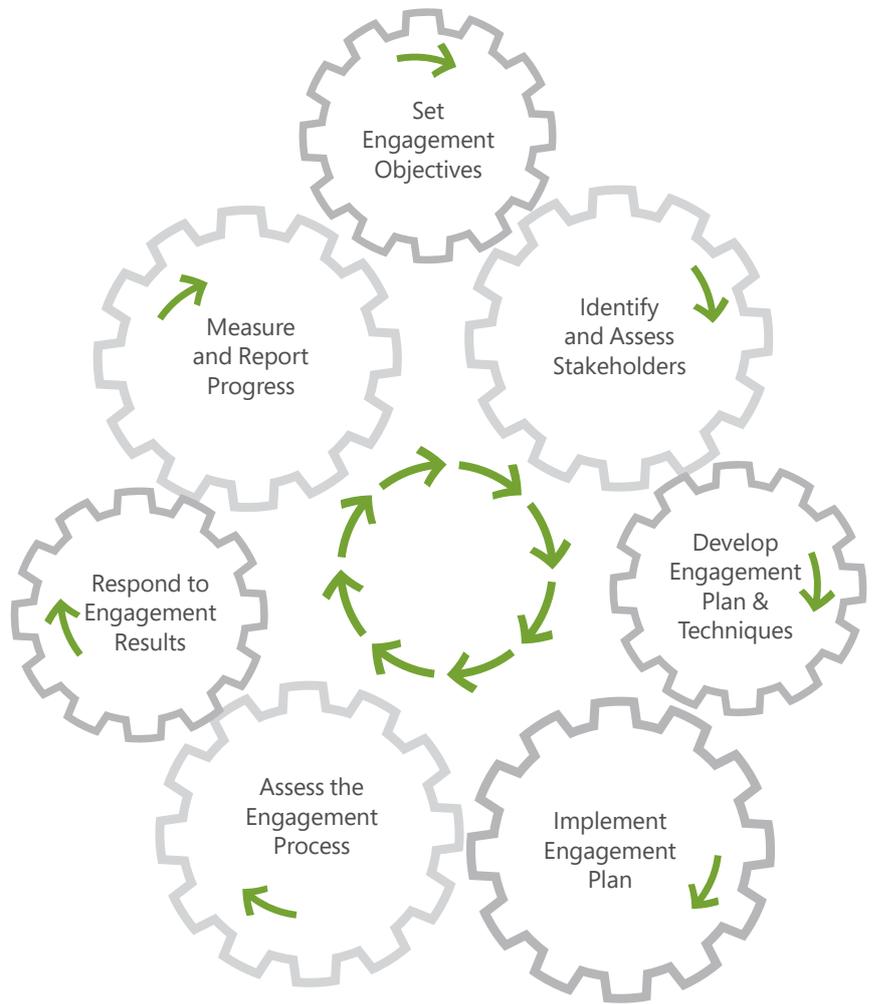
### Our Stakeholders

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

### Stakeholder Engagement Process

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

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



Power	High	Keep satisfied 	Actively engage and manage closely 
	Low	Minimal effort 	Keep informed 
		Low	High
Interest			

## Stakeholder Engagement

Stakeholder	Expectations	Mode of Engagement	Frequency				
			Annually	Quarterly	Monthly	Weekly	As Required
Shareholders/ Investors 	<ul style="list-style-type: none"> <li>  Shareholder returns and growth</li> <li>  Risk Management</li> <li>  Business Continuity</li> <li>  Strengthening the Corporate Governance Practices</li> </ul>	<ul style="list-style-type: none"> <li>  Annual General Meeting</li> <li>  Annual Report</li> <li>  Interim Financial Statements</li> <li>  Corporate Website</li> <li>  Announcements in CSE</li> </ul>	✓	✓			✓ ✓
Tea Producers 	<ul style="list-style-type: none"> <li>  Best prices for their produce</li> <li>  Financial support to meet their working capital requirements</li> <li>  Technical advisory support to improve the quality of the produce</li> <li>  Efficient communication and convenience in transactions</li> <li>  Efficient service in warehousing activities</li> </ul>	<ul style="list-style-type: none"> <li>  One to one meetings</li> <li>  Monthly and Quarterly performance reviews</li> <li>  Weekly Tea Market Snapshot and other market related information</li> <li>  Regular factory visits by the Manufacturing advisors and marketing executives</li> <li>  Conduct seminars for factory owners and their staff on 'importance of maintaining quality of Tea'</li> <li>  Customer Satisfaction survey</li> </ul>		✓	✓		✓ ✓ ✓
Tea Buyers 	<ul style="list-style-type: none"> <li>  Quality product at a reasonable price</li> <li>  Efficient communication and convenience in transactions</li> <li>  Efficient service in warehousing activities</li> </ul>	<ul style="list-style-type: none"> <li>  One to one meetings with buyers</li> <li>  Weekly market reports and other information sharing</li> </ul>				✓	✓
Employees 	<ul style="list-style-type: none"> <li>  Industry competitive remuneration packages</li> <li>  Career growth</li> <li>  Better working environment</li> <li>  Work-life balance</li> <li>  Equal Opportunity</li> <li>  Health and Safety</li> <li>  Job security</li> </ul>	<ul style="list-style-type: none"> <li>  Regular staff meetings</li> <li>  Formal and informal discussions</li> <li>  Internal communication channels</li> <li>  Training programs</li> <li>  Recreational activities</li> <li>  Employee survey</li> </ul>	✓	✓	✓		✓ ✓ ✓ ✓ ✓

# Stakeholder Relationships and Materiality

Stakeholder	Expectations	Mode of Engagement	Frequency				
			Annually	Quarterly	Monthly	Weekly	As Required
Supplier and Service providers 	<ul style="list-style-type: none"> <li>  Favourable terms and conditions</li> <li>  Speed and on time settlements</li> <li>  Long Term business relationship</li> <li>  Convenience in transactions Business growth</li> </ul>	<ul style="list-style-type: none"> <li>  Written Communications</li> <li>  Regular meetings</li> </ul>					<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> </ul>
Industry bodies/ Associations 	<ul style="list-style-type: none"> <li>  Sustainability of the Industry</li> <li>  Developments of the relevant community groups</li> </ul>	<ul style="list-style-type: none"> <li>  The Company actively engaged with the industry bodies and associations such as Sri Lanka Tea Board, the Colombo Tea Traders' Association, Tea Exporters' Association, Sri Lanka Tea Factory Owners' Association and participated at meetings, events, and AGM's organized by such associations</li> </ul>					<ul style="list-style-type: none"> <li>✓</li> </ul>
Community and Environment 	<ul style="list-style-type: none"> <li>  Community Development</li> <li>  Responsible Business practices</li> <li>  Employment Opportunities</li> <li>  Environment Sustainability</li> </ul>	<ul style="list-style-type: none"> <li>  Providing training opportunities and internships to graduates and under graduates</li> <li>  CA Sri Lanka certified training partner for students in business and corporate levels</li> <li>  Actively participate in seminars organized by Tea Smallholders to educate the Tea Producer clients</li> <li>  CSR Initiatives</li> </ul>					<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> </ul>
Government and Regulators 	<ul style="list-style-type: none"> <li>  Compliance with requirements under governing bodies</li> <li>  Responsible business practices</li> <li>  Support in surveillances carried out</li> </ul>	<ul style="list-style-type: none"> <li>  Directives and Circulars</li> <li>  Meetings and consultations</li> <li>  Press releases</li> <li>  Periodic returns</li> <li>  Attend meetings</li> <li>  Written Communication</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> </ul>			<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> </ul>

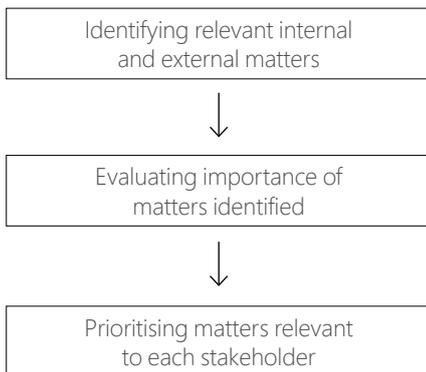
**Materiality**

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

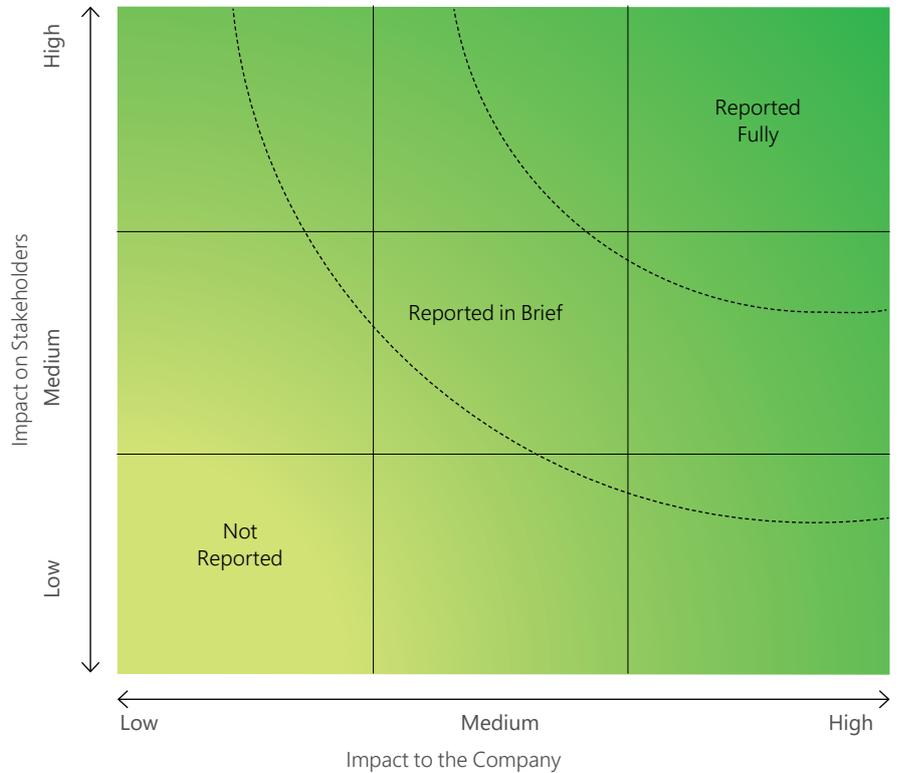
**Materiality Determination Process**

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

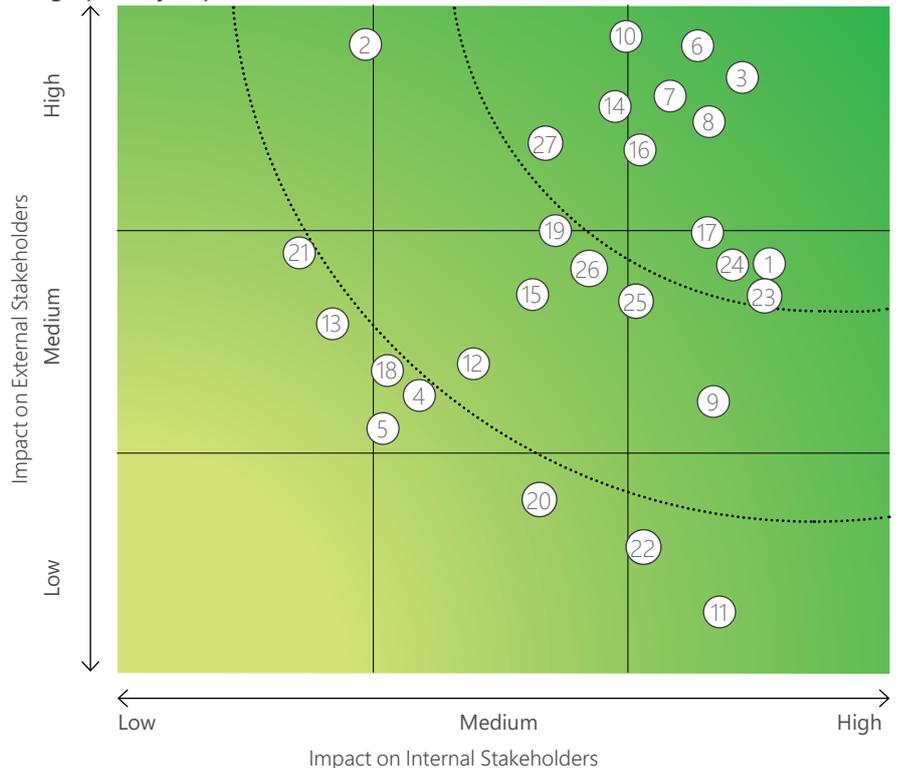
Materiality determination process of the Group is graphically depicted below;



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



Key issues that were rated as the most material in respect of the key stakeholders are graphically depicted below;



# Stakeholder Relationships and Materiality

No.	Material Issue	Relevant GRI Standard
01.	Anti corruption	GRI 2016 - 205
02.	Child labour	GRI 2016 - 408
03.	Climate change	GRI 2016 - 201
04.	Community development	GRI 2016 - 413
05.	Competition	GRI 2016 - 206
06.	Corporate governance	GRI 2016 - 102
07.	Customer satisfaction	GRI 2016 - 416 & 418
08.	Direct economic value generated	GRI 2016 - 201
09.	Disaster recovery plans	GRI 2016 - 201
10.	Economic performance	GRI 2016 - 201
11.	Employee training and development	GRI 2016 - 404
12.	Energy consumptions	GRI 2016 - 302
13.	Environment protection	GRI 2016 - 307
14.	Ethical conduct	GRI 2016 - 102
15.	Force labour	GRI 2016 - 409
16.	Global economy	GRI 2016 - 201
17.	Health and safety	GRI 2016 - 403
18.	Human rights	GRI 2016 - 412
19.	Innovation in process and services	Not covered in GRI
20.	Labour relations	GRI 2016 - 402
21.	Non discrimination	GRI 2016 - 406
22.	Operational cost	GRI 2016 - 201
23.	Regulatory compliance	GRI 2016 - 419
24.	Reputation	Not covered in GRI
25.	Risk management	GRI 2016 - 201
26.	Talent acquisition and retention	GRI 2016 - 401
27.	Waste management	GRI 2016 - 305 & 306

Disclosures in this report pertaining to the above key issues are given in GRI index from Page 164 to 167.

# Capital Management Reports

## Financial Capital



### Revenue

The revenue increase in the logistics and transportation segment mainly contributed to the growth of the total group revenue. The management of Logicare (Pvt) Limited decided to transfer back the tea warehouse operations to Ceylon Tea Brokers PLC w.e.f. 01st April 2021 while releasing such space to third party logistics (3PL) at a higher revenue per square foot. The increase in Company revenue can be attributed to the tea handling income which was transferred from Logicare (Pvt) Limited. Except for the above, the Company maintained a similar revenue momentum throughout the year.

	2022	2021	Change
Group	867,316,695	693,594,801	173,721,894
Company	580,671,913	518,680,946	61,990,967

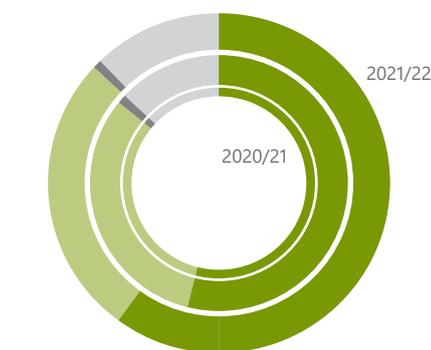
The significant contribution from the logistic segment was mainly due to the strategic move from tea handling to third-party logistics. The per pallet revenue from third-party logistics is higher than the tea handling operation. Tea handling has a statutory per kilo rate which is not competitive with the market rates. The entire warehouse properties owned by the subsidiary were allocated to 3PL, which successfully generated higher revenues and margins.



### Total Revenue for the Financial Year - Group

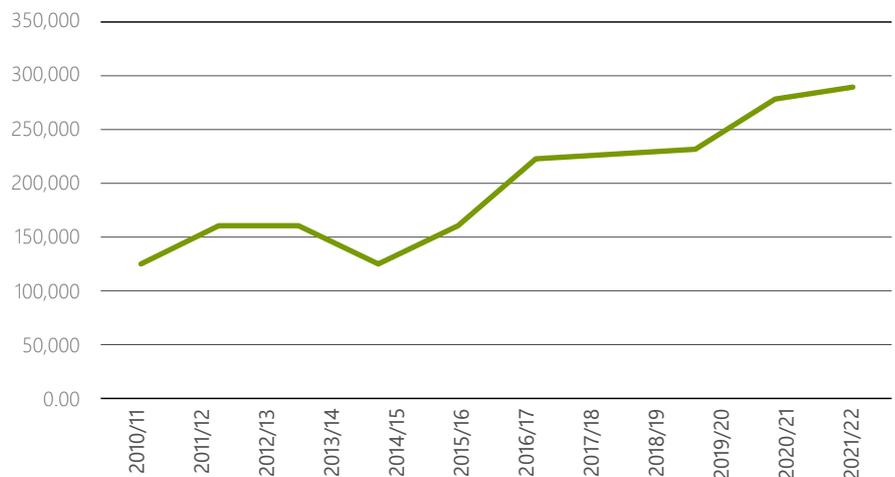
Source of Income	2021/22 Rs.	2020/21 Rs.	Variance Rs.	Variance %	Contribution to total Revenue 2021/22 (%)
Brokerage fee	289,652,823	280,490,521	9,162,302	3	33
Handling Charges	67,443,453	78,329,985	(10,886,532)	(14)	8
Logistics & Transportation Income	272,257,389	79,354,271	192,903,118	243	31
Interest Earned on Loans and Advances	154,932,764	164,170,229	(9,237,465)	(6)	18
Lot Fee	8,455,994	7,769,023	686,971	9	1
Sundry Income	74,574,272	83,480,772	(8,906,500)	(11)	9
<b>Total Revenue</b>	<b>867,316,695</b>	<b>693,594,801</b>	<b>173,721,894</b>	<b>25</b>	<b>100</b>

### Revenue Composition - Company



	2020/21	2021/22
Brokerage Fee	54%	50%
Handling Charges	-	10%
Interest Earned on Loans and Advances	32%	27%
Lot Fee	1%	1%
Sundry Income	13%	12%

### Brokerage Revenue 2010 - 2022 (Rs. '000)

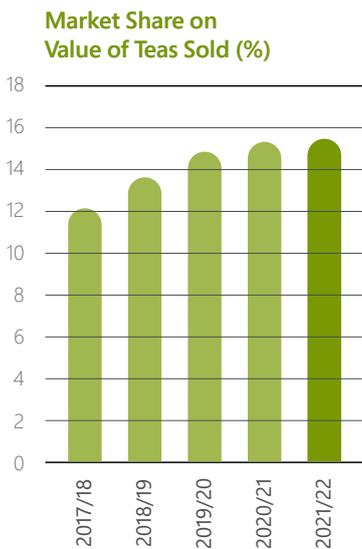


# Capital Management Reports

## Financial Capital

The Brokerage revenue has shown a marginal increase while the interest income earned during the year marginally declined with stringent credit policy adopted by the company. The company's overall revenue growth is attributable to tea handling income which did not exist in the previous financial year.

The focus on core business activity (Broking) helped to increase the market share of the company while achieving sustainable growth in revenue and net profit. The conservative approach to credit risk management was adopted by the management to avoid the losses on extended credit given to the customers. It further supported emphasising the strong sustainable growth of the business in revenue as well as net profit. The market share growth validated the success of this strategy adopted by the Company. It is with great pride we share the team's remarkable achievement of being the number 01 broker in low grown segment for the last 3 consecutive years.



### Expenses

Expense Category	Group			Company		
	2021/22 Rs.	2020/21 Rs.	Variance Rs.	2021/22 Rs.	2020/21 Rs.	Variance Rs.
Operating Expenses	309,206,690	190,867,904	118,338,786	75,393,436	19,995,117	55,398,319
Marketing Expenses	37,724,757	38,922,081	(1,197,325)	31,820,106	33,710,556	(1,890,450)
Administration Expenses	341,284,537	290,883,888	50,400,650	267,807,880	243,204,541	24,603,339
Net Finance Expenses	123,087,055	133,209,223	(10,122,168)	59,333,758	76,588,882	(17,255,124)

### Operating Expenses

The operations of the subsidiary company contributed primarily to increase in the Group's operating expenses. Significant growth in the logistic and transportation segment contributed to this increase. Notably, the warehouse operations transferred back from 1st April 2021 mainly increased the Company's operating expenses.

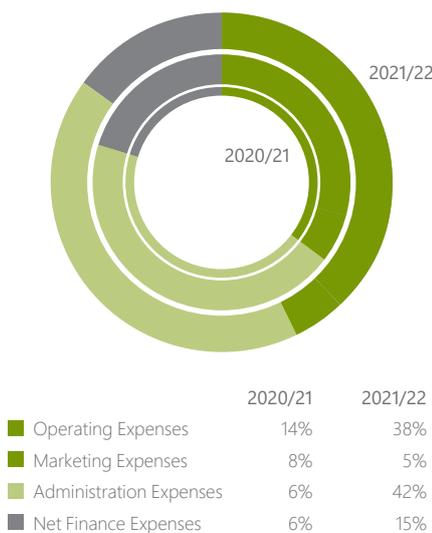
### Administration Expenses

The group level administration expenses increased due to the expansion of operations in the parent and subsidiary companies. Additions to the workforce contributed to the increase in costs while increasing the turnover of company and group.

### Net Finance Expenses

The conservative approach followed in credit management and the low-interest rate environment that prevailed at the beginning of the financial year favourably contributed to reducing the overall net finance cost of the group and the Company. The Management secured some facilities at fixed interest rates at group level, which helped to reduce the group's finance cost considerably.

### Expenses Composition - Group 2022 Vs 2021



#01  
Low Grown Broker

15.42%  
Market Share  
On Quantity  
Sold 2021/22



## Profitability

### Gross Profit

The gross profit of the group has increased by 11 percent during the financial year, mainly due to the increased revenue from third-party logistics at the subsidiary level. This indicated the relatively higher profit margin in third-party logistics compared to tea warehousing and potentials in the logistics segment. Further, the Company recorded only a marginal increase in gross profit due to the marginal loss incurred from tea warehousing operations.

### Profit/Loss before Taxation

The Profit before tax of Group and the Company has shown a significant improvement in the financial year ended 31st March 2022. The operational change at the subsidiary level contributed to increasing the group's profit level. The Company has maintained Profit before tax at the last year's level with a marginal increase.

### Net Profit After Tax

The group's profit after tax indicated a significant improvement from last year. The subsidiary's operations have improved with the change in strategic business selection. This momentum will continue with new client acquisitions in the third-party logistics business segment.

## Financial Position

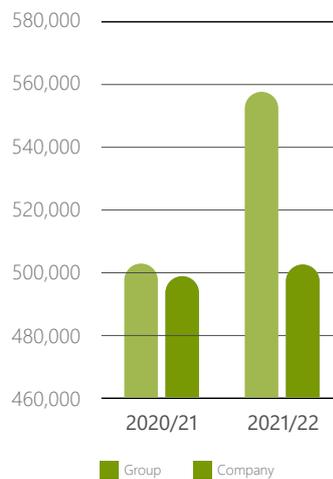
### Group – Assets

Total assets of the Group recorded Rs. 2,908.86 million as at 31st March 2022 compared to Rs. 2,547.21 million in the corresponding period last year due to the revaluation and increased receivables.

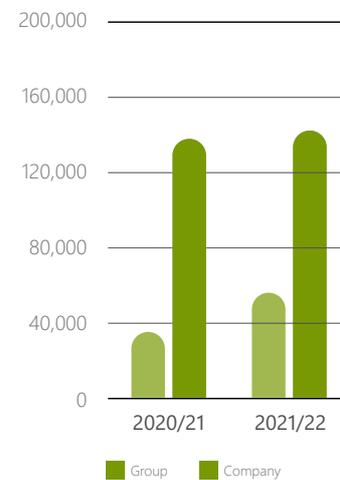
### Group – Liabilities

Total liabilities of the Group increased by 13.4 percent to Rs. 2,398.5 million in 2021/22 from Rs. 2,116.18 million in 2021/22. The main contributor to the above is the increase in interest bearing borrowings.

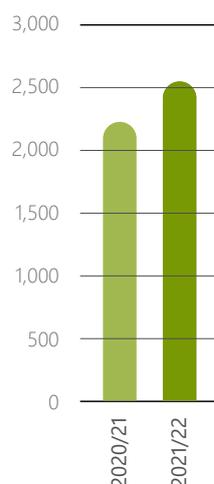
Gross Profit (Rs. '000)



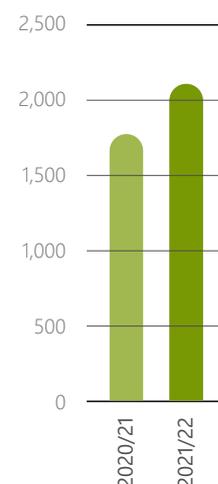
Profit/Loss Before Taxation (Rs. '000)



Assets - Group (Rs. Mn)



Liabilities - Group (Rs. Mn)



# Capital Management Reports

## Financial Capital

### Credit Rating

During the year under review, the Company obtained the service of one of the leading rating agencies, ICRA Lanka Limited, to conduct an issuer rating. ICRA Lanka assigned an issuer rating of [SL] BBB with a Stable outlook to the Company.

### Contribution to the Economy

The economic dimension of the sustainability concerns our Company's impact on the economic conditions of our stakeholders and economic systems at local, national, and global levels. The following section illustrates the distribution flow of capital among different stakeholders and the organisation's key economic impacts on the overall society.

### Economic Value Added Statement - Group

	2021/22	2020/21
<b>Value Created</b>		
Revenue	867,316,695	693,594,801
(Include sub categories as presented in the revenue note of the financial statements)		
<b>Total Value Created</b>	<b>867,316,695</b>	<b>693,594,801</b>
<b>Value Distributed</b>		
Operating Costs	362,905,564	220,950,076
Employee wages and benefits	228,033,154	212,842,463
Payments to government	45,586,132	15,430,745
Payments to providers of capital	121,682,715	160,443,981
Community investments	-	302,971
<b>Total Value Distributed</b>	<b>758,207,564</b>	<b>609,970,236</b>
<b>Total Value Retained</b>	<b>109,109,131</b>	<b>83,624,565</b>
<b>Total Value Distributed</b>	<b>867,316,695</b>	<b>693,594,801</b>
<b>Value Retained Expansion &amp; Growth</b>		
Profit Retained	19,096,122	1,000,544
Depreciation & Amortisation	90,013,009	82,624,021
<b>Total Value Retained Expansion &amp; Growth</b>	<b>109,109,131</b>	<b>83,624,565</b>

The ultimate objective of our sustainability strategy is to create value for all our stakeholders, and we will continue to monitor the impact of our actions on the economy, society, and environment. Accordingly, the Company, has distributed 87.4 percent to the economic value generated from the business.

### Financial Assistance Received from the Government

Income tax on all types of income categories were charged at a general tax rate of 24%.

### Indirect Economic Impacts

The Company has provided financial facilities of Rs. 915.95 million in the form of Loans and advances as of 31st March 2022 to our producer clients to meet their working capital requirements and purchase machinery, which in turn help the industry and the economy as a whole.



☆☆☆  
(SL) = BBB

ICRA Lanka Assigned

Rating with a  
Stable Outlook

2020/21 - (SL) BBB

Rs. **228.03** Mn  
↑ Value Created for  
Employees  
2020/21 - Rs. 212.84 Mn

## Manufactured Capital

Manufactured capital refers to the infrastructure developed by the Group for value creation which includes the corporate office, warehousing facilities, Tea tasting room and the information technology. Better use of the manufactured capital has helped the Group to deliver a superior service to our clients while minimising our operational costs. The Group focused on developing infrastructure in order to support current business activities and also to meet future challenges given the significance of this capital in the value creation process.

### Warehousing Facilities

During the year under review the Group possessed over 234,500 sqft of leased own warehousing space in six different locations.



The Group owns a state-of-the-art warehousing complex which consists of 12,000 pallet locations equipped with modern warehousing equipment, technology and machinery. The said warehousing facility is carried out under its fully owned subsidiary "Logicare (Pvt) Ltd." The said warehousing facility is designed to reduce our carbon footprint which is in line with our commitment to environmental sustainability. Other than the warehouse located in Muthurajawela, all the other warehouses operated under the Group are obtained by securing short term to long term rent agreements to sustain and grow its business operations in a flexible and efficient manner.

Logicare created its presence in new industry verticals such as Electric, Pharmaceutical, Fashion Retail and Grocery retail.



The usage of technology in Logicare helped in creating processes that drove efficiency thereby helping overcome the need for extensive workforce. The clients of Logicare were also given complete visibility to their logistics operations via integrated technology platforms and thereby helping them make important and informed decisions during times of multiple crises.

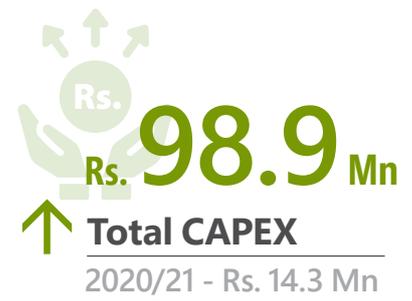
### Tea Tasting Room

CTB PLC has invested in a Tea tasting room in its head office with a state-of-the-art lighting system to enhance the efficiency of the Tea tasting function which is one of the key areas in our business process.



### Tea Sample Room

CTB PLC has a 7,500 sqft Tea sample room with all equipment to carry out the sampling operation efficiently.



# Capital Management Reports

## Human Capital

Creating a competent team is one of the core elements of our business strategy. We, as a Group strive to have the right people, in the right place. Creating a competent team with required competencies, capabilities, experience, and their motivation to innovate is essential for us to achieve our long- term strategic objectives.

The Human Resource (HR) function was streamlined by integrating HR policies and practices across the Group and this has increasingly transformed, facilitated, and groomed the entity towards inculcating a performance driven culture. The senior management and the Human Resources team have collaborated in building a successful and loyal workforce.

### Our Team

Our strong team comprises of a diverse mix of individuals who primarily contribute to our value creation process. Our team entails personnel representing all genders, major ethnic groups, and age groups as we strive to be an equal opportunity employer where all employees can work together in a conducive working environment. We have promoted 26 employees during the year to foster their career growth. Employees are typically engaged on a permanent basis, and we also get the service of contractual and outsourced employees for specific functions.

Employment Type	No of Employees
Permanent	107
Direct Employment Contract	7
<b>Total No of Employees</b>	<b>114</b>

### Equal Opportunity

The Group has continuously emphasised on operating as an equal opportunity employer. The aspects of discrimination based on gender, religion, age, cast and origin have been eradicated when dealing with our human capital.

### Gender Diversity

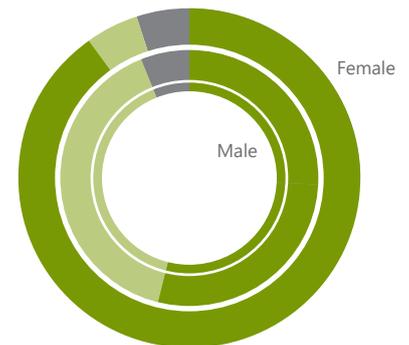
Group	Male		Female		Total Nos
	Nos	%	Nos	%	
Managerial	24	21	5	4	29
Executive	26	23	13	11	39
Other	38	33	1	1	39
Contract	6	5	1	1	7
<b>Total</b>	<b>94</b>	<b>82</b>	<b>20</b>	<b>18</b>	<b>114</b>

### Age Distribution

Group	Below 30 Years		30-50 Years		Above 50 Years	
	Nos	%	Nos	%	Nos	%
Managerial	5	4%	21	18%	3	3%
Executive	16	14%	23	20%	0	0%
Other	9	8%	26	23%	4	4%
Contract	0	0%	4	4%	3	3%
<b>Total</b>	<b>30</b>	<b>26%</b>	<b>74</b>	<b>65%</b>	<b>10</b>	<b>9%</b>

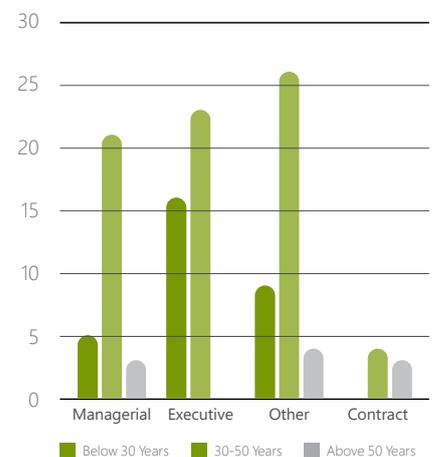


Employment Category wise Gender Representation- Group 2022



	Male	Female
Managerial	26%	25%
Executive	28%	65%
Other	40%	5%
Contract	6%	5%

Age Distribution - Group





**Religion Diversity**

Group	Buddhist	Catholic	Hindu	Islam	Total
Managerial	21	7	0	2	30
Executive	24	9	5	1	39
Other	31	9	2	3	45

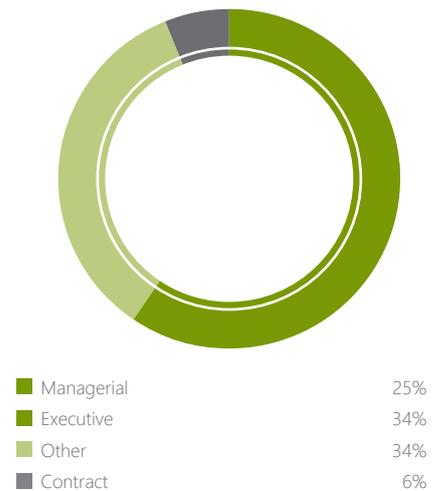


**Value Creation for Employees**

We have delivered value to our employees in numerous ways to create a conducive working environment that inspires and motivates them to perform to their maximum potential. Total compensation paid to the employees during the year under review, including salary and other financial benefits amounted to Rs. 228 million compared to Rs. 213 million the previous year.

Stock of Capital	Capital Management Action	Value Creation
Competencies, capabilities and experience of employees	Talent Acquisition	Workforce with knowledge and skills to maintain a profitable and sustainable business
	Training and Development	
	Remuneration and benefits	Employee satisfaction and motivation to perform well
	Career Growth	
Health and Safety of employees	Safety Procedures	Safe working environment
Diversity	An equal Opportunity Employer	Social Sustainability

**Level of Employment - Group**



**Talent Acquisition and Management**

The Group adheres to an equal and transparent recruitment and selection procedure. Our Human resources team solely relies on competencies, skills and experience when fulfilling hiring requirements. The Group's talent acquisition channels focus on recruiting people with the most appropriate interpersonal skills and technical competencies.

The Group has successfully justified to our staff that "We make careers successful". Our human capital analysis ratios indicate that the company has tenured staff with successful career progression, which justifies this statement.

The Group strongly believes that we should build and sustain a workforce that can cater to volatile and changing external environments. The Group successfully hired and acquired employees with good track records during the year under review.

Our HR function focuses its vision on crafting strategies to meet such standards. The Group will gear and adapt new internal processes to be competitive in the industry when acquiring external talent in the future.

**Recruitments and Resignations during the year**

	Under 30		30- 50		Over 50	
	Male	Female	Male	Female	Male	Female
Recruitments	3	4	5	3	0	0
Resignations	4	3	3	2	0	0

# Capital Management Reports

## Human Capital

### Employee Engagement and Recreational Activities

The Group believes in driving an engaged workforce and has organised several recreational activities for the employees and their families to encourage fellowship and teamwork. Work-life balance practices are deliberately driven within the organisation to minimise work-life conflicts and enable employees to be more effective in their roles at work.

### Training and Development

Training and development aspects have been mainly driven on skill assessments and most importantly to up skills of our staff. During the year under review, the Group had to undertake training and development activities in a pandemic-restricted environment. The activities that could not be performed during the year under review were rescheduled to next year.

On-the-job training is one of the key methods followed for training and developing our employees. Further, we have cross trained our staff to empower them to operate in multiple divisions of the Group. Such development procedures have given the Group ample opportunities for flexibility and have enabled the Group to leverage on skill utilisation and maximisation. In return, our employees have been given several opportunities for mobility across the Group while giving prominence to their career development prospects.



Staff Get-together



Secret Santa - 2021



Cricket Tournament

### Number of Training Hours

Group	Male		Female		Total	
	Total Hours	Average Hours	Total Hours	Average Hours	Total Hours	Average Hours
Managerial	42	1.83	10	1.67	52	1.79
Executive	86	1.91	34	1.89	120	1.90
Other	16	2.00	7	0.88	23	1.44
Contract	-	-	2	2.00	2	2.00
<b>Total</b>	<b>144</b>	<b>1.89</b>	<b>53</b>	<b>1.61</b>	<b>197</b>	<b>1.81</b>



Tool Box Meetings



*Working from Home picture day*

The Group has also facilitated and enabled employees to obtain professional qualifications, which ensures their career growth. This includes reimbursing annual subscriptions for professional qualifications and facilitating funding channels for educational needs.

The Company is a CA Sri Lanka certified training partner for students in business and corporate levels.

The HR department also conducts quarterly induction programs and focus group discussions with staff as a part of knowledge sharing and relationship building mechanisms.

In addition to the above, employees are encouraged to continue their higher education which helps them in their career growth. Annual subscription fees are reimbursed to the employees who are members of the professional bodies such as The Institute of Chartered Accountants of Sri Lanka (CASL) the Chartered Institute of Management Accountants, UK (CIMA), The Association of Chartered Certified Accountants, UK (ACCA), The Chartered Institute of Logistics and Transport, UK (CILT) and Certified Practising Accountants, Australia (CPA).

### Compensation and Benefits

The Group's compensation and benefits scheme has been designed to attract, retain, and motivate employees to meet Group's strategic objectives. Our pay structures and pay scales are focused on meeting industry standards. An attractive incentive pay-out plan is also in place as a part of the compensation, which encourages individual performance and the Group's overall performance. Further, our annual performance review and increment cycle has been actively utilised to address and reward our top talent and sustain organisational performance. In addition to remuneration, permanent employees are eligible for benefits, including life insurance (covering employees' family members), maternity leave, holiday allowances, and reimbursement of professional subscriptions.

The Group has positioned a comprehensive medical insurance scheme for staff, including surgical and hospitalization, critical illness and personal accident covers.

The surgical and hospitalization insurance scheme covers the indoor medical expenses of employees as well as their spouses and children. Further, various welfare and lifestyle benefits are granted to the staff, which have assisted them in fulfilling their personal requirements.

Work-life balance practices are deliberately driven within the organisation to minimize work-life conflicts and enable employees to be more effective in their roles at work.



# Capital Management Reports

## Human Capital



### Employee Well-being

The lack of extensive and adequately funded public health services pushes a large number of our employees to incur heavy out-of-pocket expenditure on services obtained from the private sector. Recognising the importance of this issue, the Company reimbursed hospitalisation expenses incurred by employees (including their families) due to COVID during the year under review.

The Risk Management Committee, with Heads of Departments, proactively monitored the threat of COVID-19 spread and formulated a plan to ensure minimal disruptions to operations while ensuring the well-being of the employee is safeguarded. The Company took safety measures such as disinfecting office premises on a regular basis, socially distanced seating, Working from Home arrangements, and effective communication of health and safety information. Further, flyers were circulated via WhatsApp and notices were displayed on office premises to educate the employees on health and safety measures.

### Occupational Health and Safety



First Aid Training

The Group implemented necessary precautions to avoid any accidents or health related issues to our employees in

their working environment. Consequently, the Group reported no incidents pertaining to injuries or occupational diseases during the year under review. There is no significant risk of disease to our employees related to their occupation. The Group does not have any trade union agreements on health and safety topics as there are no trade unions associated to the Group. The Group does not have any joint management-worker health and safety committees.

### Employee Engagement

The Group always welcomes ideas and opinions from employees. The management conducted an employee satisfaction survey to obtain candid feedback from the employees. Microsoft Teams, Social media platforms, and e-mails are used as platforms to connect with employees at all times.

### Labour Law

Our human resource practices fully comply with the Shop and Office Employees Act No. 15 of 1954 and other statutory requirements applicable to the Group.

### Defined Benefit Plan Obligations

The Group has adhered to the legal requirements pertaining to the gratuity liabilities of the Group and obtains an actuarial valuation of the gratuity liabilities from an independent consultant annually. Details of the gratuity liabilities of the Group are illustrated on page 141 to 142.

### Collective Bargaining Agreements

As a result of our core values of equal treatment for all our employees, the Group has managed to eliminate the need for trade unions and collective bargaining agreements. The Group has not faced any industrial disputes during the year under review.

### Ratios of Standard Entry Level Wage by Gender Compared to Local Minimum Wage

Wages paid to the entry level employees of the Group are very much higher than the local minimum wage standards and on par with the industry standards irrespective of gender.

### Proportion of Senior Management Hired from the Local Community

All employees, including the Group's senior management, are hired from the local community and the Group does not have any foreign employees as of reporting date.

### Communication and training about anti-corruption policies and procedures

The Group's HR policy, code of conduct and the appointment letters cover the relevant information pertaining to anti-corruption policies.

### Parental Leave

Parental leave is granted only to the female employees of the Group. One employee who was entitled to obtain maternity leave was granted accordingly during the year and she returned to work afterwards.

### Minimum Notice Periods Regarding Operational Changes

A minimum of two weeks' notice is provided to employees and their representatives before implementing significant operational changes that could substantially affect them.

## Intellectual Capital

Our intellectual capital comprises our knowledge-based intangibles and the organisational capital, which includes the corporate governance framework, internal controls and procedures, brand equity, and the knowledge of our employees. Our intellectual capital distinguishes our service offering and provides a significant competitive edge in the long run.

### Corporate Governance Framework

We believe that good Corporate Governance practices are fundamental to the Group's competitiveness, growth, and sustainability. Therefore, the Board of Directors has implemented a set of corporate values embodying ability, credibility, integrity, and teamwork to lead the Group with high ethical values and accountability in our commitment to good governance practices.

The Board has the overall responsibility for compliance to ensure transparency and accountability to all stakeholders.

Therefore, the Board has introduced a corporate governance framework to execute its policies and monitor effectiveness. This framework includes both internal and external governance structures of the Group.

### Our Brand



Our Brand is developed over the years with the attributes of trust, stability, and strength which we will continue to re-emphasise and reinforce. Over the past few years, we have identified the requirement to integrate new strengths and communicate these new attributes which cater to evolving industry dynamics. Hence, our brand symbolises what it means to all our stakeholders.

Market share growth, rankings in different elevations, and awards and recognition reflect the growth in our intellectual capital. It enhanced our brand value over a decade after renaming the Company as "Ceylon Tea Brokers".

### Internal Controls and Procedures

The Group has established sound internal controls, and procedures as a part of our risk management initiatives. The Management Committee, and the Credit Committee which are under the supervision and direction of the Board of Directors, implement policies and procedures at operational level to strengthen the internal controls. Importantly, internal auditors review the effectiveness of risk management practices and the internal controls of the Group, while the external auditors review the internal controls over the financial reporting process.

### Knowledge and Expertise

A key strength of our intellectual capital is the knowledge and expertise of the Board of Directors and employees, which gives us a competitive advantage in the long run. We continuously invest in our employees' training and development, considering it a key strategic priority of our corporate strategy. More details in this regard are included in the human capital section of this report.



### Awards and Recognition Received During the Year

CTB PLC won the 'Bronze Award' in the Service Organization Awards Category at the 56th Annual Report Awards Competition organized by the Institute of Chartered Accountants of Sri Lanka (CASL) on 9th December, 2021.



During the year under review, Logicare renewed its ISO 9001:2015, ISO 2200:2018 and HACCP certifications and also was certified as a Great Workplace To Work in Sri Lanka, and it was an honour for us to be recognised by our employees as an organisation that fosters respect, trust, and fairness.



# Capital Management Reports

## Natural Capital

Since we are a service organisation, negative impacts from our business activities on the environment remains comparatively low. However, we constantly emphasise on the optimising the usage of energy, water, and other natural resources.

The Group has taken the following initiatives to minimise the negative impacts on the environment.

### Paperless Office

Automating most of business processes of CTB PLC has enabled us to lower our carbon footprint. CTB PLC has invested in technology to reduce paper usage during its journey to a paperless office. Most of our routine correspondence to our clients have been converted to electronic forms such as emails and SMS's reducing paper usage. Further, incoming faxes are diverted to individual user computers as emails to reduce paper usage.

The Group is using the Microsoft Teams software, which is an effective way for Board of Directors to access the Board, and Committee Papers and supplementary information directly on to their iPad device. This application enabled the Members of the Board and other Subcommittees to view and update documents in real-time on a tablet and host meetings virtually. As a result, the printing of meeting documents and carbon footprint has reduced significantly.

The above initiatives have assisted us in reducing our carbon footprint by reducing the usage of papers, envelops, and other printing materials.

CTB PLC makes most of the payments to its customers electronically, which were previously made by cheque with the collaboration of leading banks in the country. This process enabled CTB PLC to use digital platforms to pay its clients, which generated cost savings on paper while reducing the delays in payment remittance to customers' accounts.

### Other Initiatives

- | Natural lighting is used in warehousing locations during the daytime.



- | Tea tasting room was designed to enable the usage of daylight for the evaluation of Tea samples.



- | Encouraged our producer clients to obtain certifications that consider the environmental aspects such as the Rain Forest Alliance certificate, which is globally recognised.



- | Waste papers are provided to a paper recycling company on a monthly basis.

- | The Water Treatment Plant at Muthurajawela warehouse premises is used to treat wastewater before disposal.



- | Use of Rainwater Harvesting System (RWHS) to collect rainwater and reuse it for gardening purposes at the Muthurajawela warehouse.



### Financial Implications and Other Risks Due to Climate Change

Since Tea is an agricultural commodity, there is a significant impact on our profitability as the Tea production volumes get affected by weather and climatic changes. We, as a Company, do not have direct control over implications which may arise due to climate change. However, we continuously monitor the weather patterns of all agro-climatic districts and change our business plans accordingly.



**Significant Impacts of Activities, Products, and Services on Biodiversity**

Since we are a service organisation, there is no significant impact from our business activities, products, and services on biodiversity.

**Non-compliance with environmental laws and regulations**

No incidents were reported pertaining to non-compliance with environmental laws and regulations during the year under review.

**Energy Consumption within the Group**

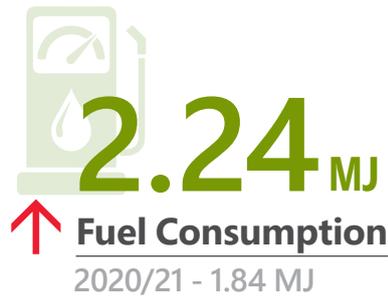
Energy Type	Usage
Diesel Consumption (J)	1,176,178
Petrol Consumption (J)	1,065,647
Electricity Consumption (GJ)	1,700

**Materials used by weight or volume**

Material	Usage (No of Sheets)
Papers	1,034,042
Files	909
Envelopes	371,272

**Water withdrawal by Source**

Water Source	Usage m <sup>3</sup>
Bottled Water	35
Water withdrawn from water board	4,757



# Capital Management Reports

## Social and Relationship Capital

Our relationships with customers, business partners, industry stakeholder associations, and the community significantly impact our business, and improving those relationships is one of the key objectives of our strategy to sustainability.

### Customers

We continuously strive to enhance our customer service proposition to earn the confidence of our customers and we continue to strengthen our relationships with them. The Company's customer portfolio includes both Tea producers as well as the Tea buyers. Our marketing team endeavours to identify buyer's requirements and relate these to our producer client's capabilities. We cultivate our relationships with Tea buyers to strengthen our ability to achieve the best possible prices for the produce of our producer clients.



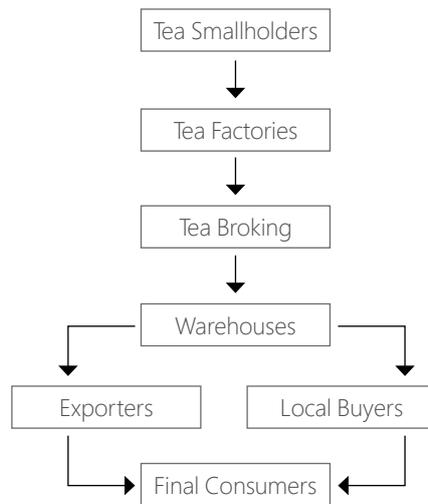
We improve our customer experience by taking corrective actions on receiving customer complaints promptly by referring those complaints to the relevant department heads to take corrective actions. During the year under review, the Company performed a customer satisfaction survey to obtain customer feedback on the service quality. We will continue to improve our relationships with our customers while actively venturing out to gain and secure new ones

### Supply Chain

The Company acts as an intermediary between tea producers and tea buyers. Therefore, the tea producers, buyers and the other service providers are the key stakeholders in its supply chain, which creates value.

At subsidiary level, its supply chain consists of warehouse providers, machinery and equipment providers, transporters, packaging material suppliers, manpower suppliers and 25 number of customers, and both corporate and private sectors.

There were no significant changes to the Group and its supply chain during the year under review.



### Customer health and safety

There were no incidents of non-compliance concerning the health and safety impacts of products and services reported during the year under review.

### Customer privacy

There were no substantiated complaints against the Company concerning breaches of customer privacy and losses of customer data.

### Business partners

Business partners of the Group include our business suppliers and service providers, and they play a significant role in our business continuity. We deal with diverse business partners that provide materials and service for day-to-day business operations. The Group has strengthened its relationships with all business partners by entering into service level agreements (SLAs), making payments on time, and regularly interacting with them.

### Procurement procedure

The Group follows a procurement procedure to obtain high quality products and services at a cost representing the best possible value, while maintaining high ethical standards and taking social and environmental responsibilities seriously.

### Right to freedom of association and collective bargaining

The Group does not have any operations or suppliers in which the right to freedom of association and collective bargaining may be at risk.

### Operations and suppliers at significant risk for incidents of child labour

The Group does not have any operations or suppliers at significant risk for incidents of child labour.

### Operations and suppliers at significant risk for incidents of forced or compulsory labour

The Group does not have any operations or suppliers at risk for incidents of forced or compulsory labour.

### Industry Stakeholder Associations

The Company and its employees hold membership and/or are associated with the following industry stakeholder associations and institutions that work towards developing industry standards and sustainability. The Company representatives actively engaged in events and forums organised by the aforementioned associations and institutions during the year under review.

- | Colombo Brokers' Association
- | Colombo Tea Traders' Association
- | Sri Lanka Private Tea Factory Owners' Association
- | Tea Exporters' Association
- | Ceylon Chamber of Commerce
- | Sri Lanka Tea Board
- | Ministry of Plantations Industries



**Community**

Being a socially responsible corporate citizen is a part of our mission. We believe that our Group cannot sustain itself in isolation and our long-term sustainability depends on our relationship with the community. Therefore, we continue to contribute positively to our society.

**Training and development opportunities**

The Group provided training opportunities and internships to graduates and undergraduates during the year under review.

The Company is a CA Sri Lanka certified training partner for students in business and corporate levels.

**Infrastructure investments and services supported**

The Company has provided financial facilities of Rs. 915.95 million in the form of loans and advances as of 31st March 2022 to our producer clients to meet their working capital requirements, purchase machinery and to expand their operations which in return help the industry and the economy as a whole.

**Proportion of Spending on Local Suppliers**

The Group purchases all materials from the local suppliers and there were no foreign suppliers as of reporting date.

**Legal Actions for Anti-competitive Behaviour, Anti-trust, and Monopoly Practices**

During the year under review, there were no legal actions against the Company for anti-competitive behaviour, anti-trust, and monopoly practices.

**Incidents of Discrimination and Corrective Actions Taken**

No incidents of discrimination were reported during the year under review.

**Operations that have been Subject to Human Rights Reviews or Impact Assessments**

The Group has no operations in its business activities which are subject to human rights reviews or impact assessments.

**Political contributions**

The Group has not made any political contributions during the year under review.

**Socio economic compliance**

There were no issues pertaining to non-compliance with laws and regulations in the social and economic area of the Group.

**Security practices**

Third-party organisations provide all our security personnel and we have educated them about the Group's human rights policies and procedures.



We continuously strive to enhance our customer service proposition to earn the confidence of our customers and we continue to strengthen our relationships with them.



**170**  
Tea Producers

**289**  
Tea Buyers

**25**  
Logistic Clients

**Customers Handled During the Year**

# Capital Management Reports



## Digital Capital

Our digital capital entails hardware, software applications, networks and data centres under the technology infrastructure. We deliver exemplary digital experiences to our customers and made significant progress with technology in achieving operational efficiency, transparency, and reliability.

### Digital Platforms

#### Online Auction

The operating mechanisms and service delivery through the digital platforms were adjusted as a response to COVID-19, proving the resilience and agility of our industry. As a Company, we are proud to say that we played a vital role in developing and implementing of the first-ever online Tea Auction system in Sri Lanka. Although the main objective of implementation of online Tea Auction was to hold Tea Auctions uninterrupted even during COVID-19, the digitalization brought far more benefits to all the stakeholders including reduced operating costs as well as increased efficiency and accuracy with higher transparency.

#### Digital Buyers' portal

We focus on creating an end-to-end customer journey by seamlessly integrating human and digital interactions to get even closer to the customer. We introduced a 'Digital Buyers' Portal' to our Tea buyers back in 2018 as an initiation to a digitalized journey. This portal provides the buyers access to relevant information pertaining to the tea volumes purchased in each sale. In just a few clicks, the buyer can select the lots, process the payment details, and request the delivery orders, which will be notified via a text message when it is ready to download. The user-friendly nature of the portal has eliminated the time spent on sending e-mails and calls.

In line with the Company's aspirations of leveraging the latest technologies to improve customers' digital experience, the Company is exploring ways and means in which we can create a similar

experience to the sellers through 'Digital Sellers' Portal'. The portal is expected to provide real-time, accurate and relevant information to our Tea factory owners through digital dashboards.

### Internal Processes

The Company's continuous effort to keep pace with the latest technology and improvements to internal processes and systems allowed it to adapt promptly to the circumstances during the first COVID-19 wave. With the rise of new variants, the country faced third and fourth COVID waves during the year under review. The Company took necessary measures to curb the spread of virus by allowing the majority of the staff to work from home while simultaneously strengthening the security measures.

Timely investment in system migration to cloud, improving IT infrastructure to support remote work with a sound Business Continuity Plan, and strong Disaster Recovery system, paved the way for an uninterrupted service to our clients even during unprecedented times.

### Inhouse Developed Apps

Digitalisation and Innovation for a sustainable future are our Group's key priorities in ensuring sustainable growth. Our inhouse Software Engineers and IT departments have continuously worked tirelessly to upgrade the IT systems. They experiment with new technology to improve efficiency, infrastructure, and cybersecurity to achieve our business strategy while strengthening our value proposition to customers through technology. Our team has taken initiatives in transforming the working environment into a tech savvy atmosphere by developing in-house software and applications to handle more volume of transactions and ensure efficient data processing.

### IT Governance

The company perceives investment as a vital mode of strengthening IT infrastructure and network security. The IT Steering Committee (comprising Executive Directors and Heads of Operations, Finance, and IT divisions) collaborates with highly skilled IT professionals in the market to constantly assess and evaluate the existing IT controls. This ensures the systematic identification and mitigation of IT risks. The Committee regularly reviews IT policies, manages cyber security risks, and explores opportunities and new technology to create a competitive edge in service excellence. Additionally, the Committee has established an IT governance framework entailing robust IT policies and clearly defined responsibilities to improve overall IT management and enhance the value derived from investments in information and technology. Consequently, the company augments customer experiences, internal processes, and accuracy by adding more value to the services provided.



Online auction room



Online Learning Board

Social Media Footprint



3,163

Followers on Facebook



1,411

Followers on Tik Tok



419

Followers on Instagram



3,126

Followers on LinkedIn

We focus on creating an end-to-end customer journey by seamlessly integrating human and digital interactions to get even closer to the customer.



# Operational Performance Review

Ceylon Tea Brokers PLC added another successful year to its history amidst many challenges arising from the pandemic, adverse weather, and economic conditions. The Group's revenue and profitability improved considerably compared to the previous year. This section of the report provides a detailed discussion of the Group's performance for the financial year.

### Tea Broking

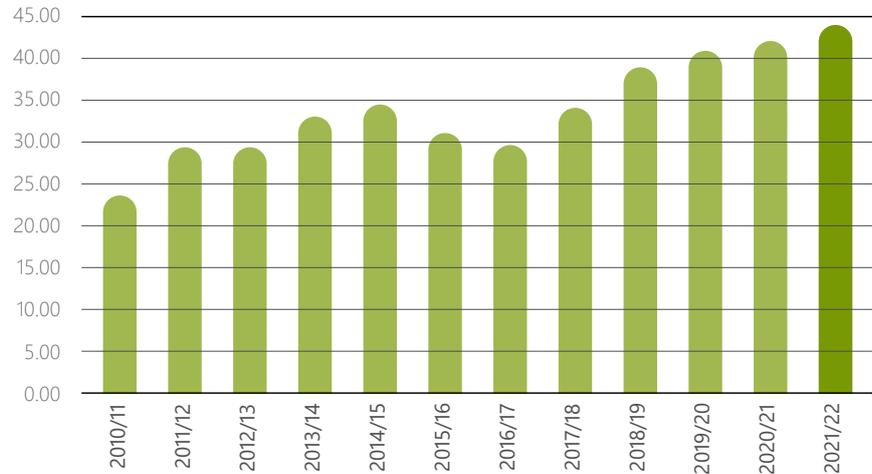
The Company sold 44.35 million kilos in 2021/22 compared to 42.47 million kilos in the previous year. The Company's market share on quantity sold for the year grew from 14.77 percent to 15.42 percent during the year under review. The average price per kilo of Tea for the year 2021/22 stood at Rs. 652.18, indicating a marginal decline compared to the previous year. Price per kilo of Tea declined during the first half of the financial year, causing a drop in the annual average, despite the price increase witnessed during the second half.

The Company's market share on quantity sold in high and medium grown tea segment grew from 7.88 percent in 2020/21 to 9.52 percent in 2021/22 on quantity sold. Total quantity sold increased from 8.86 million kilos to 10.93 million kilos during the year. The low grown segment increased to 19.35 percent from 19.19 percent in 2020/21, while maintaining its position as the number one low grown broker in the market. The overall rank of the Company was maintained at number two.

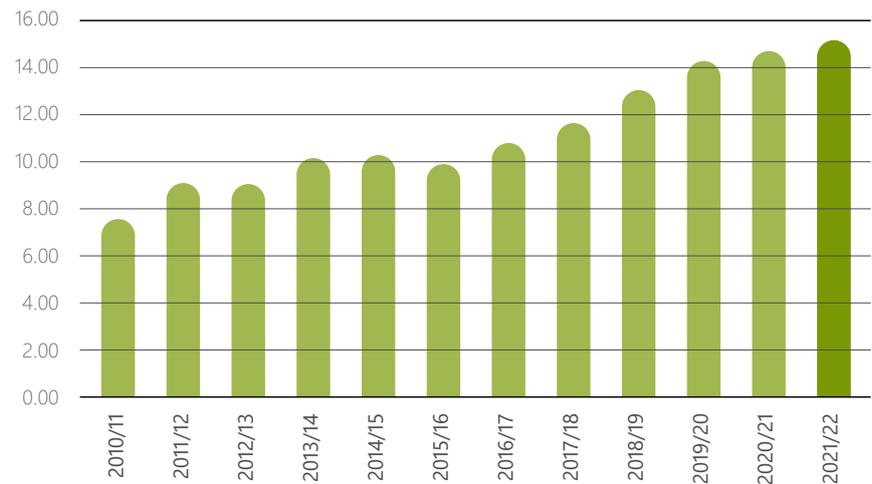
### Logistics and Warehousing

Despite the decline in import volumes, the logistics industry recorded a marginal growth of 1.3 percent in 2021 compared to the previous year. The growth was mainly due to the increased demand for third-party logistics services and the surge in demand for warehousing as manufacturers were keen on building inventory in view of the supply chain disruptions. (Source: CBSL Annual Report 2021).

Qty Sold (Mn/Kg)



Market Share on Qty Sold (%)



Logicare expanded its service offerings and customer base across new industry verticals. Logicare expanded its footprint further by adding 35,000 sq.ft. warehouse in Wattala as a part of its asset-light expansion strategy. This expansion enabled Logicare to attract clients who were looking for low cost on demand warehousing solutions.

Logicare was also able to expand its transport and distribution operations by onboarding new suppliers and increasing the vehicle fleet capacity under the management, to well over 200. The newly implemented Transport Management System (TMS) is used to plan and optimize both capacity and routes which has benefited the clients in reducing their distribution costs despite the significant increase in fuel prices.

A considerable growth in revenue and profits were recorded during the year under review, due to the increase in its warehousing footprint, acquisition of new clients as well as the substantial growth in the transportation sector.

### Manufacturing Advisory

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

Our manufacturing advisory team faced numerous difficulties during the pandemic as they had to limit the number of visits to tea factories in adherence to health and safety guidelines issued by the government. However, the team resumed duties once the government declared tea industry as an essential service. They continued to adhere to relevant measures and acted responsibly to curb the spread of the virus. One-on-one meetings with manufacturing advisors, our Tea sellers, tea factory owners and factory operational staff have created a solid communication platform to share the expectations of Tea exporters, understand the challenges faced by the Tea producers and advice on how manufacturing methods could be transformed to address the market needs.

### Financing

The interest income from loans and advances provided to our Tea Producer clients declined from Rs. 164.2 million to Rs. 154.9 million in 2021/22. The brokers lowered the interest rate on lending, keeping up with the low AWPLR environment which prevailed during the year under review. Lower interest rates combined with tightened credit policy, decreased the Interest income earned by the Company. Nevertheless, the Company maintained a healthy margin on lending while passing the benefit of a low-interest environment to its clients.

A considerable growth in revenue and profits were recorded during the year under review, due to the increase in its warehousing footprint, acquisition of new clients as well as the substantial growth in the transportation sector.



# Our Approach to Sustainability

We put our efforts to operate in a way that creates long-term value by balancing the needs of the organization with the needs of future generations. Our Group's sustainability approach provides the foundation for incorporating the three pillars of sustainability: Environmental, Social, and Economy, into our decision-making process.

Being a socially responsible corporate citizen is part of our mission. Therefore, we ensure that our business activities positively impact on economic, social, and environmental sustainability. The Group has executed initiatives to integrate Environmental, Social and Governance (ESG) considerations with triple bottom line value creation.

We believe our approach in embedding our strategic sustainable practices into our operations has so far made a greater contribution in safeguarding the people and planet while achieving our financial objectives. Our persistent commitment to accomplish objectives set out by the United Nations Sustainability Goals (SDGs) and the progress we made in each of these priorities, are set out below.

## Financial Capital



- Provided financial facilities worth Rs. 915.95 million in the form of Loans and Advances as of 31st March 2022 to our producer clients to expand their operations which in turn helped the industry and the economy to reduce poverty and end hunger for all.
- The total economic value distributed for the year is Rs. 758.21 million

## Manufactured Capital



- The new warehouse is designed to reduce the carbon footprint.
- A wastewater treatment plant is in place at our newly built warehouse to clean water before discharging.
- Our subsidiary Company initiated a Rain Water Harvesting System (RWHS) at our Muthurajawela warehouse, accumulating rainwater for gardening purposes.

## Human Capital



- Adhered to an equal and transparent recruitment and selection process
- Total recruitments to the Group during the year is 15.
- The permanent number of employees 107.
- Assisted our employees by reimbursing their hospitalisation expenses incurred out of normal insurance claims due to COVID-19
- Provided various and diverse training opportunities to employees in order to enhance their professional and technical skills.
- Reimbursed annual subscription fees of employees who are members of professional bodies.
- Emphasised at all times to act as an equal opportunity employer

## Intellectual Capital



- Company provided financial facilities worth Rs. 915.95 million in the form of advances and loans as of 31st March 2022 to support Tea producer clients in expanding their operations.
- Wastepaper is provided to a paper recycling company on a monthly basis

## Natural Capital



- CTB PLC has invested in technology to reduce paper usage during its journey to a paperless office
- Routine correspondences to our clients have been converted to electronic forms such as emails and SMSs
- Natural lighting is used in warehouse locations during the daytime.
- Most of the payments to suppliers, and Tea producer clients are made electronically in collaboration with leading banks in the country.
- Encourage our producer clients to obtain globally recognised certifications such as Rain Forest Alliance certificate.

### Social and Relationship Capital



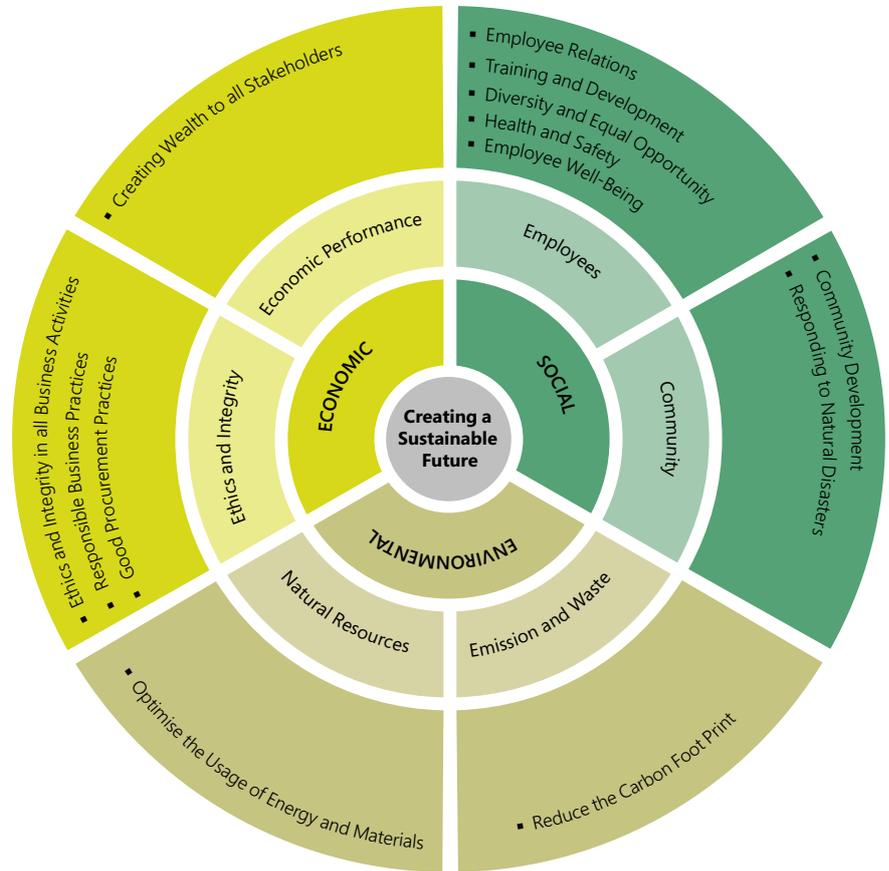
- Ensured that any of the group's operations or suppliers were not involved with any incidents of child labour, forced labour, or compulsory labour.
- The group introduced Code of Business conduct and ethics for directors, key management personnel and employees in January 2018.

### Digital Capital



- Improved connectivity through Microsoft Teams, Zoom, E-mails, and social media platforms.
- Invested in improving the IT infrastructure of the Group by hosting all the systems in clouds.

Following diagram elaborates our strategy to sustainability and our sustainability goals which are in line with our business strategy.



### Key Highlights for the Year



# Outlook

## Tea Industry

Sri Lanka's tea production for the first half of 2022 just announced, shows a significant decline of a 17.8% in the tea production. It is worthy to highlight that the loss of production during the first 06 months was 28.8 million Kilos of which, 60% contributed by the low-grow segment.

### Production Volume – First 06 Months of the Year

Elevation	2022 (Kg/ Mn)	2021 (Kg/ Mn)	Change (Kg/Mn)	Change (%)
High Grown	31.2	36.6	(5.4)	14.75
Medium Grown	22.2	28.1	(5.9)	21
Low Grown	79.5	97	(17.6)	18.14
<b>Total</b>	<b>132.9</b>	<b>161.7</b>	<b>(28.8)</b>	<b>17.81</b>

With the recent policy decision taken by the government to immediately shift to the use of organic fertilizer in agriculture and banning the import of chemical fertilizer dampens all hopes of a good crop year in the short term and severe long-term repercussions for harvest as well as for quality of the world famous "Ceylon Tea". Adding to this, the declining work force in the tea sector, the lower investment in replanting and the adverse weather conditions will only make the situation worse.

Another important point to highlight is that the tea prices have shown an appreciable gain in Rupee terms with the continuous depreciation of the Sri Lankan Rupee against the US dollar. This calls for enhancing the quality standard of "Ceylon" tea and making every effort to meet the requirements of consuming countries, thereby providing the importers the necessary confidence to pay up more for our teas. Whilst these issues are prevalent and real, Sri Lanka can easily overcome them since they are within our control and capabilities.

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

## Warehousing and Logistics Industry

Trade was resilient in the pandemic, falling sharply initially but then recovering at a rapid pace keeping up with the economic activities and demand despite the bottlenecks in Trade Logistics. The pandemic has shown the importance of infrastructure investments in certain crucial areas to mitigate disruptions related to trade logistics.

Value added transportation activities recovered during the year 2021 marginally by 0.6 percent compared to 6.8 percent decline in the previous year. Transportation activities were adversely affected by the pandemic induced mobility restrictions and shortage of fuel supply across the island as a result of forex crisis.

Despite the decline in import volumes, the logistics industry recorded a marginal growth of 1.3 percent in 2021 compared to the previous year. The growth was mainly due to the increased demand for third-party logistics services and the surge in demand for warehousing as manufacturers were keen on building inventory in view of the supply chain disruptions.

## The Group Tea Broking Segment

Total quantity of Teas sold by all the brokers at the e-Auction decreased from 79.19 million kilos during the first quarter of the year 2021/22 to 66.68 million kilos during 2022/23 first quarter. CTB PLC sold 9.97 million kilos from April 2022 to June 2022 compared to 12.26 million kilos during the corresponding period last year. Tea Broking segment of the Group has achieved a considerable growth with improved market share under adverse market

conditions. The Company's market share on quantity sold for the period April to June 2022 recorded at 14.95 percent maintain the 2nd highest rank among all brokers. The position of High and Medium grown declined during the first quarter of 2022/23 from 5th to 6th position whilst maintaining the number one slot in the low grown segment.

The Management of the Company believes that with continuous effort to enhance the market share in the High & Medium grown segment, the profitability of the Tea Broking segment will improve during the financial year 2022/23. Further, the Company's continuous investment in human and technology resources is expected to enhance the operational efficiency and service levels creating a sustainable competitive advantage to the Company in the long run.

## Warehousing and Logistics segment

Due to the current economic crisis, the growth of the logistics industry would be somewhat hindered in the short-term. However, with the appropriate policy responses and possible assistance from the IMF, the economy is predicted to gather growth momentum in the medium-term and therefore, the medium to long term outlook for the industry remains positive. Logicare will continue to expand its key business verticals and service offerings during the year 2022/23. As a part of its expansion strategy, Logicare expects to establish additional warehouses which will be operated as asset-light business models. Despite the ongoing fuel crisis, the transportation sector would also continue to grow with our customized transport solutions.

# Chairman's Statement on Corporate Governance

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

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

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



**Niraj De Mel**  
*Chairman*

23rd June 2022

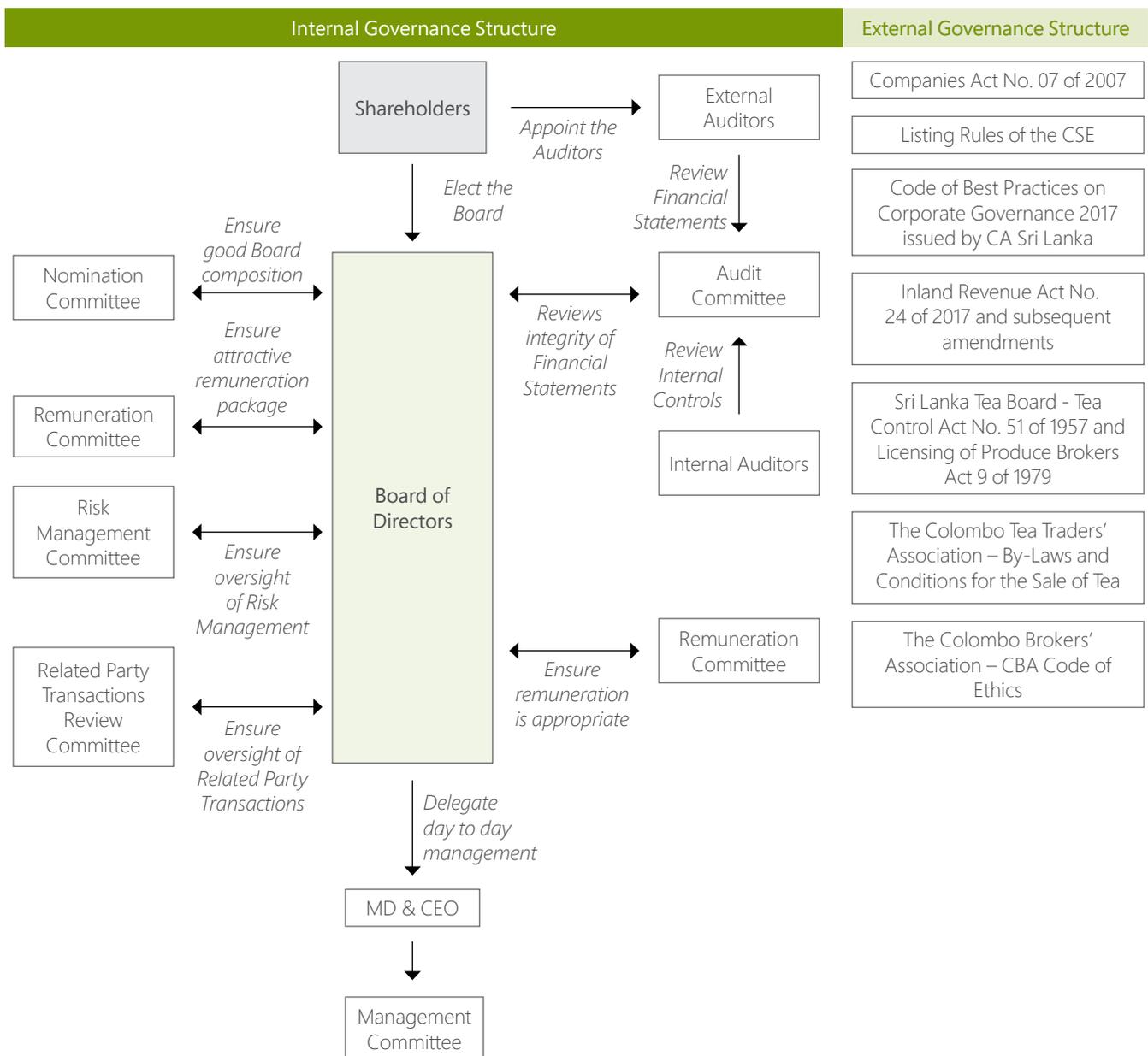
# Corporate Governance

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

## Corporate Governance Framework

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

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



### Internal Governance Structure

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

### External Governance Structure

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

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

Level of compliance to the above regulations and best practices are given on the pages 76 to 89.

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

### Code of Business Conduct and Ethics

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

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

### Sustainability as a Precautionary Approach

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

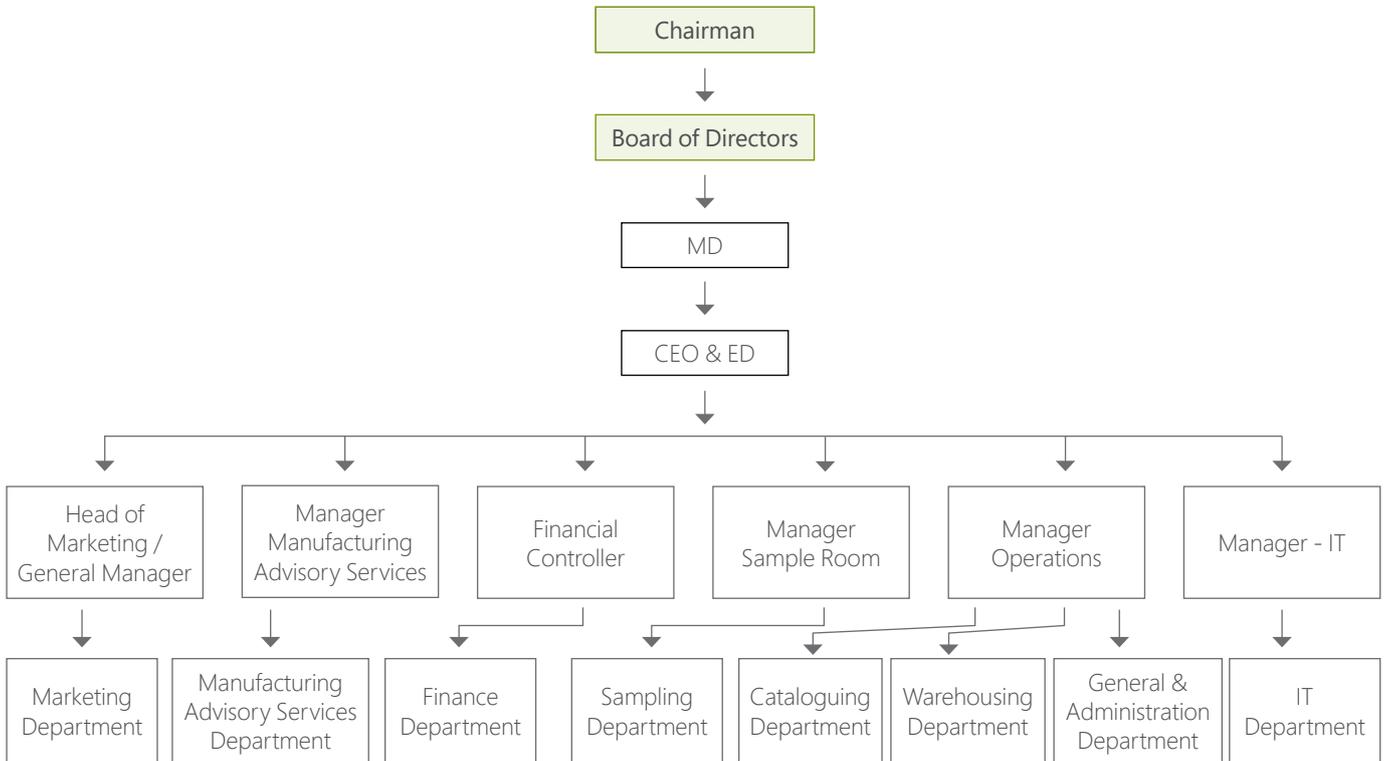
- | Compliance Review with the applicable laws and regulatory requirements and operational Policies and Procedures.
- | Obligation to take anticipatory action to prevent harm of any kind.

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

# Corporate Governance

## Organisational Structure

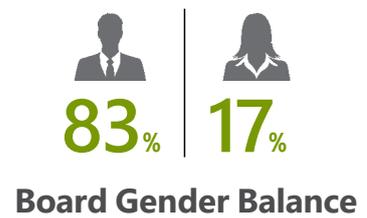
The Company has established a cohesive organisational governance structure made up of well-defined roles and responsibilities, greater accountability and clear reporting lines. This well-defined structure assists the group in executing strategies and driving performance with responsibility and accountability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



## The Board

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

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



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

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



### Composition of the Board and Independence

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

The Board has determined that four Non-Executive Directors – Messrs C P R Perera, B R L Fernando, D H Madawala and R J N De Mel are ‘Independent’ as per the criteria set out in the Listing Rules of the Colombo Stock Exchange (CSE) and the said Directors have submitted signed declarations in this regard. Detail resume of each Director is given in the Board of Directors section of this Annual Report from pages 18 to 21.

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

### Chairman and Chief Executive Officer

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

# Corporate Governance

## Board Meetings

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

### Attendance at Meetings for 2021/22

Name of the Director	Position	Attended	Eligibility to Attend
Mr. C P R Perera	Chairman/ Independent Non-Executive Director (Resigned from the post of Chairman w.e.f. 01st April 2022)	4	4
Mr. R J N De Mel	Deputy Chairman/ Independent Non-Executive Director (Appointed of the post of Chairman w.e.f. 01st April 2022)	4	4
Mr. W A T Fernando	Managing Director/ Executive Director	4	4
Mr. D G W De Silva	Chief Executive Officer/ Executive Director	4	4
Mr. K A D Fernando	Chief Operating Officer/Executive Director (Appointed as the COO w.e.f. 10th June 2021)	4	4
Mr. K H S Deshapriya	Chief Operating Officer/ Non-Executive Director (Resigned as COO w.e.f. 10th June 2021)	4	4
Mr. B R L Fernando	Independent Non-Executive Director	4	4
Ms. N T M S Cooray	Non-Executive Director	4	4
Ms. H M S Perera	Non-Executive Director	4	4
Mr. D H Madawala	Independent Non-Executive Director	4	4
Mr. H T D Nonis	Executive Director	2	4
Mr. Z Mohamed	Executive Director	4	4

## Board Sub Committees

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

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

## Report of the Audit Committee



Ms. H M S Perera  
Chairperson – Audit Committee

### Composition

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

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

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

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

Mr. R J N De Mel  
(Independent Non-Executive Director) –  
Appointed w.e.f. 01st January 2022

### Regular Attendees by Invitation

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

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

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

Mr. A M N Adhikari – Financial Controller

Ms. K B N P Perera – Manager Client  
Financing

Mr. P K S Senevirathna – Assistant  
Manager Finance

Representatives from external auditors,  
Messrs. KPMG and representatives  
from internal auditors, Messrs.  
PricewaterhouseCooper attended  
meetings during the year by invitation of  
the Committee.

### Terms of Reference

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

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

### Meetings

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

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

### Financial Reporting

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

The Audit Committee along with the Management reviewed the Quarterly Financial Statements and Annual Financial Statements for the year ended 31st March 2022 focusing on the quality and accuracy of the Financial Statements including compliance with the relevant regulatory requirements.

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

### Internal Audit

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

# Corporate Governance

## Report of the Audit Committee

### External Audit

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

The Audit committee having evaluated the performance of the External Auditors, has recommended to the Board of Directors that Messrs. KPMG, Chartered Accountants of No: 32A Sir Mohamed Macan Markar Mawatha, Colombo 2, to be re-appointed as the external Auditors for the year ending 31st March 2023 subject to the approval of the Shareholders at the Annual General Meeting.

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

### Independence of the External Audit

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

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



H M S Perera  
*Chairperson – Audit Committee*

23rd June 2022

# Report of Related Party Transactions Review Committee



**B R L Fernando**  
Chairman – Related Party Transactions Review Committee

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

### Composition

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

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

### Regular Attendees by Invitation

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

- Mr. D G W De Silva - Executive Director / Chief Executive Officer
- Mr. K A D Fernando - Executive Director / Chief Operating Officer
- Mr. A M N Adhikari - Financial Controller
- Ms. K B N P Perera - Manager Client Financing
- Mr. P K S Senevirathna - Assistant Finance Manager

### Terms of Reference

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

### Meetings

Quarterly meetings were held during the financial year and the attendance for the said meetings are given below.

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

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

### Procedures followed by the Committee

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

### Activities during the Year

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

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

### Declaration

A declaration by the Board of Directors on compliance with the rules pertaining to the Related Party Transactions appears on the Report of the Board of Directors on page 92 of this Annual Report.

**B R L Fernando**  
Chairman – Related Party Transactions Review Committee

23rd June 2022

# Corporate Governance

## Report of the Risk Management Committee



**R J N De Mel**  
Chairman – Risk Management Committee

### Composition

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

Mr. R J N De Mel  
(Independent Non-Executive Director) - Chairman  
(Appointed to the post w.e.f.01st Jan. 2022)

Mr. C P R Perera  
(Independent Non-Executive Director) - Chairman  
(Resigned from the post w.e.f. 01st Jan 2022)

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

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

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

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

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

Mr. K H S Deshapriya  
(Non-Executive Director) - (Resigned w.e.f. 30th September 2021)

Mr. Z Mohamed (Executive Director)

Mr. H T D Nonis (Executive Director)

### Regular Attendees by Invitation

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

Mr. A M N Adhikari - Financial Controller

Ms. K B N P Perera - Manager Client Financing

Mr. P K S Senevirathna - Assistant Finance Manager

Mr. M de Zoysa - Manager IT

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

### Terms of Reference

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

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

### Meetings

Quarterly Meetings were held during the financial year 2021/22 and the attendance for the said meetings are given below;

Name of the Director	Attended	Eligibility to Attend
Mr. R J N De Mel - Chairman	3	4
Mr. C P R Perera	4	4
Mr. B R L Fernando	2	4
Mr. D H Madawala	4	4
Mr. W A T Fernando	4	4
Mr. D G W De Silva	4	4
Mr. K H S Deshapriya	2	2
Mr. K A D Fernando	4	4
Mr. Z Mohamed	4	4
Mr. H T D Nonis	3	4

### Activities during the year

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

Complete review on the Risk Management Framework is given from page 93 to 98 of this Annual Report.

**R J N De Mel**  
Chairman – Risk Management Committee

23rd June 2022

## Report of the Remuneration Committee



R J N De Mel  
Chairman – Remuneration Committee

### Composition

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

Mr. R J N De Mel  
(Independent Non-Executive Director) –  
Chairman (Appointed to the Committee as the  
Chairman w.e.f. 1st Jan 2022)

Mr. C P R Perera  
(Independent Non-Executive Director) –  
Chairman (Resigned w.e.f. 01st Jan 2022)

Ms. N T M S Cooray  
(Non-Executive Director)

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

### Regular Attendees by Invitation

The Managing Director of the Company attended meetings by invitation.

### Terms of Reference

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

### Remuneration Policy

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

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

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

The aggregate remuneration paid to the Executive and Non-Executive Directors during the year under review appears on Page 158 under Directors' remuneration.

### Meetings

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

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

R J N De Mel  
Chairman – Remuneration Committee

23rd June 2022

# Corporate Governance

## Report of the Nomination Committee



**R J N De Mel**  
Chairman – Nomination Committee

### Composition

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

Mr. R J N De Mel  
(Independent Non-Executive Director) –  
Chairman (Appointed to the Committee as  
Chairman w.e.f. 1st Jan 2022)

Mr. C P R Perera  
(Independent Non-Executive Director) –  
Chairman (Resigned w.e.f. 01st Jan 2022)

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

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

### Terms of Reference

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

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

### Activities during the year

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

The Committee recommended the appointment of Mr. K A D Fernando as the Chief Operating Officer of the company in place of Mr. K H S Deshapriya w.e.f. 10th June 2021.

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

Details of the Directors who are subject to re-election / re-appointment at the thirteenth Annual General Meeting are given under the Notice of the Annual General Meeting on page 168.

### Meetings

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

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

**R J N De Mel**  
Chairman – Nomination Committee

23rd June 2022

## Directors' Statement on Internal Controls

### Responsibility

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

### Internal Control Process

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

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

### Confirmation

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

By order of the Board



H M S Perera  
Chairman – Audit Committee



R J N De Mel  
Chairman



W A T Fernando  
Managing Director

23rd June 2022

# Corporate Governance

## Summary of Compliance

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

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
A	Directors		The Board comprises of Twelve directors out of which seven are Non Executive Directors as at 31st March 2022.
A.1	The Board		
A.1.1	Board Meetings	Yes	The Board has met four times during the year and attendance for the Board Meetings is given in the Page 68 of this report.
A.1.2	Role of the Board	Yes	Key responsibilities of the Board includes; <ul style="list-style-type: none"> <li>  Formulation and implementation of strategies</li> <li>  Reviewing and approving business plans and budgets</li> <li>  Reviewing and comparing actual results against the budgets</li> <li>  Ensuring effective internal controls and risk management</li> <li>  Ensuring effective compliance with laws, regulations and ethical standards.</li> </ul>
A.1.3	Act in Accordance with the Laws of the Country	Yes	The Board has ensured that the Directors have adhered to all applicable laws, rules and regulations.
A.1.4	Access to the Company Secretary	Yes	All Directors have access to the advice and services of the Company Secretary M/s. PW Corporate Secretarial (Pvt.) Ltd., who is responsible to the Board in ensuring that Board procedures are followed and that applicable rules and regulations are complied with.
	Appropriate Insurance Cover	Yes	The Group has obtained a Directors and Officers Liability Insurance Cover.
A.1.5	Independent Judgement	Yes	The Board members are required to refrain from matters of self interest and to bring independent judgement to the decision making process.
A.1.6	Adequate Time and Effort	Yes	Directors dedicate adequate time and effort to matters pertaining to the Board and the Group to ensure that their duties and responsibilities are satisfactorily discharged. Directors dedicate sufficient time before a meeting to review Board papers and request additional information and clarification and follow up on issues consequent to the meeting.
A.1.7	Resolution to be presented to the Board	Yes	One third of Directors can call for a resolution to be presented to the Board where they feel it is in the best interest to the Group to do so.
A.1.8	Appropriate Training	Yes	Majority of the Directors have experience in the Tea Industry and every Director is given appropriate training when they are first appointed to the Board.

## Section I – The Company

Reference to Code	Governance Principle	Compliance Status	Details of Compliance
A.2	Chairman and Chief Executive Officer (CEO)	Yes	The roles of the Chairman and the Chief Executive Officer are separate with a clear distinction of responsibilities, which ensures balance of power and authority.
A.3	Chairman's Role	Yes	Main responsibility of the Chairman is to lead and manage the Board and its Committees, so that they can function effectively. The Chairman ensures that the Board is in complete control of the Group's affairs and alerts to its obligations to all Shareholders and other Stakeholders.
A.4	Financial Acumen	Yes	All Directors have sufficient financial acumen and knowledge on matters of finance. Majority of the Non-Executive Directors have previous experience in Banking and Finance related Companies. Mr. B R L Fernando (Independent Non-Executive Director) is a Fellow Member of the CA Sri Lanka. Mr. W A T Fernando (Managing Director), Ms. N T M S Cooray (Non-Executive Director) and Ms. H M S Perera (Non-Executive Director) are members of Chartered Institute of Management Accountants, UK (CIMA).
<b>A.5</b>	<b>Board Balance</b>		
A.5.1	Non Executive Directors	Yes	Seven out of twelve Directors were Non-Executive Directors at the conclusion of last AGM. The names of Non-Executive Directors are given on page 68 and a brief resume of each Director is available on pages 18 to 21.
A.5.2	Independent Non Executive Directors	Yes	Four out of Seven Non-Executive Directors were independent at the conclusion of last AGM. The names of Independent Non-Executive Directors are given on page 68.
A.5.3	Independence of Non Executive Directors	Yes	All Independent Non-Executive Directors have met the criteria set out in the Listing Rules of CSE and this code to be recognising as independent.  A special disclosure in this regard is available on page 67.
A.5.4	Annual Declaration of Non Executive Directors	Yes	The Non-Executive Directors have submitted the required declaration, which was used for determining the independence of the Independent Directors.
A.5.5	Determination of independence of the Directors	Yes	The Board has made an annual determination as to the independence or non-independence of each Non-Executive Director based on a declaration made by the Non-Executive Directors and as per criteria set out by the Colombo Stock Exchange Listing Rules.  The special declaration on the determination of independence of Independent Non-Executive Directors, is presented on page 67 and 91.
A.5.6	Alternate Directors	Not Applicable	No alternative Directors were appointed during the year.
A.5.7 & A.5.8	Senior Independent Director	Not Applicable	Roles of the Chairman and the Managing Director are clearly separated.

# Corporate Governance

## Summary of Compliance

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
A.5.9	Chairman conducting Meetings with Non Executive Directors	Yes	The Chairman conducts meetings with the Non-Executive Directors, without the presence of Executive Directors as necessary.
A.5.10	Recording of concerns in the Board Minutes	Yes	Concerns raised by the Directors which could not be unanimously resolved during the year, such individual concerns (if any) were recorded in the minutes.
<b>A.6</b>	<b>Supply of Information</b>		
A.6.1	Management's obligation to provide appropriate and timely information to the Board	Yes	Directors are provided with monthly reports on financial and operational performance of the Group, minutes of the Board Sub Committees and other Management Committees and any other information as necessary. The Chairman ensures that all Directors are properly briefed on issues arising at Board Meetings.
A.6.2	Providing relevant information prior to the Board Meetings	Yes	The minutes, agenda and papers required for Board Meeting are provided to Directors with adequate time to study them to facilitate its effective conduct.
<b>A.7</b>	<b>Appointments to the Board</b>		
A.7.1	A Nomination Committee	Yes	The Board has appointed a Nomination Committee to make recommendations to the Board on all new Board appointments. Composition of the Nomination Committee is given on page 74.
A.7.2	Assessment of the Board Composition	Yes	The Nomination Committee and the Board continuously assess the Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Group. The findings of such assessment should be taken into account when new Board appointments are considered and when incumbent Directors come up for re-election.
A.7.3	Disclosure on New Directors to Shareholder	Yes	Upon the appointment of a new Director to the Board, the Group discloses the following details to shareholders through CSE. <ul style="list-style-type: none"> <li>  a brief resume of the Director</li> <li>  the nature of his expertise in relevant functional areas</li> <li>  the names of companies in which the Director holds Directorships</li> <li>  'independence' of such directors</li> </ul>
<b>A.8</b>	<b>Re-election</b>		
A.8.1	Appointment of Non-Executive Directors	Yes	Non-Executive Directors are appointed for specified terms subject to re-election and to the provisions in the Companies Act relating to the removal of a Director, and their re-appointment are not automatic.
A.8.2	Re-Election	Yes	All Directors including the Chairman of the Board are subject to election by Shareholders at the first opportunity after their appointment, and to re-election thereafter are done in accordance with the Articles of Association of the Company. Refer page 91 under Annual Report of the Board of Directors.

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
<b>A.9</b>	<b>Appraisal of Board Performance</b>		
A.9.1 & A.9.2	Annual Performance Evaluation of the Board and its Sub Committees	In Progress	Performance evaluation of the Board and its Sub Committees are done by way of discussions at the Board Meetings.  However, the board is in the process of implementing a mechanism to periodically evaluate its own performance in order to ensure that responsibilities set out in A.1.2 are discharged in a satisfactory manner.
A.9.3	Review the performance of the Directors at the time of re-election	Yes	The Board reviews the performance of each director in terms of participation, contribution and engagement at the time of re-election.
A.9.4	Disclosure of performance evaluation criteria	Yes	This section itself would serve the purpose of disclosure.
<b>A.10</b>	<b>Disclosure of information in respect of Directors</b>	<b>Yes</b>	<b>The following information in relation to Directors are disclosed in this report.</b>  Name, qualifications, nature of expertise, other Directorships of Listed Companies and other companies and brief profile on page 18 to 21.  Material Business Relationships on page 154 to 159.  Nature of the Directorship on page 68.  Number of Board Meetings attended on page 68.  Memberships of Board Sub Committees and attendance pages 69 to 74.
<b>A.11</b>	<b>Appraisal of Chief Executive Officer (CEO)</b>		
A.11.1	Setting Annual Targets	Yes	Financial and Non Financial Targets are set at the beginning of the financial year as budgets and KPI's which are in line with the Group's short term and long term business objectives.
A.11.2	Performance Evaluation	Yes	Performance of the CEO and the management team are evaluated by the Board quarterly and at the end of each financial year. Actual performances against targets are compared and with the reasons and justifications in the event that the targets are not achieved.
<b>B</b>	<b>Director's Remuneration</b>		
<b>B.1</b>	<b>Remuneration Procedure</b>		
B.1.1	Remuneration Committee	Yes	The Board has appointed a Remuneration Committee to make recommendations to the Board, within agreed terms of reference, on the Group's framework of remunerating Executive Directors.
B.1.2	Composition of the Remuneration Committee	Yes	The Remuneration Committee comprises of three Non-Executive Directors out of which two including the Chairman are independent.

# Corporate Governance

## Summary of Compliance

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
B.1.3	Chairman and the members of Remuneration Committee	Yes	Composition of the Remuneration Committee is given on page 73.
B.1.4	Determination of remuneration of Non-Executive Directors	Yes	The Board collectively determines the remuneration of the Non-Executive Directors including the members of the Remuneration Committee, within the limits set in the Articles of Association.
B.1.5	Consultation of the Chairman and access to professional advice	Yes	The Remuneration Committee consults the Chairman and/or CEO about its proposals relating to the remuneration of other Executive Directors and has access to professional advice from within and outside the Group, in discharging their responsibilities.
<b>B.2</b>	<b>The level and make up of Remuneration</b>		
B.2.1	Remuneration Packages of Executive Directors	Yes	The Remuneration Committee provides the packages needed to attract, retain and motivate Executive Directors of the quality required with reasonable limits.
B.2.2	Design of the remuneration packages of Executive Directors to promote long term success	Yes	Remuneration packages of Executive Directors are designed to promote long term success of the business.
B.2.3	Comparison of remuneration with other Companies	Yes	The Remuneration Committee cautiously compare the levels of remuneration of the Group with other companies in the industry.
B.2.4	Comparison of remuneration with other Companies in the Group	Yes	The Remuneration Committee is sensitive to remuneration and employment conditions in other companies of the Group.
B.2.5	Performance related elements of remuneration of Executive Directors	Yes	A profit share scheme based on the performance of the Group is in place as a part of the remuneration of Executive Directors to align their interests with those of the Group and main Stakeholders and to give these Directors appropriate incentives to perform at the highest levels.
B.2.6	Executive Share Options	Not Applicable	No share options were issued to Executives during the year.
B.2.7	Executive Directors' remuneration	Yes	The Remuneration Committee follows the provisions set out in Schedule E of the Code as required.
B.2.8 & B.2.9	Early termination of Executive Directors	Not Applicable	Special early termination clauses are not included in the contract of employment of Executive Directors that would entitle them for extra compensation. However, any such compensation would be determined by the Board of Directors. No Executives Directors were terminated during the year.
B.2.10	Levels of remuneration for Non-Executive Directors	Yes	Remuneration for Non-Executive Directors reflects the time commitment and responsibilities of their role, taking into consideration market practices. No share options were granted to Non-Executive Directors.

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
B.3	Disclosure of Remuneration		
B.3.1	Disclosure of Remuneration	Yes	Composition of the Remuneration Committee and the Group's Remuneration Policy is given in the page 73 Aggregate remuneration paid to Executive and Non-Executive Directors during the year under review appears on page 158 under Director's Remuneration.
C	Relations with Shareholders		
C.1	Constructive use of the Annual General Meeting (AGM) and conduct of General Meetings		
C.1.1	Notice of the AGM and Related Documents	Yes	The Notice of Meeting and related documents are dispatched to the Shareholders 15 working days prior to the AGM, as per Section 135 of the Companies Act No.07 of 2007.
C.1.2	Separate resolution for all separate issues at the Annual General Meeting	Yes	Group proposes a separate resolution at the AGM on each substantially separate issue and in particular, propose a resolution at the AGM relating to the adoption of the report and accounts.
C.1.3	Use of Proxy Votes	Yes	An effective mechanism is in place to count all proxy votes and indicate proxies lodged on each resolution and the balance for and against the resolution and withheld, is conveyed to the Chairman.
C.1.4	Availability of Chairman of the Board Sub Committees to respond to queries at the AGM	Yes	The Chairmen of the Audit, Remuneration and Nomination Committees are usually present at the Annual General Meeting to facilitate Shareholders' inquiries.
C.1.5	Procedures of voting at the Annual General Meeting	Yes	The Notice of Meeting outlines the procedure relating to voting at the Annual General Meeting.
C.2	Communication with shareholders		
C.2.1	Communication Channels	Yes	Group uses the Annual General Meeting, Annual Report, Quarterly Financial Statements, Corporate disclosures to the CSE and the Corporate Website as Channels to communicate with Shareholders.
C.2.2	Policy and Methodology for Communication	Yes	The Group's policy in communication with shareholders includes the sharing of all financial and non-financial information as per the statutory requirements and as well as the sharing of all price sensitive information.  The methodology of communication with Shareholders is multi-faceted to ensure accurate and timely information.
C.2.3	Implementation of Policy	Yes	The implementation of the policy and the methodology is done through the adoption of the above mentioned channels of communication.
C.2.4	Disclose the contact person for shareholder communications	Yes	The contact person in relation to all matters pertaining to the Shareholders is the Company Secretary.
C.2.5	Directors awareness on major issues and concerns of Shareholders	Yes	The Chairman ensures that all Directors are aware of major issues and concerns of shareholders. Such issues are discussed at Board Meetings.

# Corporate Governance

## Summary of Compliance

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
C.2.6	Contact person in relation to shareholders' matters	Yes	The contact person in relation to all matters pertaining to the Shareholders is the Company Secretary.
C.2.7	Response to shareholders	Yes	The Chairman and the Directors answer all the queries raised by the Shareholders at the AGM. Appropriate responses formulated and actions taken to address Shareholder concerns by the Board are communicated to the shareholders by the Company Secretary.
<b>C.3</b>	<b>Major and Material Transactions</b>		
C.3.1	Disclosure on 'major and material transactions'	Yes	There was no transaction during the year that fell within the definition of a major transaction defined by the Companies Act No. 07 of 2007 or SEC Law and CSE Regulations which materially affect the net asset base of the Group.
C.3.2	Compliance with the disclosure requirements and the shareholder approval by special resolution	Yes	The Group has complied with the disclosure requirements and the shareholder approval by special resolution as required by the rules and regulations of the Securities and Exchange Commission (SEC) and by the Colombo Stock Exchange (CSE).
<b>D</b>	<b>Accountability and Audit</b>		
<b>D.1</b>	<b>Financial and Business Reporting (Annual Report)</b>		
D.1.1	Presenting the annual report including financial statements	Yes	The Group has strictly complied with all the statutory requirements pertaining to preparing and publishing of Interim Financial Statements, Annual Financial Statements and Annual Reports.
D.1.2	The Board's responsibility in presenting balanced and understandable information	Yes	The Board is responsible for presenting a balanced and understandable assessment extends to interim and other price sensitive public reports and reports to regulators, as well as to information required for statutory requirements. The 'Statement of Directors' Responsibilities' for preparation and presentation of Financial Statements is given on page 101 of this Annual Report.
D.1.3	Declaration from the Chief Executive Officer and Chief Financial Officer	Yes	Relevant declarations from the Chief Executive Officer and the Financial Controller were obtained prior to the Board approves the Financial Statements for the financial period.
D.1.4	Directors' Report in the Annual Report	Yes	The Annual Report of the Board of Directors on the affairs of the Group is given on pages 90 to 92 of this Annual Report which contains the relevant declarations required by this Code.
D.1.5	Statement of Directors' and Auditor's responsibility for the Financial Statements / Directors Statement on Internal Control	Yes	The 'Statement of Directors' Responsibilities' for preparation and presentation of Financial Statements is given on page 101 of this Annual Report and the Auditor's responsibilities are set out on the 'Independent Auditors' Report' on pages 102 to 105 of the Annual Report. Statement on Internal Controls is given on page 75 of the Annual Report.
D.1.7	Summon an Extraordinary General Meeting to notify serious loss of capital	Not Applicable	This situation did not arise during the financial year under review.

## Section I – The Company

Reference to Code	Governance Principle	Compliance Status	Details of Compliance
D.1.8	Disclosure of Related Party transactions	Yes	The Board has adequately and accurately disclosed the related party transactions in this Annual Report as required in this Code.  Refer Report of the Related Party Transactions Review Committee on page 71 and Related Parties and Related Party Transactions Disclosures on pages 154 to 159.
<b>D.2</b>	<b>Internal Control</b>		
D.2.1	Directors to review on Risk management and Internal Controls	Yes	The Audit Committee, the Risk Management Committee and the Board as a whole review the risks facing the Group and the effectiveness of the system of internal controls on a quarterly basis.
D.2.2	Disclosures in the Annual Report on Risk Management and Internal Controls	Yes	The following disclosures as required by the Code are included in this Report;  <ul style="list-style-type: none"> <li>  Report of the Audit Committee – on pages 69 to 70</li> <li>  Report of the Risk Management Committee – on page 72</li> <li>  Directors’ Statement on Internal Controls – on page 75</li> <li>  Enterprise Risk Management Framework – on pages 96 to 98</li> <li>  Annual Report of the Board of Directors – on pages 90 to 92</li> <li>  Statement on Directors’ Responsibilities for Preparation of Financial Statements – on page 101</li> </ul>
D.2.3	Internal Audit	Yes	The Group has obtained the service of Messrs. PricewaterhouseCoopers as the Independent Internal Auditor of the Group to serve this purpose.
D.2.4	Review of the effectiveness of the risk management and internal controls	Yes	The Internal Auditors review the internal control system including internal control over financial reporting.  The Audit Committee and the Risk Management Committee reviews the process and effectiveness of the risk management and internal controls, and report to the Board.  Refer the Directors’ Statement on Internal Control on page 75 for details.
D.2.5	Responsibilities of Directors to maintain a sound system of internal control	Yes	The Directors’ responsibility for maintaining a sound system of internal control is given in the Directors’ Statement on Internal Control on page 75.
<b>D.3</b>	<b>Audit Committee (AC)</b>		
D.3.1	Composition of the Audit Committee	Yes	The Audit Committee comprises four Non-Executive Directors and three of them are Independent. Details are given on page 69.
D.3.2	Duties of the Audit Committee and Terms of Reference of the Audit Committee	Yes	Audit Committee is responsible for reviewing the scope and results of the audit and its effectiveness, and the independence and objectivity of the Auditors. The Terms of Reference of the Audit Committee is given in the Report of the Audit Committee on page 69.

# Corporate Governance

## Summary of Compliance

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
D.3.3	Disclosures	Yes	Refer Report of the Audit Committee on pages 69 to 70 for the relevant disclosures on the composition of the Audit Committee and the independence of the auditors.
<b>D.4</b>	<b>Related Party Transactions Review Committee (RPTRC)</b>		
D.4.1	A related party and related party transactions	Yes	The Group has considered Related parties and related party transactions as defined in the LKAS 24.
D.4.2	Related Party Transactions Review Committee (RPTRC)	Yes	The Group formed a Board Related Party Transactions Review Committee in November 2015. The Committee comprises four Directors, of whom three are Independent Non-Executive Directors and one is a Non-Executive Director. The Chairman of the Committee is an Independent Non-Executive Director. Composition of the RPTRC is given on page 71.
D.4.3	Terms of Reference of the Related Party Transactions Review Committee (RPTRC)	Yes	Refer Report of the Related Party Transactions Review Committee (RPTRC) on page 71 for the Terms of Reference of the RPTRC.
<b>D.5</b>	<b>Code of Business Conduct and Ethics</b>		
D.5.1	Disclosure of Code of Business Conduct & Ethics	Yes	Group has a Code of the Business Conduct and Ethics for Directors and Key Management and relevant declaration is given in the 'Annual Report of the Board of Directors in the Affairs of the Company on the pages 90 to 92.
D.5.2	Process to ensure that material and price sensitive information is promptly identified and reported.	Yes	The Group has a process in place to ensure that material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.
D.5.3	Policy and process to ensure for monitoring and disclosure of shares purchased by any Director, Key Management Personnel or any other employee involved in financial reporting	Yes	All the employees involved in financial reporting are required to declare details of their dealings in shares of the CTB PLC to the Company Secretary immediately. In addition, the Directors and KMP's too are required to disclose their dealings in shares of CTB PLC to the Company Secretary, enabling them to inform such transactions to the CSE.
D.5.4	Affirmation Statement by Chairman	Yes	Refer the 'Chairman's Statement on Corporate Governance' on page 63.
<b>D.6</b>	<b>Corporate Governance Disclosures</b>		
D.6.1	Disclosure of Corporate Governance	Yes	This Corporate Governance Report from page 63 to 89 would serve the purpose of relevant disclosure.

Section II – Shareholders			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
E	Institutional Investors		
E.1	Shareholder Voting		
E.1.1	Communication with Shareholders	Yes	The Annual General Meeting provides the forum for shareholders to express their views. The Chairman ensures that any views expressed by investors to him personally or at General Meetings are discussed with the Board. The Directors consider the importance to understand the views of shareholders and, in particular, any issues which concern them.
E.2	Evaluation of Governance Disclosures	Yes	This section of the Annual Report contains the Group's governance arrangements and institutional investors are encouraged to give due weight to all relevant factors drawn to their attention.
F	Other Investors		
F.1	Investing/Divesting Decisions	Yes	Interim Financial Statements, Annual Consolidated Financial Statements and Annual Reports are published on the CSE website and these reports provide information that enables shareholders to carry out adequate analysis or seek independent advice in investing or divesting decisions.
F.2	Shareholder Voting	Yes	The shareholders are encouraged to participate at General Meetings and exercise their voting rights.  Instructions with regard to appointing a proxy and the manner in which a Proxy Form should be completed are available in the Proxy Form circulated with the Annual Report
G	Internet of Things and Cyber Security	Yes	The Group implemented a comprehensive IT policy which covers the security of IT assets and the information assets. The Board's Audit Committee and the Risk Management Committee continuously discussed the importance of cyber risk management.
H	Environment, Society and Governance (ESG)		ESG principles are reported in a holistic manner throughout this report in the following sections: Corporate Governance – on page 63 to 89. Enterprise Risk Management – on page 96 to 98.

# Corporate Governance

## Summary of Compliance

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

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
<b>7.10 Compliance</b>			
a./b./c.	Compliance with Corporate Governance Rules	Yes	The Group is in compliance with the Corporate Governance Rules and any deviations are explained where applicable
<b>7.10.1 Non-Executive Directors (NED)</b>			
a./b./c.	At least two members or one third of the Board, whichever is higher should be Non-Executive Directors	Yes	Seven out of Twelve Directors were Non-Executive Directors at the conclusion of last AGM.
<b>7.10.2 Independent Directors</b>			
a.	Two or one third of Non-Executive Directors, whichever is higher shall be "independent"	Yes	Four out of Seven Non-Executive Directors were independent at the conclusion of last AGM.
b.	Each Non-Executive Director to submit a signed and dated declaration of his/ her independence or non-independence	Yes	Independence of the Directors has been determined in accordance with CSE Listing Rules and the Four Independent Non-Executive Directors have submitted signed declaration of their independence.
<b>7.10.3 Disclosures Relating to Directors</b>			
a./b.	Board shall annually determine the independence or otherwise of Non-Executive Directors	Yes	The Board has made an annual determination as to the independence or non-independence of each Non-Executive Director based on a declaration made by the Non-Executive Directors and as per criteria set out by the Colombo Stock Exchange Listing Rules.
c.	A brief resume of each Director should be included in the Annual Report including the directors' experience	Yes	Refer Board of Directors section of the Annual Report from pages 18 to 21.
d.	Provide a resume of new Directors appointed to the Board along with details	Yes	Detailed resumes of the new Directors appointed during the financial year were submitted to the CSE.
<b>7.10.4 Criteria for Defining Independence</b>			
a. to h.	Requirements for meeting the criteria to be an Independent Director	Yes	All four Independent Non-Executive Directors have met the criteria on defining independence as per the Listing rules, except for Messrs C P R Perera and B R L Fernando who have exceeded nine years of service. The Board being of the view this does not compromise their independence and objectivity have deemed them independent.
<b>7.10.5 Remuneration Committee</b>			
a. 1	Remuneration Committee shall comprise of Non-Executive Directors, a majority of whom will be independent	Yes	The Remuneration Committee comprises of three Non-Executive Directors of whom two are independent directors.

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
a. 2	One Non-Executive Director shall be appointed as Chairman of the Committee by the Board of Directors	Yes	An Independent Non-Executive Director is the Chairman of the Committee.
b.	Remuneration Committee shall recommend the remuneration of the CEO and the Executive Directors	Yes	The Remuneration Committee recommends the remuneration of the CEO and the Executive Directors. The Board makes the final determination after considering such recommendations.
c. 1	Names of Remuneration Committee members	Yes	Composition of the Remuneration Committee is given on page 73.
c. 2	Statement of Remuneration policy	Yes	Group's Remuneration Policy is given on page 73.
c. 3	Aggregate remuneration paid to Executive Directors and Non-Executive Directors	Yes	Aggregate remuneration paid to Executive and Non-Executive Directors during the year under review appears on page 158 under Director's Remuneration.
<b>7.10.6 Audit Committee</b>			
a. 1	Audit Committee shall comprise of Non-Executive Directors, a majority of whom should be independent	Yes	The Audit Committee comprises four Non-Executive Directors out of which three are Independent. Refer page 69.
a. 2	A Non-Executive Director shall be the Chairman of the committee	Yes	Chairman of the Audit Committee is a Non-Executive Director.
a. 3	CEO and CFO should attend Audit Committee meetings	Yes	CEO and the Financial Controller participates the Audit Committee meetings by invitation.
a. 4	The Chairman of the Audit Committee or one member should be a member of a professional accounting body	Yes	Two members of the Audit Committee including the Chairman are members of a professional accounting body.
b	Functions of the Audit Committee	Yes	The Audit Committee carries out all the functions prescribed in this section. Role of the Audit Committee is given on page 69.
b. 1	Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements in accordance with SLFRS/LKAS	Yes	The Audit Committee assists the Board in fulfilling its oversight responsibilities for the integrity of the financial statements of the Group.
b. 2	Overseeing the compliance with financial reporting requirements, information requirements as per laws and regulations	Yes	The Audit Committee has the overall responsibility for overseeing the preparation of financial statements in accordance with the laws and regulations of the country and also recommending to the Board, on the adoption of best accounting policies.
b. 3	Ensuring the internal and risk management controls, are adequate, to meet the requirements of the SLFRS/LKAS	Yes	The Audit Committee assesses the effectiveness of the internal controls and risk management with the support of the Risk Management Committee.
b. 4	Assessment of the independence and performance of the Entity's External Auditors	Yes	The Audit Committee assesses the external auditor's performance and independence.

# Corporate Governance

## Summary of Compliance

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
b. 5	Make recommendations to the Board pertaining to External Auditors	Yes	The Committee is responsible for appointment, reappointment, removal of External Auditors and also the approval of the remuneration and terms of Engagement
c. 1	Names of the Audit Committee members shall be disclosed	Yes	Refer Report of the Audit Committee on page 69.
c. 2	Audit Committee shall make a determination of the independence of the external auditors	Yes	Refer Report of the Audit Committee on page 70.
c. 3	Report on the manner in which the audit Committee carried out its functions	Yes	Refer Report of the Audit Committee on pages 69 to 70.

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

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
<b>9.2 Related Party Transactions Review Committee</b>			
9.2.2	Composition	Yes	Related Party Transactions Review Committee comprises of four Directors, who are Non-Executive Directors. Chairman of the Committee is an Independent Non-Executive Director. Refer page 71.
<b>9.3 Disclosures</b>			
<b>9.3.2 Disclosures in the Annual Report</b>			
a	Non-recurrent Related Party Transactions	Yes	Details of the Non-recurrent Related Party Transactions are given on pages 156 to 159.
b	Recurrent Related Party Transactions	Yes	Details of the Recurrent Related Party Transactions are given on page 154 to 155.
c	Report of the Related Party Transactions Review Committee	Yes	Refer page 71.
d	A declaration by the Board of Directors	Yes	Refer page 92 under the Annual Report of the Board of Directors.

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

Section No.	Requirement	Compliance status	Reference
168 (1) (a)	The nature of the business of the Company together with any change thereof during the accounting period	Yes	Annual Report of the Board of Directors on page 90.
168 (1) (b)	Signed financial statements of the Company for the accounting period completed	Yes	Consolidated Financial Statements from pages 106 to 160.
168 (1) (c)	Auditors' Report on financial statements of the Company	Yes	Independent Auditors' Report on pages 102 to 105.
168 (1) (d)	Accounting policies and any changes therein	Yes	Notes to the Consolidated Financial Statements from pages 110 to 160.
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period	Yes	Annual Report of the Board of Directors from pages 90 to 92.
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Yes	Director's Remuneration on page 91.
168 (1) (g)	Corporate donations made by the Company during the accounting period	Yes	Refer Annual Report of the Board of Directors on page 91.
168 (1) (h)	Information on the Directorate of the Company during and at the end of the accounting period	Yes	Refer Board of Directors section from pages 18 to 21.
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Yes	Refer Notes to the Consolidated Financial Statements on page 125.
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Yes	Refer Report of the Audit Committee on page 70.
168 (1) (k)	Acknowledgment of the contents of this Report and signatures on behalf of the Board	Yes	Refer Statement on Directors' Responsibilities for Preparation of Financial Statements on page 101 and Annual Report of the Board of Directors on pages 90 to 92.

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

The Board of Directors of Ceylon Tea Brokers PLC has pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2022.

## General

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

## Subsidiary

Logicare (Pvt) Limited is a fully owned subsidiary of Ceylon Tea Brokers PLC which provides transportation and warehousing facilities to third-party logistic clients. The new warehousing project of the Group started its commercial operations in June 2019.

## Principal Activities

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

The Group continues to own the leasehold rights of a land in Muthurajawela under the name of Logicare (Pvt) Limited, the fully owned subsidiary of Ceylon Tea Brokers. Logicare operates as a total supply chain solutions provider which includes, specialised logistics, transport

and other supply chain related services to external clients based on their unique requirements.

## Vision, Mission and Values

The Company's vision, mission and values are available on page 03.

## Code of Business Conduct and Ethics

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

## Review of Business Performance

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

## Disclosures

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

## Financial Statements and Accounting Policies

The Consolidated Financial Statements of the Group have been prepared in accordance with the Sri Lanka Accounting Standards (LKAS) and Sri Lanka Financial Reporting Standards (SLFRSs), issued by The Institute of Chartered Accountants of Sri Lanka and comply with requirements of the Companies Act No. 07 of 2007 and Listing Rules of the Colombo Stock Exchange. Consolidated Financial Statements for the year ended 31st March 2022 duly signed by the Financial Controller and two Directors, are given

on page 106 to 109. The policies adopted thereof are given on page 110 to 123.

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

## Auditors

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

A sum of Rs. 900,000 is payable by the Group to the Auditors as Audit Fees for the year under review.

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

The Report of the Auditors on the Financial Statements of the Company is given on page 102 to 105 under Consolidated Financial Statements.

## Independence of Auditors

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

### **The Board of Directors**

As of 31st March 2022, the Board of Directors of the Company consisted of Twelve members.

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

Mr. R J N De Mel - Deputy Chairman / Independent Non Executive Director

Mr. W A T Fernando - Managing Director

Mr. D G W De Silva - Chief Executive Officer

Mr. K A D Fernando - Chief Operating Officer

Mr. K H S Deshapriya - Non-Executive Director

Mr. B R L Fernando - Independent Non Executive Director

Ms. N T M S Cooray - Non Executive Director

Ms. H M S Perera - Non Executive Director

Mr. D H Madawala - Independent Non Executive Director

Mr. H T D Nonis - Executive Director

Mr. Z Mohamed - Executive Director

A detailed resume of each Director of the Company is available on page 18 to 21.

Mr. C P R Perera resigned as the Chairman of the Company on 31st March 2022 and Mr. Niraj de Mel was appointed as the Chairman of the Company with effect from 1st April 2022.

Mr. B R L Fernando who is over 70 years of age, offers himself for re-appointment as a Director in pursuance of Section 211 of the Companies Act with the recommendation of the Directors. A resolution proposing the re-appointment of Mr. B R L Fernando who is 80 years of age, to the Board of the Company, declaring that the age limit of 70 years shall not apply to the said Director, will be placed before the shareholders at the forthcoming Annual General Meeting.

Mr. C P R Perera who is over 70 years of age, offers himself for re-appointment as a Director in pursuance of Section 211 of the Companies Act with the recommendation of the Directors. A resolution proposing the re-appointment of Mr. C P R Perera who is 78 years of age, to the Board of the Company, declaring that the

age limit of 70 years shall not apply to the said Director, will be placed before the shareholders at the forthcoming Annual General Meeting.

Ms. N T M S Cooray retires by rotation at the Annual General Meeting in terms of Article 87(i) of the Articles of Association and being eligible, is recommended by the Board for re-election at the forthcoming Annual General Meeting.

### **Independence of Non-Executive Directors**

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

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

### **Board Meetings and Sub Committee Meetings**

The number of Board meetings and Sub Committee meetings held during the year and the attendance of Directors at these meetings are given on Corporate Governance Section from page 63 to 89.

### **Directors' Remuneration**

The aggregate remuneration paid to the Directors' during the year under review was Rs. 67,750,333.

### **Directors Shareholdings**

The relevant interest of Directors in the shares of the Company as at 31st March 2022 as recorded in Interest Register are given on page 161 of the Annual Report under Shareholdings of Directors.

### **Interest Register**

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

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

### **Stated Capital**

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

### **Shareholder Information**

Information on the distribution of shareholding, analysis of shareholders, market values per share, earnings, dividends, net assets per share, twenty largest shareholders of the Company, Directors' shareholding, percentage of shares held by the public as per the Listing Rules of the Colombo Stock Exchange are given on page 161 to 163 under Investor Highlights and Information.

### **Donations**

There were no CSR expenses during the year under review. 2020/21 - Rs. 302,971/-.

### **Dividends**

The Directors have approved a final dividend of cents thirty six (Rs.0.36) per share for the year under review subject to obtaining a Certificate of Solvency from the Auditors and the said dividend was paid on 25th July 2022.

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

## Property, Plant and Equipment

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

## Land Holdings

The Company does not own any freehold land or buildings.

## Internal Control and Risk Management

The Board is responsible for the adequacy and effectiveness of the Company's system of internal controls and risk management framework. Detail review in this regard is given in the page 93 to 98 under the Corporate Governance.

## Corporate Governance

Company has complied with the Corporate Governance regulations and the best practices given in the Continuing Listing Requirements issued by the Colombo Stock Exchange, Companies Act No 07 of 2007 and the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka. Level of Compliance to these mandatory regulatory requirements and best practices are given on the page 76 to 89 under the Corporate Governance section.

## Material Foreseeable Risk Factors

Information pertaining to material foreseeable risk factors is given under the Risk Management section on page 93 to 98.

## Events Occurring after the Reporting Date

No circumstances have arisen and no material events have occurred during the period between the reporting date and the date of signing of Financial Statements by Directors that require disclosure or adjustment to the financial statements other than those disclosed in Note 29 to the Financial Statements on page 160 of this Annual Report.

## Declaration

The Directors declare that:

- I. the Company has not engaged in any activity, which contravenes laws and regulations of the country to the best of their knowledge.
- II. all material interests in contracts involving the Company
- III. the Company has made all endeavours to ensure equitable treatment of all shareholders.
- IV. the business is a going concern and that the Directors have reviewed the Company's budgets, capital expenditure requirements and future cash flows and are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future. Accordingly, the Financial Statements are prepared considering the Company as a going concern.
- V. they have conducted a review of the internal controls, covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence.
- VI. the Company has complied with Section 9 of the Listing Rules on Related Party Transactions issued by the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2022.

## Annual General Meeting

The Thirteenth Annual General Meeting will be held on 26th August 2022 at 11.30 a.m. virtually.

The notice of the Annual General Meeting appears on page 168.

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



R J N de Mel  
Chairman



W A T Fernando  
Managing Director



Neelika Subasinghe  
P W Corporate Secretarial (Pvt) Ltd  
Secretaries

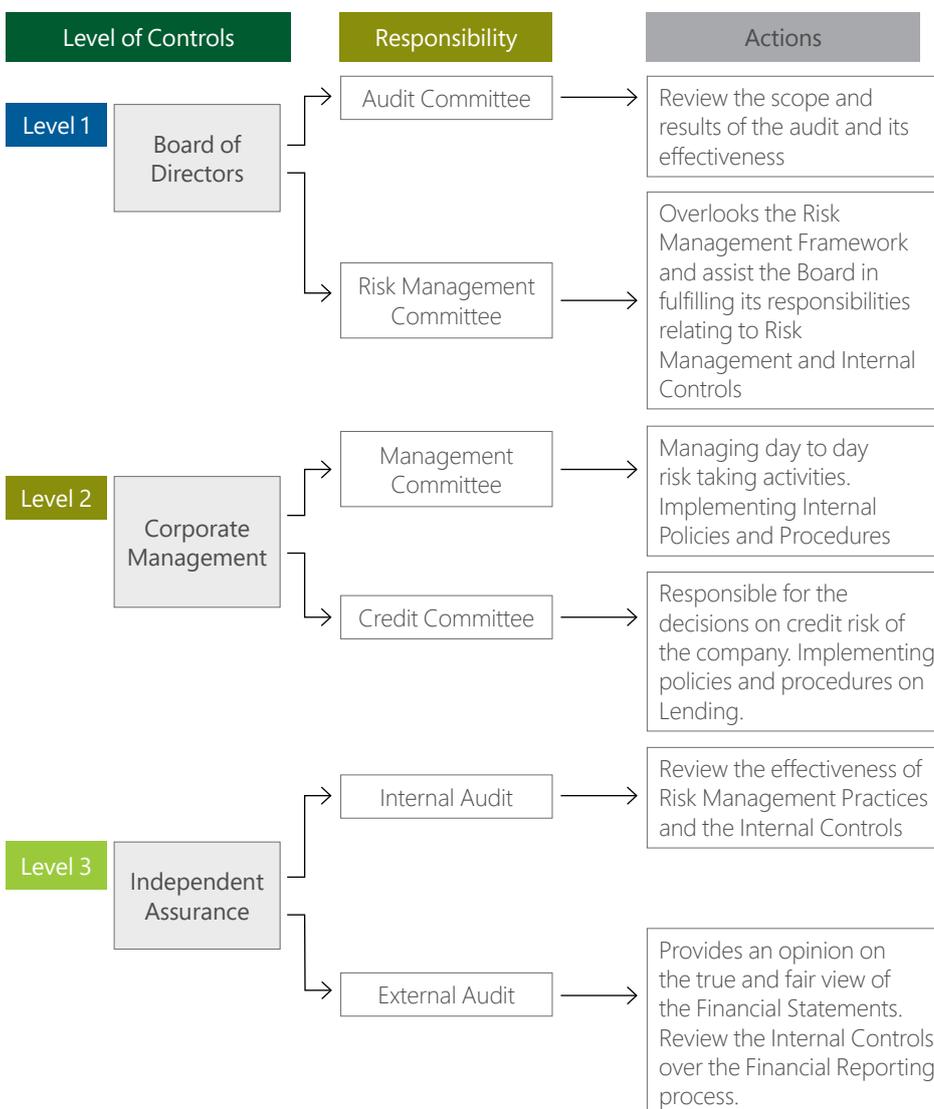
23rd June 2022  
Colombo

# Risk Management

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

## Risk Management Framework

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



### Level 1 – Board of Directors

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

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

### Level 2 – Corporate Management

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

### Level 3 - Independent Assurance – Internal Audit / External Audit

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

# Risk Management

## Risk Strategy

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

## Risk Appetite

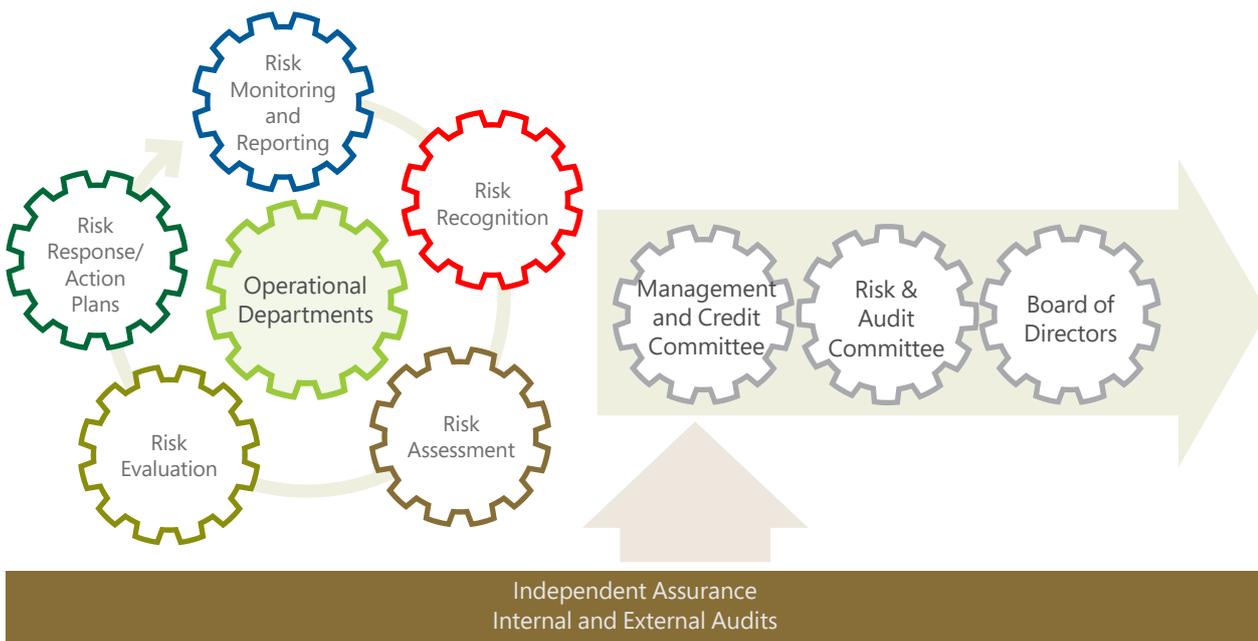
The Company's risk appetite is the amount of risk it is prepared to accept in pursuing its strategic objectives based on its key value drivers. The Company's stated Risk Appetite provides a decision-making framework for the strategic and operational treatment of risk and is used as an internal tool by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

## Ceylon Tea Brokers PLC Risk Appetite Statement

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

## Risk Management Process

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



## Key Risks

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

## Risk Register

The key risk areas which may interrupt the achievement of corporate objectives of the Company along with risk responses and action plans implemented to mitigate them are given from pages 95 to 98.

## Rating of Risks

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

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

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

Impact / Severity	5	Catastrophic / Extreme Impact	5	10	15	20	25
	4	Major / Very High Impact	4	8	12	16	20
	3	Moderate / High Impact	3	6	9	12	15
	2	Minor Impact	2	4	6	8	10
	1	Low / Insignificant Impact	1	2	3	4	5
			Rare / Remote to occur	Unlikely to occur	Possible to occur	Likely to occur	Almost certain to occur
		1	2	3	4	5	

■ Ultra High  
 ■ High  
 ■ Medium  
 ■ Low  
 ■ Insignificant  
 Occurrence / Likelihood

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

# Risk Management

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

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

Headline Risk	Risks	Implications	Impact to Company	Likelihood of Occurrence	Score	Velocity	Measures/Actions
Market Risk (Cont.)	Increased number of Tea withdrawals	Loss of Reputation, Loss of prices at the auctions, Increased exposure to credit risk	3	2	6 	Medium	Constant dialogue with Sri Lanka Tea Board officials and clients. Regular factory visits to factories to understand the reasons for withdrawals
	Customer Dissatisfaction with services	Loss of Revenue, Loss of Market share and reputation	5	2	10 	High	Provide a better service to the clients to increase customer retention, Constant dialogue with clients and regular factory visits to understand the clients requirements / satisfaction
IT Risk	Data and information security	Disruptions to operations, loss of reputation, loss of Competitive advantage,	5	2	10 	High	Periodical review of User access rights, Carrying out Vulnerability Assessment and Penetration Testing (VAPT), Ensure protection from virus guards and firewalls, Data classification and segregation
	Network Security	Disruptions to operations, loss of reputation, loss of Competitive advantage	5	2	10 	High	Periodical review of User access rights, Carrying out Vulnerability Assessment and Penetration Testing (VAPT), Ensure protection from virus guards and firewalls
	Lack of User awareness and IT skills	Loss of Competitive advantage, Potential data theft	3	2	6 	Low	Encouraging use of a complex passwords, Periodical review of user access rights, regular trainings to increase user awareness on cyber attacks
	Technology and Infrastructure security	Disruptions to operations, loss of reputation, loss of Competitive advantage	5	1	5 	High	Obtaining an appropriate insurance cover, Fixation of tools to monitor server room environment
Business Continuity Risk	Lack of Succession planning	Disruptions to operations and quality of service, loss of business	4	2	8 	High	Development of a succession planning framework (competency & skill) with current situation, Regular performance appraisal, training and development
	Lack of adequate training	Disruptions to operations and quality of service, loss of business	4	2	8 	High	Development of a succession planning framework (competency & skill) with current situation, Regular performance appraisal, training and development

# Risk Management

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

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

# Financial Report

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# Financial Calendar

## Interim Reports

1st Quarter	13th August 2021
2nd Quarter	05th November 2021
3rd Quarter	14th February 2022
4th Quarter	26th May 2022

## Audited Financial Statements

As at 31st March 2021	20th July 2021
As at 31st March 2022	02nd August 2022

## Meetings

12th Annual General meeting was held on 26th August 2021  
13th Annual General meeting to be held on 26th August 2022

## Dividends

Final dividend for the year 2019/20 of Rs. 0.08 per share was paid on 4th September 2020  
Final dividend for the year 2020/21 of Rs. 0.35 per share was paid on 12th July 2021  
Final dividend for the year 2021/22 of Rs. 0.36 per share was paid on 25th July 2022

## Statement on Director's Responsibilities for Preparation of Financial Statements

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

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

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

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

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

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

By Order of the Board  
CEYLON TEA BROKERS PLC



**R J N De Mel**  
*Chairman*



**W A T Fernando**  
*Managing Director*

23rd June 2022  
Colombo

# Independent Auditor's Report



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

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## TO THE SHAREHOLDERS OF CEYLON TEA BROKERS PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Ceylon Tea Brokers PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31st March 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies set out on pages 110 to 123 of the annual report.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31st March 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for Opinion

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

#### Key Audit Matters

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

#### Provision for Impairment allowance for Loans and advances to Tea Suppliers

Refer to note 3.2.4.5 for Significant Accounting Policies and explanatory note no 15 of the financial statements.

Risk Description	Our response
<p>The Group has recognized a total impairment provision of Rs. 156.4 Million as at 31st March 2022 for the loans and advances given to tea suppliers amounting to Rs. 915.9 Million as at 31st March 2022.</p> <p>Impairment allowances represent management's best estimate of the expected credit losses on loans and advances given to tea suppliers at the reporting date. They are calculated individually and on a collective basis for portfolios of receivables of a similar nature.</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> <li>I Obtaining an understanding of and assessing the design, implementation and operating effectiveness of the key internal controls management has established in arriving at criteria used for provision computations and to ensure the accuracy of the impairment provision.</li> <li>I Testing the completeness and accuracy of key inputs into models and computations. Further, we assessed the reasonability of the model methodology and key assumptions.</li> </ul>

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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

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

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

Principals: S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, W. A. A. Weerasekara CFA, ACMA, MRICS

### Provision for Impairment allowance for Loans and advances to Tea Suppliers

Refer to note 3.2.4.5 for Significant Accounting Policies and explanatory note no 15 of the financial statements.

Risk Description	Our response
<p>The calculation of impairment allowances is inherently judgemental in many cases. The Group uses both specific assessment and collective assessment for impairment and specific receivables are individually assessed for impairment by considering objective evidence and based on the expected realization of those balances. Collective impairment allowances are calculated using statistical models, and the amount of loss incurred and making adjustments to current and expected economic and credit conditions. The inputs to these models are subject to management judgment and model overlays are often required.</p> <p>Further, the prevailing uncertain and volatile macro-economic environment and implication of COVID-19 pandemic have an impact on the judgements considered in estimating the expected credit loss provision as of the reporting date due to the increase in the credit and the adverse macro-economic forecasts which may have an impact on the recoverability of the receivables.</p> <p>Therefore, impairment of loan and advances given to tea suppliers remains one of the most significant judgment made by management particularly in light of the current uncertain economic outlook in the Sri Lanka and complexity and subjectivity involved in determining the provision which is based on management judgement.</p>	<ul style="list-style-type: none"> <li>  Assessing the recoverability of a sample of customers and reviewing the underlying documents to verify the details recorded in the database such as the credit limits, historical patterns of receipts and reviewing cash received subsequent to year end for its effect in reducing amounts outstanding at year end etc. and perform re-computation over the computation.</li> <li>  Challenging how management had assessed the impact of current uncertainty of the economic outlook of Sri Lanka within the ECL model to assess whether that it was appropriately considered in the measurement of ECLs at year end. In particular, we challenged Management's assessment of the likelihood of a severe economic downturn caused by the current uncertainty of the economic outlook of Sri Lanka at the reporting date with reference to the reasonable and supportable information available to management at that date;</li> <li>  Assessing whether management's severe downside macro-economic scenario adequately captured the potential macro-economic downside risks arising as a result of the uncertainty of the economic outlook of Sri Lanka, based on reasonable and supportable information available to management at the reporting date;</li> <li>  Assessing the appropriateness of the Group's disclosures in the financial statements using our understanding obtained from our testing and against the requirements of the Sri Lanka Accounting Standards.</li> </ul>

### Impairment assessment of Goodwill and Investments in subsidiaries

Refer to note 3.2.7 for Significant Accounting Policies and explanatory note no 13.1 of the financial statements.

Risk Description	Our response
<p>As at 31st March 2022, the goodwill was carried at Rs. 43.5 million. Management allocated goodwill to the respective cash-generating units ("CGUs") as disclosed in Note 13 to the financial statements. The recoverable amounts of the identified CGUs have been determined based on value-in-use calculations.</p> <p>As at 31st March 2022, the Company's investment in subsidiary amounted to Rs. 633 million. The subsidiary operates in provision of warehouse facilities and logistics and have indicators of impairment as at the reporting date. Investments that do not generate adequate returns may be an indication of impairment. Management performed the impairment assessment for subsidiaries with indicators of impairment and determined their recoverable amounts based on value-in-use calculations.</p> <p>We identified the audit of management's impairment assessment of goodwill and investment in subsidiary as a key audit matter due to the magnitude of the carrying value and subjectivity in the assessment of the recoverable amounts which requires estimation and the use of assumptions.</p>	<p>Our audit procedures included,</p> <ul style="list-style-type: none"> <li>  Obtaining an understanding of management's impairment assessment process by examining the indications of possible impairment in subsidiary.</li> <li>  Evaluating the reasonableness of the group's impairment model methodology, key assumptions for its revised cash flow projections such as discount rates, cost inflation and business growth with reference to the internally and externally derived sources including Group budgetary process and reasonableness of the historical forecasts.</li> <li>  Assessing the value in use computations for recoverable amounts with impairment indications and discussion with management of the Group.</li> <li>  Assessing the adequacy of the disclosures in the financial statements in respect of impairment testing.</li> </ul>

# Independent Auditor's Report



## Revaluation of Freehold Buildings

Refer to note 3.2.3.1 for Significant Accounting Policies and explanatory note no 11 (a) of the financial statements.

Risk Description	Our response
<p>As at the reporting date, Freehold buildings carry at the fair value and classified as Property, Plant and Equipment. The Group has recorded a net gain on revaluation of Freehold buildings amounting to Rs. 129.8 Mn as at 31st March 2022. Freehold buildings are measured at revalued amounts in the statement of financial position. The Group has engaged independent professional valuers with appropriate expertise in valuing properties, in locations of properties being valued to determine the revalued amounts of the buildings in accordance with recognised industry standards. We identify this as a key audit matter because of the significant judgement and estimates involved in assessing the fair value of the Freehold buildings.</p>	<p>Our audit procedures included,</p> <ul style="list-style-type: none"> <li>  Assessing the objectivity, independence, competence, and qualification of the external valuers.</li> <li>  Assessing the key assumptions applied and conclusions made by the external valuer in deriving the fair value of the properties and comparing the same with evidence of current market value.</li> <li>  Assessing the key inputs used in the valuation by the independent external valuer against our expectations based on our experience, externally published market comparable and our knowledge of property market, consultation with internal valuation specialist.</li> <li>  Assessing the adequacy of the disclosure in the financial statements.</li> </ul>

### Other Information

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

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

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

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- I Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness Company and the Group's internal control.
- I Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- I Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- I Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

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



Chartered Accountants

Colombo, Sri Lanka  
02nd August 2022

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 31st March		Group		Company	
	Note	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Revenue	5	867,316,695	693,594,801	580,671,913	518,680,946
Operating Expenses		(309,206,690)	(190,867,904)	(75,393,436)	(19,995,117)
<b>Gross Profit</b>		<b>558,110,005</b>	<b>502,726,897</b>	<b>505,278,477</b>	<b>498,685,829</b>
Marketing Expenses		(37,724,757)	(38,922,081)	(31,820,106)	(33,710,556)
Administration Expenses		(341,284,537)	(290,883,888)	(267,807,880)	(243,204,541)
<b>Profit from Operations</b>		<b>179,100,711</b>	<b>172,920,928</b>	<b>205,650,491</b>	<b>221,770,732</b>
Finance Income	6.1	16,743,318	20,193,876	16,726,698	20,137,106
Finance Expenses	6.2	(139,830,373)	(153,403,099)	(76,060,456)	(96,725,988)
Net Finance Expenses	6	(123,087,055)	(133,209,223)	(59,333,758)	(76,588,882)
<b>Profit Before Taxation</b>	7	<b>56,013,656</b>	<b>39,711,705</b>	<b>146,316,733</b>	<b>145,181,850</b>
Income Tax Expenses	8	(36,917,534)	(38,711,161)	(36,511,778)	(37,651,938)
<b>Profit /(Loss) for the Year</b>		<b>19,096,122</b>	<b>1,000,544</b>	<b>109,804,955</b>	<b>107,529,912</b>
<b>Total Other Comprehensive Income / (Expense)</b>					
<b>Items that will be never classified to Profit or Loss</b>					
Actuarial Loss on Retirement Benefit Obligations-Net of Tax	22.2	(5,729,254)	(4,975,107)	(4,444,362)	(1,620,899)
Gain on Revaluation-Net of Tax		129,759,524	-	-	-
Total Other Comprehensive Income /(Expense ) Net of Tax		124,030,270	(4,975,107)	(4,444,362)	(1,620,899)
<b>Total Comprehensive Income/ (Loss) for the Year</b>		<b>143,126,392</b>	<b>(3,974,563)</b>	<b>105,360,593</b>	<b>105,909,013</b>
<b>Profit attributable to :</b>					
Equity holders of the company		19,096,122	1,000,544	109,804,955	107,529,912
<b>Profit for the Year</b>		<b>19,096,122</b>	<b>1,000,544</b>	<b>109,804,955</b>	<b>107,529,912</b>
<b>Total comprehensive Income /(Expense) attributable to :</b>					
Equity holders of the company		143,126,392	(3,974,563)	105,360,593	105,909,013
<b>Total Comprehensive Income/ (Expense) for the Year</b>		<b>143,126,392</b>	<b>(3,974,563)</b>	<b>105,360,593</b>	<b>105,909,013</b>
Earning Per Share - basic and diluted	9	0.105	0.005	0.60	0.59
Dividend Per Share	10	0.35	0.08	0.35	0.08

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Company/Group set out on pages 110 to 160.

## Consolidated Statement of Financial Position

As At 31st March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>ASSETS</b>					
<b>Non Current Assets</b>					
Property, Plant and Equipment	11	922,447,846	696,397,472	9,758,683	12,258,902
Right of use Assets	12.1	219,964,231	217,717,669	24,059,578	37,129,476
Intangible Assets	13	72,667,410	79,976,594	4,220,085	3,216,916
Deferred Tax Assets	18	-	13,520,432	14,561,932	13,520,432
Investment in Subsidiary	14	-	-	633,000,000	433,000,000
Loans and Advances to Tea Suppliers	15.1	34,592,759	49,925,879	34,592,759	49,925,879
Refundable Deposit on Lease Premises	12.2	4,472,279	4,029,080	4,472,279	4,029,080
<b>Total Non Current Assets</b>		<b>1,254,144,525</b>	<b>1,061,567,126</b>	<b>724,665,316</b>	<b>553,080,685</b>
<b>Current Assets</b>					
Trade and Other Receivables	16	861,953,667	652,207,762	763,465,364	586,543,180
Loans and Advances to Tea Suppliers	15.2	724,903,358	764,540,540	724,903,358	764,540,540
Cash and Cash Equivalents	17	67,854,077	68,891,097	63,781,601	64,011,892
<b>Total Current Assets</b>		<b>1,654,711,102</b>	<b>1,485,639,399</b>	<b>1,552,150,323</b>	<b>1,415,095,612</b>
<b>Total Assets</b>		<b>2,908,855,627</b>	<b>2,547,206,525</b>	<b>2,276,815,639</b>	<b>1,968,176,297</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Stated Capital	19	333,200,000	333,200,000	333,200,000	333,200,000
Retained Earnings		47,391,079	97,824,452	341,804,020	300,243,668
Revaluation Reserve		129,759,524	-	-	-
<b>Total equity attributable to owners of the company</b>		<b>510,350,603</b>	<b>431,024,452</b>	<b>675,004,020</b>	<b>633,443,668</b>
<b>Non Current Liabilities</b>					
Deferred Tax Liability	18	26,414,761	-	-	-
Interest Bearing Borrowings	20.2	977,514,966	643,248,895	345,890,742	130,388,895
Lease Payable	21	15,487,821	28,722,183	5,804,378	23,979,180
Retirement Benefit Obligations	22	43,520,681	29,675,844	35,445,540	22,068,653
<b>Total Non Current Liabilities</b>		<b>1,062,938,229</b>	<b>701,646,922</b>	<b>387,140,660</b>	<b>176,436,728</b>
<b>Current Liabilities</b>					
Interest Bearing Borrowings	20.1	556,658,318	813,525,103	496,775,949	649,848,272
Lease Payable	21	42,242,071	23,212,957	21,752,648	18,177,077
Trade and Other Payables	23	653,455,741	506,968,296	618,166,672	461,077,499
Amount Due to Related Party		-	-	-	51,272
Tax Payables		13,470,268	22,906,605	13,470,268	22,906,605
Bank Overdrafts	17	69,740,397	47,922,190	64,505,422	6,235,176
<b>Total Current Liabilities</b>		<b>1,335,566,795</b>	<b>1,414,535,151</b>	<b>1,214,670,959</b>	<b>1,158,295,901</b>
<b>Total Liabilities</b>		<b>2,398,505,024</b>	<b>2,116,182,073</b>	<b>1,601,811,619</b>	<b>1,334,732,629</b>
<b>Total Equity And Liabilities</b>		<b>2,908,855,627</b>	<b>2,547,206,525</b>	<b>2,276,815,639</b>	<b>1,968,176,297</b>

The Financial Statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Group/Company set out on pages 110 to 160.

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

  
A.M.N. Adhikari  
Financial Controller

23rd June 2022  
Colombo

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and signed for and on behalf of the Board of Directors of Ceylon Tea Brokers PLC.

  
R.J.N. De Mel  
Chairman

  
W.A.T. Fernando  
Managing Director

## Consolidated Statement of Changes in Equity

For The Year Ended 31st March	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
<b>Group</b>				
Balance as at 1st April 2020	333,200,000	-	116,248,589	449,448,589
<b>Total Comprehensive Income For the Year</b>				
Profit for the Year	-		1,000,544	1,000,544
Other Comprehensive Income For the Year	-		(4,975,107)	(4,975,107)
Dividend paid during the year			(14,592,000)	(14,592,000)
Reversal of Unpresented Dividend Cheques			142,426	142,426
<b>Balance as at 31st March 2021</b>	<b>333,200,000</b>	<b>-</b>	<b>97,824,452</b>	<b>431,024,452</b>
<b>Balance as at 1st April 2021</b>	<b>333,200,000</b>	<b>-</b>	<b>97,824,452</b>	<b>431,024,452</b>
<b>Total Comprehensive Income For the Year</b>				
Profit for the Year	-	-	19,096,122	19,096,122
Other Comprehensive Income for the Year	-	129,759,524	(5,729,254)	124,030,270
				-
<b>Transactions with equity holders</b>				
Dividend paid during the year	-	-	(63,840,000)	(63,840,000)
Reversal of Unpresented Dividend Cheques			39,759	39,759
<b>Balance as at 31st March 2022</b>	<b>333,200,000</b>	<b>129,759,524</b>	<b>47,391,079</b>	<b>510,350,603</b>
<b>For The Year Ended 31st March</b>				
		Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
<b>Company</b>				
Balance as at 1st April 2020		333,200,000	208,784,229	541,984,229
<b>Total Comprehensive Income For the Year</b>				
Profit for the Year		-	107,529,912	107,529,912
Other Comprehensive Expense for the Year		-	(1,620,899)	(1,620,899)
Dividend paid during the year			(14,592,000)	(14,592,000)
Reversal of Unpresented Dividend Cheques			142,426	142,426
<b>Balance as at 31st March 2021</b>		<b>333,200,000</b>	<b>300,243,668</b>	<b>633,443,668</b>
<b>Balance as at 1st April 2021</b>		<b>333,200,000</b>	<b>300,243,668</b>	<b>633,443,668</b>
<b>Total Comprehensive Income For the Year</b>				
Profit for the Year		-	109,804,955	109,804,955
Other Comprehensive Expense for the Year		-	(4,444,362)	(4,444,362)
				-
<b>Transactions with equity holders</b>				
Reversal of Unpresented Dividend Cheques			39,759	39,759
Dividend paid during the year		-	(63,840,000)	(63,840,000)
<b>Balance as at 31st March 2022</b>		<b>333,200,000</b>	<b>341,804,020</b>	<b>675,004,020</b>

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Group and the Company set out on pages 110 to 160.

## Consolidated Statement of Cash Flows

For The Year Ended 31st March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>Cash Flows From Operating Activities</b>					
Profit / (Loss) Before Taxation		56,013,656	39,711,705	146,316,733	145,181,850
<i>Adjustment for;</i>					
Depreciation/Amortisation	11,12,13	90,013,009	82,624,021	24,856,558	24,778,987
Interest Income	6.1	(16,743,318)	(20,193,876)	(16,726,698)	(20,137,106)
Interest Expense	6.2	139,830,373	153,403,099	76,060,456	96,725,988
Impairment of Loans Given to Tea Suppliers	15.3	17,744,920	20,891,635	17,744,920	20,891,635
Impairment of Trade Receivables	16.1	1,452,236	-	-	-
Loss / (Gain) on Disposals of Property, Plant and Equipment	7	32,652	(38,369)	-	(38,369)
Provision for Retirement Benefit Obligations	22.1	6,757,970	5,380,577	5,245,603	4,274,229
<b>Operating Profit Before Working Capital Changes</b>		<b>295,101,498</b>	<b>281,778,792</b>	<b>253,497,572</b>	<b>271,677,214</b>
Decrease in Loans to Tea Suppliers	15	37,225,382	195,850,808	37,225,382	195,850,808
(Increase)/Decrease in Trade and Other Receivables	16	(213,044,676)	(551,405,175)	(177,499,030)	(528,645,342)
Increase/(Decrease) in Trade and Other Payables	23	146,527,203	441,819,114	159,863,997	440,291,471
Increase in Related Party Payable		-	-	(51,272)	(2,270,295)
<b>Cash Generated from Operations</b>		<b>265,809,407</b>	<b>368,043,539</b>	<b>273,036,649</b>	<b>376,903,856</b>
Retirement Benefit Obligations Paid	22.1	(451,625)	(952,275)	(451,625)	(628,775)
Income Tax Paid		(45,586,132)	(15,430,745)	(45,586,132)	(15,430,745)
<b>Net Cash Flow Generated from Operating Activities</b>		<b>219,771,650</b>	<b>351,660,519</b>	<b>226,998,892</b>	<b>360,844,336</b>
<b>Cash Flow From Investing Activities</b>					
Interest / Investment income Received	6.1	16,300,119	19,954,597	16,283,499	19,897,827
Acquisition of Property, Plant and Equipment	11	(98,869,930)	(14,249,190)	(2,571,891)	(2,588,138)
Acquisition of Intangible Assets	13	(2,754,571)	(33,249,413)	(2,754,571)	-
Proceeds on Disposal of Property, Plant and Equipment		1,657,834	81,500	528,203	81,500
Investment in shares of subsidiary	14	-	-	(200,000,000)	-
<b>Net Cash Flow Generated from/(Used in) Investing Activities</b>		<b>(83,666,548)</b>	<b>(27,462,506)</b>	<b>(188,514,760)</b>	<b>17,391,189</b>
<b>Cash Flow From Financing Activities</b>					
Interest Paid		(162,394,176)	(148,382,464)	(98,625,341)	(92,056,948)
Loans Obtained During the Year	20	3,355,284,058	5,528,216,762	2,586,784,058	5,403,216,762
Loan Repayment made during the Year	20	(3,248,217,980)	(5,640,836,986)	(2,497,105,852)	(5,640,836,985)
Payment of lease liabilities	21	(39,792,231)	(46,325,237)	(24,197,535)	(21,904,560)
Dividend Paid		(63,840,000)	(14,592,000)	(63,840,000)	(14,592,000)
<b>Net Cash Flow Generated from / (Used In) Financing Activities</b>		<b>(158,960,329)</b>	<b>(321,919,925)</b>	<b>(96,984,670)</b>	<b>(366,173,731)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>(22,855,227)</b>	<b>2,278,088</b>	<b>(58,500,538)</b>	<b>12,061,794</b>
Cash and Cash Equivalents at the beginning of the Year		20,968,907	18,690,819	57,776,717	45,714,922
<b>Cash and Cash Equivalents at the end of the Year</b>	<b>17</b>	<b>(1,886,320)</b>	<b>20,968,907</b>	<b>(723,821)</b>	<b>57,776,716</b>

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Group/ Company set out on pages 110 to 160.

# Noted to the Consolidated Financial Statements

## 1. GENERAL INFORMATION

### 1.1 Reporting Entity

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

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

The staff strength of the Group and the Company was 114 and 74 in 2021/22 and 103,61 in 2020/21.

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

### 1.2 Principal Activities and Nature of Operations

The principle activities of the Company were tea brokering, tea warehousing and financing. The principal activity of the subsidiary is to carry on business providing warehousing facilities for clients in third party logistics (TPL). During the financial year tea handling operation was transferred back to Ceylon tea Brokers PLC w.e.f 01st April 2022. Except that there were no significant changes.

### 1.3 Consolidated Financial Statements

The Consolidated financial statements of the Company as at, and for the year ended 31st March 2022 comprise the financial statements of Company (Parent Company) and its subsidiary (together referred to as the "Group")

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

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

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

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

### 2.2 Responsibility for Financial Statements

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

These financial statements include the following components:

- I a Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Group and the Company for the year under review. Refer page 106;
- I a Statement of Financial Position providing the information on the financial position of the Group and the Company as at the year end. Refer page 107;
- I a Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Group and the Company. Refer pages 108;
- I a Statement of Cash Flows providing the information to the users, on the ability of the Group and the Company to generate cash and cash equivalents and utilisation of those cash flows. Refer page 109;

- I Notes to the Financial Statements comprising Significant Accounting Policies and other explanatory information. Refer pages 110 to 160.

The Consolidated Financial Statements were authorized for issue by the Company's Board of Directors in accordance with the resolution passed by the Board of Directors on 23rd June 2022.

### 2.3 Basis of Measurement

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

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

### 2.4 Going Concern Basis of Accounting

The Management has made an assessment of the Group's and the Company's ability to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation or cessation of business.

Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as going concern. Therefore, the Financial Statements of the Group continue to be prepared on going concern basis.

### 2.5 Functional and Presentation Currency

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

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

## 2.6 Presentation of Financial Statements

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

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

## 2.7 Materiality and Aggregation

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

## 2.8 Offsetting

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

## 2.9 Comparative Information

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

## 2.10 Use of Estimates, Judgments and Assumptions

The preparation of financial statements of the Group in conformity with Sri Lanka Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported values of assets, liabilities, income and expenses.

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

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

### 2.10.1 Determination of Fair Values

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group and the Company has access at that date. The fair value of a liability reflects its non-performance risk. Several of the Group's and the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

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

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

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

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

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

### 2.10.2 Fair Value of Non-Financial Assets

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

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

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

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

# Noted to the Consolidated Financial Statements

## 2.10.3 Useful Lives of Depreciable Assets

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

## 2.10.4 Business Combination

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

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

## 2.10.5 Defined Benefit Obligation

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

## 2.10.6 Fair Value Of Financial Instruments

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

## 2.10.7 Recognition of Deferred Tax Assets

Management applies significant judgment to the extent the deferred tax assets can be recognised based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various future tax jurisdictions.

## 2.10.8 Provisions for Liabilities, Commitments and Contingencies

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Changes In Accounting Policies

The Group has decided to change its accounting policies relating to Freehold Buildings from cost model to revaluation model as per LKAS 16 with effect from 31 March 2022. Due to this policy change, the Group has recognised a revaluation gain (net of tax) of Rs. 129,759,525/-.

Management has voluntarily changed the aforementioned accounting policy with the view that it will provide more relevant and reliable information in financial statements to economic users.

The change in accounting policy from the cost model to the revaluation model has not led to a retrospective restatement due to the exemption available in Paragraph 17 of LKAS 8 "Accounting application of a policy to revalue assets in accordance with LKAS 16 "Property, Plant and Equipment" is a change in an accounting policy to be dealt with, as a revaluation in accordance

with LKAS 16, rather than in accordance with LKAS 8. LKAS 16 provides that when an item of property, plant and equipment is revalued, the carrying amount of that asset is adjusted to the revalued amount at the date of revaluation. Accordingly, the Group has adopted the said policy change with effect from 31 March 2022.

### 3.1.1 New and Amended Standards and Interpretations

The following amended standards became effective during the financial year and adopted from 1st April 2021. However, they do not have a material effect on the Group's Financial Statements.

Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 : Interest rate benchmark reform (Phase 2) - ("IBOR reform").

Amendments to SLFRS 16: Covid-19: Related rent concessions beyond 30th June 2021.

### 3.2 Summary of Significant Accounting Policies

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

#### 3.2.1 Consolidation

##### 3.2.1.1 Basis of Consolidation

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

##### 3.2.1.2 Business Combination

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

### 3.2.1.3 Subsidiary

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

### 3.2.1.4 Loss of Control

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

### 3.2.1.5 Transactions Eliminated On Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### 3.2.1.6 Material Gains or Losses, Provisional Values or Error Corrections

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

### 3.2.2 Foreign Currency

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the

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

### 3.2.3 Assets and Bases of Their Valuation

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

### 3.2.3.1 Property, Plant and Equipment

#### 3.2.3.1.1 Recognition and Measurement

##### Basis of recognition

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably, in accordance with the Sri Lanka Accounting Standard - LKAS 16 on "Property Plant and Equipment".

##### Basis of measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and subsequent costs (as explained under 3.2.3.1.4 - subsequent cost).

# Noted to the Consolidated Financial Statements

## Cost Model

All property, plant and equipment except freehold land, are recorded at cost, less accumulated depreciation and accumulated impairment losses, if any. When an asset's carrying value is higher than its recoverable amount, the carrying value is written down to its recoverable amount (Please refer Note 3.2.7 - Impairment of non-financial assets).

## Revaluation Model

The Group policy is to revalue all buildings by an independent professional valuer every three years or when there is a substantial difference between the fair value and the carrying amount. On revaluation of an asset, any increase in the carrying amount is recognised in revaluation reserve in equity through Other Comprehensive Income or used to reverse a previous loss on revaluation of the same asset, which was charged to Profit or Loss. In this circumstance, the increase is recognised as income only to the extent of the previous write down in value. Any decrease in the carrying amount is recognised as an expense in Profit or Loss or charged to revaluation reserve in equity through Other Comprehensive Income, only to the extent of any credit balance existing in the revaluation reserve in respect of that asset. Any balance remaining in the revaluation reserve in respect of an asset, is transferred directly to retained earnings upon disposal of the asset.

### 3.2.3.1.2 Owned Assets

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

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

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

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

### 3.2.3.1.3 Capital Work-In-Progress

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

### 3.2.3.1.4 Subsequent Costs

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

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

### 3.2.3.1.5 Borrowing Costs

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

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

### 3.2.3.1.6 Depreciation

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

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

	Annual Rate	Useful Life (Years)
Lease Hold Right Over Land	2.60%	39
Computer	25.00%	04
Furniture and Fittings	12.50%	08
Motor Vehicle	25.00%	04
Office Equipment	12.50%	08
Weight Scale	12.50%	08
Wooden Pallets	10.00%	10
Racking System	2.78%	36
Building	3.03%	33
Machinery & Electrical Equipment	12.50%	08
Software	25.00%	04

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

### 3.2.3.1.7 Derecognition

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

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

## 3.2.3.2 Intangible Assets

### 3.2.3.2.1 Initial Recognition and Measurement

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

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

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

The cost of an internally generated intangible asset arising from the development phase of an internal project which is capitalised includes all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner

intended by the Management. Other development expenditure and expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding is expensed in the income statement as and when incurred.

### 3.2.3.2.2 Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

### 3.2.3.2.3 Subsequent Measurement

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

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

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

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

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

### 3.2.3.2.4 Computer Software

All computer software costs incurred, which are not internally related to associate hardware, which can be clearly identified, reliably measured and its probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of intangible assets. Amortization is calculated at an annual rate of 25%.

### 3.2.3.2.5 Goodwill

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

#### 3.2.3.2.5.1 Initial Recognition And Measurement

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

#### 3.2.3.2.5.2 Subsequent Measurement

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

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

# Noted to the Consolidated Financial Statements

## 3.2.4 Financial Assets

### 3.2.4.1 Recognition And Initial Measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group and the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

A trade receivable without a significant financing component is initially measured at the transaction price.

### 3.2.4.2 Classification and Subsequent Measurement of Financial Assets

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

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

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

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

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

- | it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- | its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### Financial assets - Business model assessment

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

- | the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- | how the performance of the portfolio is evaluated and reported to the Company's management;
- | the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- | how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- | the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

### Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

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

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

- | contingent events that would change the amount or timing of cash flows;
- | terms that may adjust the contractual coupon rate, including variable-rate features;
- | prepayment and extension features; and
- | terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

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

may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

#### Financial assets at FVTPL

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

#### Financial assets at amortised cost

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

#### Debt investments at FVOCI

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

#### Equity investments at FVOCI

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

#### 3.2.4.3 Reclassification

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

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

#### 3.2.4.4 Derecognition Of Financial Assets

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

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

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

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

# Noted to the Consolidated Financial Statements

## 3.2.4.5 Impairment Of Financial Assets

### i. Impairment Policy:

Financial instruments and contract assets  
Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

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

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

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

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

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

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

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

## Measurement of ECLs

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

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

## Credit-impaired financial assets

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

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

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

## Presentation of allowance for ECL in the statement of financial position

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

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

## Write-off

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

## 3.2.5 Financial Liabilities

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

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

### 3.2.5.1 Classification and Subsequent Measurement of Financial Liabilities

The subsequent measurement of financial liabilities depends on their classification.

#### i. Financial Liabilities at Amortised Cost

Financial Liabilities issued by the Group that are not designated at fair value through profit or loss are recognised initially at fair value plus any directly attributable transaction costs, by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the

effective interest method. Deposit liabilities including savings deposits, current deposits, fixed/time deposits, call deposits, certificates of deposit and debentures are classified as financial liabilities measured at amortised cost.

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

#### ii. Financial Liabilities at Fair Value through Profit or Loss

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

#### Loans and Borrowings

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

#### 3.2.5.2 Derecognition

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

#### 3.2.6 Offsetting Of Financial Instruments

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

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

#### 3.2.7 Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group

of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

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

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

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### 3.2.8 Lease

The Group assesses at the inception of a contract, whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration as per the guidelines of SLFRS 16. This assessment considers whether, throughout the period of use, the lessee has both the right to obtain all of the economic benefits from the use of the identified asset and the right to direct how and for what purpose the identified asset is used.

# Noted to the Consolidated Financial Statements

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

### 3.2.8.1.1 Group Acting as a Lessee

As per SLFRS 16, when the Group has determined that a contract contains a lease component and one or more additional lease components or non-lease components, the consideration in the contract is allocated to each lease component on the basis of relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's

incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

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

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

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

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

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

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

### 3.2.8.1.3 Group Acting As A Lessor

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

### 3.2.8.1.3.1 Finance Leases – Group As A Lessor

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

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

### 3.2.8.1.3.2 Operating Leases – Group As A Lessor

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

### 3.2.9 Provision, Contingent Liabilities, Contingent Assets

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

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

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

### 3.2.10 Post-Employment Benefits

#### i) Short-Term Employee Benefits

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

#### ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan as defined by Sri Lankan Accounting Standard – LKAS 19 on "Employment Benefits". The liability

recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using the projected unit credit method by qualified actuary as recommended by LKAS - 19. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the liability.

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

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

The liability is not externally funded.

Group recognises all actuarial gains and losses arising from defined benefit plans immediately in the statement of other comprehensive income as they occur.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gain or losses on the settlement of a defined plan when the settlement occurs.

#### iii) Defined contributions plans – Employees' Provident Fund and Employees' Trust Fund

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

### 3.2.11 Income Statement

#### 3.2.11.1 Revenue From Contracts With Customers

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

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

#### Disaggregation of revenue

SLFRS 15 requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. The Group/ Company disaggregate revenue in to following categories.

- | Brokerage Fee
- | Handling Charges
- | Logistic and transportation income
- | Lot fee.

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

#### 3.2.11.2 Net Financing Income / Cost

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

Finance cost comprises interest expense on borrowings.

# Noted to the Consolidated Financial Statements

## 3.2.11.3 Expenditure Recognition

- a) All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency has been charged to Income Statement in arriving at the profit for the year.
- b) For the purpose of presentation of the Income Statement, the Directors are of the opinion that the function of expenses, present fairly the elements of the enterprises performance, hence such presentation method is adopted.

## 3.2.11.4 Tax

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

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

### (i) Current Tax

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

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

### (ii) Deferred Tax

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

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

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

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

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

## 3.2.11.5 Basic Earnings Per Share'

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

## 3.2.11.6 Related Party Transactions

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

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

## 3.2.12 Cash Flow Statements

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

### 3.2.12.1 Cash and Cash Equivalents

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

### 3.2.13 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Corporate Management Team headed by the Managing Director/ Chief Executive Officer (being the chief operating decision-maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

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

- I Tea broking
- I Warehousing for Third Party Logistics

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

### 3.2.14 Events Occurring After The Reporting Date

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

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

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

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

- A – Onerous contracts – Cost of Fulfilling a Contract. (Amendments to LKAS 37)
- B – Deferred Tax related to Assets and Liabilities arising from Single Transaction (Amendments to LKAS 12)

The following new and amendment standards are not expected to be have a significant impact on the Group's consolidated financial statements.

1. COVID-19 - Related Rent Concessions beyond 30 June 2021 (Amendment to SLFRS 16).
2. Annual improvements to SLFRS standards 2018-2020.
3. Property, Plant & Equipment - Proceeds before Intended Use (Amendments to LKAS 16).
4. Reference to Conceptual Framework (Amendment to SLFRS 3).
5. Classification of Liabilities as Current and Non-current (Amendment to LKAS 1).
6. SLFRS 17 Insurance Contracts and Amendments to SLFRS 17 Insurance Contracts.
7. Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2).
8. Definition of Accounting Estimates (Amendments to LKAS 8).

## Notes to the Financial Statements

**5. REVENUE**

For The Year Ended 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>5.1 Revenue from Contract with Customers</b>				
Brokerage Fee	289,652,823	280,490,521	289,652,823	280,490,521
Handling Charges	67,443,453	78,329,985	58,510,729	-
Logistic & Transportation Income	272,257,389	79,354,271	-	-
Lot Fee	8,455,994	7,769,023	8,455,994	7,769,023
Sundry Income	74,574,272	83,480,772	69,119,603	66,251,173
<b>Total Revenue from Contract with Customers</b>	<b>712,383,931</b>	<b>529,424,572</b>	<b>425,739,149</b>	<b>354,510,717</b>
Interest Earned on Loans and Advances	154,932,764	164,170,229	154,932,764	164,170,229
<b>Total Revenue</b>	<b>867,316,695</b>	<b>693,594,801</b>	<b>580,671,913</b>	<b>518,680,946</b>
<b>5.2 Timing of Revenue Recognition</b>				
Products and Services transferred at a point in time	867,316,695	693,594,801	580,671,913	518,680,946
	<b>867,316,695</b>	<b>693,594,801</b>	<b>580,671,913</b>	<b>518,680,946</b>

**6. NET FINANCE EXPENSES**

For The Year Ended 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Finance Income (Note 6.1)	16,743,318	20,193,876	16,726,698	20,137,106
Finance Expenses (Note 6.2)	(139,830,373)	(153,403,099)	(76,060,456)	(96,725,988)
<b>Net Finance Expenses</b>	<b>(123,087,055)</b>	<b>(133,209,223)</b>	<b>(59,333,758)</b>	<b>(76,588,882)</b>
<b>6.1 Finance Income</b>				
Interest Income on Staff Loans	1,237,048	763,313	1,220,428	706,543
Investment / Interest Income on Others	14,584,798	18,126,127	14,584,798	18,126,127
Interest on Fixed Deposits	921,472	1,304,436	921,472	1,304,436
<b>Total Finance Income</b>	<b>16,743,318</b>	<b>20,193,876</b>	<b>16,726,698</b>	<b>20,137,106</b>
<b>6.2 Finance Expenses</b>				
Financial Services VAT on Interest Income	8,170,000	5,481,454	8,170,000	5,481,454
Interest on Borrowings	124,557,383	139,266,335	63,206,658	84,932,631
Interest on Lease	6,523,345	8,052,713	4,106,953	5,735,915
Un-winding of Prepaid Staff Loan Expenses	579,645	602,597	576,845	575,988
<b>Total Finance Expense</b>	<b>139,830,373</b>	<b>153,403,099</b>	<b>76,060,456</b>	<b>96,725,988</b>

## 7. PROFIT /(LOSS) BEFORE TAXATION

Is stated after charging all expenses including the following;

For The Year Ended 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Auditors' Remuneration - Statutory Audit	900,000	750,000	750,000	630,000
- Non Audit Services	50,000	50,000	50,000	50,000
Directors' Fees & Consultancy Fees	9,055,000	8,740,000	8,205,000	6,400,000
Depreciation of Property, Plant and Equipment	41,865,287	36,276,959	4,543,907	6,294,048
Loss / (Gain) on Disposals of Property, Plant and Equipment	32,652	(38,369)	-	(38,369)
Amortisation of Intangible Assets	10,063,755	2,006,039	1,751,402	1,982,949
Amortisation of Right of Use Assets	38,083,967	44,341,022	18,561,249	16,501,990
Impairment of Trade Receivable, Loans and advances Given to Tea Suppliers	19,197,156	20,891,635	17,744,920	20,891,635
Personnel Costs (Note 7.1)	226,841,521	210,204,893	178,356,671	162,126,062
<b>7.1 Personnel Costs</b>				
Salaries, Wages and Overtime	162,305,558	138,549,863	121,033,289	97,277,594
Bonus & Profit Share Expenses	36,459,562	48,347,152	35,245,562	47,133,152
Defined Contribution Plan Costs - EPF	17,054,745	14,341,841	13,465,774	10,752,870
- ETF	4,263,686	3,585,460	3,366,443	2,688,217
Retirement Benefit Obligation Expenses	6,757,970	5,380,577	5,245,603	4,274,229
	<b>226,841,521</b>	<b>210,204,893</b>	<b>178,356,671</b>	<b>162,126,062</b>

## 8. INCOME TAX EXPENSES

For The Year Ended 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Current Year Income Tax Expenses (Note 8.1)	36,149,937	38,206,274	36,149,937	38,206,274
Under / (over) Provision in Respect of Previous Years	(142)	(911,305)	(142)	(911,305)
Deferred Tax Charge (Note 18)	767,739	1,416,192	361,983	356,969
	<b>36,917,534</b>	<b>38,711,161</b>	<b>36,511,778</b>	<b>37,651,938</b>

## Notes to the Financial Statements

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

For The Year Ended 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>8.1 Current Year Income Tax Expenses</b>				
Accounting Profit Before Taxation	56,013,656	39,711,705	146,316,733	145,181,850
Income from Other Sources	(15,506,270)	(19,507,890)	(15,506,270)	(19,507,890)
Aggregate Disallowable Items	62,496,562	56,719,158	8,615,142	18,537,897
Aggregate Allowable Items	(108,443,661)	(89,745,700)	(4,307,137)	(4,449,613)
<b>Business Income / (Loss)</b>	<b>(5,439,713)</b>	<b>(12,822,727)</b>	<b>135,118,468</b>	<b>139,762,244</b>
Loss Incurred During The Year	(140,558,182)	(152,584,971)	-	-
<b>Business Income</b>	<b>135,118,468</b>	<b>139,762,244</b>	<b>-</b>	<b>-</b>
Add: Income from Other Sources	15,506,270	19,430,563	15,506,270	19,430,563
<b>Total Taxable Income</b>	<b>150,624,738</b>	<b>159,192,807</b>	<b>150,624,738</b>	<b>159,192,807</b>
Tax at 24%	36,149,937	38,206,274	36,149,937	38,206,274
	36,149,937	38,206,274	36,149,937	38,206,274

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

Logicare (Private) Limited, the subsidiary company, is not liable for pay income tax for the year ended 31st March 2022 as the Company did not generate a taxable income. In terms of the Inland Revenue Act No.24 of 2017, the Company is liable for income tax on 24% on revenue sources and other income.

**8.2 Tax Losses Carried Forward**

	Logicare (Pvt) Ltd	
	2022 Rs.	2021 Rs.
Tax Losses Brought Forward	1,036,531,026	883,946,052
Tax Losses for the Year	140,558,182	152,584,974
<b>Tax Losses Carried Forward</b>	<b>1,177,089,208</b>	<b>1,036,531,026</b>

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

## 9. EARNINGS/(LOSS) PER SHARE

### 9.1 Basic Earnings Per Share

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

	Group		Company	
	2022	2021	2022	2021
Profit attributable to Ordinary Share holders (Rs.)	19,096,122	1,000,544	109,804,955	107,529,912
Weighted Average Number of Ordinary Shares as at 31st March	182,400,000	182,400,000	182,400,000	182,400,000
Basic Earnings Per Share (Rs.)	0.105	0.005	0.60	0.59

### 9.2 Diluted Earnings Per Share

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

## 10. DIVIDEND PER SHARE

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

	Group		Company	
	2022	2021	2022	2021
Dividend Paid (Rs.)	63,840,000	14,592,000	63,840,000	14,592,000
Weighted Average Number of Ordinary Shares	182,400,000	182,400,000	182,400,000	182,400,000
Dividend Per Share (Rs.)	0.35	0.08	0.35	0.08

## 11. PROPERTY, PLANT AND EQUIPMENT

### a) Group

As At 31st March	Cost/Fair Value							
	Balance as at 1st April 2020	Additions during the Year	Disposals/ Transfers during the Year	Balance as at 1st April 2021	Revaluation	Additions during the Year	Disposals/ Transfers during the Year	Balance as at 31st March 2022
Motor Vehicles	19,463,500	293,980		19,757,480	-	-		19,757,480
Furniture & Fittings	27,053,158	383,008	(194,218)	27,241,948	-	3,053,225	(374,170)	29,921,003
Office Equipment	15,317,341	2,039,350	(16,535)	17,340,156	-	6,655,442	(1,531,859)	22,463,739
Weighing Scales	53,839			53,839	-	204,336	-	258,175
Computer Equipment	11,944,147	7,046,712	(649,850)	18,341,009	-	2,826,714	(487,681)	20,680,042
Storage System	120,111,336	1,694,052		121,805,388	-	-		121,805,388
Building	523,940,445			523,940,445	134,898,840	636,000		659,475,285
Machinery & Equipment	60,703,918	2,792,088		63,496,006	-	85,494,213		148,990,219
	778,587,684	14,249,190	(860,603)	791,976,271	134,898,840	98,869,930	(2,393,710)	1,023,351,331

## Notes to the Financial Statements

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

	Accumulated Depreciation							Balance as at 31st March 2022
	Balance as at 1st April 2020	Charge for the year	Disposals During the year	Balance as at 1st April 2021	Revaluation	Charge for the year	Disposals During the year	
Motor Vehicles	17,005,618	2,136,826	-	19,142,444	-	357,988	-	19,500,432
Furniture & Fittings	17,475,911	2,337,996	(160,435)	19,653,472	-	2,487,066	(75,881)	22,064,657
Office Equipment	4,539,929	1,724,883	(11,359)	6,253,453	-	2,203,364	(284,046)	8,172,771
Weighing Scales	38,819	6,732	-	45,551	-	22,332	-	67,883
Computer Equipment	7,821,516	2,487,706	(645,677)	9,663,545	-	3,367,149	(343,297)	12,687,397
Storage System	3,599,824	5,409,997	-	9,009,821	-	5,458,387	-	14,468,208
Building	6,731,965	14,525,084	-	21,257,049	(35,837,377)	14,580,328	-	-
Machinery & Equipment	2,905,729	7,647,735	-	10,553,464	-	13,388,673	-	23,942,137
	60,119,311	36,276,959	(817,471)	95,578,799	(35,837,377)	41,865,287	(703,224)	100,903,485

## Carrying Amounts

	Balance as at 31st March 2022	Balance as at 31st March 2021
Motor Vehicles	257,048	615,036
Furniture & Fittings	7,856,346	7,588,476
Office Equipment	14,290,968	11,086,703
Weighing Scales	190,292	8,288
Computer Equipment	7,992,645	8,677,464
Storage System	107,337,180	112,795,567
Building	659,475,285	502,683,396
Machinery & Equipment	125,048,082	52,942,542
	922,447,846	696,397,472

## Non-Financial Assets Fair Value hierarchy

Asset	Valuation Date	Fair value measurement	Value
Building	31/03/2022	Level 03 - Significant unobservable inputs	659,475,285

The highest and best use of the property has been considered including the current location of the property and future usability of the property in determining the fair value of the property. The Valuer has made reference to the market evidences of the similar properties and made the relevant adjustments for the size and locations. The Fair Value of the building on Leased hold land was determined by means of a revaluation during the financial year ended 31st March 2022 by Mr. W.D.P. Rupananda, an independent valuer based on the discounted cash flow/rent income of the property.

Valuation Technique	Significant unobservable Inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted Cash flow technique : The valuation model considers the present value of net cash flows generated from the property taking into account the net rent that would yield from the property.	Net Rent income of the property and the discount rate	The estimated fair value would be increase if, the net rent income increases and decrease in the risk free discount rate.

## Unobservable Inputs

01. Net rent Rs. 70 Mn Per Annum

02. Years Purchase rate 5.5% for 33 Years

The carrying amount of revalued assets that would have been included in the Financial Statements had the asset being carried at cost less accumulated depreciation is as follows;

Asset	Cost	Accumulated Depreciation	Net Book Value as at 31/03/2022	Net Book Value as at 31/03/2021
Buildings	524,576,445	(35,837,376)	488,739,069	502,683,396

## b) Company

As At 31st March	Cost/Fair Value						
	Balance as at 1st April 2020	Additions during the Year	Disposals/ Transfers during the Year	Balance as at 1st April 2021	Additions during the Year	Disposals/ Transfers during the Year	Balance as at 31st March 2022
Motor Vehicles	19,463,500	293,980	-	19,757,480	-	-	19,757,480
Furniture & Fittings	26,590,738	245,008	(194,218)	26,641,528	244,986	(374,170)	26,512,344
Office Equipment	6,322,751	69,150	(16,535)	6,375,366	993,669	(145,000)	7,224,035
Weighing Scales	53,839	-	-	53,839	204,336	-	258,175
Computer Equipment	9,980,638	1,980,000	(649,850)	11,310,788	1,128,900	(476,599)	11,963,089
	<b>62,411,466</b>	<b>2,588,138</b>	<b>(860,603)</b>	<b>64,139,001</b>	<b>2,571,891</b>	<b>(995,769)</b>	<b>65,715,123</b>

	Accumulated Depreciation						
	Balance as at 1st April 2020	Charge for the year	Disposals During the year	Balance as at 1st April 2021	Charge for the year	Disposals During the year	Balance as at 31st March 2022
Motor Vehicles	17,005,618	2,136,826	-	19,142,444	357,988	-	19,500,432
Furniture & Fittings	17,445,621	2,261,145	(160,435)	19,546,331	2,261,077	(75,881)	21,731,527
Office Equipment	4,365,252	523,610	(11,359)	4,877,503	481,931	(51,843)	5,307,591
Weighing Scales	38,819	6,732	-	45,551	22,332	-	67,883
Computer Equipment	7,548,212	1,365,735	(645,677)	8,268,270	1,420,579	(339,842)	9,349,007
	<b>46,403,522</b>	<b>6,294,048</b>	<b>(817,471)</b>	<b>51,880,099</b>	<b>4,543,907</b>	<b>(467,566)</b>	<b>55,956,440</b>

## Carrying Amounts

	Balance as at 31st March 2022	Balance as at 31st March 2021
Motor Vehicles	257,048	615,036
Furniture & Fittings	4,780,817	7,095,197
Office Equipment	1,916,444	1,497,863
Weighing Scales	190,292	8,288
Computer Equipment	2,614,082	3,042,518
	<b>9,758,683</b>	<b>12,258,902</b>

# Notes to the Financial Statements

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

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

	Company	
	2022	2021
	Rs.	Rs.
Motor Vehicles	18,988,550	11,392,890
Furniture and Fittings	8,570,832	8,485,715
Office Equipments	3,545,360	2,930,550
Computer Equipments	6,677,265	5,867,885
	<b>37,782,007</b>	<b>28,677,040</b>

## 12. RIGHT OF USE ASSETS

### 12.1 Carrying Value of Right to use Assets

As At 31st March	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
<b>Cost</b>				
At the Beginning of the year	314,303,338	314,303,338	70,024,773	70,024,773
Derecognition of Right of Use Asset	(45,731,920)	-	-	-
Remeasurement application of SLFRS 16	6,758,242	-	5,491,351	-
Additions during the year	37,090,127	-	-	-
<b>At the end of the year</b>	<b>312,419,787</b>	<b>314,303,338</b>	<b>75,516,124</b>	<b>70,024,773</b>
<b>Accumulated Amortization</b>				
At the Beginning of the year	96,585,669	52,244,647	32,895,297	16,393,307
Derecognition of Right of Use Asset	(42,214,080)	-	-	-
Ammortisation for the Year	38,083,967	44,341,022	18,561,249	16,501,990
<b>At the end of the year</b>	<b>92,455,556</b>	<b>96,585,669</b>	<b>51,456,546</b>	<b>32,895,297</b>
<b>Carrying Value at the year end</b>	<b>219,964,231</b>	<b>217,717,669</b>	<b>24,059,578</b>	<b>37,129,476</b>

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

### 12.2 Refundable Deposit on Lease Premises

As At 31st March	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Refundable Deposit on Lease Premises-Allied Properties	4,472,279	4,029,080	4,472,279	4,029,080
	<b>4,472,279</b>	<b>4,029,080</b>	<b>4,472,279</b>	<b>4,029,080</b>

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

The deposit has been fair valued using 11% as the discount factor and unwinding the interest on a yearly basis starting from the commencement date of the lease.

### 13. INTANGIBLE ASSETS

	Group			Company	
	Goodwill	Computer Software	Total	Computer Software	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Cost</b>					
Balance as at 1st April 2021	43,533,355	53,396,808	96,930,163	20,147,395	20,147,395
Additions during the Year	-	2,754,571	2,754,571	2,754,571	2,754,571
Balance as at 31st March 2022	43,533,355	56,151,379	99,684,734	22,901,966	22,901,966
<b>Accumulated Amortisation</b>					
Balance as at 1st April 2021	-	16,953,569	16,953,569	16,930,479	16,930,479
Charge for the Year	-	10,063,755	10,063,755	1,751,402	1,751,402
Balance as at 31st March 2022	-	27,017,324	27,017,324	18,681,881	18,681,881
<b>Net Book Value As at 31st March 2022</b>	<b>43,533,355</b>	<b>29,134,055</b>	<b>72,667,410</b>	<b>4,220,085</b>	<b>4,220,085</b>
Net Book Value As at 31st March 2021	43,533,355	36,443,239	79,976,594	3,216,916	3,216,916

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

As required by LKAS 36 - " Impairment of Assets " , goodwill is tested for impairment on annual basis and assessed for any indication of impairment as at each reporting date to ensure that carrying amount does not exceed the recoverable amount. Accordingly, the management of the Group/Company conducted an assessment and concluded that there is no indication of the impairment of the goodwill as at 31st March 2022.

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

- I Business Growth rate of 2.5%
- I Inflation rate - Based on the current inflation rate
- I Discount Rate of 25.2%

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

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

Five years of cash flows were included in the discounted cash flow model. A terminal growth rate as been determined up to the lease term expiration in which the CGU operates.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth rates experience over the past five years and the estimates sales volume and price growth for the next five years. It was assumed that the sales prices would grow at a constant margin above forecast inflation over the next five years.

**13.2** The gross carrying amount of fully depreciated computer software which are still in use as at 31st March 2022 is Rs. 15,809,869.00 (2021 - Rs. 13,052,838)

## Notes to the Financial Statements

**14. INVESTMENT IN SUBSIDIARY**

As At 31st March	Company	
	2022 Rs.	2021 Rs.
Logicare (Private) Limited (100% owned subsidiary)	433,000,000	433,000,000
Investment made through the right issue	200,000,000	-
	<b>633,000,000</b>	<b>433,000,000</b>

**14.1 Summarized financial information of the subsidiary**

Assets and Liabilities	2022	2021
Total Assets	1,236,068,567	968,548,148
Total Liabilities	811,255,342	781,500,722
Loss for the Year	(90,708,833)	(106,529,369)

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

As At 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Loans to Tea Suppliers	228,514,969	234,823,038	228,514,969	234,823,038
Advances given to Tea Suppliers	716,267,823	769,547,917	716,267,823	769,547,917
Less: Written off of Loans and Advances	(28,833,917)	(22,362,781)	(28,833,917)	(22,362,781)
	915,948,875	982,008,174	915,948,875	982,008,174
Less:				
Provision for impairment of Loans and Advances (Note 15.3)	(156,452,758)	(167,541,755)	(156,452,758)	(167,541,755)
	<b>759,496,117</b>	<b>814,466,419</b>	<b>759,496,117</b>	<b>814,466,419</b>
Receivable after One Year (Note 15.1)	34,592,759	49,925,879	34,592,759	49,925,879
Receivable within One Year ( Note 15.2 )	724,903,358	764,540,540	724,903,358	764,540,540
	<b>759,496,117</b>	<b>814,466,419</b>	<b>759,496,117</b>	<b>814,466,419</b>

**15.1 Receivable after One Year**

Loans & Advances to Tea Suppliers	185,069,874	184,060,257	185,069,874	184,060,257
Less: Provision of Impairment (Note 15.3)	(150,477,115)	(134,134,378)	(150,477,115)	(134,134,378)
	<b>34,592,759</b>	<b>49,925,879</b>	<b>34,592,759</b>	<b>49,925,879</b>

**15.2 Receivable within One Year**

Loans & Advances to Tea Suppliers	730,879,001	797,947,917	730,879,001	797,947,917
Less: Provision of Impairment (Note 15.3)	(5,975,643)	(33,407,377)	(5,975,643)	(33,407,377)
	<b>724,903,358</b>	<b>764,540,540</b>	<b>724,903,358</b>	<b>764,540,540</b>

### 15.3 Movement of Provision for impairment

As At 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at 01st April	167,541,755	169,012,901	167,541,755	169,012,901
Provision made during the year	17,744,920	20,891,635	17,744,920	20,891,635
	<b>185,286,675</b>	<b>189,904,536</b>	<b>185,286,675</b>	<b>189,904,536</b>
Amounts written off	(28,833,917)	(22,362,781)	(28,833,917)	(22,362,781)
<b>Balance as at 31st March</b>	<b>156,452,758</b>	<b>167,541,755</b>	<b>156,452,758</b>	<b>167,541,755</b>

Loans & Advances given to Tea Suppliers which have been written off during the year 2021/22, are still subject to enforceable activity.

### 16. TRADE AND OTHER RECEIVABLES

As At 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Gross Trade Receivables	797,022,224	608,318,856	734,532,537	573,625,827
Less: Impairment on Trade Receivables (Note 16.1)	(1,452,236)	-	-	-
Net Trade Receivables	795,569,988	608,318,856	734,532,537	573,625,827
Deposits and Prepayments	46,448,942	20,276,563	15,087,282	2,261,586
Staff Loan Receivables	11,831,884	8,220,761	11,675,357	7,358,032
Salary and Festival Advances	1,660,305	1,287,280	1,302,056	852,006
Other Receivables	3,539,348	4,431,797	868,132	2,445,729
VAT Receivable-Net	2,699,200	9,468,505	-	-
WHT Receivables	204,000	204,000	-	-
	<b>861,953,667</b>	<b>652,207,762</b>	<b>763,465,364</b>	<b>586,543,180</b>

#### 16.1 Impairment on Trade Receivables

Balance as at 01st April	-	-	-	-
Provision made during the year	1,452,236	-	-	-
<b>Balance as at 31st March</b>	<b>1,452,236</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements

**17. CASH AND CASH EQUIVALENTS**

As At 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>Favourable Balances</b>				
Fixed Deposit	17,723,408	16,879,436	17,723,408	16,879,436
Cash at Bank	49,978,169	51,909,161	45,960,693	47,084,956
Cash in Hand	152,500	102,500	97,500	47,500
	67,854,077	68,891,097	63,781,601	64,011,892
<b>Unfavourable Balances</b>				
Bank Overdrafts	(69,740,397)	(47,922,190)	(64,505,422)	(6,235,176)
Cash and Cash Equivalents for Cash Flows Purpose				
	(1,886,320)	20,968,907	(723,821)	57,776,716

Capital Alliance Holding Limited has provided Rs. 100 Mn of Corporate guarantees on behalf of the Company in order to obtain bank overdraft facilities.

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

As At 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at 1st April	(13,520,432)	(13,365,538)	(13,520,432)	(13,365,538)
<b>Recognised in profit or loss</b>				
Deferred tax charge (reversal) for the year	767,739	3,846,135	361,983	2,610,374
Impact on changes in tax rate	-	(2,429,943)	-	(2,253,405)
<b>Recognised in other comprehensive income</b>				
Deferred tax on Revaluation Gain/(Loss)	40,976,692	-	-	-
Deferred tax on Acturial Gain/(Loss)	(1,809,238)	(1,571,086)	(1,403,483)	(511,863)
<b>Balance at 31st March</b>	<b>26,414,761</b>	<b>(13,520,432)</b>	<b>(14,561,932)</b>	<b>(13,520,432)</b>

Deferred tax is provided using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred Tax has been computed taking into consideration the tax rate of 24%. The provision for deferred tax is attributable to the following;

**a) Group**

	2022		2021	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
On Property, Plant and Equipment	139,888,996	33,573,359	101,469,687	24,352,725
Balance Written-off/Impairment	(27,075,986)	(6,498,237)	(36,712,746)	(8,811,059)
On Right of Use Assets	204,104	48,985	(5,778,967)	(1,386,953)
On Intangible Assets	4,964,322	1,191,437		
On Retirement Benefit Obligations	(35,982,189)	(8,635,725)	(23,129,651)	(5,551,116)
On Carried forward Tax Losses	(135,135,468)	(32,432,512)	(85,637,262)	(20,552,943)
	(53,136,221)	(12,752,693)	(49,788,939)	(11,949,346)
On Actuarial Gain / (Loss) on Retirement Benefit Obligations	(7,538,492)	(1,809,238)	(6,546,193)	(1,571,086)
On Revaluation Gain	170,736,216	40,976,692	-	-
	<b>110,061,503</b>	<b>26,414,761</b>	<b>(56,335,132)</b>	<b>(13,520,432)</b>

**Logicare (Private) Limited**

Tax losses of the group as at the reporting date was Rs. 1,177,089,208 which gave rise to a deferred tax asset of Rs. 282,501,410 However deferred tax asset arising from tax losses as at the reporting date has been recognized only up to the extent of Rs. 32,432,512 due to the uncertainty regarding the availability of future taxable profits which the deferred tax asset would be utilized. Accordingly, the unrecognized deferred tax asset as at the reporting date was Rs. 250,068,898.

**b) Company**

	2022		2021	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
On Property, Plant and Equipment	4,308,557	1,034,054	6,918,567	1,660,456
Balance Written-off/Impairment	(25,623,750)	(6,149,700)	(36,712,746)	(8,811,059)
Right of Use Asset	(3,913,980)	(939,355)	(4,472,301)	(1,073,352)
On Retirement Benefit Obligations	(29,597,696)	(7,103,447)	(19,935,891)	(4,784,614)
	(54,826,869)	(13,158,448)	(54,202,371)	(13,008,569)
On Actuarial Gain /(Loss) on Retirement Benefit Obligations	(5,847,844)	(1,403,484)	(2,132,762)	(511,863)
	<b>(60,674,713)</b>	<b>(14,561,932)</b>	<b>(56,335,133)</b>	<b>(13,520,432)</b>

## Notes to the Financial Statements

**19. STATED CAPITAL**

As At 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Issued and Fully Paid				
182,400,000 Ordinary Shares	333,200,000	333,200,000	333,200,000	333,200,000
	<b>333,200,000</b>	<b>333,200,000</b>	<b>333,200,000</b>	<b>333,200,000</b>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at the meeting of share holders or one vote per share in case of a poll.

**20. INTEREST BEARING BORROWINGS**

As At 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Payable within One Year (Note 20.1)	556,658,318	813,525,103	496,775,949	649,848,272
Payable after One Year (Note 20.2)	977,514,966	643,248,895	345,890,742	130,388,895
	<b>1,534,173,284</b>	<b>1,456,773,998</b>	<b>842,666,691</b>	<b>780,237,167</b>

**20.1 Payable within One Year**

NDB Short Term Loan (Note 20.1.1)	70,000,000	-	70,000,000	-
Sampath Short Term Loan (Note 20.1.2)	100,000,000	-	100,000,000	-
Seylan Short Term Loan (Note 20.1.3)	-	130,000,000	-	130,000,000
DFCC Vardana Short Term Loan (Note 20.1.4)	-	250,000,000	-	250,000,000
HNB Short Term Loan (Note 20.1.5)	-	1,213,107	-	1,213,107
Capital Alliance Holdings Ltd (Note 20.1.6)	-	100,000,000	-	-
HNB Trustee Loan (Note 20.2.1)	280,555,556	225,000,000	280,555,556	225,000,000
DFCC Loan (Note 20.2.2)	19,399,994	16,333,332	9,799,994	16,333,332
HNB Term Loan (Note 20.2.3)	-	44,340,000	-	-
HNB Working Capital Loan (Note 20.2.4)	13,800,000	16,800,000	-	-
BOC Term Loan (Note 20.2.5)	72,730,896	-	36,367,248	-
<b>Total Capital Outstanding as at 31st March</b>	<b>556,486,446</b>	<b>783,686,439</b>	<b>496,722,798</b>	<b>622,546,439</b>
<b>Accrued Interest Based on EIR</b>	<b>171,872</b>	<b>29,838,664</b>	<b>53,151</b>	<b>27,301,833</b>
<b>Interest Bearing Borrowings at Amortized Cost</b>	<b>556,658,318</b>	<b>813,525,103</b>	<b>496,775,949</b>	<b>649,848,272</b>

**20.1.1 NDB Short Term Loan**

Balance as at 1st April	-	50,000,000	-	50,000,000
Loan Obtained During the Year	1,020,000,000	1,335,000,000	1,020,000,000	1,335,000,000
Repayments made during the Year	(950,000,000)	(1,385,000,000)	(950,000,000)	(1,385,000,000)
<b>Balance as at 31st March</b>	<b>70,000,000</b>	<b>-</b>	<b>70,000,000</b>	<b>-</b>

### 20.1.2 Sampath Bank Short Term Loan

As At 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at 1st April	-	-	-	-
Loan Obtained During the Year	100,000,000	-	100,000,000	-
Repayments made during the Year	-	-	-	-
<b>Balance as at 31st March</b>	<b>100,000,000</b>	<b>-</b>	<b>100,000,000</b>	<b>-</b>

### 20.1.3 Seylan Bank Short Term Loan

Balance as at 1st April	130,000,000	-	130,000,000	-
Loan Obtained During the Year	380,000,000	750,000,000	380,000,000	750,000,000
Repayments made during the Year	(510,000,000)	(620,000,000)	(510,000,000)	(620,000,000)
<b>Balance as at 31st March</b>	<b>-</b>	<b>130,000,000</b>	<b>-</b>	<b>130,000,000</b>

### 20.1.4 DFCC Vardana Short Term Loan

Balance as at 1st April	250,000,000	195,000,000	250,000,000	195,000,000
Loan Obtained During the Year	510,000,000	2,150,000,000	510,000,000	2,150,000,000
Repayments made during the Year	(760,000,000)	(2,095,000,000)	(760,000,000)	(2,095,000,000)
<b>Balance as at 31st March</b>	<b>-</b>	<b>250,000,000</b>	<b>-</b>	<b>250,000,000</b>

### 20.1.5 HNB Short Term Loan

Balance as at 1st April	1,213,107	-	1,213,107	-
Loan Obtained During the Year	1,784,058	3,716,762	1,784,058	3,716,762
Repayments made during the Year	(2,997,165)	(2,503,655)	(2,997,165)	(2,503,655)
<b>Balance as at 31st March</b>	<b>-</b>	<b>1,213,107</b>	<b>-</b>	<b>1,213,107</b>

### 20.1.6 Capital Alliance Holdings Ltd

Balance as at 1st April	100,000,000	-	-	-
Loan Obtained During the Year	15,000,000	100,000,000	-	-
Repayments made during the Year	(115,000,000)	-	-	-
<b>Balance as at 31st March</b>	<b>-</b>	<b>100,000,000</b>	<b>-</b>	<b>-</b>

### 20.2 Payable After One Year

HNB Trustee Loan (Note 20.2.1)	303,472,218	122,222,227	303,472,218	122,222,227
DFCC Loan (Note 20.2.2)	589,200,000	8,166,668	-	8,166,668
HNB Term Loan (Note 20.2.3)	-	504,660,000	-	-
HNB Working Capital Loan (Note 20.2.4)	-	8,200,000	-	-
BOC Term Loan (Note 20.2.5)	84,842,748	-	42,418,524	-
	<b>977,514,966</b>	<b>643,248,895</b>	<b>345,890,742</b>	<b>130,388,895</b>

## Notes to the Financial Statements

**20 INTEREST BEARING BORROWINGS (CONTD.)****20.2.1 HNB Trustee Loan**

As At 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at 1st April	347,222,227	580,555,556	347,222,227	580,555,556
Loan Obtained During the Year	475,000,000	-	475,000,000	-
Repayments made during the Year	(238,194,453)	(233,333,329)	(238,194,453)	(233,333,329)
<b>Balance as at 31st March</b>	<b>584,027,774</b>	<b>347,222,227</b>	<b>584,027,774</b>	<b>347,222,227</b>
Amount Payable within One Year	280,555,556	225,000,000	280,555,556	225,000,000
Amount Payable after One Year	303,472,218	122,222,227	303,472,218	122,222,227
	<b>584,027,774</b>	<b>347,222,227</b>	<b>584,027,774</b>	<b>347,222,227</b>

**20.2.2 DFCC Term Loan**

Balance as at 1st April	24,500,000	-	24,500,000	-
Loan Obtained During the Year	600,000,000	24,500,000	-	24,500,000
Repayments made during the Year	(15,900,006)	-	(14,700,006)	-
<b>Balance as at 31st March</b>	<b>608,599,994</b>	<b>24,500,000</b>	<b>9,799,994</b>	<b>24,500,000</b>
Amount Payable within One Year	19,399,994	16,333,332	9,799,994	16,333,332
Amount Payable after One Year	589,200,000	8,166,668	-	8,166,668
	<b>608,599,994</b>	<b>24,500,000</b>	<b>9,799,994</b>	<b>24,500,000</b>

**20.2.3 HNB Term Loan**

Balance as at 1st April	549,000,000	549,000,000	-	-
Loan Obtained During the Year	-	-	-	-
Repayments made during the Year	(549,000,000)	-	-	-
<b>Balance as at 31st March</b>	<b>-</b>	<b>549,000,000</b>	<b>-</b>	<b>-</b>
Amount Payable within One Year	-	44,340,000	-	-
Amount Payable After One Year	-	504,660,000	-	-
	<b>-</b>	<b>549,000,000</b>	<b>-</b>	<b>-</b>

#### 20.2.4 HNB Working Capital Loan (Saubhagya Loan)

As At 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at 1st April	25,000,000	-	-	-
Loan Obtained During the Year	-	25,000,000	-	-
Repayments made during the Year	(11,200,000)	-	-	-
<b>Balance as at 31st March</b>	<b>13,800,000</b>	<b>25,000,000</b>	<b>-</b>	<b>-</b>
Amount Payable within One Year	13,800,000	16,800,000	-	-
Amount Payable After One Year	-	8,200,000	-	-
	<b>13,800,000</b>	<b>25,000,000</b>	<b>-</b>	<b>-</b>

#### 20.2.5 BOC Term Loan

As At 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at 1st April	-	-	-	-
Loan Obtained During the Year	200,000,000	-	100,000,000	-
Repayments made during the Year	(42,426,356)	-	(21,214,228)	-
<b>Balance as at 31st March</b>	<b>157,573,644</b>		<b>78,785,772</b>	
Amount Payable within One Year	72,730,896		36,367,248	
Amount Payable After One Year	84,842,748		42,418,524	
	<b>157,573,644</b>		<b>78,785,772</b>	

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

Name of the financial institution	Nature of the facility	Balance as at 31st March 2022 Rs.	Securities Pledged
<b>Group</b>			
DFCC Bank PLC	Term Loan	598,800,000	1. Corporate Guarantee of Ceylon Tea Brokers PLC for Rs.600 Mn 2. Mortgage bond for Rs.600 Mn over commercial property (lease hold at Ela road Muthurajawela and everything standing thereon with all fixtures, fittings, services and such other rights attached or appertaining thereto.)
Cargills Bank Limited	Permanent Overdraft	30,000,000	1. Corporate Guarantee of Ceylon Tea Brokers PLC for Rs.30 Mn

## Notes to the Financial Statements

**21. LEASE PAYABLE**

As At 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Lease Payable on ROU Assets (Note 21.1)	52,860,009	44,156,595	27,430,146	40,623,635
Lease Payable to HNB (Note 21.2)	4,869,883	7,778,545	126,880	1,532,622
	<b>57,729,892</b>	<b>51,935,140</b>	<b>27,557,026</b>	<b>42,156,257</b>
Amount Payable within One Year	42,242,071	23,212,957	21,752,648	18,177,077
Amount Payable after One Year	15,487,821	28,722,183	5,804,378	23,979,180
<b>Lease Payable</b>	<b>57,729,892</b>	<b>51,935,140</b>	<b>27,557,026</b>	<b>42,156,257</b>

**21.1 Lease Payable to ROU Assets**

Balance B/F	44,156,595	79,884,296	40,623,635	55,581,223
Additions & Remeasurement	42,581,478	-	5,491,351	-
Accretion of Interest	5,741,071	6,891,480	3,990,135	5,424,412
Payments to lease creditor	(36,086,175)	(42,619,181)	(22,674,975)	(20,382,000)
Derecognition of lease liability	(3,532,960)	-	-	-
<b>Balance as at 31st March</b>	<b>52,860,009</b>	<b>44,156,595</b>	<b>27,430,146</b>	<b>40,623,635</b>
Amount Payable within One Year	40,421,664	20,304,295	21,625,768	16,771,335
Amount Payable after One Year	12,438,345	23,852,300	5,804,378	23,852,300
<b>Balance as at 31st March</b>	<b>52,860,009</b>	<b>44,156,595</b>	<b>27,430,146</b>	<b>40,623,635</b>

**21.2 Lease Payable to HNB**

Balance as at 1st April	7,778,545	10,323,368	1,532,622	2,743,679
Lease Obtained During the year	-	-	-	-
Payment during the Year	(3,706,056)	(3,706,056)	(1,522,560)	(1,522,560)
Interest for the year	797,394	1,161,233	116,818	311,503
<b>Balance as at 31st March</b>	<b>4,869,883</b>	<b>7,778,545</b>	<b>126,880</b>	<b>1,532,622</b>
Amount Payable within One Year	1,820,408	2,908,662	126,880	1,405,742
Amount Payable after One Year	3,049,475	4,869,883	-	126,880
<b>Balance as at 31st March</b>	<b>4,869,883</b>	<b>7,778,545</b>	<b>126,880</b>	<b>1,532,622</b>

**21.3 Maturity Analysis-Contractual undiscounted cash flows**

	Group 2022 Rs.	Company 2022 Rs.
Less than one year	45,866,476	23,566,180
One to five year	16,022,627	5,859,825
More than five year	-	-
Total undiscounted lease liabilities as at 31st March	61,889,103	29,426,005
Lease liabilities included in the statement of financial position as at 31st March	57,729,892	27,557,026

**22. RETIREMENT BENEFIT OBLIGATIONS**

As At 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at 1st April	29,675,844	18,701,349	22,068,653	16,290,437
Provision made during the Year (Note 22.2)	14,296,462	11,926,770	11,093,447	6,406,991
Transfer in - Logicare (Pvt) Ltd 1/4/2021	-	-	2,735,065	-
Payments made during the Year	(451,625)	(952,275)	(451,625)	(628,775)
<b>Balance as at 31st March</b>	<b>43,520,681</b>	<b>29,675,844</b>	<b>35,445,540</b>	<b>22,068,653</b>

**22.1 Movement of Retirement Benefit Obligations**

Balance as at 1st April	29,675,844	18,701,349	22,068,653	16,290,437
Current Service Cost	4,949,929	3,416,935	3,845,717	2,563,733
Interest Cost	2,567,337	1,963,642	2,138,590	1,710,496
Past service cost	(759,296)	-	(738,704)	-
Actuarial (Gain)/ Loss	7,538,492	6,546,193	5,847,844	2,132,762
Transfer in- Logicare (Pvt) Ltd 1/4/2021	-	-	2,735,065	-
Paid during the Year	(451,625)	(952,275)	(451,625)	(628,775)
<b>Balance as at 31st March</b>	<b>43,520,681</b>	<b>29,675,844</b>	<b>35,445,540</b>	<b>22,068,653</b>

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

Current Service Cost (Profit or Loss)	4,949,929	3,416,935	3,845,717	2,563,733
Interest Cost (Profit or Loss)	2,567,337	1,963,642	2,138,590	1,710,496
Past service cost (Profit & Loss)	(759,296)	-	(738,704)	-
Actuarial (Gain)/ Loss (Other Comprehensive Income)	7,538,492	6,546,193	5,847,844	2,132,762
	<b>14,296,462</b>	<b>11,926,770</b>	<b>11,093,447</b>	<b>6,406,991</b>

**22.3** The actuarial valuations have been carried out by Actuarial and Management Consultants (Private) Limited for retiring gratuity for employees as at 31st March 2022. The valuation method used by the actuaries to value the benefits is the "Project Unit Credit (PUC)" method recommended by Sri Lanka Accounting Standard No. 19 (LKAS 19) - "Employee Benefits".

# Notes to the Financial Statements

## 22. RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

### 22.4 The Key Assumptions used by the actuary include the following;

During 2022/21, the pension arrangements was adjusted to reflect new legal requirements as per Minimum Retirement age of workers Act No. 28 of 2021 regarding the retirement age. As a result of the plan amendment, the Group/ Company defined benefit obligation decrease by Rs. 759,296 & Rs. 738,704 respectively and responding past service credit was recognised in profit or loss during 2022/21.

	Group		Company	
	2022	2021	2022	2021
- Discount Rate	13.5% -14.5%	8.6% -8.8%	14.5%	8.6%
- Expected Annual Average Salary Increment	12%	6%	12%	6%
- Retiring Age	60 Years	55 Years	60 Years	55 Years
- Staff Turnover Ratio	10%-16%	8%-11%	10%	8%

At 31 March 2022, the weighted-average duration of the defined benefit obligation was 7.93 years (2021 – 9.06 years).

### 22.5 Sensitivity Analysis

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

Discount Rate	Salary Escalation Rate	PV of Defined Benefit Obligation	
		Group Rs.	Company Rs.
1% Increase	As Given in the Report	41,213,919	33,516,278
1% Decrease	As Given in the Report	46,104,408	37,612,173
As Given in the Report	1% Increase	46,326,839	37,796,357
As Given in the Report	1% Decrease	40,977,913	33,321,504

## 23. TRADE AND OTHER PAYABLES

As At 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Trade Payables	587,638,726	440,089,970	563,843,039	400,842,258
Accrued Expenses	24,540,338	11,086,728	15,053,625	6,536,110
SVAT Payable	2,489,110	2,092,468	482,441	-
Provisions for Expenses	29,770,381	38,256,530	29,770,382	38,256,531
Other Payables	9,017,186	15,442,600	9,017,185	15,442,600
	<b>653,455,741</b>	<b>506,968,296</b>	<b>618,166,672</b>	<b>461,077,499</b>

## 24. FINANCIAL INSTRUMENTS

### 24.1 Financial Instruments - Statement of Financial Position

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

As At 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>Financial Assets</b>				
<b>Non Current Assets</b>				
Loans & Advances given to Tea Suppliers	34,592,759	49,925,879	34,592,759	49,925,879
Refundable Deposit	4,472,279	4,029,080	4,472,279	4,029,080
	39,065,038	53,954,959	39,065,038	53,954,959
<b>Current Assets</b>				
Trade and Other Receivables	812,601,525	622,258,694	748,378,082	584,281,594
Loans & Advances given to Tea suppliers	724,903,358	764,540,540	724,903,358	764,540,540
	1,537,504,883	1,386,799,234	1,473,281,440	1,348,822,134
Cash and Cash Equivalents	67,854,077	68,891,097	63,781,601	64,011,892
	<b>1,644,423,998</b>	<b>1,509,645,290</b>	<b>1,576,128,079</b>	<b>1,466,788,985</b>
<b>Financial Liabilities</b>				
<b>Non Current Liabilities</b>				
Interest Bearing Borrowings	977,514,966	643,248,895	345,890,742	130,388,895
Lease Payable	15,487,821	28,722,183	5,804,378	23,979,180
	993,002,787	671,971,078	351,695,120	154,368,075
<b>Current Liabilities</b>				
Interest Bearing Borrowings	556,658,318	813,525,103	496,775,949	649,848,272
Lease Payable	42,242,071	23,212,957	21,752,648	18,177,077
Amount due to related party	-	-	-	51,272
Trade and Other Payable	650,966,631	504,875,828	617,684,231	461,077,499
	1,249,867,020	1,341,613,888	1,136,212,828	1,129,154,120
Bank Overdrafts	69,740,397	47,922,190	64,505,422	6,235,176
	<b>2,312,610,204</b>	<b>2,061,507,156</b>	<b>1,552,413,370</b>	<b>1,289,757,371</b>

# Notes to the Financial Statements

## 24. FINANCIAL INSTRUMENTS (CONTD.)

### 24.2 Financial Risk Management

#### Overview

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

- \* Credit risk
- \* Liquidity risk
- \* Market risks

This note presents qualitative and quantitative information about the Group's exposure to each of the above risks. The Group's objectives, policies and measuring and managing risk.

#### 24.2.1 Risk Management Framework

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

##### 24.2.1.1 Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligation, and arises principally from the Group's receivables from customers, investments and forward contracts.

Group's credit exposure is closely monitored. Credit given is reviewed with the pre-determined approval procedures and contractual agreements made for every high value transaction.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31st March 2022:

	Group		Company	
	Carrying Amounts		Carrying Amounts	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Trade and Other Receivables	812,601,525	622,258,694	748,378,082	584,281,594
Advances to Tea Suppliers	716,267,823	769,547,917	716,267,823	769,547,917
Loans to Tea Suppliers	228,514,969	234,823,038	228,514,969	234,823,038
Less : Provision for impairment losses on Loans & Advances to Tea Suppliers	(185,286,675)	(189,904,536)	(185,286,675)	(189,904,536)
<b>Exposure on Loans to Tea Suppliers and Trade and Other Receivables</b>	<b>1,572,097,642</b>	<b>1,436,725,113</b>	<b>1,507,874,199</b>	<b>1,398,748,013</b>
Cash at Bank	49,978,169	51,909,161	45,960,693	47,084,956
Fixed Deposit	17,723,408	16,879,436	17,723,408	16,879,436
	<b>1,639,799,219</b>	<b>1,505,513,710</b>	<b>1,571,558,300</b>	<b>1,462,712,405</b>

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

	2022		2021	
	Gross Rs.	Impairment Rs.	Gross Rs.	Impairment Rs.
<b>Group</b>				
Past due 0-365 days	1,544,932,761	7,427,879	1,420,206,611	33,407,377
More than one year	185,069,874	150,477,115	184,060,257	134,134,378
	<b>1,730,002,635</b>	<b>157,904,994</b>	<b>1,604,266,868</b>	<b>167,541,755</b>
<b>Company</b>				
Past due 0-365 days	1,479,257,083	5,975,643	1,382,229,511	33,407,377
More than one year	185,069,874	150,477,115	184,060,257	134,134,378
	<b>1,664,326,957</b>	<b>156,452,758</b>	<b>1,566,289,768</b>	<b>167,541,755</b>

#### Expected credit assessment for individual customers

The Group has estimated provision for impairment based on the expected credit losses to be incurred, which is estimated by taking in to account the aging of overdue balances, the repayment history of the individual customers, current and future customer- specific conditions, all of which involves a significant degree of management judgment.

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>Balance at 1st April</b>	167,541,755	169,012,901	167,541,755	169,012,901
Provision made during the year	19,197,156	20,891,635	17,744,920	20,891,635
Write-off during the year	(28,833,917)	(22,362,781)	(28,833,917)	(22,362,781)
<b>Balance as at 31st March</b>	<b>157,904,994</b>	<b>167,541,755</b>	<b>156,452,758</b>	<b>167,541,755</b>

#### Cash and Cash Equivalent

The group held cash and cash equivalents of Rs. 67,854,077 as at 31 March 2022 (Rs. 68,891,097 - 2020/21). The cash and cash equivalents are held with bank and financial institution counter-parties, which are rated above "A" based on 'Fitch Ratings' ratings.

## Notes to the Financial Statements

**24. FINANCIAL INSTRUMENTS (CONTD.)****24.2.1.2 Liquidity Risk**

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

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

**Group**

Non Derivative Financial Liabilities	Carrying amount Rs.	Contractual cash flows Rs.	One Year or less Rs.	More than One Year Rs.
<b>As at 31st March 2022</b>				
Trade and Other Payables	650,966,631	650,966,631	650,966,631	-
Interest Bearing Borrowings	1,534,173,284	1,895,101,994	656,410,354	1,238,691,640
Bank Overdrafts	69,740,397	69,740,397	69,740,397	-
Lease Payable	57,729,892	61,762,223	45,739,596	16,022,627
	<b>2,312,610,204</b>	<b>2,677,571,245</b>	<b>1,422,856,978</b>	<b>1,254,714,267</b>

**As at 31st March 2021**

Trade and Other Payables	504,875,828	504,875,828	504,875,828	-
Interest Bearing Borrowings	1,456,773,998	1,587,290,697	837,042,567	750,248,130
Bank Overdrafts	47,922,190	47,922,190	47,922,190	-
Lease Payable	51,935,140	58,882,942	27,637,864	31,245,078
	<b>2,061,507,156</b>	<b>2,198,971,657</b>	<b>1,417,478,449</b>	<b>781,493,208</b>

**Company**

Non Derivative Financial Liabilities	Carrying amount Rs.	Contractual cash flows Rs.	One Year or less Rs.	More than One Year Rs.
<b>As at 31st March 2022</b>				
Trade and Other Payables	617,684,231	617,684,231	617,684,231	-
Interest Bearing Borrowings	842,666,691	919,945,821	545,284,246	374,661,575
Bank Overdrafts	64,505,422	64,505,422	64,505,422	-
Lease Payable	27,557,026	29,299,125	23,439,300	5,859,825
	<b>1,552,413,370</b>	<b>1,631,434,599</b>	<b>1,250,913,199</b>	<b>380,521,400</b>

**As at 31st March 2021**

Trade and Other Payables	461,077,499	461,077,499	461,077,499	-
Interest Bearing Borrowings	780,237,167	787,976,143	653,302,527	134,673,616
Bank Overdrafts	6,235,176	6,235,176	6,235,176	-
Lease Payable	42,156,257	47,508,940	21,904,560	25,604,380
	<b>1,289,706,099</b>	<b>1,302,797,758</b>	<b>1,142,519,762</b>	<b>160,277,996</b>

### 24.2.1.3 Market Risk

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

#### 24.2.1.3.1 Currency Risk

At the reporting date the Company has not exposed to currency risk.

#### 24.2.1.3.2 Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuates because of changes in market interest rates. The exposure to the risk of changes in market interest rate relates primarily to the Company's long term debt obligations and investments with floating interest rates.

For The Year Ended 31st March 2022	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>Financial Liabilities</b>				
Bank Overdraft	69,740,397	47,922,190	64,505,422	6,235,176
Interest Bearing Borrowings	1,534,173,284	1,456,773,998	842,666,691	780,237,167
	<b>1,603,913,681</b>	<b>1,504,696,188</b>	<b>907,172,113</b>	<b>786,472,343</b>

Following details demonstrate the sensitivity to a reasonably possible change in interest rates on that portion of the long term and short-term borrowings at floating rate. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows:

Due to the significant volatility in interest rates especially during the latter part of the financial year and thereafter, a significant fluctuation in the basis points is expected for the next financial year compared to the fluctuation of 100 basis points considered in the last financial year.

For The Year Ended 31st March 2022	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>Sensitivity Analysis</b>				
Total Borrowing under variable rates	122,222,222	1,044,144,417	122,222,222	353,457,403
Change if 100 basis point increases	(1,222,222)	(10,441,444)	(1,222,222)	(3,534,574)
Change if 100 basis point decreases	1,222,222	10,441,444	1,222,222	3,534,574

The sensitivity analysis as at the reporting date may not be representative for the changes during the year. The level of utilization of available financial facilities will affect to the above sensitivity analysis.

# Notes to the Financial Statements

## 24. FINANCIAL INSTRUMENTS (CONTD.)

### 24.2.1.4 Capital Management

The Board's policy is to maintain a strong capital base so as to maintain shareholder, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders.

The Group's debt to adjusted capital ratio at the end of the reporting period was as follows:

For The Year Ended 31st March 2022	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Total Liabilities	2,398,505,024	2,116,182,073	1,601,811,619	1,334,732,629
Less: Cash and Cash Equivalents	(67,854,077)	(68,891,097)	(63,781,601)	(64,011,892)
<b>Net Debt</b>	<b>2,330,650,947</b>	<b>2,047,290,976</b>	<b>1,538,030,018</b>	<b>1,270,720,737</b>
Total Equity	510,350,603	431,024,452	675,004,020	633,443,668
<b>Net Debt to Equity Ratio</b>	<b>4.57</b>	<b>4.75</b>	<b>2.28</b>	<b>2.01</b>

## 25. FAIR VALUES OF FINANCIAL INSTRUMENTS

### Fair values versus the Carrying amounts

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

#### Group

	2022		2021	
	Carrying Value Rs.	Fair Value Rs.	Carrying Value Rs.	Fair Value Rs.
<b>Assets carried at amortised cost</b>				
Loans & Advances to Tea Suppliers	759,496,117	759,496,117	814,466,419	814,466,419
Trade and other receivables	812,601,525	812,601,525	622,258,694	622,258,694
Cash and cash equivalents	67,854,077	67,854,077	68,891,097	68,891,097
	<b>1,639,951,719</b>	<b>1,639,951,719</b>	<b>1,505,616,210</b>	<b>1,505,616,210</b>
<b>Liabilities carried at amortized cost</b>				
Interest Bearing Borrowing	1,534,173,284	1,534,173,284	1,456,773,998	1,456,773,998
Lease Payables	57,729,892	57,729,892	51,935,140	51,935,140
Trade and other payables	650,966,631	650,966,631	504,875,828	504,875,828
Bank overdrafts	69,740,397	69,740,397	47,922,190	47,922,190
	<b>2,312,610,204</b>	<b>2,312,610,204</b>	<b>2,061,507,156</b>	<b>2,061,507,156</b>

**Company**

	2022		2021	
	Carrying Value Rs.	Fair Value Rs.	Carrying Value Rs.	Fair Value Rs.
<b>Assets carried at amortised cost</b>				
Loans & Advances to Tea Suppliers	759,496,117	759,496,117	814,466,419	814,466,419
Trade and other receivables	748,378,082	748,378,082	584,281,594	584,281,594
Cash and cash equivalents	63,781,601	63,781,601	64,011,892	64,011,892
	<b>1,571,655,800</b>	<b>1,571,655,800</b>	<b>1,462,759,905</b>	<b>1,462,759,905</b>
<b>Liabilities carried at amortised cost</b>				
Interest Bearing Borrowing	842,666,691	842,666,691	780,237,167	780,237,167
Lease Payables	27,557,026	27,557,026	42,156,257	42,156,257
Amount Due To Related Party	-	-	51,272	51,272
Trade and other payables	617,684,231	617,684,231	461,077,499	461,077,499
Bank overdrafts	64,505,422	64,505,422	6,235,176	6,235,176
	<b>1,552,413,370</b>	<b>1,552,413,370</b>	<b>1,289,757,371</b>	<b>1,289,757,371</b>

**Financial instruments not carried at fair value and valuation bases.**

The table below analyse financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

**Group**

	Level I Rs.	Level II Rs.	Level III Rs.	Total Rs.
<b>As at 31st March 2022</b>				
<b>Assets carried at amortised cost</b>				
Loans & Advances to Tea Suppliers	-	-	759,496,117	759,496,117
Trade and other receivables	-	-	812,601,525	812,601,525
	-	-	<b>1,572,097,642</b>	<b>1,572,097,642</b>
<b>Liabilities carried at amortised cost</b>				
Interest Bearing Borrowing	-	-	1,534,173,284	1,534,173,284
Lease Payables	-	-	57,729,892	57,729,892
Trade and other payables	-	-	650,966,631	650,966,631
	-	-	<b>2,242,869,807</b>	<b>2,242,869,807</b>
<b>As at 31st March 2021</b>				
<b>Assets carried at amortised cost</b>				
Loans & Advances to Tea Suppliers	-	-	814,466,419	814,466,419
Trade and other receivables	-	-	622,258,694	622,258,694
	-	-	<b>1,436,725,113</b>	<b>1,436,725,113</b>
<b>Liabilities carried at amortised cost</b>				
Interest Bearing Borrowing	-	-	1,456,773,998	1,456,773,998
Lease Payables	-	-	51,935,140	51,935,140
Trade and other payables	-	-	504,875,828	504,875,828
	-	-	<b>2,013,584,966</b>	<b>2,013,584,966</b>

## Notes to the Financial Statements

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

	Level I Rs.	Level II Rs.	Level III Rs.	Total Rs.
<b>As at 31st March 2022</b>				
<b>Assets carried at amortised cost</b>				
Loans & Advances to Tea Suppliers	-	-	759,496,117	759,496,117
Trade and other receivables	-	-	748,378,082	748,378,082
	-	-	<b>1,507,874,199</b>	<b>1,507,874,199</b>
<b>Liabilities carried at amortised cost</b>				
Interest Bearing Borrowing	-	-	842,666,691	842,666,691
Lease Payables	-	-	27,557,026	27,557,026
Trade and other payables	-	-	617,684,231	617,684,231
	-	-	<b>1,487,907,948</b>	<b>1,487,907,948</b>
<b>As at 31st March 2021</b>				
<b>Assets carried at amortised cost</b>				
Loans & Advances to Tea Suppliers	-	-	814,466,419	814,466,419
Trade and other receivables	-	-	584,281,594	584,281,594
	-	-	<b>1,398,748,013</b>	<b>1,398,748,013</b>
<b>Liabilities carried at amortised cost</b>				
Interest Bearing Borrowing	-	-	780,237,167	780,237,167
Lease Payables	-	-	42,156,257	42,156,257
Trade and other payables	-	-	461,077,499	461,077,499
	-	-	<b>1,283,470,923</b>	<b>1,283,470,923</b>

**Cash and cash equivalents / Bank overdrafts**

The carrying amount of the cash and cash equivalents and balances and bank overdrafts approximate the fair value as they are short term in nature.

**Trade and other receivables / Amount due from related companies.**

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

**Trade and other payable**

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

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

**Group**

As at 31st March 2022	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income
	Rs.	Rs.	Rs.
<b>Financial assets</b>			
Loans & Advances to Tea Suppliers	759,496,117	-	-
Trade and other receivables	812,601,525	-	-
Cash and cash equivalents	67,854,077	-	-
	<b>1,639,951,719</b>	-	-
<b>Financial liabilities</b>			
Interest Bearing Borrowing	1,534,173,284	-	-
Lease Payables	57,729,893	-	-
Trade and other payables	650,966,631	-	-
Bank overdrafts	69,740,397	-	-
	<b>2,312,610,205</b>	-	-

**Company**

As at 31st March 2022	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income
	Rs.	Rs.	Rs.
<b>Financial assets</b>			
Loans & Advances to Tea Suppliers	759,496,117	-	-
Trade and other receivables	748,378,082	-	-
Cash and cash equivalents	63,781,601	-	-
	<b>1,571,655,800</b>	-	-
<b>Financial liabilities</b>			
Interest Bearing Borrowing	842,666,691	-	-
Lease Payables	27,557,026	-	-
Trade and other payables	617,684,231	-	-
Bank overdrafts	64,505,422	-	-
	<b>1,552,413,370</b>	-	-

## Notes to the Financial Statements

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

**Group**

As at 31st March 2021	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income
	Rs.	Rs.	Rs.
<b>Financial assets</b>			
Loans & Advances to Tea Suppliers	814,466,419	-	-
Trade and other receivables	622,258,694	-	-
Cash and cash equivalents	68,891,097	-	-
	<b>1,505,616,210</b>	-	-
<b>Financial liabilities</b>			
Interest Bearing Borrowing	1,456,773,998	-	-
Lease Payables	51,935,140	-	-
Trade and other payables	504,875,828	-	-
Bank overdrafts	47,922,190	-	-
	<b>2,061,507,156</b>	-	-

**Company**

As at 31st March 2021	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income
	Rs.	Rs.	Rs.
<b>Financial assets</b>			
Loans to Tea Suppliers	814,466,419	-	-
Trade and other receivables	584,281,594	-	-
Cash and cash equivalents	64,011,892	-	-
	<b>1,462,759,905</b>	-	-
<b>Financial liabilities</b>			
Interest Bearing Borrowing	780,237,167	-	-
Lease Payables	42,156,257	-	-
Amount Due to Related Party	51,272	-	-
Trade and other payables	461,077,499	-	-
Bank overdrafts	6,235,176	-	-
	<b>1,289,757,371</b>	-	-

# Notes to the Financial Statements

## 26. RELATED PARTY TRANSACTIONS

### 26.1 Related Party Transactions - Recurrent

Name of the Related Party	Names of Directors	Nature of Interest	Nature of Transaction	
Agarapathana Plantations Limited	Mr. Chisantha Perera	Director	Brokerage Income	
			Handling Charges	
			Interest Income	
Kotagala Plantations PLC	Mr. Chisantha Perera	Director	Brokerage Income	
			Handling Charges	
			Interest Income	
Insite Factories (Private) Limited	Mr. Chisantha Perera	Chairman	Brokerage Income	
			Handling Charges	
Capital Alliance Holding Limited	Mr. W.A.T. Fernando	Director	Service fees paid	
Capital Alliance Partners	Mr. W.A.T. Fernando	Director	Reimbursement paid	
Logicare (Pvt) Ltd	Mr. W.A.T. Fernando	Subsidiary Company	Expenses Reimbursement	
	Mr. Chisantha Perera		Fund Transfers	
	Mr. K.H.S. Deshapriya		Settlement received	
	Ms. H.M.S. Perera			
Tempest PE Partners (Pvt) Ltd	Mr. W.A.T. Fernando	Director	Rent Income	

#### Terms and Conditions of the Related Party Transactions

Transactions with related parties are carried out in the ordinary course of the business at commercial rates.

	Group				Company			
	Aggregate value of Related Party Transactions entered into during the financial year 2022 Rs.	Aggregate value of Related Party Transactions as a % of Net Revenue	Aggregate value of Related Party Transactions entered into during the financial year 2021 Rs.	Aggregate value of Related Party Transactions as a % of Net Revenue	Aggregate value of Related Party Transactions entered into during the financial year 2022 Rs.	Aggregate value of Related Party Transactions as a % of Net Revenue	Aggregate value of Related Party Transactions entered into during the financial year 2021 Rs.	Aggregate value of Related Party Transactions as a % of Net Revenue
	3,732,798	0.43%	3,318,697	0.48%	3,732,798	0.64%	3,318,697	0.64%
	747,485	0.09%	650,173	0.09%	747,485	0.13%	-	-
	8,301,762	0.96%	6,649,380	0.96%	8,301,762	1.43%	6,649,380	1.28%
	5,278,165	0.61%	5,428,002	0.78%	5,278,165	0.91%	5,428,002	1.05%
	1,365,069	0.16%	1,291,860	0.19%	1,365,069	0.24%	-	-
	11,834,692	1.36%	11,182,191	1.61%	11,834,692	2.04%	11,182,191	2.16%
	1,899,577	0.22%	1,720,496	0.25%	1,899,577	0.33%	1,720,496	0.33%
	139,728	0.02%	137,386	0.02%	139,728	0.02%	-	-
	(1,071,429)	(0.12)%	(1,836,735)	(0.26)%	(1,071,429)	(0.18)%	(1,836,735)	(0.35)%
	(39,600)	(0.0046)%	(29,700)	(0.004)%	(39,600)	(0.00)	(29,700)	(0.005)%
	5,731,095	0.66%	(143,714,234)	(20.72)%	5,731,095	0.99%	(143,714,234)	(27.71)%
	264,274,665	30.47%	143,765,506	20.73%	264,274,665	45.51%	143,765,506	27.72%
	(70,005,760)	(8.07)%	-	-	(70,005,760)	(12.06)%	-	-
	-	-	-	-	-	-	-	-
	-	-	596,400	0.09%	-	-	596,400	0.11%

# Notes to the Financial Statements

## 26. RELATED PARTY TRANSACTIONS (CONTD.)

### 26.2 Related Party Transactions - Non Recurrent - Group

Name of the Related Party	Names of Directors	Nature of Interest	Nature of Transaction	
Capital Alliance Investment Grade Fund	Mr. W.A.T. Fernando	Directors of Fund Management Company	Commercial Papers Issued	
	Ms. H.M.S. Perera		Capital Repaid	
			Interest Expense	
			Investment In Unit Trusts	
			Redeem of Investment n Unit Trusts	
Logicare (Pvt) Ltd	Mr. W.A.T. Fernando	Subsidiary Company	Corporate Gurantee	
	Mr. Chrisantha Perera		Right Issue	
	Mr. K.H.S. Deshapriya			
	Mr. W. De. Silva			
	Ms. H.M.S. Perera			
Capital Alliance Holding Limited	Mr. W.A.T. Fernando	Director	Loan Obtained	
	Ms. N.T.M.S. Cooray	Director		

#### Terms and Conditions of the Related Party Transactions

Transactions with related parties are carried out in the ordinary course of the business at commercial rates.

#### The rationale for entering into the transaction

Non-recurrent transactions are entered with Related Parties to meet short term working capital requirements

	Aggregate value of Related Party Transactions entered into during the financial year 2022 Rs.	Value of Related Party Transactions as a % of Equity	Value of Related Party Transactions as a % of Total Assets	Aggregate value of Related Party Transactions entered into during the financial year 2021 Rs.	Value of Related Party Transactions as a % of Equity	Value of Related Party Transactions as a % of Total Assets
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	(450,000,000)	(104.40)%	(17.67)%
	-	-	-	450,000,000	104.40%	17.67%
	-	-	-	15,021,936	3.49%	0.59%
	700,000,000	137%	24%	30,000,000	7%	1%
	200,000,000	39%	7%	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	100,000,000	23.20%	3.93%
	-	-	-	-	-	-

## Notes to the Financial Statements

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

Name of the Related Party	Names of Directors	Nature of Interest	Nature of Transaction	
Capital Alliance Investment Grade Fund	Mr. W.A.T. Fernando	Directors of Fund Management Company	Commercial Papers Issued	
	Ms. H.M.S. Perera		Capital Repaid	
			Interest Expense	
			Investment In Unit Trusts	
			Redeem of Investment n Unit Trusts	
Logicare (Pvt) Ltd	Mr. W.A.T. Fernando	Subsidiary Company	Corporate Guarantee	
	Mr. Chrisantha Perera		Right Issue	
	Mr. K.H.S. Deshapriya			
	Mr. W.De. Silva			
	Ms. H.M.S. Perera			

**Terms and Conditions of the Related Party Transactions**

Transactions with related parties are carried out in the ordinary course of the business at commercial rates

**The rationale for entering into the transaction**

Non-recurrent transactions are entered with Related Parties to meet short term working capital requirements

**26.4 Transactions with Key Management Personnel (KMP)**

According to Sri Lanka Accounting Standard 24 (LKAS 24) "Related Party Disclosure", Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Company has identified Directors as KMP and following have been paid to KMP's of the Company.

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Director Fees & Consultancy Fees Paid	9,055,000	8,740,000	8,205,000	6,400,000
Salaries, Bonus, Allowances Paid	72,167,224	56,066,353	59,545,333	35,934,853
	<b>81,222,224</b>	<b>64,806,353</b>	<b>67,750,333</b>	<b>42,334,853</b>

**27. CAPITAL COMMITMENTS**

There are no material commitments as at the reporting date.

	Aggregate value of Related Party Transactions entered into during the financial year 2022 Rs.	Value of Related Party Transactions as a % of Equity	Value of Related Party Transactions as a % of Total Assets	Aggregate value of Related Party Transactions entered into during the financial year 2021 Rs.	Value of Related Party Transactions as a % of Equity	Value of Related Party Transactions as a % of Total Assets
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	(450,000,000)	(71.04)%	(22.86)%
	-	-	-	450,000,000	71.04%	22.86%
	-	-	-	15,021,936	2.37%	0.76%
	700,000,000	104%	31%	30,000,000	5.00%	2.00%
	200,000,000	30%	9%	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

## 28. CONTINGENT LIABILITIES

The Company has provided corporate guarantee worth Rs. 600 Mn and Rs. 30 Mn to DFCC Bank PLC and Cargills Bank PLC respectively on behalf of the Logicare (Pvt) Ltd to obtain a Loan Facilities.

There are no material contingent liabilities as at the reporting date that require adjustment or disclosure in the financial statements other than disclosed above.

## 29. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date except for the following that require adjustments to or disclosure in the financial statements.

### Dividend Disclosure

The Board of Directors of the Company approved the payment of final dividend of Rs. 0.36 (36 Cents) per share on 23rd June 2022 for the year ended 31st March 2022.

# Notes to the Financial Statements

## 30. SEGMENTAL INFORMATION

The Group has identified two operating segments under business segment reporting as follows,

Tea Brokering (Ceylon Tea Brokers PLC)

Warehousing (Logicare (Private Limited))

Information related to each reportable segment is set out below;

	Segments					
	Tea Brokering		Warehousing		Total	
	2022	2021	2022	2021	2022	2021
Total Segment Revenue	580,671,913	518,680,946	286,644,782	174,913,855	867,316,695	693,594,801
Inter Segment Revenue	-	-	-	-	-	-
<b>Total External Sales</b>	<b>580,671,913</b>	<b>518,680,946</b>	<b>286,644,782</b>	<b>174,913,855</b>	<b>867,316,695</b>	<b>693,594,801</b>
Segment Profit/ (Loss) Before Tax	146,316,733	145,181,850	(90,303,076)	(105,470,145)	56,013,657	39,711,705
Depreciation and Amortization	24,856,558	24,778,987	65,156,451	57,845,034	90,013,009	82,624,021
Finance Income	16,726,698	20,137,106	16,620	56,770	16,743,318	20,193,876
Finance Cost	76,060,456	96,725,988	63,769,916	56,677,111	139,830,372	153,403,099
Impairment Expense on Financial Assets	17,744,920	20,891,635	1,452,236	-	19,197,156	20,891,635
Segmental Assets	1,629,253,707	1,535,176,297	1,236,068,564	968,496,873	2,865,322,272	2,503,673,170
Goodwill					43,533,355	43,533,355
					<b>2,908,855,627</b>	<b>2,547,206,525</b>
Segmental Liabilities	1,587,249,687	1,334,681,355	811,255,342	781,500,717	2,398,505,024	2,116,182,072

## 31. THE IMPACT DUE TO CURRENT ECONOMIC CONDITION ON THE OPERATIONS OF THE GROUP

As at 31st March 2022, CCPI based headline inflation rate was 18.70% compared to 4.10% reported in the same comparative period. However, it has been further escalated up to 39.10% at 31st May. Exchange rates also observed a notable fluctuation after the balance sheet date and there is no direct impact to the groups' operation since all the transactions were based on rupee denominations. The depreciation of rupee has made a favorable impact to the tea auction prices while increasing tea brokerage revenue to the company.

The Monetary Board of the Central Bank of Sri Lanka (CBSL) has decided to increase the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR). The depletion of foreign reserves has put restrictions on imports and affected supplies.

The Company has taken the following measures to ensure it continues its operations as a going concern.

- I Conservative approach on lending operations while promoting sustainable growth to the producer clients.
- I Regular credit risk assessment and credit committee meeting to assess the risk related to the lending operation.
- I Detailed discussion at the Risk Management Committee Meeting to identify potential risks and determination of risk mitigation strategies.
- I Restructuring of borrowings while replacing with borrowings at fixed interest rates (Refer Note 24.2.1.3.2 – Interest Rate Risk).

The management of the entity/group continues to monitor the potential impact to the continuity of the business. Accordingly, macroeconomic variables are evaluated while making assumptions and judgments when preparing financial statements.

## Investor Relations

### SHARE PRICE TREND OVER THE LAST FIVE YEARS

Share price Rs.	2022	2021	2020	2019	2018
Highest Price	4.80	5.30	3.80	3.90	6.00
Lowest Price	3.00	2.10	2.20	2.50	3.20
Last traded Price	3.20	3.10	2.30	2.70	3.60

### EQUITY INFORMATION

Group	2022	2021	2020	2019	2018
Shareholder funds Rs. Mn.	511.8	431.02	449.45	574.07	464.49
Net Asset Value per share	2.81	2.36	2.46	3.14	2.54
Earnings per share	0.11	0.01	0.34	0.62	0.76

### DIRECTORS' AND CEO'S SHAREHOLDING AS AT 31ST MARCH 2022

Individual Ordinary voting shareholdings of persons who are Directors of the Company at 31st March 2022 are given below with last years' comparatives.

Name of the Director	2022	2021
Mr C P R Perera Shares held in the following manner, Mr C P R Perera & Mrs D Perera	3,500,000	3,500,000
Mr W A T Fernando	48,837,837	48,837,837
Mr B R L Fernando	22,640	22,640
Ms N T M S Cooray	10,908,751	10,908,751
Ms H M S Perera	1,390,492	1,390,492
Mr D H Madawala	3,425	3,425
Mr K H S Deshapriya	250,000	416,000
Mr R J N De Mel	50,000	31,000
Mr H T D Nonis	10,000	10,000
Mr D G W De Silva	Nil	Nil
Mr K A D Fernando	Nil	Nil
Mr Z Mohamed	Nil	Nil

### SHAREHOLDING AS AT 31ST MARCH 2022

As at 31st March 2022, the Company had 2,504 shareholders of ordinary shares. Their shareholdings are analyzed and categorized based on the number of shares held as at 31st March 2022 which is set out below.

From	To	No of Holders	No of Shares	%
1	1,000	1,448	526,535	0.29
1,001	10,000	785	3,014,342	1.65
10,001	100,000	225	6,898,797	3.79
100,001	1,000,000	37	11,375,521	6.23
Over 1,000,000		9	160,584,805	88.04
		<b>2,504</b>	<b>182,400,000</b>	<b>100.00</b>

## Investor Relations

### CATEGORIES OF SHAREHOLDERS

Majority of the shares are held by local individuals and institutions, and only a 0.09% out of the total shares issued are held by foreign individuals.

	No of Holders	No of Shares	%
Local Individuals	2,424	83,568,548	45.82
Local Institutions	71	98,665,327	54.09
Foreign Individuals	9	166,125	0.09
Foreign Institutions	0	-	0
	<b>2,504</b>	<b>182,400,000</b>	<b>100.00</b>

### 20 MAJOR SHAREHOLDERS AND PUBLIC HOLDING

	As at 31st March 2022		As at 31st March 2021	
	No. of Shares	%	No. of Shares	%
ASHTHI HOLDINGS (PRIVATE) LIMITED	55,434,267	30.392	55,434,267	30.392
MR W.A.T. FERNANDO	48,837,837	26.775	48,837,837	26.775
JETWING TRAVELS (PVT) LTD	34,080,571	18.685	34,080,571	18.685
MIS N.T.M.S. COORAY	10,908,751	5.981	10,908,751	5.981
MR C.PR. PERERA & MRS D. PERERA	3,500,000	1.919	3,500,000	1.919
HATTON NATIONAL BANK PLC/KANDAIAH KANAPATHIPILLAI SHUJEEVAN	2,932,887	1.608	2,864,083	1.570
MR A.D. EDUSSURIYA	2,000,000	1.096	500,000	0.274
PEOPLE'S LEASING & FINANCE PLC/ MR. S. GOBINATH	1,500,000	0.822	-	-
MS.H.M.S. PERERA	1,390,492	0.762	1,390,492	0.762
ASSOCIATED ELECTRICAL CORPORATION LTD	974,371	0.534	1,974,371	1.082
MR P.G. PIYASIRI	957,447	0.525	957,447	0.525
MR.W.A.S.P. DE SARAM	913,862	0.501	-	-
DIALOG FINANCE PLC/M.R.A.PC.THUSHARA	906,350	0.497	735,000	0.403
MR.M. SUNDARESAN	700,000	0.384	-	-
MR.R.A.J.C. MADHUSHAN	600,833	0.329	-	-
MR YL. NANDASENA	536,043	0.294	627,653	0.344
MR.V.SIVAKUMAR	427,932	0.235	-	-
MR.H.R.A. TISSERA	371,401	0.204	-	-
MR.M.H.A. KAMIL	367,062	0.201	-	-
DIALOG FINANCE PLC/A.S.M. SHIYAM	300,000	0.164	-	-
	<b>167,640,106</b>	<b>91.908</b>	<b>161,810,472</b>	<b>88.712</b>
Others	14,759,894	8.092	20,589,528	11.288
	<b>182,400,000</b>	<b>100.000</b>	<b>182,400,000</b>	<b>100.000</b>

Public Holding percentage as at 31st March 2022 being 15.30% comprising of 2,493 shareholders.

The float adjusted market capitalisation as at 31st March 2022 is Rs. 89,318,454.40 The float adjusted market capitalization of the company falls under option 2 of Rule 7.14.1 (b) of the Listing rules of the Colombo Stock Exchange and the company has complied with the minimum public holding requirement applicable under the said option.

## DIVIDENDS

During the year under review, the Company paid a dividend to its shareholders. A dividend of Rs. 0.36 per share was paid out of the profits from the year ended 31st March 2022. Details of the dividends paid by Company for each financial year is given below.

	2022	2021	2020	2019	2018
Dividend Per Share (Paid for the Year)	0.360	0.350	0.080	0.350	0.325
Dividend Payout Ratio	59.80%	59.40%	67.70%	55.40%	55.50%

The Company maintained its policy on distributing dividends of transferring 50% out of profits after tax as dividends. The Company directors distributed Rs. 65.66 million as Dividends to shareholders, which is around 59.80 percent of 2021/22 annual profit after tax.

## Dividend Pay-out Ratio



## GRI Content Index

GRI Standard	Disclosure		Page number (s) and / or URL(s)	Omission
GRI 102: General Disclosures 2016	<b>1</b>	<b>Organisational profile</b>		
	102-1	Name of the organisation	IBC	
	102-2	Activities, brands, products, and services	03, 34, 90	
	102-3	Location of headquarters	03	
	102-4	Location of operations	03	
	102-5	Ownership and legal form	161, IBC	
	102-6	Markets served	03	
	102-7	Scale of the organisation	06 - 09	
	102-8	Information on employees and other workers	46 - 50	
	102-9	Supply chain	54	
	102-10	Significant changes to the organisation and its supply chain	54	
	102-11	Precautionary Principle or approach	65	
	102-12	External initiatives	55	
	102-13	Membership of associations	55	
	<b>2</b>	<b>Strategy</b>		
	102-14	Statement from senior decision-maker	16 - 17	
	<b>3</b>	<b>Ethics and integrity</b>		
	102-16	Values, principles, standards, and norms of behavior	03, 90	
	<b>4</b>	<b>Governance</b>		
	102-18	Governance structure	64	
	<b>5</b>	<b>Stakeholder engagement</b>		
	102-40	List of stakeholder groups	36 - 38, 55	
	102-41	Collective bargaining agreements	50	
	102-42	Identifying and selecting stakeholders	35	
	102-43	Approach to stakeholder engagement	35 - 38	
	102-44	Key topics and concerns raised	36 - 39	

GRI Standard	Disclosure		Page number (s) and / or URL(s)	Omission
GRI 102: General Disclosures 2016 (contd.)	<b>6</b>	<b>Reporting practice</b>		
	102-45	Entities included in the consolidated financial statements	02	
	102-46	Defining report content and topic Boundaries	02	
	102-47	List of material topics	39	
	102-48	Restatements of information	02	
	102-49	Changes in reporting	02	
	102-50	Reporting period	02	
	102-51	Date of most recent report	02	
	102-52	Reporting cycle	02	
	102-53	Contact point for questions regarding the report	02	
	102-54	Claims of reporting in accordance with the GRI Standards	02	
	102-55	GRI content index	164 - 167	
	102-56	External assurance	N/A	
	GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	39
103-2		The management approach and its components	39	
103-3		Evaluation of the management approach	39	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	44	
	201-2	Financial implications and other risks and opportunities due to climate change	52	
	201-3	Defined benefit plan obligations and other retirement plans	50, 141 - 142	
	201-4	Financial assistance received from government	44	
GRI 202 : Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	50	
	202-2	Proportion of senior management hired from the local community	50, 55	
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	44	
GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers	55	
GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	50, 65	
GRI 206: Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	55	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	53	

## GRI Content Index

GRI Standard	Disclosure		Page number (s) and / or URL(s)	Omission
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	53	
GRI 303: Water 2016	303-1	Water withdrawal by source	53	
GRI 304: Bio-diversity 2016	304-2	Significant impacts of activities, products, and services on bio-diversity	53	
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	53	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	55	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	47	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	47, 49, 50	
	401-3	Parental leave	50	
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	50	
GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	50	
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	50	
	403-3	Workers with high incidence or high risk of diseases related to their occupation	50	
	403-4	Health and safety topics covered in formal agreements with trade unions	50	
GRI 404: Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	48	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	18 - 21, 46 - 47	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	55	
GRI 407: Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	54	
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	55	
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	55	
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	55	

GRI Standard	Disclosure		Page number (s) and / or URL(s)	Omission
GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	55	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	55	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	55	
GRI 415: Public Policy	415-1	Political contributions	55	
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	55	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	55	
GRI 419: Socio Economic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	55	

## Notice of the Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Thirteenth Annual General Meeting of Ceylon Tea Brokers PLC will be held by way of electronic means on 26th August 2022 at 11.30 a.m. centered at the Boardroom of the Company for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31st March 2022 with the Report of the Auditors thereon.
2. To pass the ordinary resolution set out below to re-elect Mr. B R L Fernando who is 80 years of age as a Director of the Company;  
**"IT IS HEREBY RESOLVED THAT** that Mr. B R L Fernando who reached 70 years of age on 1st August 2012, be and is hereby re-elected as a Director of the Company and it is hereby declared as provided for in Section 211 of the Companies Act No. 07 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. B R L Fernando."
3. To pass the ordinary resolution set out below to re-elect Mr. C P R Perera who is 78 years of age as a Director of the Company;  
**"IT IS HEREBY RESOLVED THAT** that Mr. C P R Perera who reached 70 years of age on 5th March 2014, be and is hereby re-elected as a Director of the Company and it is hereby declared as provided for in Section 211 of the Companies Act No. 07 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. C P R Perera."
4. To re-elect Ms. N T M S Cooray who retires by rotation in terms of Article 87 (i) of the Articles of Association of the Company as a Director.
5. To appoint Messrs. KPMG, Chartered Accountants, as the Auditors of the Company and to authorize the Directors to fix their remuneration.
6. To authorize the Directors to determine donations for the year ending 31st March 2023 and up to the date of the next Annual General Meeting.

By Order of the Board  
 CEYLON TEA BROKERS PLC



P W Corporate Secretarial (Pvt) Ltd  
 Director / Secretaries

At Colombo  
 03rd August 2022

### Notes:

1. A shareholder entitled to participate and vote at the above virtual meeting is entitled to appoint a proxy to participate and vote in his/her place by completing the Form of Proxy enclosed herewith.
2. A proxy need not be a shareholder of the Company.
3. Shareholders who are unable to participate in the above virtual meeting are also encouraged to submit a duly completed Form of Proxy appointing the Chairman or any other Member of the Board to participate and vote on their behalf.
4. For more information on how to participate by virtual means in the above virtual meeting, please refer Guidelines and Registration Process enclosed herewith.





## Form of Proxy

I/We ..... (NIC No. .... )  
of ..... being a member/members of CEYLON TEA BROKERS PLC hereby  
appoint ..... of  
..... (or failing him)

Mr. R J N de Mel of Colombo or failing him\*  
Mr. C P R Perera of Colombo or failing him\*  
Mr. W A T Fernando of Colombo or failing him\*  
Mr. B R L Fernando of Colombo or failing him\*  
Mr. D G W De Silva of Colombo or failing him\*  
Ms. N T M S Cooray of Colombo or failing her\*  
Ms. H M S Perera of Colombo or failing her\*  
Mr. D H Madawala of Colombo or failing him\*  
Mr. K H S Deshapriya of Colombo or failing him\*  
Mr. H T D Nonis of Colombo or failing him\*  
Mr. K A D Fernando of Colombo or failing him\*  
Mr. Z Mohamed of Colombo or failing him\*

as my/our\* proxy to represent and speak and vote for me/us\* and on my/our\* behalf at the Thirteenth Annual General Meeting of the Company to be held on 26th August 2022 at 11.30 a.m. and at any adjournment thereof and every poll which may be taken in consequence of the aforesaid meeting.

I/We,\* the undersigned, hereby authorize my/our proxy to speak and vote for me/us\* and on my /our\* behalf in accordance with the preference as indicated below

	For	Against
1. To pass the ordinary resolution set out under item 2 of the Notice of Meeting for the re-election of Mr. B R L Fernando		
2. To pass the ordinary resolution set out under item 3 of the Notice of Meeting for the re-election of Mr. C P R Perera		
3. To re-elect Ms. N T M S Cooray as a Director in terms of Article 87 (i) of the Articles of Association of the Company		
4. To appoint Messrs. KPMG Chartered Accountants as Auditors of the Company and to authorize the Directors to fix their remuneration.		
5. To authorize the Directors to determine donations for the year ending 31st March 2023 and up to the date of the next Annual General Meeting.		

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

\*Please delete as appropriate

.....  
Signature of Member/s

Notes: 1. A proxy need not be a member of the Company.  
2. Instructions as to completion appear overleaf.

**INSTRUCTIONS FOR COMPLETION**

1. Kindly perfect the Form of Proxy by filling in legibly your full name address and the National Identity Card number and signing in the space provided and filling in the date of signature.
2. The completed Form of Proxy should be deposited at the Office of the Secretaries, P W Corporate Secretarial (Pvt) Ltd, No.3/17, Kynsey Road, Colombo 8, Sri Lanka on or before forty seven (47) hours before the time appointed for the Meeting.
3. If you wish to appoint a person other than the Chairman or a Director of the Company as your Proxy, please insert the relevant details in the space provided (above the names of the Board of Directors) on the Proxy Form.
4. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should accompany the Form of Proxy for registration if such Power of Attorney has not already been registered with the Company.
5. If the appointer is a Company / Incorporated body this Form must be executed in accordance with the Articles of Association / Statute.

## Name of the Company

Ceylon Tea Brokers PLC

## Legal Form

The Company incorporated in Sri Lanka under the Companies Act No. 17 of 1982 which was re-registered under the provisions of the Companies Act No. 7 of 2007 on 20th January 2010 and quoted on the Diri Savi Board of the Colombo Stock Exchange on 16th March 2010.

## Date of Incorporation

15th June 1999

## Company Registration Number

PB 1280 PQ

## Board of Directors

Mr. R. J. N. De Mel (Chairman)  
Mr. W. A. T. Fernando (Managing Director)  
Mr. D. G. W. De Silva (Director/ Chief Executive Officer)  
Mr. K A D Fernando (Director/ Chief Operating Officer)  
Mr. C. P.R. Perera  
Ms. N. T. M. S. Cooray  
Ms. H. M. S. Perera  
Mr. B. R. L. Fernando  
Mr. D. H. Madawala  
Mr. K. H. S. Deshapriya  
Mr. H. T. D. Nonis  
Mr. Z. Mohamed

## Registered Office/Head Office

Level 7, 'Millennium House', 46/58, Nawam Mawatha, Colombo 02.

## VAT Registration No.

114238546 7000

## Telephone

(+94) 11-4607777

## Facsimile

(+94) 11-4607788

## Website

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

## Credit Ratings

The Company has been assigned an Issuer rating of [SL] BBB with stable outlook by ICRA Lanka Limited.

## Secretaries

### P W Corporate Secretarial (Pvt) Ltd

No. 3/17, Kynsey Road, Colombo 08.  
Telephone: (+94) 11-4640360-3  
Fax: (+94) 11-4740588  
Email: [pwcs@pwcs.lk](mailto:pwcs@pwcs.lk)

## Lawyers

### F. J. & G. de Saram

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

### Mr. K. Wasantha S. Fernando

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

## Auditors

### Messrs KPMG,

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

## Subsidiary Companies

Logicare (Pvt) Ltd – Fully Owned

## Bankers

### Bank of Ceylon

Metropolitan Branch, Bank of Ceylon building, York Street, Colombo 01.

### Commercial Bank of Ceylon PLC

Foreign Branch, Commercial House, 21, Sir Razik Fareed Mawatha, Colombo 01.

### DFCC Bank PLC

Head office Branch, W. A. D. Ramanayake Mawatha, Colombo 02.

### Hatton National Bank PLC

No.10, Sri Uttarananda Mawatha, Colombo 03.

### National Development Bank PLC

No. 42, DHPL Building, Nawam Mawatha, Colombo 02.

### Nations Trust Bank PLC

Corporate Branch, No. 242, Union Place, Colombo 02.

### People's Bank

First City Branch, York Street, Colombo 01.

### Sampath Bank PLC

No. 46/38, Nawam Mawatha, Colombo 02.

### Seylan Bank PLC

Millennium Branch, Seylan Tower, No. 90, Galle Road, Colombo 03.

### Union Bank of Colombo PLC

Head Office Branch, No. 64, Galle Road, Colombo 03.

### Standard Chartered Bank

No. 37, York Street, Colombo 01.

### Cargills Bank Limited

No. 696, Galle Road, Colombo 03.



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

