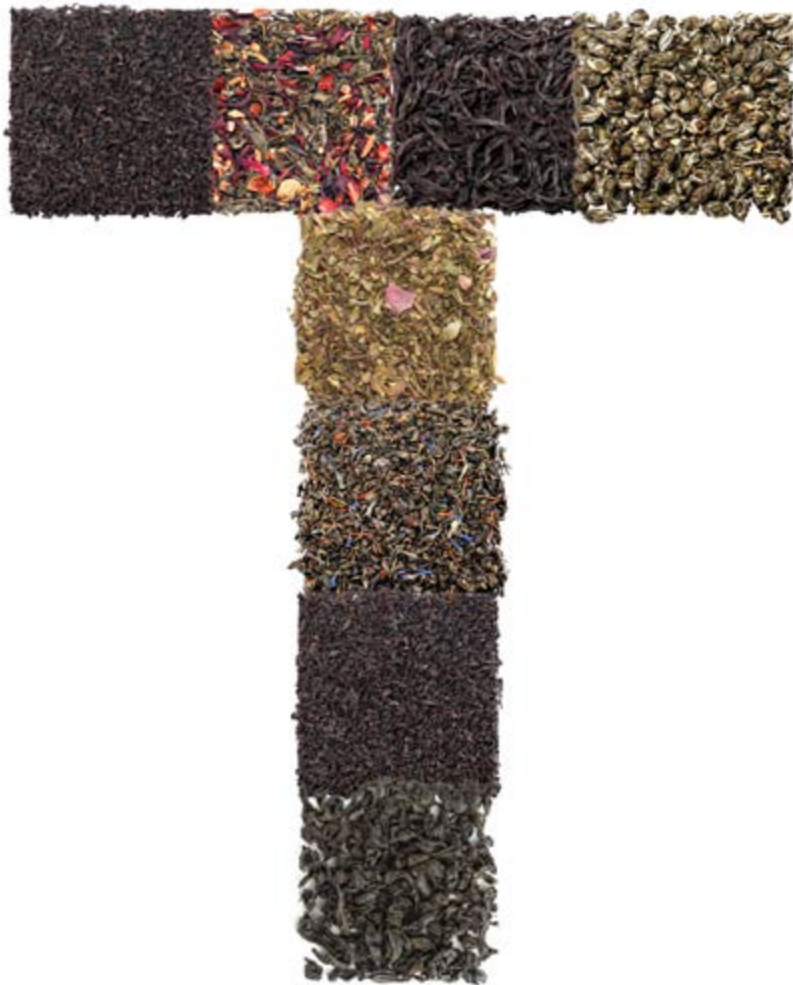




All about the



Ceylon Tea Brokers PLC

Annual Report 2022/23

Contents

OVERVIEW

Introduction to the Report	02
Who We Are	04
Vision, Mission and Core Values	05
Milestones	06
ESG Performance	07
Financial Highlights	08
Non-Financial Highlights	10

LEADERSHIP & STRATEGY

Chairman's Message	12
Chief Executive Officer's Review	18
Board of Directors	20
Board of Director's Profiles	22
Corporate Management	26
Our Strategy	28

MANAGEMENT DISCUSSION & ANALYSIS

Operating Landscape	30
Our Business Model	40
Stakeholder Relationships and Materiality	42

Capital Management Reports

Financial Capital	47
Manufactured Capital	52
Human Capital	54
Intellectual Capital	60
Natural Capital	62
Social and Relationship Capital	64
Digital Capital	66
Operational Performance Review	68
Our Approach to Sustainability	70
Outlook	72

GOVERNANCE REPORTS

Chairman's Statement on Corporate Governance	74
Corporate Governance	75

Sub-Committee

Report of the Audit Committee	80
Report of Related Party Transactions Review Committee	82
Report of the Risk Management Committee	84
Report of the Remuneration Committee	85
Report of the Nomination Committee	86
Directors' Statement on Internal Controls	87
Summary of Compliance	88
Annual Report of the Board of Directors on the Affairs of the Company	106
Risk Management	110

FINANCIAL REPORTS

Financial Calendar	118
Statement on Director's Responsibilities for Preparation of Financial Statements	119
Independent Auditor's Report	120
Consolidated Statement of Profit or Loss and Other Comprehensive Income	124
Consolidated Statement of Financial Position	125
Consolidated Statement of Changes in Equity	126
Consolidated Statement of Cash Flows	127
Notes to the Consolidated Financial Statements	128

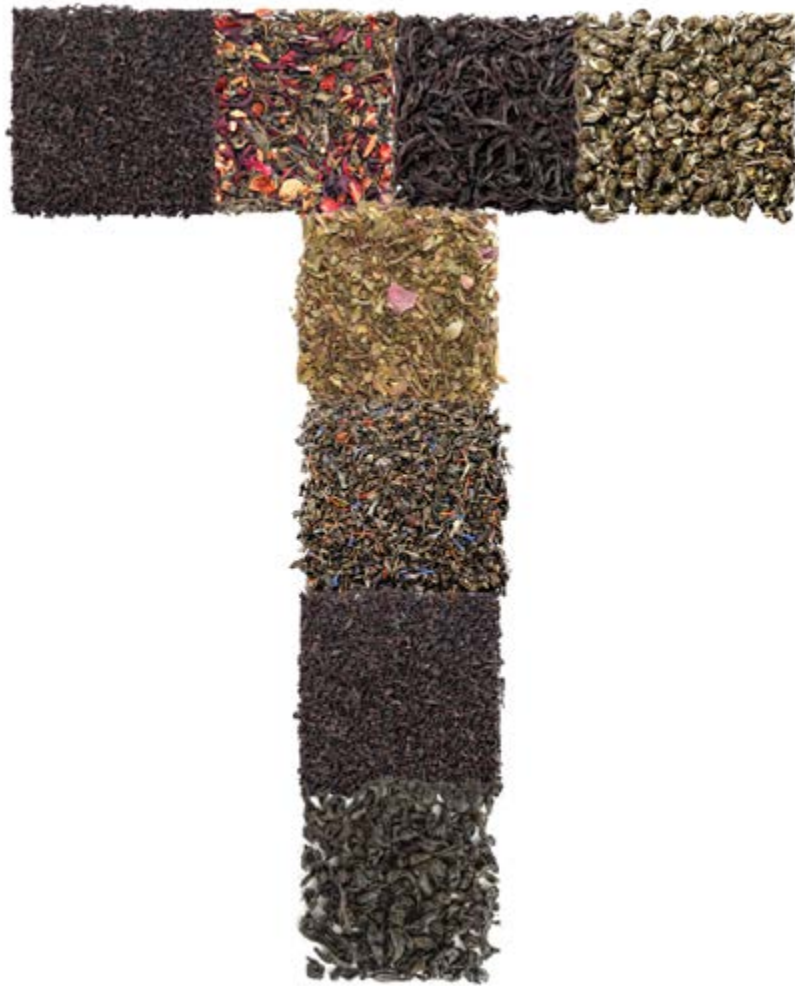
SUPPLEMENTARY INFORMATION

Investor Relations	185
GRI Content Index	188
Notice of the Annual General Meeting	192
Notes	193
Form of Proxy	195
Corporate Information	IBC



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

All about the



Our aim is one. Our mission is the same. Our targets and objectives are also identical. When it really matters it all comes down to the one thing that means the most to us, **Tea**.

Striving to be the masters in this trade by **breathing in our values of Ability, Credibility, Integrity and Teamwork**, we have achieved insurmountable heights by simply keeping it all about the **Tea**.

OVERVIEW

Introduction to the Report

We are pleased to present our fifth 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 Environmental, Social and Governance (ESG) performance for the year 2022/23 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.

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 04 and 186 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

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

Corporate governance reporting

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

Integrated reporting

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

Sustainability reporting

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

Reporting Cycle

The Annual Report 2022/23 of Ceylon Tea Brokers PLC reports for the 12 months period from 1st April 2022 to 31st March 2023. 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 2021/22. There have not been any changes in reporting scope and/or boundaries from the previous year. The Company has restated numbers and statements of 2021/22 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.

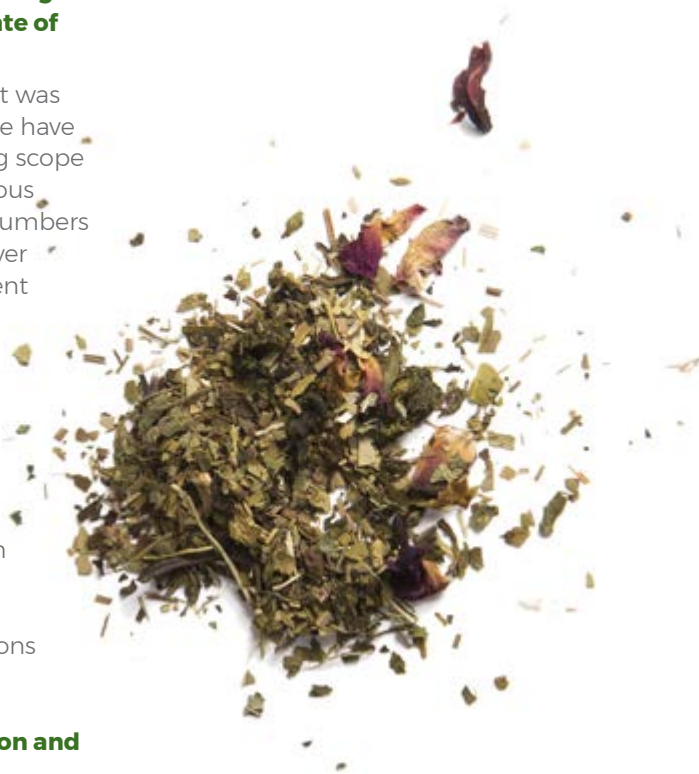
Feedback and Further Information and Suggestions

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.



OVERVIEW

Who We Are

GRI 2016 : 102-2, 102-3, 102-4, 102-6

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 from over 163 Tea factories in the country which amounts to around 14.75% of the total volumes sold at the Colombo Tea Auction. Having earned the confidence of our clients, we continue to strengthen our relationships with them, while actively venturing out to gain and secure new ones to further our progress in the future.

Business Activities / Key Service Areas

We are a licensed Produce Broker for Tea registered under Sri Lanka Tea Board bearing License No. PB/102/2023.

Tea Broking / Marketing

Act as an intermediary between Tea Producers and Tea Buyers.

Warehousing

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

Manufacturing Advisory Services

Provide 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. 26, Welikadamulla Road, Enderamulla, Wattala, Sri Lanka.

Logicare (Private) Limited

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

Head Office

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

Warehouses

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

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



Vision

To be a dynamic and leading service organisation.

Mission

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

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

Be a **socially responsible** corporate citizen.

Core Values

Ability | Credibility | Integrity | Teamwork

OVERVIEW

Milestones

1963

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

1999

Incorporated as a private limited company.

2005

Acquired by the Capital Alliance Group.

2006

Renamed Ceylon Tea Brokers (Pvt) Ltd.

2007

Converted to a Public Company.

2010

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

2015

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

2016

Bronze Award - 'Service Organisation Category' at the 52nd Annual Report Awards competition organised by CA Sri Lanka.



2017

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

2018

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

2019

- Achieved a profit after tax of Rs. 113.55 Mn for the year ended 31st March 2019.
- Silver Award - 'Service Organisation Category' at the 55th Annual Report Awards competition organised by CA Sri Lanka.

- Best Integrated Report - 'SME Category' at the CMA Excellence in Integrated Reporting Awards 2019 organised by CMA Sri Lanka.
- Overall Merit Award at the CMA Excellence in Integrated Reporting Awards 2019 organised by CMA Sri Lanka.

2021

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.

2023

- Achieved the highest ever revenue and profit after tax of Rs. 1,154.97 Mn and Rs.239.68 Mn respectively for the year ended 31st March 2023.
- Silver Award - "Service Organizations Category" at the 57th Annual Report Awards competition organised by CA Sri Lanka.
- Best Integrated Report - "SME Category" at the CMA Excellence in Integrated Reporting Awards 2022 organised by CMA Sri Lanka.
- Overall Merit Award at the CMA Excellence in Integrated Reporting Awards 2022 organised by CMA Sri Lanka.



Consolidated Statement of ESG Performance

	2022/23	2021/22
Environmental Performance		
Fuel Consumption (MJ)	1.59	2.24
Water Consumption for Operations (m ³)	4,174	4,792
Paper Usage Sheets (Mn)	0.79	1.03
Social Performance		
Total Employees as at 31st March	122	114
Employee turnover (%)	11.8	8.8
Total number of female employees as a percentage of total employees (%)	18%	18%
Female employees in decision making roles	6	5
Total number of injuries	-	-
Average training hours per employee	5	1.8
Total Employee Benefits Distributed (Rs Mn)	400.5	226.8
Income Tax Paid (Rs Mn)	42.45	45.59
Donation and Other Social contributions(Rs Mn)	0.98	0.00
Governance Performance		
Number of total audits conducted on management systems	2	2
Employee trained on data privacy (No of Hours)	8	5
Number of meetings conducted by Audit Committee	6	4

Fuel Consumption



1.59 MJ

2021/22 - 2.24 MJ

Employee Benefits



400.5 Rs. Mn

2021/22 - 226.8 Rs. Mn

Training on Data Privacy



08 Hours

2021/22 - 06 Hours



At our organisation, we recognise the significance of considering the broader picture when it comes to our operations, encompassing both quantitative and qualitative aspects. Beyond solely focusing on economic impact, we are deeply committed to evaluating the effects of our actions on the environment and society as well. Our commitment to sustainability is underlined by a robust governance framework, which serves as a paramount guiding force in all our endeavors. By thoroughly assessing the environmental and social implications of our operations, we strive to implement responsible practices that promote positive outcomes for both the planet and the communities we engage with. Through this holistic approach, we aim to create a lasting and meaningful impact that goes beyond mere financial success.

Five Years Summary

As at 31st March	GROUP COMPANY		GROUP COMPANY		GROUP COMPANY		GROUP COMPANY		GROUP COMPANY	
	2023	2023	2022	2022	2021	2021	2020	2020	2019	2019
Revenue (Rs. Mn)	1,711.45	1,154.97	867.31	580.67	693.59	518.68	692.63	580.64	769.65	769.65
Expenses (Rs. Mn)	-1,434.93	-823.00	-811.30	-434.35	-653.88	-373.50	-731.62	-543.15	-609.43	-600.15
Profit / (Loss) Before Taxation (Rs. Mn)	276.52	331.97	56.01	146.32	39.71	145.18	-38.99	37.49	160.22	169.5
Profit / (Loss) After Taxation (Rs. Mn)	184.35	239.68	19.10	109.80	1.00	107.53	-62.5	21.54	113.55	115.28
Total Assets (Rs. Mn)	3,360.06	2,777.66	2,908.86	2,276.82	2,547.21	1,968.18	2,228.34	1,663.82	3,040.77	2,598.68
Shareholder's Funds (Rs. Mn)	620.11	850.09	510.35	675.00	431.02	633.44	449.45	541.98	574.07	582.56
Return on Shareholder's Funds After Tax (%)	29.73	28.19	3.74	16.27	0.23	16.98	-13.91	3.97	19.78	19.79
Return on Assets After Tax (%)	5.49	8.63	0.66	4.82	0.04	5.46	-2.80	1.29	3.73	4.44
Net Assets Per Share (Rs.)	3.40	4.66	2.80	3.70	2.36	3.47	2.46	2.97	3.15	3.19
Earnings Per Share (Rs.)	1.01	1.31	0.105	0.60	0.005	0.59	-0.34	0.12	0.62	0.63
Dividend Per Share (Distribution from during the year profit) (Rs.)	0.68	0.68	0.36	0.36	0.35	0.35	0.08	0.08	0.35	0.35
Current Ratio (Times)	1.26	1.34	1.24	1.28	1.05	1.22	1.39	1.52	1.15	1.26
Total Asset Turnover (Times)	0.51	0.42	0.30	0.26	0.27	0.26	0.31	0.35	0.25	0.30
Market Price (Rs.)	4.10	4.10	3.20	3.20	3.10	3.10	2.30	2.30	2.70	2.70
P/E Ratio (Times)	4.06	3.13	30.48	5.33	620.00	5.25	-6.76	19.17	4.35	4.29
Earning Yield (Rs.)	0.25	0.32	0.03	0.19	0.0016	0.19	-0.15	0.05	0.23	0.23
Price/Book value ratio (Times)	1.21	0.88	1.14	0.86	1.31	0.89	0.93	0.77	0.86	0.85

Revenue - Company



1,154.97 Rs. Mn

2021/22 - 580.67 Rs. Mn

PAT - Company



239.68 Rs. Mn

2021/22 - 109.80 Rs. Mn

Earnings Per Share

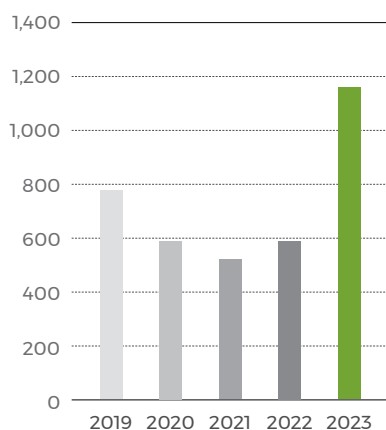


1.31 Rs.

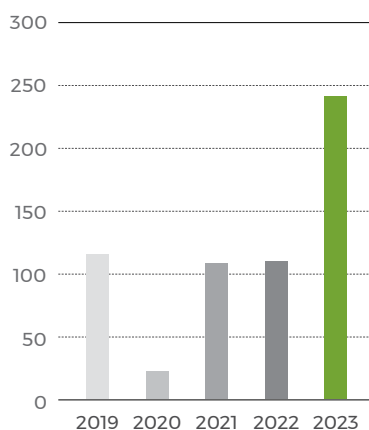
2021/22 - 0.60 Rs.

Financial Performance - Company

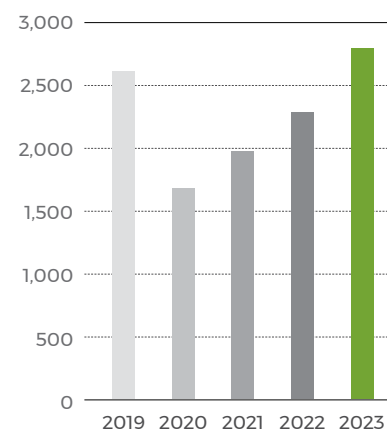
Revenue (Rs. Mn)



Profit After Taxation (Rs. Mn)

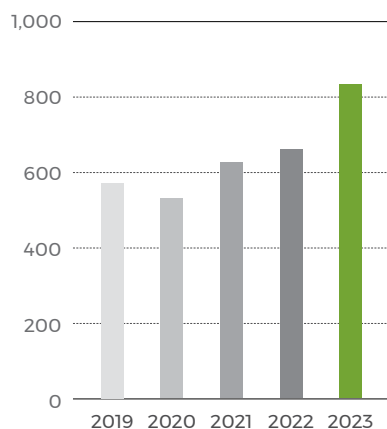


Total Assets (Rs. Mn)

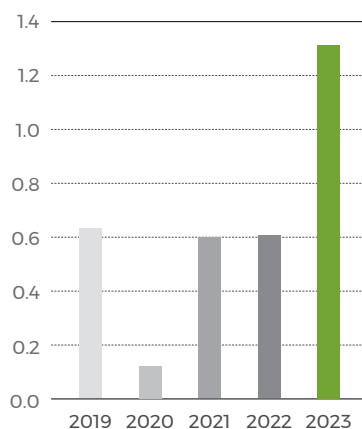




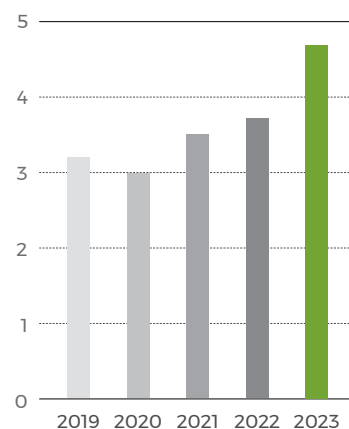
Shareholder's Funds (Rs. Mn)



Earnings Per Share (Rs.)

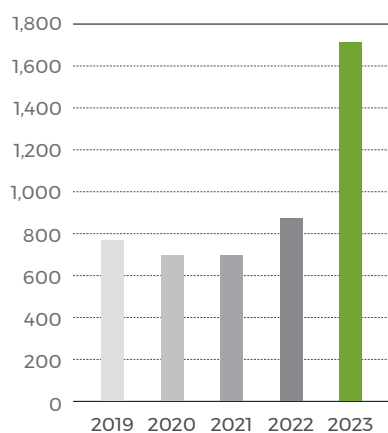


Net Assets Per Share (Rs.)

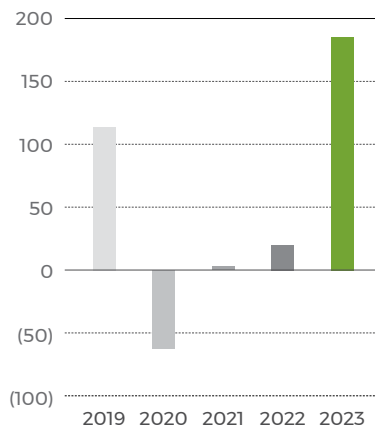


Financial Performance - Group

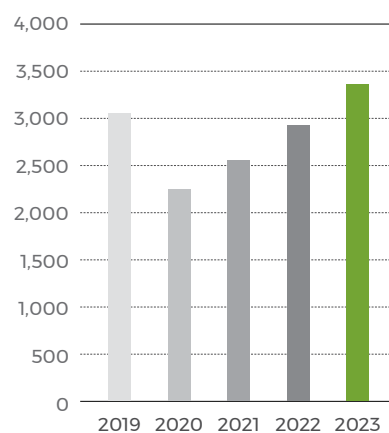
Revenue (Rs. Mn)



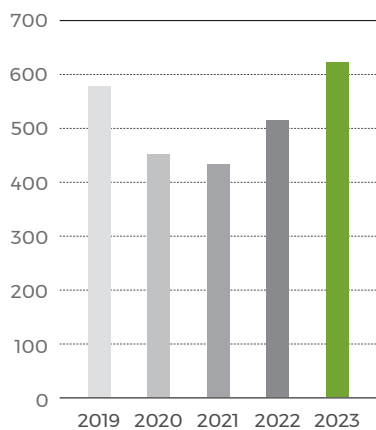
Profit / (Loss) After Taxation (Rs. Mn)



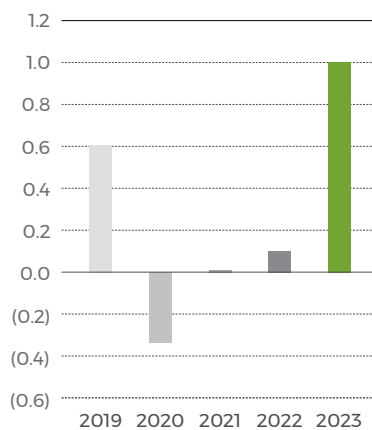
Total Assets (Rs. Mn)



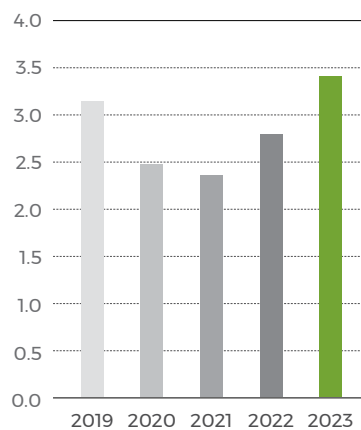
Shareholder's Funds (Rs. Mn)



Earnings Per Share (Rs.)



Net Assets Per Share (Rs.)




OVERVIEW

Non-Financial Highlights


GRI 2016 : 102-7

Operational Performance Highlight

Market Share on Quantity Sold 


14.75 %

2021/22 - 15.42%

Market Share on Value of Teas Sold 


15.26 %

2021/22 - 15.77%

Quantity Sold 

36.01 Mn Kg

2021/22 - 44.40 Mn KG

Tea Broking Revenue 

518.69 Rs. Mn


2021/22 - 289.65 Rs. Mn

LRA Assigned
Rating with a Stable Outlook

(SL) BBB


2021/22 - (SL) BBB - ICRA

Manufactured Capital

Warehousing Space (Leased Own) 

265,000 sqft

2021/22 - 234,500 sqft

PPE & Leasehold Land 

881 Rs. Mn

2021/22 - Rs. 922.4 Mn



Human Capital

Total Employees 

122 nos

2021/22 - 114 nos

Number of Training Hours 


576 Hrs

2021/22 - 197 Hrs

Gender Diversity

Male **82 %**

Female **18 %**

Total Compensation 

400.5 Rs. Mn

2021/22 - 226.8 Rs. Mn

Religious Diversity

Buddhist **70 %**

Catholic **19 %**

Hindu **06 %**

Islam **05 %**

Intellectual Capital



Service Organisation Category

Silver Award

At the 57th Annual Report Awards Competition Organised by CA Sri Lanka

2021/22 - Bronze Award

Logicare Introduces "Loginext" for professional last mile delivery services for Sri Lankan retailers





Natural Capital



Fuel Consumption



1.59 MJ

2021/22 - 2.24 MJ

Paper Usage



0.79 Mn

2021/22 - 1.03 Mn

Water Withdrawals by Source



4,174 m³

2021/22 - 4,792 m³

Social & Relationship Capital



CSR Initiatives



0.25 Cts

Allocated Every Per Kilo of Tea We Sold

Customer Satisfaction (Buyers)



94 %

Customer Satisfaction (Producers)



77 %

Customers Handled During the Year



163

Tea Producers

291

Tea Buyers

32

Logistic Clients

Digital Capital



Tik Tok Followers

1,743



Instagram Followers

591



Facebook Followers

2,563



LinkedIn Followers

896

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

An unprecedented year for the company with the top line crossing Rs 1 billion for the first time and the bottom line reaching a record Rs 239.7 million. These highest-ever achievements in the annals of the company's history will most likely remain so for quite some time to come. This performance was a result of the sharp depreciation of the Sri Lankan rupee against all foreign currencies and the significantly low tea production. More insight into the company's performance and the tea industry will be shared later in the report.

Economy

As touched on very briefly in my message last year, Sri Lanka's economy went through the worst-ever situation in the 75 years since independence. Having gone through two years of constraints due to the covid-19 pandemic coupled with a number of incorrect decisions taken on taxation by the then government, the economy took a beating. Making matters worse, prolonged pegging of the exchange rate against the US Dollar resulted in the country for the first time defaulting on its loan repayments and being declared bankrupt. The middle of the year witnessed severe hardships for the citizens with long queues for fuel, gas and even certain basic essentials like milk powder, medicine, etc.

Mass-scale protests were the order of the day in Sri Lanka from early April. In May, the country's Prime Minister and the cabinet resigned amidst violent protests, and a new Prime Minister and a cabinet of ministers were installed. Finally, by early July the President of the country was forced to flee and then resign giving way to the election of a new President from among the Members of Parliament by the Parliamentarians. Mr Ranil

Wickremasinghe, the newly appointed Prime Minister only two months before, was elected and since then the country has witnessed a steady recovery from the situation that prevailed at the same time last year.

Sri Lankan Economy

The Sri Lankan economy, as per the Central Bank annual report for year 2022, recorded a real GDP contraction of 7.8% compared with the growth of 3.5% recorded in 2021. The real GDP from agriculture, forestry and fishing related activities contracted during the year by 4.6% compared to the growth of 0.9% in 2021. Total tea production in 2022 decreased by 16% compared to the growth of 7.4% reported in the previous year. Service-related activities and industry sector decreased by 2.0% and 16.0% respectively in 2022 as against growths of 3.5% and 5.7% in 2021.

The per capita GDP has been stated as US\$ 3,474 in 2022 compared to US\$ 3,997 in 2021.

The service sector has contributed 60.5% to the GDP in 2022 compared with 56.9% reported in 2021. Agriculture, Forestry and Fisheries sector has contributed 7.5% to the GDP from 7.3% stated in 2021. Industrial activities contributed 27.5% in 2022 as compared to 30.2% reported in 2021.

The unemployment rate declined to 4.7% in 2022 from 5.1% in 2021 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 Colombo Consumer Price Index (CCPI, 2013=100), reflecting price pressures from multiple fronts, including price hikes in food, energy, and

Revenue - Company

1,155 Rs. Mn

2021/22 - 581 Rs. Mn



PAT - Company

239.7 Rs. Mn

2021/22 - 109.8 Rs. Mn



transport sectors and their spillovers, stemming from supply disruptions, rapid adjustments to administered prices, sharp depreciation of the Sri Lanka rupee, and aggregate demand pressures owing to the lagged impact of monetary accommodation undertaken over the past few years, among others. CCPI based annual average inflation which was recorded at 12.1% at the end 2021, accelerated to 57.2% by end 2022.

Sri Lanka's external sector met with severe BOP stresses in 2022 amidst constrained foreign financial inflows, depleted gross official reserves, and overshooting of the exchange rate, necessitating a myriad of policy measures to avoid further aggravation of the situation and restore external balance. The trade deficit as a percentage of GDP decreased to 6.7% in 2022 compared to 9.2% in 2021 and the current account deficit narrowed to 1.9% of GDP compared to 3.7% in 2021. There is a declining trend in Average Weighted Prime Lending Rate (AWPLR) and weekly AWPLR is stated at 18.69% as at 14th July 2023 as per CBSL website.



2022 recorded a staggering loss of 48 million kilos in comparison to the previous year. This was expected following the decision taken by the government in April 2021 to go “green”. As a result, Sri Lanka recorded its lowest harvest since 1997.

Sri Lankan Tea Industry

Tea Production – (Mn.Kilos)

Elevation	2022	2021	2020	2019	2018	2017	2016
High Grown	56.32	65.27	62.20	63.05	64.97	64.64	64.42
Mid Grown	40.18	50.91	46.55	47.17	47.13	45.65	44.51
Low Grown	154.99	183.16	169.73	189.90	191.84	197.42	183.64
Total	251.50	299.34	278.49	300.12	303.94	307.72	292.57

2022 recorded a staggering loss of 48 million kilos in comparison to the previous year. This was expected following the decision taken by the government in April 2021 to go “green”. As a result, Sri Lanka recorded its lowest harvest since 1997. The steady and almost consecutive improvement shown since 1996 peaked in 2013 with an all-time high of 340 million kilos. Thereafter, it has been a decline although a few years in between showed marginal improvements.

An in-depth analysis of tea production in the last 7 years shows that whilst 3 of them fared reasonably well with figures hovering around 300 million kilos, 2020 due to the covid-19 pandemic was low at 278.5 million kilos and 2022 went down even below on account of the non-availability of fertiliser for the greater part of the year and the disruption to civil life due to the economic crisis. Although the fertiliser ban was lifted in April, the price of a bag was unaffordable to the producer sector especially the smallholders who have been enjoying a subsidized rate of Rs 1500/- for a 50 kg bag of fertiliser for a considerable length of time. The new prices were prohibitive despite low-interest loans being made available through the Sri Lanka Tea Board from July. With a lack of nutrients going in, the tea bush did not recover resulting in a dismal production performance for the year. Fertiliser prices have now come down significantly yet the current price is a little over 5 times for the farmer.

As a consequence, the fertiliser application rate among smallholders is still only 50 – 55%. However, the Regional Plantation Companies have responded well largely on the back of a year of phenomenal prices.

The analysis of the elevation-wise production reveals that the High elevation had lost 14% from the previous year whilst Medium growth declined by 21%. Low grown which has been doing excellently for well over 3 decades, fared poorly with a 15% deficit on 2021 production. This elevation recorded a production of 155 million kilos which is the lowest since 1999. High-grown elevation has dropped below 60 million kilos and Mediums barely making 40 million kilos, production levels last seen in 1992 when harvests of 53 and 37 million kilos respectively were recorded.

Chairman's Message

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
2022	1,093.10	3.37	1,030.82	3.18	1,339.86	4.13	1,234.24	3.80
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

Tea prices more than doubled in the year under review in comparison to the previous year. The sharp depreciation of the Sri Lanka rupee against the US Dollar coupled with the drastic drop in auction offerings due to the massive decline in production led to this new level of prices. The annual all-sales average at Rs 1234.24 per kilo was more than twice that of the same average in 2021. The annual averages for High and Medium elevations were almost double of those in the previous year whilst Low elevation gained more than 200%. In US Dollar terms too, the elevational averages and the national average were higher than those of 2021.

However, the US Dollar averages reached in 2017 still remain higher than the levels fetched in 2022. Whilst the 3 elevations and the national average for 2022 were USD 3.37, 3.18, 4.13 and 3.80 respectively, the corresponding averages for 2017 were 3.98, 3.70, 4.18 and 4.07 respectively.

Tea Exports (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)
2022	250.19	411.09	1,643.11	1.27	5.06
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	5.05
2017	288.98	233.34	807.44	1.53	5.30
2016	288.77	184.78	639.88	1.27	4.39
2015	306.97	182.05	593.08	1.34	4.36
2014	327.87	212.91	649.37	1.63	4.97

Exports suffered as a result of the loss in production, recording a 36 Million kilo decline compared with 2021. The export volume for 2022 was the lowest since 1995. However, revenue earned from tea exports for the year under review touched

Tea prices more than doubled in the year under review in comparison to the previous year. The sharp depreciation of the Sri Lanka rupee against the US Dollar coupled with the drastic drop in auction offerings due to the massive decline in production led to this new level of prices.

FOB Price Per Kg



5.06 US\$

2021/22 - 4.63 US\$

High Grown



1,093.10 Rs.

2021/22 - 587.13 Rs.

Medium Grown



1,030.82 Rs.

2021/22 - 550.80 Rs.

Low Grown



1,339.86 Rs.

2021/22 - 644.23 Rs.

a record Rs 411 billion. The unit FOB price of Rs. 1,643/- per kilo too is the highest ever to date. In US Dollar terms, the annual average unit FOB price was USD 5.06 per kilo still behind USD 5.30 per kilo achieved in 2017. The earnings in foreign currency was approx. USD 1.265 billion, which is approx. USD 65 million behind 2021.

The Global Perspective

As per the information given in the International Tea Committee annual supplementary bulletin of statistics 2022, tabulated below are the country-wise top 5 producers, exporters and importers of tea.

Producers			Exports			Importers		
No.	Country	Qty (Mn/kg)	No.	Country	Qty (Mn/kg)	No.	Country	Qty (Mn/kg)
1	China*	3,090.00	1	Kenya	456.00	1	Pakistan	236.50
2	India	1,340.49	2	China	375.23	2	Russian Federation	135.80
3	Kenya	530.00	3	Sri Lanka	250.19	3	USA	119.64
4	Turkey	280.00	4	India	224.00	4	United Kingdom	99.59
5	Sri Lanka	251.50	5	Vietnam	140.00	5	Other CIS Countries	88.00

**Predominantly Green Tea Includes imported tea re-exported where applicable*

China's reign as the top global tea producer continues in the year 2022 as well with a 48% share. India is next at 21%. Sri Lanka falls to the 5th position with Turkiye having regained the 4th slot. Kenya retains the 3rd position. Kenya however maintains the top slot among the tea exporting countries followed by China. Sri Lanka manages to hold on to the 3rd position for another year.

Pakistan amidst the economic crisis continues to be the largest tea-importing country though little behind in volume compared to the previous year. Russian Federation and the USA retain the no. 2 & 3 spots. The UK returns to the 'big 5' taking the 4th position.

Sri Lanka's position as one of the leading tea suppliers to the world is threatened due to the falling production and as a consequence, FOB prices rising sharply. The latter situation is affecting the competitiveness of Ceylon Tea in the global market and many leading "Ceylon Tea" importing countries are compelled to look at other origins. This has resulted in India endeavouring to up its orthodox production and Kenya encouraging more factories to convert from CTC to orthodox.

This threat is real. Therefore, the country needs to have a solid and all-encompassing national policy going forward to retain the commanding position it held for so long. For starters, the basics have to be done such as ensuring the nutrients are given to the tea bushes that were starved particularly in the last 2 years. Fertiliser is being applied particularly in the corporate sector and to some

extent among the smallholders. The crop improvements seen in the months of April, May and June 2023 leading to the first half of this year showing a gain of 2 million kilos compared to the corresponding period in 2022 bear ample proof of this. The Sri Lanka Tea Board and the Tea Research Institute are forecasting that the annual production would touch approximately 270 million kilos.

More emphasis is being directed towards the development of the tea industry with a view to increasing harvest. Sri Lanka Tea Board assistance towards direct planting, zero-interest loan schemes for fertiliser, subsidies for purchasing mechanical harvesters and installing solar power panels in tea factories are among a host of initiatives introduced to the producer sector.

Company Performance

The year under review as stated at the beginning of my message has been an excellent year with revenue and profit after tax (PAT) recording the best ever levels due to a committed and efficient team. Although growth in our market share was slightly reversed in the year under review, our focus, investments and confidence in the strengths we have built with our young team will continue. I have no doubt the team will strive to improve on the market share. The setback in the market share growth could be attributed to the much lower production and more importantly the large decline in the low-grown elevation. As a consequence, the company marketed less volume than the previous financial year. However, the value of the tea marketed through the company and the revenue generated were significantly higher, the latter in fact almost doubling on the levels of 2021/22.

Chairman's Message

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

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)
2022/23	36.0	51,869.7	1,153.5	239.7	850.1
2021/22	44.4	28,965.3	580.7	109.8	675.0
2020/21	42.5	28,049.0	518.7	107.5	633.4
2019/20	41.2	23,119.0	580.6	21.5	542.0
2018/19	35.0	22,830.0	767.6	115.3	582.6
2017/18	34.3	22,402.0	655.9	106.8	471.3
2016/17	29.9	16,114.4	419.7	41.5	237.7
2015/16	31.3	12,518.9	334.0	25.9	208.7
2014/15	34.7	16,073	435.5	54.7	212.4
2013/14	33.3	16,131	466.8	56.2	186.3

I also tabulate below the performance at a glance depicting some salient comparative data on Market Share.

On Value of Teas Sold ↓
15.26%
 2021/22 - 15.77%

On Quantity of Teas Sold ↓
14.75%
 2021/22 - 15.42%

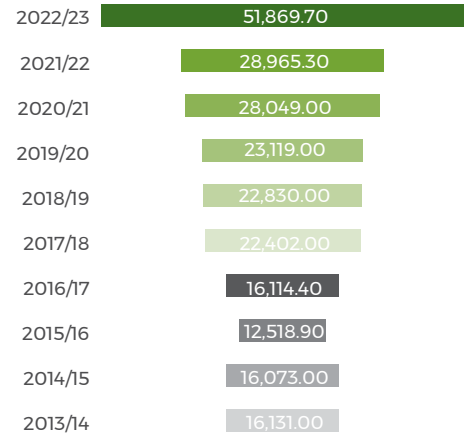
The company by continuing on its planned growth trajectory managed to record excellent results even though the turbulence of the previous year had not worn away completely. In order to grow our market share we continue to invest in strengthening our Organisational and service capacities to add value to our partners.

On behalf of the Board of Directors, I wish to congratulate our energetic management team for their indomitable spirit and the positive approach in facing and overcoming the many challenges experienced during the year. The professionalism displayed by them in judiciously managing the lending portfolio is also commendable.

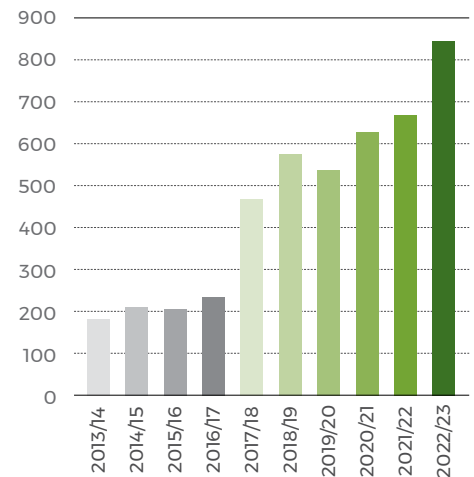
The income from tea brokering, the company's core business, was naturally the highest given that the tea prices were extraordinarily high throughout the year. In a highly volatile environment, the manner in which our team shared their expertise in guiding the producer clients is highly commendable.

The tea auction was successfully held on the electronic platform throughout the year in which 50 sales were conducted.

Value of Tea Marketed Through CTB (Rs. Mn)



Total Equity (Rs. Mn)



The income from tea brokering, the company's core business, was naturally the highest given that the tea prices were extraordinarily high throughout the year.

Corporate Development and Management Focus

In line with our growth trajectory and vision we continue to improve the platform for technology transfer and dialogue with our clients mainly in the low grown sector. While applauding the entrepreneurial capacities of our many clients, we continue to accentuate our primary role as the preferred broker strengthening market linkages in addition to providing services such as storage and short term finance. Our focus has helped us to better understand the needs of our partners with inputs covering both cultivation and manufacture. In the high grown sector challenges continue to be different mainly as the large plantation groups have in-house capacities in terms of technical inputs and well anchored relationships with brokers set up at the same time as the plantations. Our growth propensity in this sector is slower as reflected in a lower yet growing market share. Our investments are currently targeting the different manufacturing process in the high grown sector with a well-articulated policy of continuous improvement. We are confident that we will make inroads in this sector as well and applaud the team for achieving and maintaining the number two position in the industry within a relatively short period.

Logicare Private Limited

The logistics arm of the Group, Logicare Private Limited, expanded its service offerings and customer base across new industry verticals. Logicare delivered its highest-ever revenue of Rs. 556.48 million, representing a 94% year-on-year increase led by strong growth in the transportation segment. Despite the challenging macroeconomic

environment, Logicare witnessed a 137% increase in its operating profit during the year under review.

The gradual removal of import restrictions and the normalization of export volumes are expected to result in increased volumes in the second half of the year 2023/24, which will have a positive impact on the business

Dividend

The extraordinary performance during the financial year 2022/23 necessitates the declaration of an exceptional dividend. I am therefore pleased to announce that the Directors have declared a dividend of ₹/68 cts per share for the year as against ₹/36 cts per share in 2021/22. The total payout amounts to Rs. 124.03 Mn which is 52% of the distributable profits. The remainder amounting to Rs. 115.65 Mn has been transferred to the reserves thus increasing the total equity.

Farewell

Mr Dhayan Madawala who served as a Director of the Company since 2015 stepped down on 31st May 2023. He contributed in no small measure towards the smooth operations of the Company with his years of experience in the planting fraternity. On behalf of the Board of Directors, I express grateful thanks to him for his contribution.

Acknowledgement

This being my 1st year as Chairman, I thank my colleagues on the board for the support given and for their valuable advice at all times. Your contribution in helping me to navigate the Company to where it is now is much appreciated. I extend my grateful thanks to the Management and Staff of

the Company for their steadfast commitment in steering the company on the right track amidst many obstacles. On behalf of the Board of Directors, I extend a big "Thank You" to all our clients for their confidence in us and for standing with us during a difficult period which the Company experienced in the year under review. I also thank our bankers, the Sri Lanka Tea Board, the Ministry of Plantation Industries, the Colombo Brokers' Association, Colombo Tea Traders' Association, The Sri Lanka Tea Factory Owners' Association, Planters' Association of Ceylon, Tea Exporters' Association and all organizations we work with for their support and co-operation. Lastly, we acknowledge with heartfelt thanks the immeasurable support of our shareholders and for their confidence in the company providing the necessary foundation for us to aspire to greater heights in the future.

Concluding Thought

In keeping with the tradition of previous years, I close with our corporate theme for 2023 which was shared with our Management at the start of the year.

COMPLIANCE.....is Key



Niraj De Mel
Chairman

20th July 2023

Chief Executive Officer's Review

This year has been a remarkable journey for our company, as we have navigated through various challenges while also embracing new opportunities within the tea industry. I am pleased to say that Ceylon Tea Brokers has not only maintained its strong position but has also achieved significant growth and success.

Financial Performance

I am delighted to report that Ceylon Tea Brokers has achieved robust financial performance during the past year. Despite facing economic uncertainties and market volatility, company wise we have achieved an extra-ordinary milestone by attaining the highest ever revenue of LKR 1,155 million, representing an impressive growth rate of 99% compared to the previous year mainly due to the depreciation of the Rupee against the USD. Our profitability has also soared, with a net profit of LKR 240 million, an increase of 118% over the previous year. Moreover, as a Group we have achieved a collective revenue and profit of LKR 1,711 million and LKR 184 million respectively. These outstanding financial results are also a testament to the dedication and hard work of our team and the resilience of our business model.

Market Position

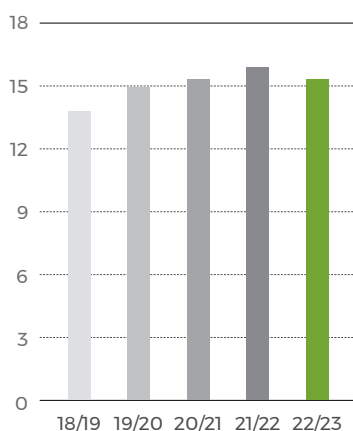
Ceylon Tea Brokers has consistently strengthened its position as a leading player in the Sri Lankan tea industry. In the year under review, we continued to demonstrate our market leadership in the Low Grown sector, with a substantial market share of 18.07% in 2022/23. Additionally, we maintained a notable presence in the High and Medium categories, holding a market share of 9.38% during the same period. As a result, our company achieved an overall market

share of 15.26% in terms of quantity sold for the financial year 2022/2023, indicating a steady and favorable position in the industry.

This achievement can be attributed to our unwavering commitment to delivering an exceptional service and ensuring customer satisfaction. By consistently exceeding customer expectations, we have solidified our position in the market and earned the unwavering trust of our valued clientele. We have successfully strengthened relationships with key tea estates and buyers, further enhancing our growth trajectory and overall profitability.

These accomplishments signify our relentless pursuit of excellence and our ability to adapt to the changing dynamics of the tea industry. Through our steadfast commitment to excellent service, coupled with strategic market expansion, we have solidified our position as a trusted and preferred tea broker in Sri Lanka. We remain dedicated to upholding these standards as we continue to pursue growth opportunities, nurture our customer relationships, and contribute to the long-term success of the Sri Lankan tea industry.

Market Share (%)



Revenue - Group

1,711 Rs. Mn

2021/22 - 867 Rs. Mn



PAT - Group

184 Rs. Mn

2021/22 - 19 Rs. Mn



Our Culture

The foundation of our success lies in the culture we have fostered at Ceylon Tea Brokers. We firmly believe that our culture determines the heights we can reach as an organisation. Therefore, we strive to cultivate an environment where our employees are not only encouraged but also empowered to be curious, innovative, and possess a growth mindset. This mindset has been instrumental in fueling our unwavering dedication to "Customer Obsession" - our relentless pursuit of exceeding customer expectations.

At Ceylon Tea Brokers, we genuinely care about making a meaningful impact on our employees, clients, and society as a whole. We have cultivated a culture where our employees feel empowered to drive positive change on a daily basis. We recognise that each individual has the ability to make a difference and contribute to our collective success.

Our culture is not merely a buzzword; it is the embodiment of our values and guiding principles. It fuels our passion for excellence,



In an era of rapid technological advancements, Ceylon Tea Brokers has embraced innovation to enhance our operations and deliver superior value to our stakeholders. We have invested significantly in upgrading our IT infrastructure, data analytics capabilities, and digital platforms to optimize our auction systems, supply chain management, and customer interactions.

our commitment to continuous improvement, and our determination to exceed expectations. We encourage an environment of trust, collaboration, and open communication, where every voice is valued, and ideas are nurtured.

As we move forward, we will continue to foster our culture, investing in our people and providing them with the resources, support, and opportunities they need to thrive. By doing so, we will sustain our commitment to making a positive impact that truly matters - for our people, our clients, and the society we serve.

Sustainability and Social Responsibility

As a responsible corporate citizen, Ceylon Tea Brokers remains committed to sustainability and social responsibility. We recognise the significance of fostering the well-being of our employees and the communities within which we operate. Therefore, we actively strive to ensure that all

our business activities are geared towards positively impacting economic, social, and environmental sustainability.

Technology and Innovation

In an era of rapid technological advancements, Ceylon Tea Brokers has embraced innovation to enhance our operations and deliver superior value to our stakeholders. We have invested significantly in upgrading our IT infrastructure, data analytics capabilities, and digital platforms to optimize our auction systems, supply chain management, and customer interactions. This digital transformation has not only improved efficiency but also enabled us to make data-driven decisions and adapt swiftly to market dynamics.

Outlook for the Future

Looking ahead, we are optimistic about the future of Ceylon Tea Brokers. Despite the challenges posed by market competition, economic uncertainties, and global economic fluctuations, we are well-prepared to navigate

through these uncertainties. We will continue to focus on delivering exceptional service, strengthening our customer relationships, and expanding our market reach. Furthermore, we will remain committed to sustainable practices, technological advancements within our organisation.

I extend my heartfelt appreciation to our dedicated employees, loyal shareholders, valued customers, and supportive partners for their unwavering commitment and trust in Ceylon Tea Brokers. Together, we have achieved remarkable success, and I am confident that we will continue to thrive in the years to come.

Waruna De Silva
Director/ Chief Executive Officer

20th July 2023



Board of Directors



GRI 2016 : 405-1



Niraj De Mel
*Chairman /
Independent Non-Executive Director*



Ajith Fernando
Managing Director



Waruna de Silva
Director / Chief Executive Officer



Dinesh Fernando
Director / Chief Operating Officer



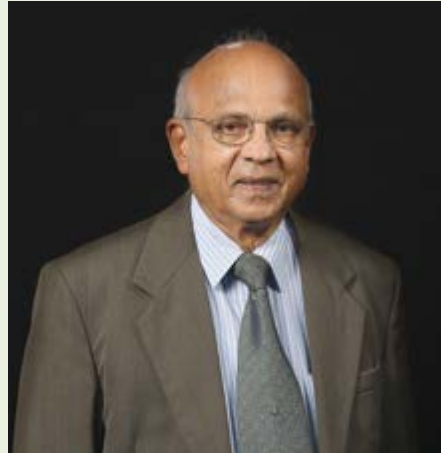
Thilina Nonis
Executive Director



Zameel Mohamed
Executive Director



Chrisantha Perera
*Independent
Non-Executive Director*



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



Dhayan H. Madawala
*Independent
Non-Executive Director
(Resigned w.e.f 31st May 2023)*



Shiromal Cooray
Non-Executive Director



Sharmali Perera
Non-Executive Director



Saminda Deshapriya
Non-Executive Director



Board of Director's Profiles

Niraj De Mel

Chairman / Independent Non-Executive Director

Date of Appointment:
1st April 2019

Qualifications & Experience:
Commenced 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 2004/05 and the Tea Exporters' Association 2011/12. Chief Executive Officer of the Tea Association of Sri Lanka and In-Country Manager of Ethical Tea Partnership (ETP), UK. Vice Chairman of Colombo Tea Traders Association & Chairman of Colombo Brokers Association (2022).

Shareholding:
80,000 shares

Membership of Board

Subcommittees:

- Chairman of the Risk Management Committee
- Chairman of Remuneration Committee
- Chairman of Nomination Committee
- A Member of the Related Party Transactions Review Committee
- A Member of the Audit 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 a Director. 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). Completed Leadership development & high-performance teams from USC Marshall school of Business (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. Holds a Bachelor of Arts (Hons) degree in Business & Marketing from the Coventry University, UK. A member of the Association of Chartered Certified Accountants (ACCA), UK and a Member of the Association of Business Executives (MABE), UK.

Joined Ceylon Tea Brokers PLC in 2016 as a General Manager. Has over 20 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 21 years of experience in tea broking.

Other Current Appointments:

None

Previous Appointments:

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

Shareholding:

10,000 shares

Membership of Board**Subcommittees:**

A Member of the Risk Management Committee

Zameel Mohamed*Executive Director***Date of Appointment:**

24th May 2019

Qualifications & Experience:

Holds a Master of Business Administration (MBA) from the London Metropolitan University, UK. Joined Ceylon Tea Brokers PLC in 2018 as a Senior General Manager and has over 23 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



Board of Director's Profiles

Chrisantha Perera

Independent Non-Executive Director

Date of Appointment:
30th October 2009

Qualifications & Experience:

Associated with the Tea Industry for over 60 years. Retired as Chairman/CEO of Forbes & Walker Ltd in 2005 after serving for 44 years. Served as Chairman Ceylon Tea Brokers PLC till April 2022 and continues to serve as an Independent Non-Executive Director.

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 Risk Management Committee
- A Member of the Audit Committee

B.R.L. Fernando

Independent Non-Executive Director

Date of Appointment:
5th May 2010

Qualifications & Experience:

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

Other Current Appointments:

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

Previous Appointments:

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

Shareholding:

22,640 Shares

Membership of Board

Subcommittees:

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

Dhayan H. Madawala

Independent Non-Executive Director

Resigned w.e.f. 31st May 2023

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 - (Resigned w.e.f. 31st May 2023)
- A Member of the Related Party Transactions Review Committee - (Resigned w.e.f. 31st May 2023)

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

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 17 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:

None

Membership of Board**Subcommittees:**

None

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



Madawa Jayaratne
Senior Manager - Sample
Room



Deemantha Ekanayake
Manager - Tea



Harshana Perera
Manager - Tea



Mahesh de Zoysa
Manager IT



Kasun Seneviratne
Finance Manager



Sachitra Warusevitane
Manager - Risk & Compliance



Sanethri Beminiwatte
Manager - Human Resources



Sonia Arif
Manager - Administration



Janaka Epa
Manufacturing Consultant



Teshan Baduge
Manufacturing Consultant



Vige Bede Johnpillai
Consultant



Senuri De Silva
Assistant Finance Manager



Thilini Subhashini
Assistant Finance Manager



Shaveendra Hettiarachchi
Assistant Manager - Tea



Thenuka Karunasena
Assistant Manager - Tea



Mario Silva
Assistant Manager - Tea



Sadhananthan Shivani
Assistant Manager - Tea



Rochelle Fernando
Assistant Manager - Administration



T G Kamal
Assistant Manager - Warehousing



Saminda Priyadasun
Assistant Manager - Warehousing



Pulina Senevirathne
Business Analyst

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.

As a group, we 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 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 human capital 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 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.

the future. These objectives are monitored and altered regularly to align with the changes in macro and micro environments.

Sustainable Development

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

Our Strategic direction to sustainable development is graphically depicted on page 29.





Operating Landscape



This section of the report provides an in-depth analysis of the global economic and business environment, with a particular focus on the performance of the Sri Lankan economy. Additionally, it explores the effects of both the global and domestic economy on the Sri Lankan tea industry throughout the year. By examining the broader economic landscape and the specific influences on the tea industry, we can gain valuable insights into the factors that have shaped the Company's performance in the given period.

Global Economy

The global economy in the 2022/23 fiscal year witnessed a mixed performance. According to the International Monetary Fund (IMF), global growth reached 3.4 percent in 2022, marking a recovery from the pandemic-induced contraction. Major economies played a crucial role in driving this growth, with the United States, Euro area and India experiencing an expansion of 2.1 percent, 3.5 percent and 6.8 percent respectively. Moreover, the forecast for Global headline (Consumer price index) inflation will decrease, although more slowly than initially anticipated, from 8.7 percent in 2022 to 7.0 percent in 2023. After Russia's invasion of Ukraine, the surge in commodity prices has now subsided, yet the conflict persists, leaving geopolitical tensions at a heightened state. Infectious COVID-19 strains caused widespread outbreaks last year, but economies that were hit hard most notably China appear to be recovering, easing supply chain disruptions. Despite these obstacles, policymakers and international organizations remained focused

Global GDP Growth

3.4 %

2022 - Actual



Global GDP Growth

2.8 %

2023 - Projected



on implementing fiscal stimulus measures and supporting vaccination campaigns to sustain economic recovery.

Global GDP

GDP Growth Rate	Projection		
	2022 (%)	2023 (%)	2024 (%)
World Output	3.40	2.80	3.00
Advanced Economies	2.70	1.30	1.40
United States	2.10	1.60	1.10
Euro Area	3.50	0.80	1.40
Japan	1.10	1.30	1.00
United Kingdom	4.00	-0.30	1.00
Canada	3.40	1.50	1.50
Other Advanced Economies	2.60	1.80	2.20
Emerging Market and Developing Economies	4.00	3.90	4.20
China	3.00	5.20	4.50
India	6.80	5.90	6.30
ASEAN-5	5.50	4.50	4.60
Russia	-2.10	0.70	1.30

Source : IMF World Economic Outlook, April 2023

The Global GDP forecasts that if recent financial sector stresses are contained, the GDP growth will fall from 3.4 percent in 2022 to 2.8 percent in 2023, before rising slowly and settling at 3.0 percent in 2024. Advanced economies are expected to see a significant deceleration from 2.7 percent in 2022 to 1.3 percent in 2023. This subdued outlook reflects the tight policy stances needed to bring down inflation arising from the fallout from the recent deterioration in financial conditions, the ongoing war in Ukraine, and growing geoeconomic fragmentation. Global headline inflation is set to fall from 8.7 percent in 2022 to 7.0 percent in 2023.

The promising indications observed in early 2023, suggesting a potential smooth landing for the world economy with decreasing inflation and steady growth, have unfortunately diminished due to the persistent challenge of high inflation and recent turmoil within the financial sector. While central banks have raised interest rates and witnessed a decline in food and energy prices, underlying pressures on prices have proven resistant, particularly due to tight labour markets in several economies.



As a consequence of the rapid increase in policy rates, certain side effects have started to emerge. Vulnerabilities within the banking sector have come into sharper focus, and concerns of contagion have heightened across the broader financial sector, encompassing nonbank financial institutions.

The war-related damages to the Ukrainian economy are significant, with a contraction of 30.3 percent in 2022 in terms of real GDP. Similarly, tightened trade sanctions, restricted access to certain banks, and embargoes on oil and gas have amplified the adverse impact on the Russian economy. Russia's GDP fell by 2.1 percent in 2022. These disruptions, along with impaired access to bank systems, are expected to disrupt worldwide trade flows, energy markets, and food supplies.

Furthermore, global trade is expected to decline from 5.1 percent in 2022 to 2.4 percent in 2023 echoing the slowdown in global demand after two years of rapid catch up growth from the pandemic recession and the shift in the composition of spending from traded goods back toward domestic services.

Sri Lankan Economy

The year 2022 proved to be an exceptionally challenging period for the Sri Lankan economy. It was marred by intense economic difficulties, causing widespread concern among the public and triggering political unrest. The prevailing impoverished conditions necessitated swift and unified actions from both the Government and the Central Bank to avert a

In 2022, the agriculture sector contracted by 4.6 percent compared to the previous year. This decline was largely attributed to severe shortages in chemical fertilisers and other agrochemicals, increased costs of raw materials, and disruptions in supply networks.

worsening of the situation. However, as the year drew to a close, Sri Lanka managed to navigate towards a more sustainable equilibrium in the short term, placing a strong emphasis on restoring socio-economic stability. Furthermore, the anticipated support from international financial institutions began to materialize, providing a glimmer of hope for the nation's recovery. As per the provisional estimates of the Department of Census and Statistics (DCS), the real GDP contracted by 7.8 percent in 2022, compared to the growth of 3.5 percent in 2021. The overall size of the economy in US dollar terms contracted to US dollars 77.1 billion in 2022, compared to US dollars 88.5 billion in 2021, due to the large depreciation of the exchange rate. Per capita GDP also declined to US dollars 3,474 in 2022 from US dollars 3,997 in 2021. As a result of the significant surge in inflation during the period (with CCPI YoY headline inflation reaching 57.2 percent and NCPI YoY headline inflation at 59.2 percent), total consumption expenditure of the economy witnessed a notable increase. In 2022, it grew at a higher rate of 34.3 percent compared to the modest expansion of 8.4 percent recorded in the previous year.

Indicator	Unit	2022	2021	2020	2019	2018
Real GDP Growth	%	-7.80	3.50	-4.60	-0.20	2.30
GDP at Market prices	Rs./Bn	24,148	17,600	15,672	15,911	15,352
Per Capita GDP	USD	3,474	3,997	3,858	4,082	4,372
CCPI YoY Headline Inflation	%	57.2	12.1	4.2	4.8	2.8
NCPI YoY Headline Inflation	%	59.2	14.0	4.60	6.2	0.4

Source: Central Bank of Sri Lanka

GDP Growth - Sector wise

In 2022, the real economy experienced a significant and widespread downturn, reversing the progress made during the post-pandemic recovery in 2021. One sector that was particularly affected was agriculture, which had already been underperforming since 2019. In 2022, the agriculture sector contracted by 4.6 percent compared to the previous year. This decline was largely attributed to severe shortages in chemical fertilisers and other agrochemicals, increased costs of raw materials, and disruptions in supply networks.

Operating Landscape

GDP Growth Sector wise

Sector	Growth %		Contribution to Growth %		As a Percentage of GDP	
	2022	2021	2022	2021	2022	2021
Agriculture, Forestry and Fishing	-4.6	0.9	-0.3	0.1	7.5	7.3
Industries	-16.0	5.7	-4.8	1.7	27.5	30.2
Services	-2.0	3.5	-1.1	2.0	60.5	56.9
Taxes less subsidies on Products	-27.1	-3.6	-1.5	-0.2	4.5	5.6
GDP	-7.8	3.5	-7.8	3.5	100.0	100.0

Source: Central Bank of Sri Lanka

The industry sector also experienced a notable decline in 2022, with a year-on-year contraction of 16.0 percent. This was primarily driven by the under performance of the construction and manufacturing sub sectors. These sub sectors faced considerable challenges, including severe shortages in raw materials and escalating input costs. These factors had a detrimental impact on the industry sector's overall performance. Despite a resilient performance in the services sector during the first quarter of 2022, supported by the gradual normalization of activities following the COVID-19 pandemic, the sector encountered economic headwinds that intensified in the subsequent months. As a result, the services sector was unable to sustain further expansion, leading to an overall contraction of 2.0 percent year-on-year in 2022.

Unemployment

In 2022, the unemployment rate showed a positive trend, decreasing from 5.1 percent in the previous year to 4.7 percent. This decline in unemployment was accompanied by a decrease in the number of unemployed individuals, which dropped from 0.440 million in 2021 to 0.399 million in 2022. Furthermore, when examining the unemployment rate by gender, it was observed that the male unemployment rate remained unchanged at 3.7 percent. On the other hand, the female unemployment rate exhibited a notable improvement, improving from 7.9 percent in the previous year to 6.5 percent in 2022. In terms of foreign employment, there was a substantial increase in departures, recording a growth of 154.4 percent. The number of departures increased from 122,264 in 2021 to 311,056 in 2022.

GDP Growth Rate

(7.8) %

2021 - 3.5%



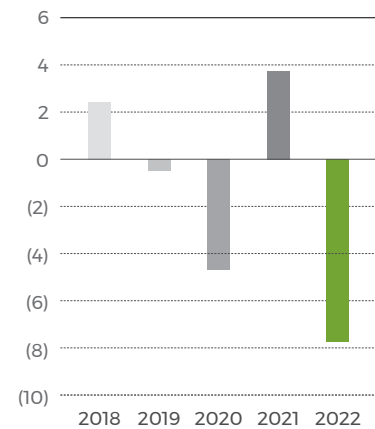
Unemployment Rate

4.7 %

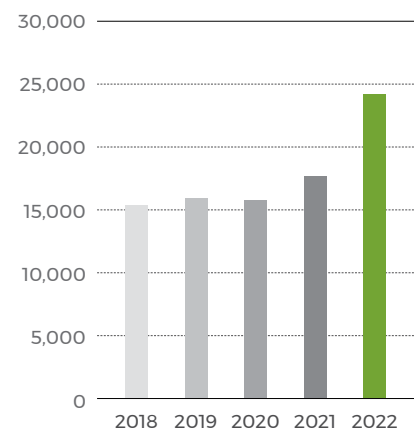
2021 - 5.1%



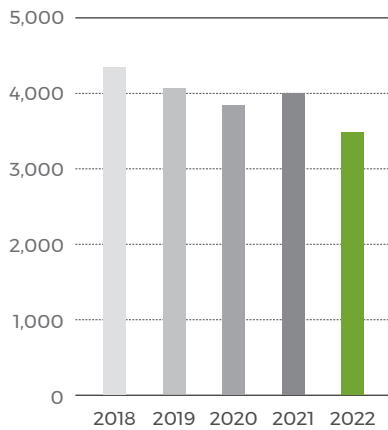
Real GDP Growth (%)



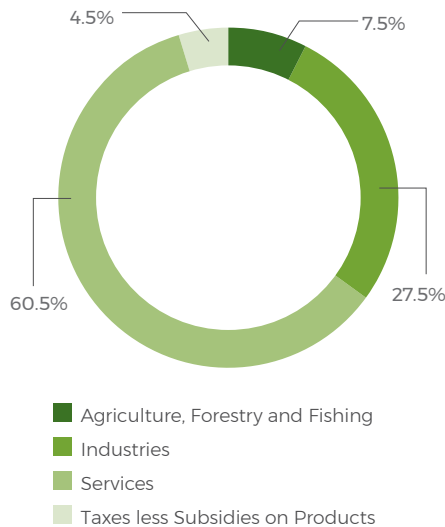
GDP at Market Prices (Rs. Bn)



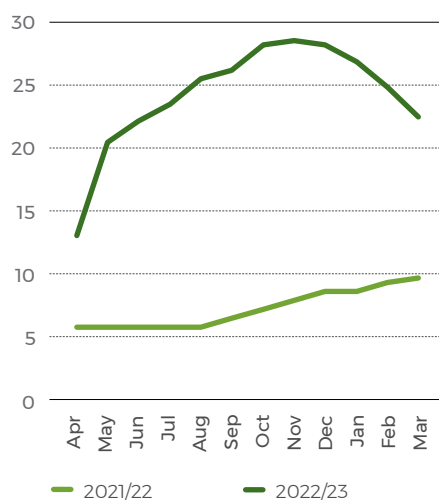
Per Capita GDP (USD)



Sector wise Contribution to GDP



Movement of Monthly Average Weighted Prime Lending Rate (AWPLR)



Inflation

In 2022, the year-on-year headline inflation showed a substantial increase as measured by both the Colombo Consumer Price Index and the National Consumer Price Index. The Colombo Consumer Price Index recorded a significant acceleration at 57.2 percent, while the National Consumer Price Index reported a higher figure of 59.2 percent. The rapid rise in year-on-year headline inflation can be attributed to various factors. One contributing factor was the price hikes observed in the food, energy, and transport sectors, which had ripple effects due to disruptions in the supply chain. Additionally, swift adjustments to administered prices, the notable depreciation of the Sri Lanka rupee, and the aggregate demand pressures resulting from the delayed impact of monetary accommodation measures implemented in previous years all added to the overall price pressures. However, efforts to address the situation were undertaken, including the implementation of significantly tighter monetary policies and other demand management measures. These measures included prioritizing essential imports. Furthermore, the softening of food and energy prices played a role in moderating the pace of headline inflation during the latter part of 2022.

Interest Rate

During 2022, market lending interest rates experienced notable increases as a response to the tight monetary and liquidity conditions prevailing in the market. However, towards the end of the year, certain lending interest rates began to show signs of moderation. The surge in market lending interest rates can be attributed to a combination of factors. Firstly, the unprecedented rise in the Central Bank's policy interest rates had a significant impact. Additionally, the substantial liquidity deficit in the domestic money market resulted in higher deposit interest rates. Furthermore, the pricing in of heightened credit risk amidst the contraction of economic activity and the elevated yields on government securities contributed to the overall increase in market lending interest rates throughout 2022.

As a result, certain market lending interest rates reached their highest levels on record during the year. The Average Weighted Lending Rate (AWLR) witnessed an increase of approximately 9 percentage points, reaching 18.70 percent by the end of 2022. Similarly, the Average Weighted New Lending Rate (AWNLR) hit a historical peak in December 2022, reaching 26.20 percent, representing an increase of around 17 percentage points compared to the end of 2021.

Operating Landscape

Distribution of Loans and Advances by Commercial Banks

According to the Quarterly Survey of Commercial Banks' Loans and Advances to the Private Sector, the year-on-year growth of credit to all major economic sectors experienced a notable moderation throughout 2022, particularly in the second half of the year. This slowdown in growth can be attributed to various factors, including tight monetary conditions, subdued economic activity, and significant fiscal reforms.

In the first half of 2022, the year-on-year growth of outstanding credit provided by commercial banks to all major economic sectors saw an increase, primarily driven by the revaluation effect of foreign currency-denominated credit. This increase was more pronounced in the Industry and Services sectors, as these sectors accounted for a larger volume of foreign currency-denominated credit. However, this trend reversed in the second half of 2022. The second half of the year witnessed subdued economic activity, coupled with supply shortages and a sharp upward adjustment in market lending interest rates due to tight monetary conditions. Additionally, significant fiscal reforms also contributed to the deceleration of credit to all major economic sectors by the end of 2022.

Regarding sectoral credit, the year-on-year growth of credit to the Industry sector decelerated to 8.4 percent by the end of 2022, compared to 12.6 percent at the end of 2021. Similarly, the growth of credit extended to the Services sector notably decelerated to 4.2 percent

year-on-year by the end of 2022, compared to 16.3 percent at the end of 2021. In the Agriculture and Fishing sector, the year-on-year growth of credit also decelerated to 9.1 percent by the end of 2022, in contrast to the growth of 12.7 percent at the end of 2021. Within the Agriculture and Fishing sector, credit flows to the Coconut and Paddy subsectors contracted during 2022, while some improvement in credit flows to the Tea and Rubber subsectors was observed throughout the year.

Sectoral Distribution of Loans & Advances granted by Commercial Banks

Sector	End 2022 Rs. Billion	End 2021 Rs. Billion	% Share in 2022	Change %
Agriculture and Fishing	601.70	551.70	7.7	9.1
Industry	3,100.60	2,860.90	39.8	8.4
Services	2,079.60	1,996.50	26.7	4.2
Personal Loans & Advances	2,013.00	1,799.80	25.8	11.8
Total	7,794.90	7,208.80	100.0	8.1

Source: Central Bank of Sri Lanka

Exports

Despite facing various challenges on the global and domestic fronts, merchandise exports displayed a noteworthy increase, surpassing US dollars 13 billion in 2022. This growth was primarily driven by several factors, including the favourable exchange rate, prioritization of export industries when sourcing imported inputs, and the upward trajectory of global commodity prices. Consequently, earnings from merchandise exports reached US dollars 13,106 million in 2022, representing a 4.9 percent growth compared to US dollars 12,499 million in 2021.

The improvement in earnings was attributed to increased earnings from both industrial and mineral exports, while agricultural exports experienced a decline. Industrial exports, which constituted approximately 80 percent of the total merchandise exports, recorded a growth of 7.9 percent, reaching US dollars 10,465 million in 2022, compared to US dollars 9,702 million in 2021. Notably, textiles and garments exports remained the dominant contributor, accounting for over 45 percent of total exports, despite a moderation in earnings towards the latter part of 2022.

On the other hand, agricultural exports faced a decline in earnings primarily due to the delayed impact of inadequate fertiliser availability. Overall, agricultural exports contracted by 5.9 percent in 2022 compared to 2021. Tea exports saw a decrease in earnings due to a significant drop in volumes, despite experiencing an increase in average prices.

Composition of Exports

Category	2022		2021		Change in Value USD Million	Y-o-Y change %
	Value USD	Share %	Value USD	Share %		
Agricultural exports	2,568.00	19.60	2,729.50	21.80	-161.50	-5.90
Industrial Exports	10,465.30	79.80	9,702.00	77.60	763.30	7.90
Mineral Exports	50.00	0.40	44.50	0.40	5.50	12.30
Unclassified Exports	23.20	0.20	22.60	0.20	0.60	2.60
Total Exports	13,106.40	100.00	12,498.60	100.00	607.80	4.90

Source: Central Bank of Sri Lanka

Imports

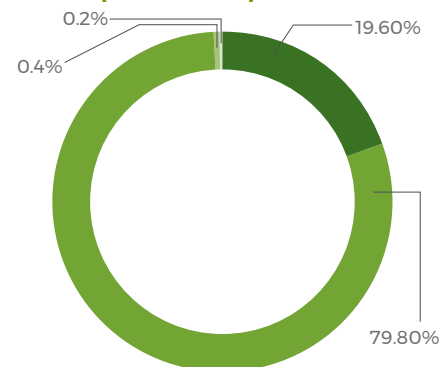
In 2022, expenditure on imports experienced a notable decline, falling by 11.4 percent to US dollars 18,291 million from US dollars 20,637 million in 2021. This decrease was primarily driven by a significant decline in imports of investment goods and non-food consumer goods. Import expenditure on food and beverages saw a decline of 3.5 percent in 2022 compared to the previous year. This decrease was a result of lower import volumes, despite higher global food commodity prices. Expenditure on non-food consumer goods witnessed a considerable decline of 44.8 percent year-on-year, reaching US dollars 1,205 million. This decline was primarily led by a significant decrease in spending on medical and pharmaceuticals as well as telecommunication devices. Furthermore, expenditure on imports of investment goods declined by 32.1 percent year-on-year, reaching US dollars 3,030 million in 2022. This marked the lowest expenditure on investment goods since 2010. However, import expenditure on intermediate goods, which accounted for 68 percent of total imports, experienced a marginal increase which was driven by higher expenditure on fuel.

Composition of Imports

Category	2022		2021		Change in Value USD Million	Y-o-Y change %
	Value USD	Share %	Value USD	Share %		
Consumer Goods	2,813.00	15.4	3,848.70	18.6	-1,035.70	-26.90
Intermediate Goods	12,438.80	68.0	12,308.90	59.6	129.80	1.10
Investment Goods	3,030.50	16.6	4,462.70	21.6	-1,432.20	-32.10
Unclassified Imports	8.80	0.1	17.10	0.1	-8.30	-48.80
Total Imports	18,291.10	100.0	20,637.40	100.0	-2,346.30	-11.40

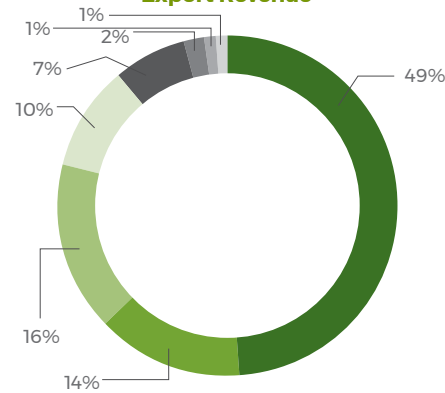
Source: Central Bank of Sri Lanka

Composition of Export Revenue



- Agricultural Exports
- Industrial Exports
- Mineral Exports
- Unclassified Exports

Composition of Agricultural Export Revenue



- Tea
- Spices
- Coconut
- Sea Food
- Minor Agricultural Products
- Rubber
- Unmanufactured Tobacco
- Vegetables

Operating Landscape

Exchange Rates

During the first half of 2022, the Sri Lanka rupee exhibited significant volatility and underwent its largest depreciation against the US dollar in history. However, the currency gradually stabilized around the guidance band introduced in May 2022. The Central Bank played an active role in the domestic foreign exchange market, intervening to maintain the Sri Lanka rupee. Additionally, adverse global conditions further exerted pressure on the exchange rate. In line with the overall strengthening of the US dollar, major currencies experienced depreciation against it. This was driven by the US Federal Reserve Bank's policy rate hikes. By the end of 2022, the Euro depreciated by 5.9 percent, the Japanese Yen by 13.2 percent, the Sterling Pound by 10.8 percent, and the Indian Rupee by 10.1 percent in relation to the US dollar.

Annual average movement in exchange rate

	2016	2017	2018	2019	2020	2021	2022
Rs./USD	145.60	152.46	162.54	178.78	185.52	198.88	324.55

Source: Central Bank of Sri Lanka

GLOBAL TEA INDUSTRY

In 2022, the global tea industry witnessed a slight decline of 0.8 percent, with the total tea production decreasing from 6,452.19 million kilos in 2021 to 6,397.92 million kilos. However, China maintained its position as the leading tea producer worldwide, with a production of 3,090 million kilos in the same year. This represented a modest growth of 0.9 percent compared to the previous year. On the other hand, India and Sri Lanka experienced a decline in tea production. India recorded a marginal decrease of 0.2 percent, while Sri Lanka faced a significant decline of 16.0 percent. Similarly, Kenya's tea production contracted by 1.5 percent during the same period.

World Production of Tea

Country	2022	2021	Variance	
	(Mn/Kg)	(Mn/Kg)	(Mn/Kg)	%
China (Mainland)	3,090.00	3,063.12	26.88	0.9
India	1,340.49	1,343.06	-2.57	-0.2
Kenya	530.00	537.83	-7.83	-1.5
Turkey	280.00	282.03	-2.03	-0.7
Sri Lanka	251.50	299.34	-47.84	-16.0
Other	905.93	926.81	-20.88	-1.5
Total	6,397.92	6,452.19	-54.27	-0.8

Source: Sri Lanka Tea Board and International Tea Committee

Exchange Rate (USD)



324.55 Rs.

2021/22 - 198.88 Rs.

Global Tea Production



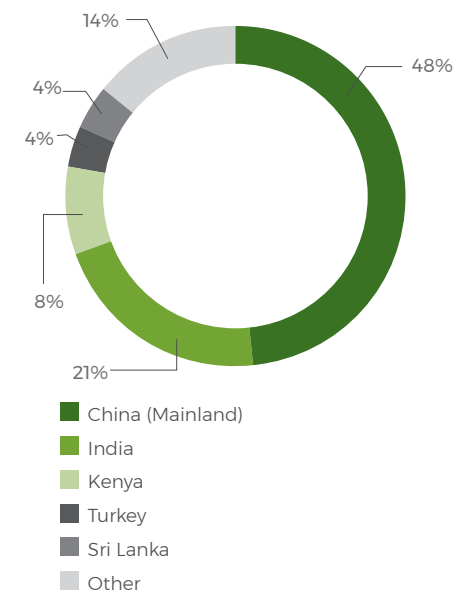
6,397.92 Mn/Kg

2021 - 6,452.19 Mn / Kg

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



World Production of Tea (%)



In 2022, global tea exports experienced an overall decline of 4.71 percent, with the total quantity decreasing from 1,918.39 million kilos in 2021 to 1,827.99 million kilos. Kenya retained its position as the largest tea exporter, with exports amounting to 456 million kilos. China, Sri Lanka, India, and Vietnam followed as the top tea exporting countries.

China and India saw an increase in their tea exports for 2022, despite the overall decline in global exports. However, Kenya, Sri Lanka, and Vietnam witnessed decreases in their exported tea quantities. Kenya's tea exports declined by 18.4 percent, Sri Lanka's by 11.5 percent, and Vietnam's by 3.5 percent compared to the previous year.

World Export of Tea

Country	2022	2021	Variance	
	(Mn/Kg)	(Mn/Kg)	(Mn/Kg)	%
Kenya	456.00	558.93	-102.93	-18.42%
China (Mainland)	375.23	369.36	5.87	1.59%
Sri Lanka	250.19	282.84	-32.65	-11.54%
India	224.00	190.85	33.15	17.37%
Vietnam	140.00	145.00	-5.00	-3.45%
Other	382.57	371.41	11.16	3.00%
Total	1,827.99	1,918.39	-90.40	-4.71%

Source: International Tea Committee

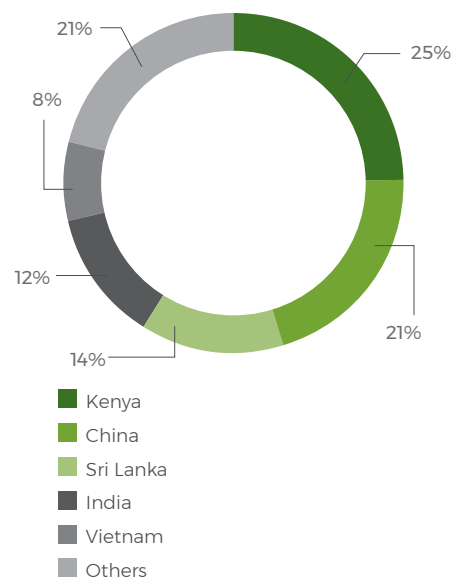
In 2022, global tea imports for consumption witnessed a decline of 3.2 percent, with the total quantity decreasing from 1,765.4 million kilos in 2021 to 1,707.9 million kilos. Among the top tea importers, Pakistan imported 236.5 million kilos, Russia followed as the second-largest importer, with tea imports amounting to 135.8 million kilos.

Tea Imports for Consumption

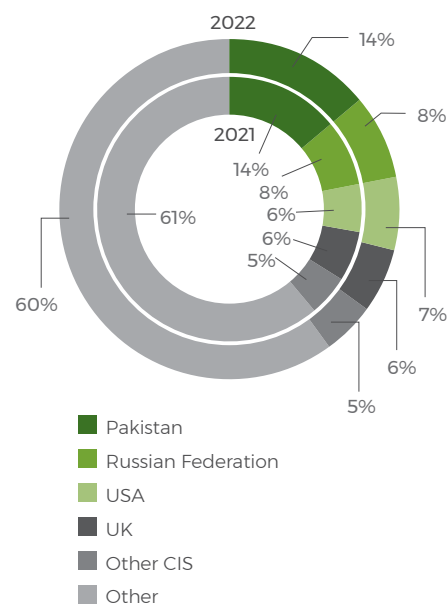
Country	2022	2021	Variance	
	(Mn/Kg)	(Mn/Kg)	(Mn/Kg)	%
Pakistan	236.50	247.47	-10.97	-4.43%
Russian Federation	135.80	149.50	-13.70	-9.16%
USA	119.64	114.74	4.90	4.27%
UK	99.59	91.83	7.76	8.45%
Other CIS	88.00	91.00	-3.00	-3.30%
Other	1,028.37	1,070.86	-42.49	-3.97%
Total	1,707.90	1,765.40	-57.50	-3.26%

Source: International Tea Committee

World Export of Tea (%)



Top 5 Importers of Tea 2021 Vs 2022



Operating Landscape

Sri Lankan Tea Industry

In 2022, the production of tea experienced a significant decline of 16.0 percent compared to the previous year. This decline can primarily be attributed to the delayed impact of acute shortages in domestic fertilizers and agrochemicals. The Tea Research Institute (TRI) conducted a preliminary diagnosis, which revealed that the reduced availability of chemical fertilizers and agrochemicals, particularly urea-based fertilizers and weedicides, had a substantial impact on crop yields.

The decline in tea production affected different categories of tea. Production of high-grown tea, which accounted for approximately 22 percent of the total production, decreased by 13.8 percent. Medium-grown tea, contributing around 16 percent, experienced a decline of 21.2 percent. Similarly, the production of low-grown tea, comprising the majority at 62 percent, declined by 15.4 percent in 2022.

Tea Production (Mn/Kg)

Elevation	2022	2021	Variance	
	Mn/Kg	Mn/Kg	Mn/Kg	%
High Grown	56.32	65.27	(8.95)	(13.8)
Mid Grown	40.18	50.91	(10.72)	(21.2)
Low Grown	154.99	183.16	(28.17)	(15.4)
Total	251.50	299.34	(47.84)	(16.0)

Source: Sri Lanka Tea Board

In 2022, tea prices at the Colombo Tea Auction (CTA) reached unprecedented heights and remained at elevated levels throughout the year. The average price of tea experienced a significant increase of 100.5 percent, reaching Rs. 1,234.24 per kilo, compared to Rs. 615.44 per kilo in 2021.

This surge in tea prices was observed across different categories. High-grown tea, medium-grown tea, and low-grown tea all witnessed substantial year-on-year increases in average prices. Specifically, high-grown tea prices rose by 86.2 percent, medium-grown tea prices increased by 87.1 percent, and low-grown tea prices saw a remarkable 108 percent rise in 2022.

Tea Production



251.5 Mn/Kg

2021 - 299.34 Mn/Kg

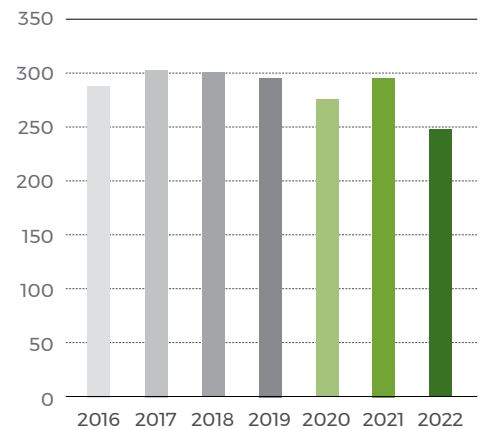
Average Auction Price



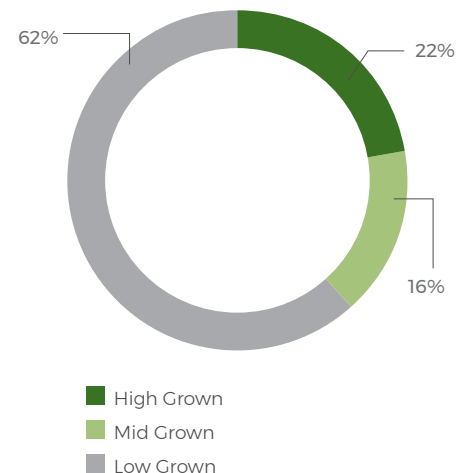
1,234.24 Rs.

2021 - 615.44 Rs.

Sri Lankan Tea Production (Mn/Kg)



Elevation wise Sri Lanka Tea Production 2022



Colombo Auction Averages

Elevation	2022		2021		Variance		Variance %	
	LKR	USD	LKR	USD	LKR	USD	LKR	USD
High Grown	1,093.10	3.37	587.13	2.95	505.97	0.42	86.2	14.2
Mid Grown	1,030.82	3.18	550.80	2.77	480.02	0.41	87.1	14.8
Low Grown	1,339.86	4.13	644.23	3.24	695.63	0.89	108.0	27.5
Total	1,234.24	3.80	615.44	3.09	618.80	0.71	100.5	23.0

Source: Sri Lanka Tea Board

During 2022, the average export price (FOB) of tea witnessed a rise of 9.3 percent, reaching US dollars 5.06 per kilogramme, as compared to US dollars 4.63 per kilogramme in the previous year. This increase in average tea prices can be attributed to multiple factors.

Firstly, the decline in the quantity supplied to the Colombo Tea Auction (CTA), coupled with the decrease in local tea production, played a role in driving up prices. As the supply of tea decreased, the market dynamics resulted in higher prices for the available tea.

Additionally, the depreciation of the Sri Lankan Rupee also contributed to the increase in tea prices when measured in rupee terms. As the value of the local currency decreased, it led to a higher price for tea in domestic currency.

Tea Exports (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)
2022	250.19	411.09	1643.11	1.27	5.06
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

In 2022, Sri Lanka's tea exports, including re-exports with imported teas, amounted to 250.2 million kilos, reflecting a decline of 12.5 percent compared to the previous year. However, despite the decrease in export volume, the value of total tea exports showed a significant increase from Rs. 263.35 billion to Rs. 411.09 billion.

The rise in earnings from tea exports can be attributed to the overall increase in tea prices on average, despite the larger drop in volumes.

FOB Price Per Kilo

5.06 USD

2021 - 4.63 USD



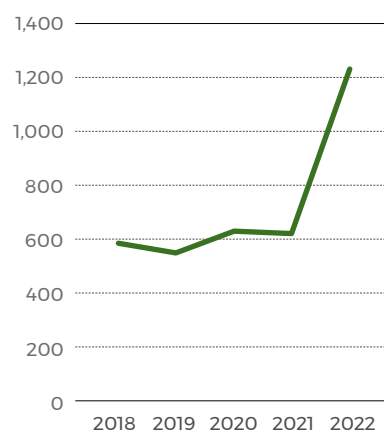
Tea Export Value

411.09 Rs. Bn

2021 - 263.35 Rs. Bn



Colombo Tea Auction Prices (Rs.)



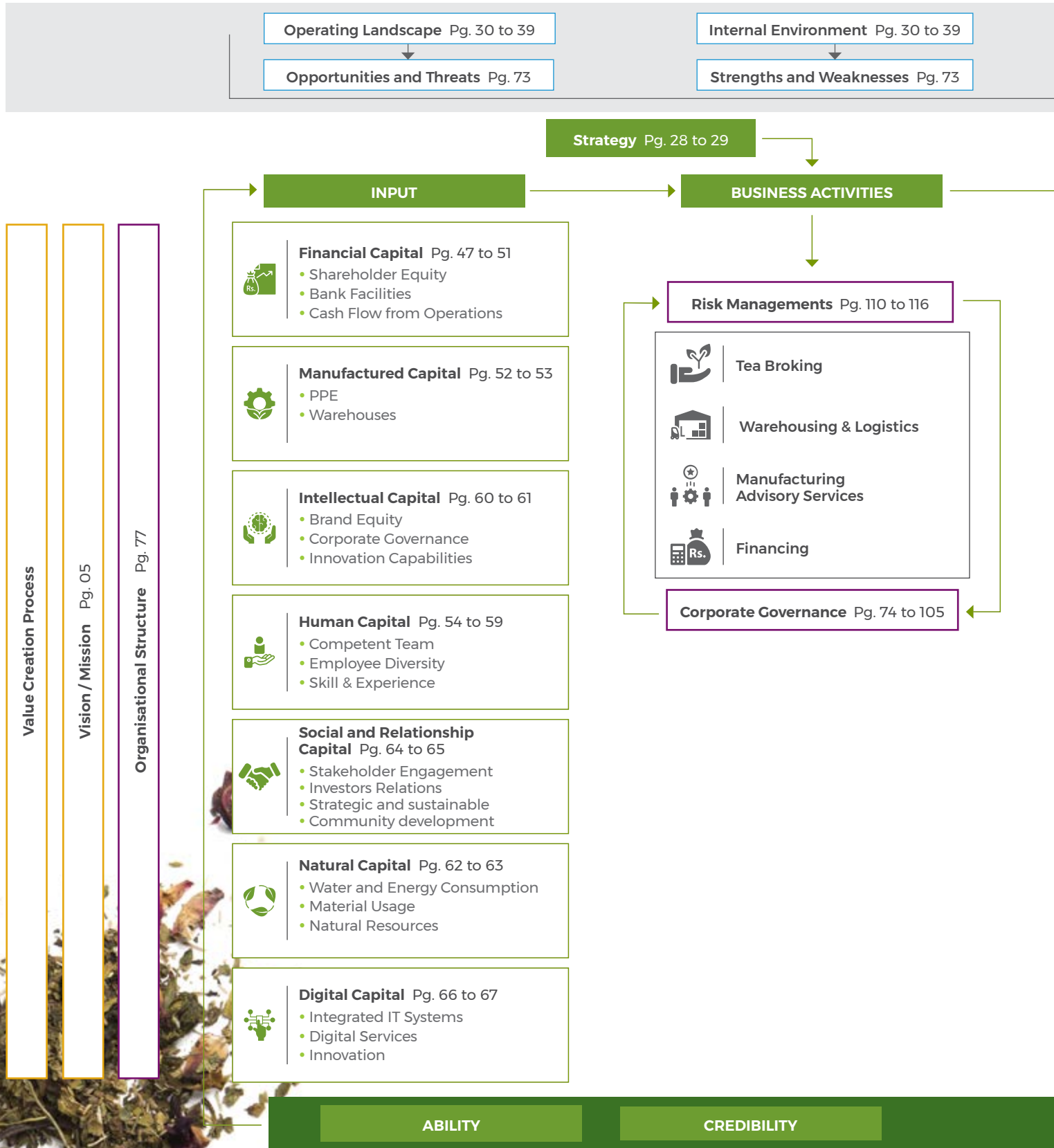
Colombo Tea Auction Prices (\$)



Our Business Model

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

GRI 2016 : 102-2



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



Stakeholders Pg. 42 to 46

Stakeholder Expectations Pg. 42 to 46

OUTPUTS

OUTCOME

Financial Capital

- PAT - Rs. 184.35 Mn
- ROE - 29.73%
- Dividend - Rs. 124.03 Mn
- Interest paid - Rs. 304.10 Mn



Financial Capital

- Financial Stability and Growth
- Contribution to the Economic Sustainability



Investor

Shareholder returns & sustainable business growth

Manufactured Capital

- Cap Ex - Rs. 12.47 Mn
- Asset Turnover - 0.51 Times
- PPE - Rs. 881.01 Mn



Manufactured Capital

- Creation of Wealth
- Flexible and Agile Business Process



Customer

Quality product, best possible prices & superior customer service

Intellectual Capital

- Operational Excellence
- Intangible Assets - Rs. 62.59 Mn
- Awards and Accolades



Intellectual Capital

- Business Continuity
- Increased Accountability and Transparency



Employee

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

Human Capital

- Payments to Employees - Rs. 400.53 Mn
- Investments in T&D - Rs. 0.43 Mn
- Recruitments - 16
- No. of Employees - 122



Human Capital

- Improved Productivity and Efficiency towards Group's Strategic Direction
- Employee Retention



Supplier

Long term business relationships, fast settlements & convenience in transactions

Social and Relationship Capital

- Payments to Gov. as Taxes - Rs. 42.45 Mn
- Customer satisfaction - 94%
- No. of Clients - 486



Social and Relationship Capital

- Sustainability of the Industry
- Consistency in the Supply Chain



Community & Environment

Community development, responsible business practices & environmental sustainability

Natural Capital

- Electricity Consumption - 1,398 GJ
- Fuel Consumption - 1,585 kJ
- Water Consumption - 4,174 m³



Natural Capital

- Environmental Sustainability



Digital Capital

- Investments in IT
- IT Related expenses



Digital Capital

- Digital capabilities
- Infrastructure developments to enhance customer experience



Regulator

Compliance with regulatory requirements, responsible business practices

INTEGRITY

TEAMWORK

Stakeholder Relationships and Materiality

GRI 2016 : 102-40, 102-43, 102-44



Stakeholder Relationships

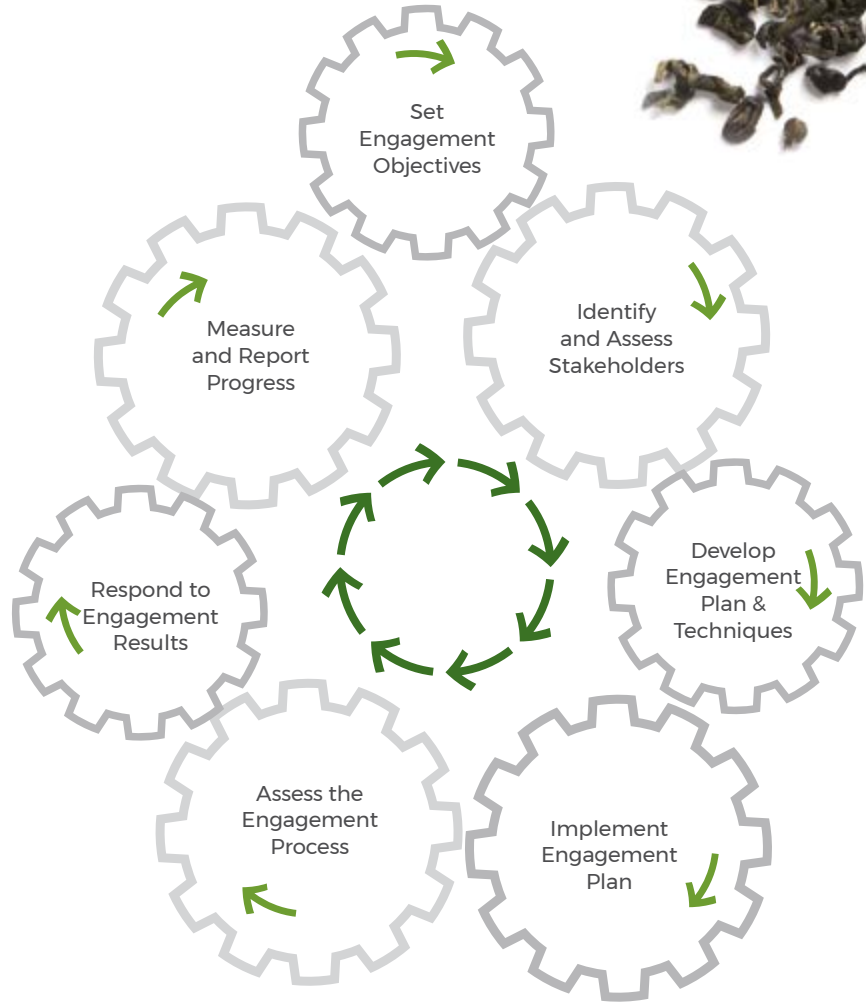
Our Stakeholders

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

Annually - A Quarterly - Q Monthly - M Weekly - W As Required - R

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

Stakeholder Relationships and Materiality

Annually - A Quarterly - Q Monthly - M Weekly - W As Required - R

Stakeholder	Expectations	Mode of Engagement	Frequency				
			A	Q	M	W	R
Industry bodies/ Associations 	<ul style="list-style-type: none"> Sustainability of the Industry Developments of the relevant community groups 	<ul style="list-style-type: none"> 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 organised by such associations 					✓
Community and Environment 	<ul style="list-style-type: none"> Community Development Responsible Business practices Employment Opportunities Environment Sustainability 	<ul style="list-style-type: none"> Providing training opportunities and internships to graduates and under graduates CA Sri Lanka certified training partner for students in business and corporate levels Actively participate in seminars organised by Tea Smallholders to educate the Tea Producer clients CSR Initiatives 					✓ ✓ ✓ ✓
Government and Regulators 	<ul style="list-style-type: none"> Compliance with requirements under governing bodies Responsible business practices Support in surveillances carried out 	<ul style="list-style-type: none"> Directives and Circulars Meetings and consultations Press releases Periodic returns Attend meetings Written Communication 	✓	✓			✓ ✓ ✓ ✓ ✓

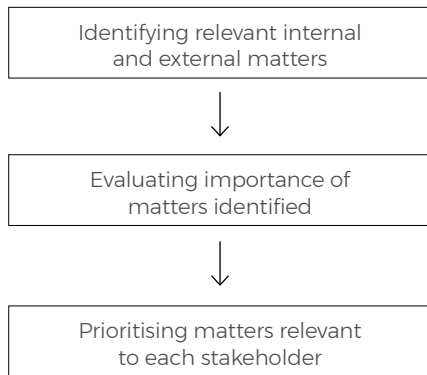
Materiality

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.

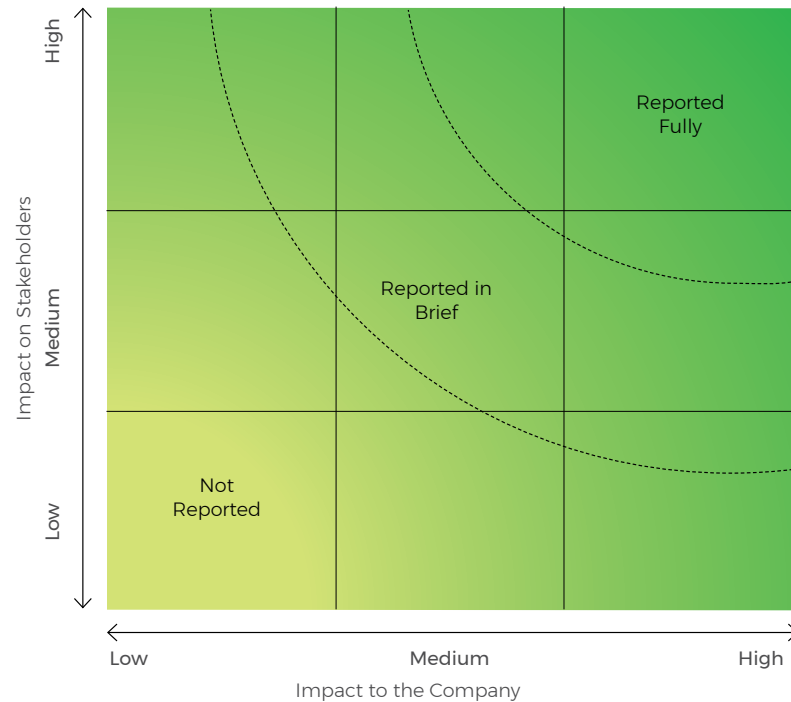
Materiality Determination Process

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.

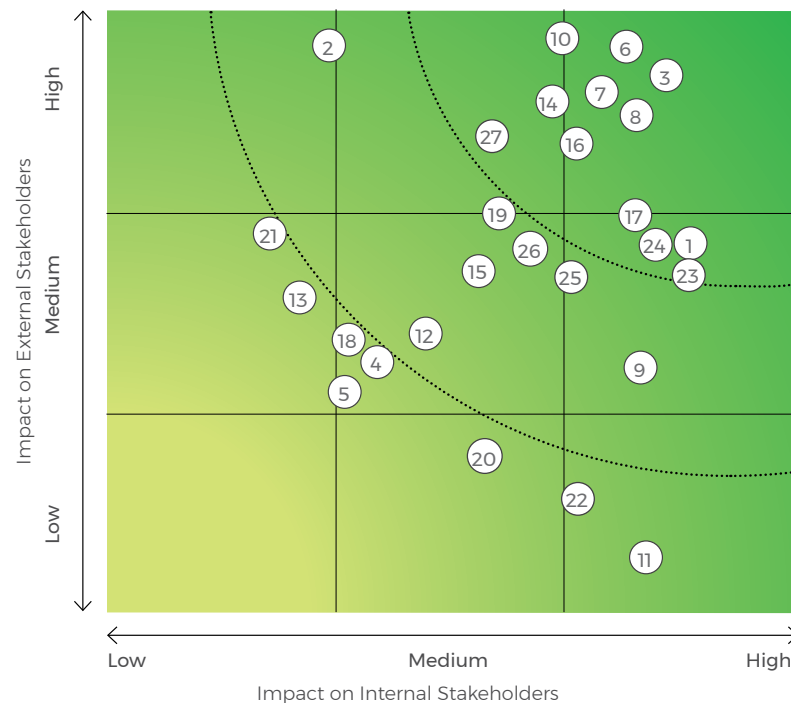
Materiality determination process of the Group is graphically depicted below;



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 188 to 191.



Capital Management Reports



Financial Capital

Revenue (Rs.)

	2023	2022	Change
Group Revenue	1,711,453,064	867,316,695	844,136,369
Company Revenue	1,154,969,049	580,671,913	574,297,136

The remarkable increase in group revenue for 2023 can be attributed to the combined effect of increased volume and rate hikes in the Logistics segment, increased tea prices, and the adjustment of lending rates in response to market interest rate changes. The significant depreciation of the Sri Lankan Rupee has favorably impacted auction prices, resulting in the highest-ever turnover in tea broking. The developments in the external environment led to an increase in market interest rates, prompting the company to raise its lending rates in line with market trends. This increase in interest rates positively affected the gross interest income of the company, which shows a significant increase compared to the previous year. Additionally, the third factor contributing to the growth in group turnover was the increase in logistic income from the subsidiary, driven by higher volume and rate hikes.

Main contributors to revenue growth (Rs.)

Group	2023	2022	Change
Brokerage Fee	518,697,388	289,652,823	229,044,565
Interest Earned on Loans and Advances	417,472,182	154,932,764	262,539,418
Logistic & Transportation Income	555,312,095	272,257,389	283,054,706

The accelerated inflationary effect and currency depreciation positively impacted the increase in Colombo Tea Auction Prices which led to increase brokerage revenue by 79% compared to last year.

Representation from the total Company revenue

	2023	2022
Brokerage income	44.9%	49.9%
Interest income on loans and advances	36.1%	26.7%

The brokerage revenue has shown an increase of 79% compared to last year, even with the low crop situation which prevailed during the financial year. The national tea production was negatively affected due to the government's ban on chemical fertilizers, a decision that was subsequently reversed. The loss in production volume was compensated by the increased auction prices.

The increased tea prices had a favorable impact on the financial performance of the tea factories and improved the borrowing capacity of the tea producer clients. The company had to provide the working capital needs of the clients to ensure the smooth functioning of their operations. The total gross interest income increased due to the expanded portfolio and higher interest rates.

Revenue - Group



1,711 Rs. Mn

2021/22 - 867 Rs. Mn

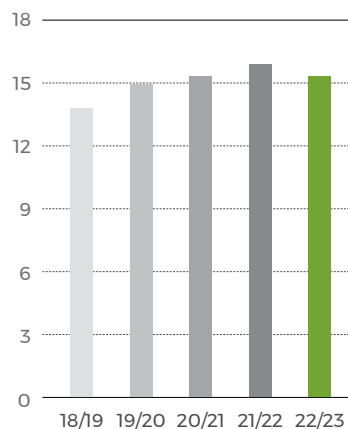
Revenue - Company



1,155 Rs. Mn

2021/22 - 581 Rs. Mn

Market Share (%)



The management of the Company carefully evaluated the credit risk of the portfolio and implemented suitable credit management strategies to mitigate any losses resulting from defaults.

The market share has shown a steady growth over the history and Company was able to manage its market share above 15% range even though a slight decline was witnessed in the current financial year.

Capital Management Reports

Financial Capital

Expense Category

	Group			Company		
	2022/23	2021/22	Variance	2022/23	2021/22	Variance
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Operating Expenses	590,844,487	309,206,690	281,637,797	137,274,606	75,393,436	61,881,170
Marketing Expenses	39,945,654	37,724,757	2,220,897	30,068,618	31,820,106	(1,751,488)
Administration Expenses	529,300,102	341,284,537	188,015,565	446,012,299	267,807,880	178,204,419
Net Finance Expenses	274,840,717	123,087,055	151,753,662	209,639,680	59,333,758	150,305,922

Operating Expenses (Rs.)

	2023	2022	change
Group	590,844,487	309,206,690	281,637,797
Company	137,274,606	75,393,436	61,881,170

The increase in operating expenses was attributed largely to the operations of the subsidiary company. The significant growth in the logistics and transportation segment contributed to a significant increase in the group's operating expenses. The company's operating expenses primarily increased due to the rate hike in rented premises and the expansion of rented warehouse capacity during the financial period.

Marketing Expenses (Rs.)

	2023	2022	change
Group	39,945,654	37,724,757	2,220,897
Company	30,068,618	31,820,106	(1,751,488)

The marketing expenses of the group showed a marginal increase, while there was a marginal decline in the costs incurred at the company level. Both the company and its subsidiary effectively deployed marketing activities while maintaining the same level of expenses.

Administration Expenses (Rs.)

	2023	2022	change
Group	529,300,102	341,284,537	188,015,564
Company	446,012,299	267,807,880	178,204,419

The significant increase in administration costs resulted at the company level. The company considered the inflationary effect on employee remuneration and adjusted their salaries accordingly. Performance-based compensations contributed to the significant increase in administration expenses, which are disclosed in Note number 7.1 of the financial statement.

Operating Expense - Group

590.84 Rs. Mn ↑

2021/22 - 309.21 Rs. Mn

Marketing Expenses

39.95 Rs. Mn ↑

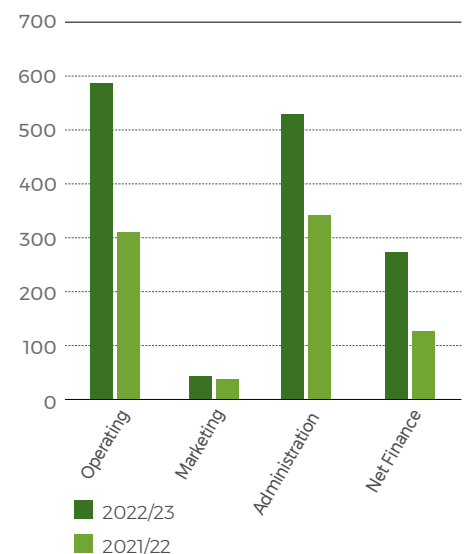
2021/22 - 37.72 Rs. Mn

Administration Expenses

529.30 Rs. Mn ↑

2021/22 - 341.28 Rs. Mn

Group Expenses
2022/23 vs 2021/22 (Rs. Mn)



Net Finance Expenses

274.84 Rs. Mn

2021/22 - 123.09 Rs. Mn

Income Tax Expense

92.2 Rs. Mn

2021/22 - 36.92 Rs. Mn

Net Finance Expenses (Rs.)

	2023	2022	change
Group	274,840,717	123,087,055	151,753,662
Company	209,639,680	59,333,758	150,305,922

The total increase at the group level was mainly contributed by the increase in finance costs at the company level. The borrowing rates were raised during the financial year due to the economic crisis that emerged. A significant portion of the company's borrowings was tied to the Average Weighted Prime Lending Rate (AWPLR), and the rise in market rates affected the increased borrowing costs of the company. The expanded lending portfolio also played a role in the increased borrowing costs of the Company.

Gross Profit (Rs.)

	2023	2022	change
Group	1,120,608,577	558,110,005	562,498,572
Company	1,017,694,443	505,278,477	512,415,966

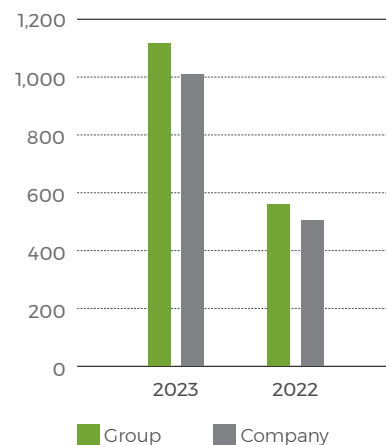
The gross profit of the company and group has increased by 101%, which is a remarkable performance during the year under review. The company level performance improvement made a significant contribution to the overall increase. The depreciation of the Rupee had a favorable impact on increasing tea broking revenue, and the gross interest income rose due to the higher interest rates witnessed during the financial year.

Profit Before Taxation (Rs.)

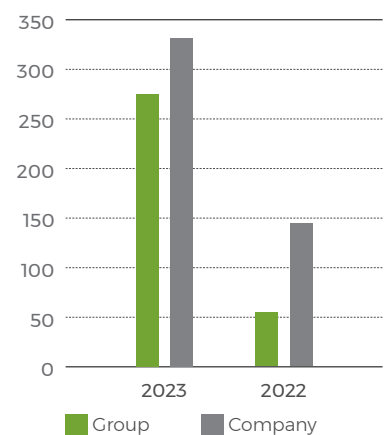
	2023	2022	change
Group	276,522,104	56,013,656	220,508,448
Company	331,973,846	146,316,733	185,657,113

The performance improvements at both the company and subsidiary levels have contributed to a five-fold increase in group profits before tax compared to the previous financial year, 2022. A significant portion of the net increase can be attributed to the company's improved performance. The subsidiary-level performances have also continued to improve, further enhancing overall group profitability.

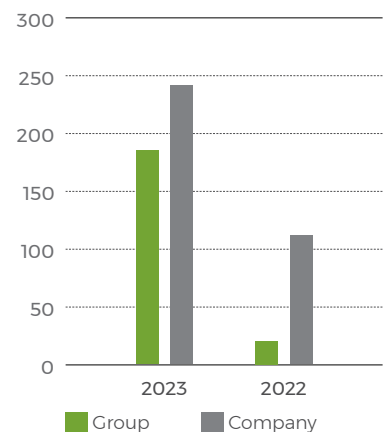
Gross Profit (Rs. Mn)



Profit Before Tax (Rs. Mn)



Profit After Tax (Rs. Mn)



Capital Management Reports

Financial Capital

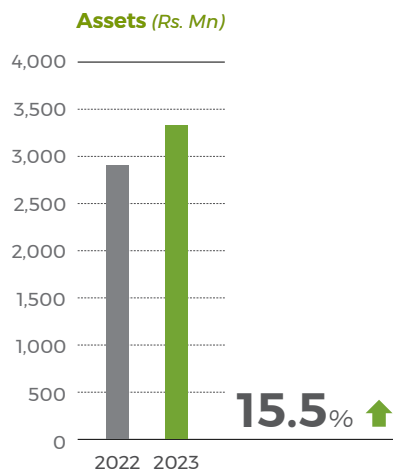
Net Profit After Tax (Rs.)

	2023	2022	change
Group	184,345,934	19,096,122	165,249,812
Company	239,684,616	109,804,955	129,879,661

The group's net profit after tax showed a year-on-year increase of 865%, while the company has shown a growth of 118% during the financial year ended on March 31, 2023. The favorable conditions prevailed in the tea industry, with improved rupee-denominated tea prices, helped the company boost its profitability and report the highest-ever net profit during the current financial year.

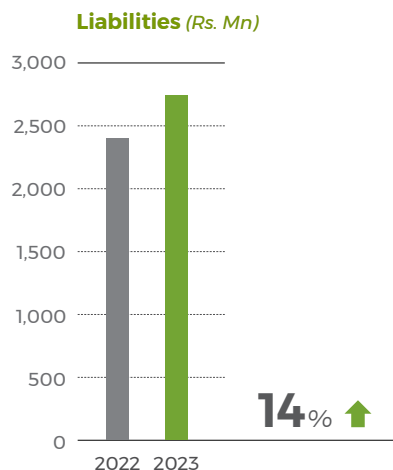
Group - Assets

Total assets of the Group recorded Rs. 3,360 million as of March 31, 2023, compared to Rs. 2,908.86 million on March 31, 2022. The increased loans and advances portfolio of the company has contributed to the increase in total asset levels.



Group - Liabilities

In 2022/23, the total liabilities of the Group increased by 14% to Rs. 2,740 million compared to Rs. 2,398.6 million in 2021/22. The primary factor contributing to this increase is the rise in interest-bearing borrowings.



Credit Rating

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

The favorable conditions prevailed in the tea industry, with improved rupee-denominated tea prices, helped the company boost its profitability and report the highest-ever net profit during the current financial year.

Lanka Rating Agency Assigned

Rating with a Stable Outlook

(SL) BBB

2021/22 - (SL) BBB - ICRA

Shareholder Funds - Group



620 Rs. Mn

2021/22 - 510 Rs. Mn

Shareholder Funds - Company



850 Rs. Mn

2021/22 - 675 Rs. Mn

Contribution to the Economy

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

Economic Value Added Statement-Group	2022/23	2021/22
Revenue	1,711,453,064	867,316,695
(Include sub categories as presented in the revenue note of the financial statements)		
Total Value Created	1,711,453,064	867,316,695
Value Distributed		
Operating Costs	554,587,463	362,905,564
Employee Wages & benefits	446,209,832	228,033,154
Payment to Government	42,449,938	45,586,132
Payments to providers of capital	373,436,985	121,682,715
Community investments	1,348,984	-
Total Value distributed	1,418,033,202	758,207,565
Total Value Retained	293,419,862	109,109,130
Total Value Distributed	1,711,453,064	867,316,695
Value Retained Expansion & Growth		
Profit Retained	184,345,934	19,096,122
Depreciation & Amortisation	109,073,928	90,013,009
Total Value Retained Expansion & Growth	293,419,862	109,109,131

Ultimate objective of our sustainability strategy is to create value to all our stakeholders, and we will continue to monitor impact of our actions to the economy, society, and environment. Accordingly, the Company, has distributed 82.85% percent to the economic value generated from the business.

Financial Assistance received from / taxes paid to the Government

Income Tax on all types of income categories were charged at tax rate of 24% & 30% respective for the first half of the year and second half.

Indirect Economic Impacts

The Company has provided financial facilities of Rs. 1,512.23 million in the form of Loans and advances as of 31st March 2023 to our producer clients to meet their working capital requirements, and purchase machinery which in return help the industry and the economy as a whole.

Value Created

1,711.45 Rs. Mn

2021/22 - 867.3 Rs. Mn



Value Distributed

1,418 Rs. Mn

2021/22 - 758.2 Rs. Mn



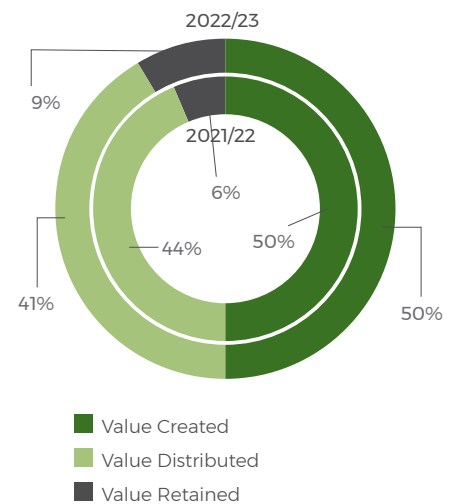
Value Retained

293.4 Rs. Mn

2021/22 - 109.1 Rs. Mn



Economic Value Added - Group



Capital Management Reports

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 whilst minimizing 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 265,000 sqft of leased own warehousing space. The warehouse located in Enderamulla was strategically used to increase capacity, hence discontinued the Kotikawatte warehouse location in June 2022.

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.



Group owns a state-of-the-art warehousing complex - Logicare (Pvt) Ltd

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.

Total CAPEX



12.5 Rs. Mn

2021/22 - 98.9 Rs. Mn

Total PPE



881.1 Rs. Mn

2021/22 - 992.4 Rs. Mn

Warehouse Capacity



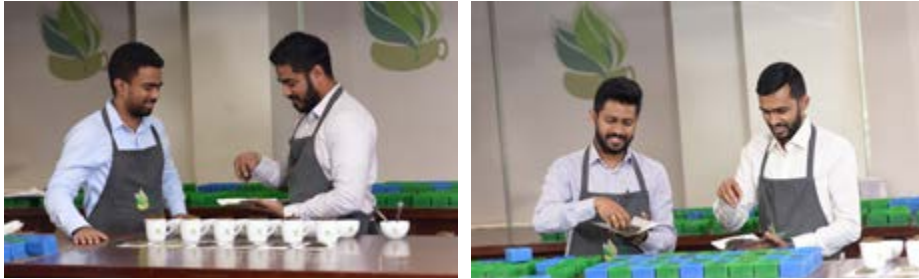
265,000 sqft

2021/22 - 234,500 sqft



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.



Sample evaluation

Tea Sample Room

CTB PLC has a 6,000 sqft Tea sample room with all equipment to carry out the sampling operation efficiently.



Tea Sampling space

Auction Rooms

The Company created 2 auction rooms in head office for tea auctioning purpose allowing the sellers to focus on without any external disturbances. These rooms consists with 10 personal computers.



Capital Management Reports

Human Capital

As a Group with great aspirations and a strong sense of purpose, we recognise the significance of nurturing a capable, inspired, and exceptionally talented workforce in order to realize our overarching goals and strategic ambitions. We firmly believe that by fostering a contented environment for our employees, we can ensure the satisfaction of our valued customers, including tea buyers, tea producers, and logistics clients, which in turn will lead to the flourishing of our business.

By harmonizing Human Resources (HR) policies and practices throughout the Group, the HR function has progressively reshaped, facilitated, and cultivated a culture centered around performance. The collaborative efforts of the senior management and the dedicated HR team have been devoted to the establishment of a thriving and dedicated workforce.

Throughout the period of 2022/2023, our primary emphasis has been on nurturing our human capital. Our unwavering commitment is to elevate careers and enhance the lives of our employees, with the goal of positioning Ceylon Tea Brokers as a premier employer of choice in Sri Lanka.

Our Team

Our formidable team comprises a rich blend of individuals from various backgrounds, who play a pivotal role in driving our value creation efforts. Within our team, we are proud to have representation from diverse genders, major ethnic groups, and different generations. This reflects our unwavering commitment to being an equal opportunity employer, fostering an inclusive work environment where all employees can thrive. Throughout the year, we have prioritized the growth and development of our employees, resulting in the promotion of 13 individuals to further their careers. While our core team consists of permanent employees, we also collaborate with contracted and outsourced professionals in specific areas such as warehouse management, sample room operations, legal affairs, marketing, and IT.

Our unwavering commitment is to elevate careers and enhance the lives of our employees, with the goal of positioning Ceylon Tea Brokers as a premier employer of choice in Sri Lanka.

Total Employees



122 nos

2021/22 - 114 Nos

Employment Type	No. of Employees
Permanent	107
Direct Employment Contract	15
Total No of Employees	122

	Male	Female
Managerial	21%	4%
Executive	22%	12%
Other	28%	0%
Contract	11%	2%
Total	82%	18%



Equal Opportunity

As a Group, we are committed to upholding the principles of being an equal opportunity employer at all times. With this in mind, we are dedicated to taking tangible steps to foster a workplace that is characterized by equity, inclusivity, and diversity across every facet. We recognise the unique needs of each employee, seeking to empower them, elevate their careers, and provide the necessary support for personal growth and development, enabling them to reach their fullest potential.

Gender Diversity

Group	Male		Female		Total Nos
	Nos	%	Nos	%	
Managerial	26	21%	5	4%	31
Executive	27	22%	15	12%	42
Other	34	28%	0	0%	34
Contract	13	11%	2	2%	15
Total	100	82%	22	18%	122

Age Distribution

Group	Below 30 Years		30-50 Years		Above 50 Years	
	Nos	%	Nos	%	Nos	%
Managerial	0	0%	29	24%	2	2%
Executive	20	16%	21	17%	1	1%
Other	5	4%	25	20%	4	3%
Contract	2	2%	7	6%	6	5%
Total	27	22%	82	67%	13	11%

Religion Diversity

Group	Buddhist	Catholic	Hindu	Muslim	Total
Managerial	23	7	0	1	31
Executive	27	10	4	1	42
Contract	10	4	0	1	15
Other	25	4	2	3	34

Value Creation for Employees

The key to our achievements lies in fostering a culture that embraces and values diverse backgrounds, promotes fairness, and cultivates inclusivity. This culture has been instrumental in our success thus far. We have implemented various initiatives and practices to provide our employees with a supportive and encouraging work environment that fuels their inspiration and motivation, enabling them to unleash their full potential. Through these efforts, we have consistently delivered value to our dedicated workforce. Total compensation

Gender Diversity



Religion Diversity



The key to our achievements lies in fostering a culture that embraces and values diverse backgrounds, promotes fairness, and cultivates inclusivity. This culture has been instrumental in our success thus far.

Capital Management Reports

Human Capital

paid to employees during the year under review including salary and other financial benefits amounts to Rs. 400.5 million compared to Rs. 226.8 million previous year.

Level of Employment	Group	
Managerial	31	25%
Executive	42	34%
Other	34	28%
Contract	15	12%

Talent Acquisition and Management

The Group upholds a fair and transparent approach to recruitment and selection, ensuring that our Human Resources team assesses candidates based solely on their competencies, skills, and experience to meet our hiring needs. Our talent acquisition channels are specifically designed to attract individuals with the right blend of interpersonal skills and technical proficiencies. We have effectively demonstrated to our staff that we are committed to their career success, as evidenced by our human capital analysis ratios, which indicate that our employees have experienced fruitful career progression and tenure within the company.

The Group firmly believes in the importance of building and nurturing a workforce that can effectively adapt to dynamic and ever-changing external environments. We understand the significance of preparing our employees to thrive amidst volatility, enabling us to stay agile and responsive in the face of external shifts.

In the fiscal year, the HR department introduced a program called the "TALENT CIRCLE," which is a career development initiative aimed at raising awareness

and inspiring A/L level students who aspire to pursue a career in the Tea Brokering industry. The program offers internships and various career opportunities, encouraging students to actively participate and gain valuable experience in the field.

Recruitments

		Group	
		16	
Below 30	Male	7	
	Female	4	
30-50	Male	3	
	Female	2	
50 & Above		0	

Resignations

		Group	
		12	
Below 30	Male	5	
	Female	5	
30-50	Male	2	
	Female	0	
50 & Above		0	

Employee Engagement and Recreational Activities

The Group strongly believes in fostering an engaged workforce, which is why we have organised various recreational activities, such as the Christmas party, a cricket match and Friday Fundays for our employees. These events are designed to promote camaraderie and teamwork among our staff members. Additionally, the HR department conducts Coffee Sessions with the CEO and COO, providing employees with an invaluable



Halloween Celebration



New Year Celebrations



Master Chef Competition



Christmas Celebrations



Annual Cricket Tournament

opportunity to connect with the senior management of the company. During these sessions, employees are encouraged to share their thoughts, ideas, and suggestions for enhancing performance. This cultivates a strong bond between employees and the senior management, ultimately making a significant impact on the overall performance of the company.

Furthermore, we actively promote work-life balance practices within our organisation. By consciously prioritizing this balance, we aim to minimize conflicts between work and personal life, enabling our employees to be more effective in their respective roles.

Training and Development

Our emphasis on training and development revolves around skill assessments and the continuous improvement of our staff. The HR department has actively collaborated with external training providers to ensure high-quality training opportunities for employees. These programs have been conducted both internally and in partnership with esteemed institutions such as The Institute of Chartered Accountants of Sri Lanka, Institute of Certified Management Accountants of Sri Lanka, and the Employers' Federation of Ceylon throughout the year.

We prioritize on-the-job training as a key method for developing our employees. Additionally, we have cross-trained our staff, empowering them to work proficiently across various divisions within the Group. These development initiatives have

bestowed our organisation with flexibility, enabling us to make the most of our employees' skills and capabilities. Consequently, our employees have been presented with numerous prospects for career advancement and mobility across the Group.

To support the career growth of our employees, we facilitate and sponsor their pursuit of professional qualifications. We reimburse the annual subscriptions required for such qualifications and provide funding options to meet their educational needs. Moreover, our company is recognized as a certified training partner by CA Sri Lanka for students at the business and corporate levels.

As part of our commitment to knowledge sharing and building strong relationships, the HR department conducts quarterly induction programs and organizes focus group discussions with the staff. We encourage our employees to continue their higher education, which contributes to their career advancement. In this regard, we reimburse the annual subscription fees for employees who are members of professional bodies such as The Institute of Chartered Accountants of Sri Lanka (CASL), the Chartered Institute of Management Accountants, UK (CIMA), The Chartered Institute of Logistics and Transport, UK (CILT), ACCA The Association of Chartered Certified Accountants (UK), and Certified Practising Accountants, Australia (CPA).

We actively promote work-life balance practices within our organisation. By consciously prioritizing this balance, we aim to minimize conflicts between work and personal life, enabling our employees to be more effective in their respective roles.

Total Training Hours



576 hours

2021/22 - 197 hours

Average Training hours per employee



5 hours

2021/22 - 1.81 hours

Capital Management Reports

Human Capital

No of Training Hours

GROUP	Male		Female		Total	
	Total Hours	Avg Hours	Total Hours	Avg Hours	Total Hours	Avg Hours
Managerial	192	7	16	3	208	7
Executive	247	9	58	4	305	7
Other	47	1	-	-	47	1
Contract	16	-	1	1	17	1
Total	501	5	75	3	576	5

Compensation and Benefits

The compensation and benefits program implemented by the Group aims to attract, retain, and motivate employees in line with the organisation's strategic goals. Our pay structures and scales adhere to industry standards, ensuring competitive compensation. Additionally, we have a compelling incentive payout plan in place that rewards both individual performance and the overall performance of the Group.

To recognise and incentivize our top talent while fostering sustained performance, we actively utilise an annual performance review and increment cycle. This allows us to address the needs of our high-performing employees and reward their contributions within the organisation. In addition to remuneration, our permanent employees enjoy various benefits, including life insurance coverage for themselves and their family members, maternity leave, holiday allowances, and reimbursement of professional subscriptions.


Moreover, the Group has implemented a comprehensive medical insurance scheme for staff, encompassing coverage for surgical and hospitalization expenses, critical illness, and personal accidents. The surgical and hospitalization insurance scheme provides coverage not only for employees but also extends to their spouses and children. Furthermore, we offer a range of welfare and lifestyle benefits to support our staff in fulfilling their personal requirements, including access to staff loans.

Overall, our compensation and benefits scheme is designed to align with industry standards, recognise outstanding performance, and provide comprehensive support to our employees and their families.

Occupational Health and Safety

The Group has implemented rigorous measures to ensure the safety and well-being of our employees within their work environment. Throughout the year, no incidents involving injuries or occupational diseases were reported, indicating our successful efforts in accident prevention. Our employees face minimal risk of occupational-related diseases, underscoring our commitment to maintaining a healthy workplace.

The compensation and benefits program implemented by the Group aims to attract, retain, and motivate employees in line with the organisation's strategic goals. Our pay structures and scales adhere to industry standards, ensuring competitive compensation.

Total Compensation 
400.5 Rs. Mn
 2021/22 - 226.8 Rs. Mn



First Aid Training

As there are no trade unions associated with the Group, we do not have any trade union agreements specifically addressing health and safety matters. Similarly, joint management-worker health and safety committees are not established within the Group. However, despite the absence of these committees, our proactive safety protocols and preventive measures effectively safeguard our employees' health and security.

Labour Law

We ensure full adherence to the Shop and Office Employees Act No. 15 of 1954 and other relevant statutory requirements that are applicable to our human resource practices within the Group. Our commitment to compliance ensures that we operate within the legal framework, promoting fair and lawful employment practices.

Defined Benefit Plan Obligations

The Group has diligently followed the legal obligations regarding gratuity liabilities and obtains an annual actuarial assessment of these liabilities from an independent consultant. Comprehensive information regarding the Group's gratuity liabilities can be found on page 164, providing a transparent account of our commitment to fulfilling these obligations.

Collective Bargaining Agreements

By upholding our core values of fairness and equal treatment for all employees, the Group has successfully eradicated the necessity for trade unions and collective bargaining agreements. This commitment to equitable practices

has fostered harmonious relations within the organisation, as evidenced by the absence of any industrial disputes throughout the year in review.

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

The Group ensures that entry-level employees receive wages that surpass local minimum wage requirements and align with industry standards, regardless of gender. This practice reflects our commitment to fair compensation, where equal pay is provided to all employees at the entry level, maintaining parity with prevailing industry norms.

Proportion of Senior Management Hired from the Local Community

The Group exclusively recruits its workforce, including senior management, from the local community. As of the reporting date, there are no foreign employees within the Group. This demonstrates our dedication to supporting and engaging with the local community by providing employment opportunities to its residents.

Communication and Training about Anti-corruption Policies and Procedure

The Group's HR policy, code of conduct, and appointment letters comprehensively address the necessary information regarding anti-corruption policies. These documents provide detailed guidelines and regulations aimed at preventing and combating corruption within the organisation.

Parental Leave

Parental leave is exclusively provided to female employees within the Group, and during the reviewed period, there were no instances of female employees availing maternity leave.

Minimum Notice Periods Regarding Operational Changes

To ensure transparency and allow for appropriate preparations, a minimum notice period of two weeks is given to employees and their representatives before implementing significant operational changes that may have a substantial impact on them. This practice allows individuals and their representatives to adequately plan and make necessary adjustments in response to these forthcoming modifications.

Capital Management Reports

Intellectual Capital

Our organisation's intellectual capital encompasses our knowledge-based intangibles and our organizational capital, which includes our corporate governance framework, internal controls and procedures, brand equity, and the expertise of our employees. This intellectual capital sets us apart in the market and gives us a significant competitive advantage in the long term.

Corporate Governance Framework

We firmly believe that good corporate governance practices are essential for the Group's competitiveness, growth, and sustainability. To uphold these principles, the Board of Directors has implemented a set of corporate values: ability, credibility, integrity, and teamwork. These values guide our leadership and ensure that we uphold high ethical standards and accountability in our commitment to good governance practices.

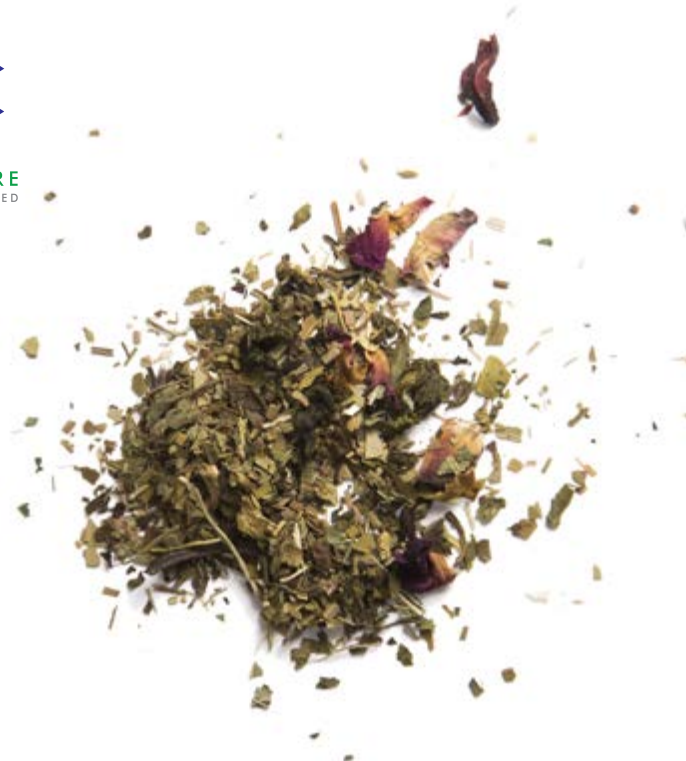
The Board bears the ultimate responsibility for compliance, ensuring transparency and accountability to all stakeholders. To effectively execute its policies and monitor their effectiveness, the Board has introduced a comprehensive corporate governance framework. This framework encompasses both internal and external governance structures within the Group.

Our Brand

Our brand has been cultivated over the years, embodying the qualities of trust, stability, and strength, which we will continue to emphasize and reinforce. Recognizing the need to integrate new strengths and effectively communicate these attributes in response to evolving industry dynamics, we have worked diligently to enhance our brand value. Our brand symbolizes what we represent to all our stakeholders.

The growth in our intellectual capital, as evidenced by increased market share, rankings in different elevations, and numerous awards and recognition, has played a pivotal role in enhancing our brand value. These achievements reflect our continued dedication to intellectual excellence and innovation, which have been instrumental in establishing our position as Ceylon Tea Brokers over the past decade.

The growth in our intellectual capital, as evidenced by increased market share, rankings in different elevations, and numerous awards and recognition, has played a pivotal role in enhancing our brand value.



Internal Controls and Procedures

The Group places great emphasis on maintaining robust internal controls and procedures as an integral part of our risk management initiatives. Under the supervision and guidance of the Board of Directors, the Management Committee and the Credit Committee implement policies and procedures at the operational level to strengthen our internal controls. These measures are designed to ensure the reliability of our operations and enhance overall governance. Internal Auditors diligently review the effectiveness of our risk management practices and internal controls across the Group, while External Auditors focus on assessing the internal controls pertaining to our financial reporting process.

Knowledge and expertise are vital components of our intellectual capital, which provide us with a distinct competitive advantage in the long run. Our Board of Directors and employees possess a wealth of valuable knowledge and expertise, contributing significantly to our success. Recognizing the pivotal role they play; we maintain a steadfast commitment to investing in the training and development of our employees. This strategic priority is embedded within our corporate strategy, reflecting our dedication to fostering a skilled and knowledgeable workforce. Further details on our commitment to human capital development can be found in the dedicated section of this report.

Awards and Recognition Received During the Year

At the Institute of Certified Management Accountants of Sri Lanka, Excellence in Integrated Reporting Awards 2022, our report was honoured with the Best Integrated Report in the Small and Medium Size Enterprise category. In addition, we were also granted the Overall Merit Award, further highlighting the excellence and comprehensive nature of our reporting efforts. We are proud to have achieved this distinction, as it underscores our commitment to transparent and integrated reporting practices. Our excellence in corporate reporting was recognised at the last TAGS Annual Report award ceremony organised by Chartered Accountants of Sri Lanka by awarding us the Silver award under Services sector. This prestigious recognition highlights our unwavering commitment to excellence and the exceptional quality of our services. We take great pride in this achievement, which further underscores our dedication to delivering outstanding results to our stakeholders.



Capital Management Reports

Natural Capital

As a service organisation, our business activities have a relatively low negative impact on the environment. However, we place great emphasis on optimizing the use of energy, water, and other natural resources.

To minimize our environmental impact, the Group has implemented several initiatives. One such initiative is the transition to a paperless office. Through automation and technological investments, we have significantly reduced our carbon footprint by minimizing paper usage. Routine correspondence with clients has been shifted to electronic forms such as emails and SMS, reducing the need for paper. Additionally, incoming faxes are now diverted to individual user computers as emails, further reducing paper consumption.

Our adoption of Microsoft Teams software has proven to be an effective way for our Board of Directors to access board and committee papers digitally on their iPad devices. This application allows real-time viewing and updating of documents on tablets, enabling virtual meetings and reducing the printing of meeting documents and associated carbon emissions.

These initiatives have successfully reduced our carbon footprint by minimizing paper usage, envelopes, and other printing materials. Furthermore, we have transitioned from making payments to customers via cheques to electronic methods, resulting in cost savings on paper and faster realization of payments to customers' accounts through collaboration with leading banks in the country.

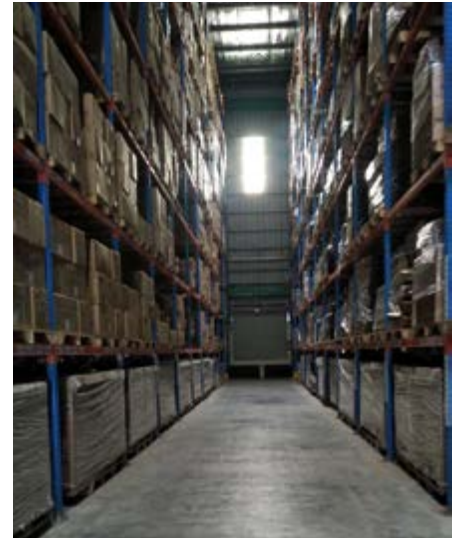
In addition to the paperless office initiative, we have implemented various other practices to promote environmental sustainability. These include utilizing natural lighting in our warehousing locations during the daytime, designing the tea tasting room to maximize daylight usage for sample evaluation, encouraging our producer clients to obtain globally recognized certifications such as the Rain Forest Alliance certificate, and regularly recycling waste papers through a paper recycling company.



Moreover, we have implemented a water treatment plant at our Muthurajawela warehouse premises to treat wastewater before disposal and have implemented a Rainwater Harvesting System (RWHS) to collect rainwater for reuse in gardening purposes at the warehouse.

Financial Implications and Climate Change Risks

As a company involved in the production of tea, we recognise that weather and climatic changes have a significant impact on our profitability. While we cannot directly control the implications of climate change, we closely monitor weather patterns in all agro-climatic districts and adjust our business plans accordingly.



Natural lighting at warehouses



Sample evaluation using daylight



Rain Water Harvesting System

Significant Impacts on Biodiversity

Being a service organisation, our business activities, products, and services have no significant impact on biodiversity.

Compliance with Environmental Laws and Regulations

During the reviewed year, no incidents were reported regarding non-compliance with environmental laws and regulations. We remain committed to upholding environmental standards and complying with relevant regulations.

Energy Consumption within the Group

Energy Type	Usage
Diesel Consumption (J)	733,408
Petrol Consumption (J)	852,080
Electricity Consumption (GJ)	1,398

Materials used by weight or volume

Material	Usage (No of Sheets)
Papers	787,260
Files	725
Envelopes	768,500

Water withdrawal by Source

Water withdrawal by Source	Usage m ³
Bottled Water	64
Water withdrawn from water board	4,110



Recognizing the importance of environmental stewardship, the group has implemented various sustainable practices and technologies to ensure that its activities align with eco-friendly principles. By doing so, the group strives to contribute to the preservation of the natural environment and support a more sustainable future for generations to come.

Fuel Consumption



1.58 MJ

2021/22 - 2.24 MJ

Paper Usage



0.79 Mn

2021/22 - 1.03 Mn

Water Withdrawal



4,174 m³

2021/22 - 4,792 m³

Capital Management Reports

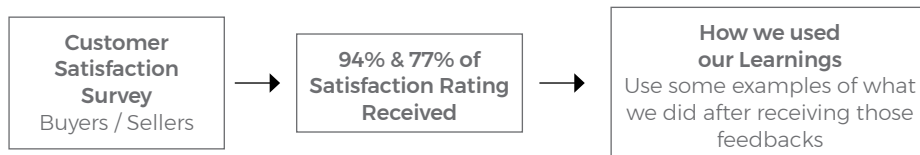
Social and Relationship Capital

Our interactions with customers, business partners, industry stakeholder associations, and the community significantly influence our business, and enhancing these relationships is a key objective in our sustainability strategy.

Customers

We consistently strive to enhance our customer service proposition in order to gain the trust of our customers and strengthen our relationships with them. Our customer portfolio includes both tea producers and tea buyers. Our marketing team, with the statistical assistance received from Business Analysts and their industrial knowhow diligently identifies buyer requirements and matches them with the capabilities of our producer clients. We foster relationships with tea buyers to ensure we secure the best possible prices for our producer clients' products.

To improve the customer experience, we promptly address customer complaints by involving relevant department heads to take appropriate corrective actions. During the reviewed year, we conducted a customer satisfaction survey with tea producers and tea buyers to gather feedback on the quality of services provided. We remain committed to enhancing our customer relationships while actively seeking new ones.



Supply Chain

As an intermediary between tea producers and tea buyers, our key stakeholders in the supply chain are the producers, buyers, and other service providers. At the subsidiary level, our supply chain includes warehouse providers, machinery and equipment suppliers, transporters, packaging material suppliers, manpower suppliers, and a multitude of corporate and private customers. No significant changes occurred within the Group and its supply chain during the reviewed year.

Customer Health and Safety

No instances of non-compliance relating to health and safety impacts of products and services were reported during the reviewed year.

Customer Privacy

No substantiated complaints were received regarding breaches of customer privacy or loss of customer data.

Business Partners

Our business partners, including suppliers and service providers, play a vital role in ensuring the continuity of our operations. We rely on a diverse group of partners who supply materials and services necessary for our day-to-day operations. Strengthening relationships with our business partners involves entering into service level agreements, making timely payments, and maintaining regular communication.

We consistently strive to enhance our customer service proposition in order to gain the trust of our customers and strengthen our relationships with them.



Awareness Sessions at Tea Factories



Procurement Procedure

To obtain high-quality products and services at the best possible value, we adhere to a procurement procedure that upholds high ethical standards and emphasizes social and environmental responsibilities.

Right to Freedom of Association and Collective Bargaining

There are no operations or suppliers within the Group that pose a risk to the right of freedom of association and collective bargaining.

Operations and Suppliers at Significant Risk for Incidents of Child Labour

There are no operations or suppliers within the Group that face significant risk of incidents involving child labour.

Operations and Suppliers at Significant Risk for Incidents of Forced or Compulsory Labour

There are no operations or suppliers within the Group that face a risk of incidents involving forced or compulsory labour.

Industry Stakeholder Associations

The Company and its employees are members of various industry stakeholder associations and institutions that contribute to the development of industry standards and sustainability. Our representatives actively participate in events and forums organised by these associations and institutions during the reviewed year. Some of the associations and institutions we are associated with include:

- 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 an integral part of our mission, and we recognise that our long-term sustainability depends on our relationship with the community. Therefore, we continue to make positive contributions to society.

Training and Development Opportunities

During the reviewed year, we provided training opportunities and internships to both graduates and undergraduates. The Company is recognized as a certified training partner by CA Sri Lanka for students pursuing business and corporate levels. The Group spent 576 hours in providing training and development for its staff during the year under review.

Infrastructure Investments and Services Supported

As of March 31, 2023, the Company extended financial facilities amounting to Rs. 1,512.23 million in the form of loans and advances to support our producer clients' working capital requirements.

Proportion of Expenditure on Local Suppliers

At the time of reporting, the Company exclusively sourced all materials from local suppliers, with no involvement of foreign suppliers.

Legal Proceedings regarding Anti-competitive Behaviour, Anti-trust, and Monopoly Practices

Throughout the reviewed year, the Company faced no legal actions

or accusations pertaining to anti-competitive behaviour, anti-trust violations, or engaging in monopolistic practices.

Instances of Discrimination and Corrective Measures Undertaken

No instances of discrimination were recorded or reported during the period under review. The Company maintained a fair and unbiased environment.

Business Operations Subject to Human Rights Assessments

The Group's business activities did not involve any operations that were subject to human rights reviews or impact assessments. The Group adhered to ethical practices and upheld human rights standards across its operations.

Political Contributions

No political contributions were made by the Group during the assessed year. The Company maintained neutrality in political matters.

Adherence to Social and Economic Regulations

The Group encountered no instances of non-compliance with laws and regulations pertaining to social and economic matters. It conducted its operations in full compliance with relevant legal requirements.

Security Measures

The Group relies on third-party organizations to provide security personnel. These personnel have been extensively educated about the Group's policies and procedures regarding human rights. The Group prioritizes the protection of human rights within its security practices.

Capital Management Reports

Digital Capital

Our digital capital encompasses the technological infrastructure, including hardware, software applications, networks, and data centers. Through these digital channels, we are dedicated to delivering exceptional digital experiences to our customers. We are in continuous search of new venues for upgrading services from traditional broking services to a new realm. Our relentless pursuit of technological advancements has led to significant progress in achieving operational efficiency, transparency, and reliability.

Digital Platforms

Online Auction

Introduction of first ever Online Tea Auction in 2020 opened a new chapter in Sri Lankan Tea industry. Followed by the success in implementation of E-Auction, the industry stakeholders are in continuous conversation on how other support services related to Auction could be digitalized to improve efficiency and effectiveness.

Digital Buyers' Portal

Our focus is on creating an end-to-end customer journey by seamlessly integrating human and digital interactions to forge closer connections with our customers. As an initial step towards digitization, we introduced a user-friendly 'Digital Buyers' Portal' for our Tea buyers back in 2018. This portal provides access to relevant information pertaining to purchased Teas in each sale. By eliminating the need for emails and calls, the portal streamlines the selection of lots, facilitates payment

processing, and allows buyers to request delivery orders. Notifications are sent via text message when the orders are ready for download.

Aligned with our commitment to enhancing customers' digital experiences, we are exploring ways to provide a similar platform, the 'Digital Sellers' Portal,' for Tea factory owners. This real-time, accurate, and relevant information, delivered through digital dashboards, will enable sellers to stay informed and engaged.

Internal Processes

Our company's continuous efforts to keep pace with the latest technology and improve internal processes and systems have equipped us to adapt promptly to challenging circumstances.

By making timely investments in system migration to the cloud, enhancing our IT infrastructure to support remote work, and implementing sound Business Continuity and Disaster Recovery plans, we ensured uninterrupted service to our clients during these unprecedented times.

In-house Developed Apps

Digitalization and innovation are key priorities for our Group as we strive for sustainable growth. Our in-house software engineers, together with our dedicated IT departments, have tirelessly upgraded our IT systems, experimented with new technologies to improve efficiency and infrastructure, and fortified our cybersecurity measures. Through these efforts, we have transformed

We are in continuous search of new venues for upgrading services from traditional broking services to a new realm. Our relentless pursuit of technological advancements has led to significant progress in achieving operational efficiency, transparency, and reliability.



Online Auction



our working environment into a tech-savvy atmosphere. We have developed proprietary software and applications to handle larger transaction volumes and streamline data processing, further enhancing our capabilities.

Transforming to a Data Driven culture

The management is striving to promote a data driven culture across the Group by establishing a team of Business analysts to bring insights for better decision-making. We have seen our customers finding data-based analysis finding beneficial in shaping up their business as well. Analysis using historic data has paved the way in unlocking patterns of buying, performance and monitoring.

IT Governance

Recognizing the criticality of investing in robust IT infrastructure and network security, our company places a strong emphasis on strengthening these areas. Our IT Steering Committee, comprising executive directors and heads of operations, finance, and IT divisions, collaborates with a highly skilled IT consultant to assess and evaluate existing IT controls systematically. The committee regularly reviews IT policies, manages cyber security risks, and explores new opportunities and technologies to gain a competitive edge in service excellence. A framework of robust IT policies and clear demarcation of responsibilities guides our IT governance efforts, improving overall IT management

and deriving greater value from our information and technology investments. These measures enhance customer experiences, optimize internal processes, and add significant value to the services we provide.

Social Media Footprint

The Management initiated a project to increase the Company's social media presence across main social media platform to educate and create awareness of Ceylon Tea Brokers Brand. We are proud to share that statistics prove our approach was a great success.



Technical Update sessions



Tik Tok Followers

1,743



Instagram Followers

591



Facebook Followers

2,563



LinkedIn Followers

896



Operational Performance Review

In the financial year 2022/23, Ceylon Tea Brokers PLC achieved unprecedented success, marking it as their most triumphant year since its establishment in 1963. This remarkable feat was driven by a significant surge in the value of tea handled throughout the year, surpassing all previous records. The company's impressive performance can be attributed to the sharp increase in the tea prices compared to the preceding year, solidifying its position as the second largest tea broker in the tea industry.

Tea Broking Segment

In the financial year 2022/23, the tea industry had to face a remarkable decline in tea production which was due to the government ban on chemical fertiliser. This was witnessed in the tea volume handled by Ceylon Tea Brokers PLC which experienced a notable decline in 36 million kilos of tea compared to 44.4 million kilos in the previous year, representing an 18.9% decrease.

Despite the decrease in quantity sold, the average price per kilo surged significantly, reaching Rs. 1,437.64 during the year, in contrast to Rs. 652.18 in 2021/22. The depreciation of the rupee against the US dollar played a crucial role in driving up prices in the Colombo auction, and the lower production volumes also contributed to the overall upward trend in tea prices. Despite the challenges faced, Company managed to achieve favorable average prices and navigate the changing market conditions.

In the year under review, Ceylon Tea Brokers PLC experienced a marginal decline in market share on quantity sold, dropping to 14.75% from the previous year's 15.42%. Similarly, the market share on the value of teas sold also saw a slight decrease, from 15.77% to 15.26%. Despite these challenges, the company retained its leading position in the low grown market segment, which accounted for a significant portion of the total drop in crops. This decline in the low grown segment had an adverse impact on the overall market share. However, the company's management has proactively initiated measures to recover lost market share and is continuously monitoring the progress to improve the company's competitive position.

Client Financing Activities

During the financial year, the lending operations of the company saw a significant rise in gross revenue, with an increase of Rs. 262 million. This growth was primarily driven by higher interest rates that aligned with the overall market interest rate increase. However, the increased interest expenses, amounting to Rs. 162 million, also accompanied this surge in gross interest income. The prevailing economic conditions in the country contributed to escalated costs, which were in line with the rise in gross interest income. Looking ahead, the company expects market interest rates to decrease, which could lead to even healthier revenue generation while ensuring sustainable business conditions for tea producers.

Despite the decrease in quantity sold, the average price per kilo surged significantly, reaching Rs. 1,437.64 during the year, in contrast to Rs. 652.18 in 2021/22.

Average Price Per Kilo



1,437.64 Rs.

2021/22 - 652.18 Rs.

Gross Interest Income



417.5 Rs. Mn

2021/22 - 154.9 Rs. Mn

Manufacturing Advisory

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

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.

Warehousing & Logistic Segment

Despite challenging global and local economic conditions, the logistics industry in Sri Lanka faced significant adversity due to the government's imposition of import bans amidst a forex crisis. The local logistics sector bore the brunt of economic activities scaling down, putting immense pressure on its operations. In this backdrop, Logicare (Pvt) Limited stood out by achieving an impressive 94% year-on-year growth in their topline. Despite prevailing socio-economic issues, the company's strategic management enabled achieving remarkable results.

Logicare (Pvt) Limited achieved a milestone during the year as it reported its first operational profit of Rs. 9.8 million, a significant turnaround from the operational loss recorded in the previous financial year (2021/22). Notably, the transportation segment experienced exceptional growth, with a six-fold increase in revenue compared to the previous year. This remarkable performance is particularly noteworthy considering the fuel shortages that prevailed throughout the country. Logicare's tactical management of its transportation fleet contributed to this success.

Despite the challenging economic conditions, Logicare (Pvt) Limited demonstrated resilience in their logistics and handling income, which increased by 38% compared to the previous financial year (2021/22). The company's ability to thrive in such adverse circumstances is a testament to its strong management and strategic planning. With the expectation of government relaxation on imports and fewer disruptions in the upcoming financial year, the management anticipates further improvements in their operational performance.



Our Approach to Sustainability



We put our efforts to operate in a way that creates long-term value by balancing the needs of the organisation 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. 1,512.23 million in the form of Loans and Advances as of 31st March 2023 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. 1,418.03 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 16.
- 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. 1,512.23 million in the form of advances and loans as of 31st March 2023 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.

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.

Social and Relationship Capital



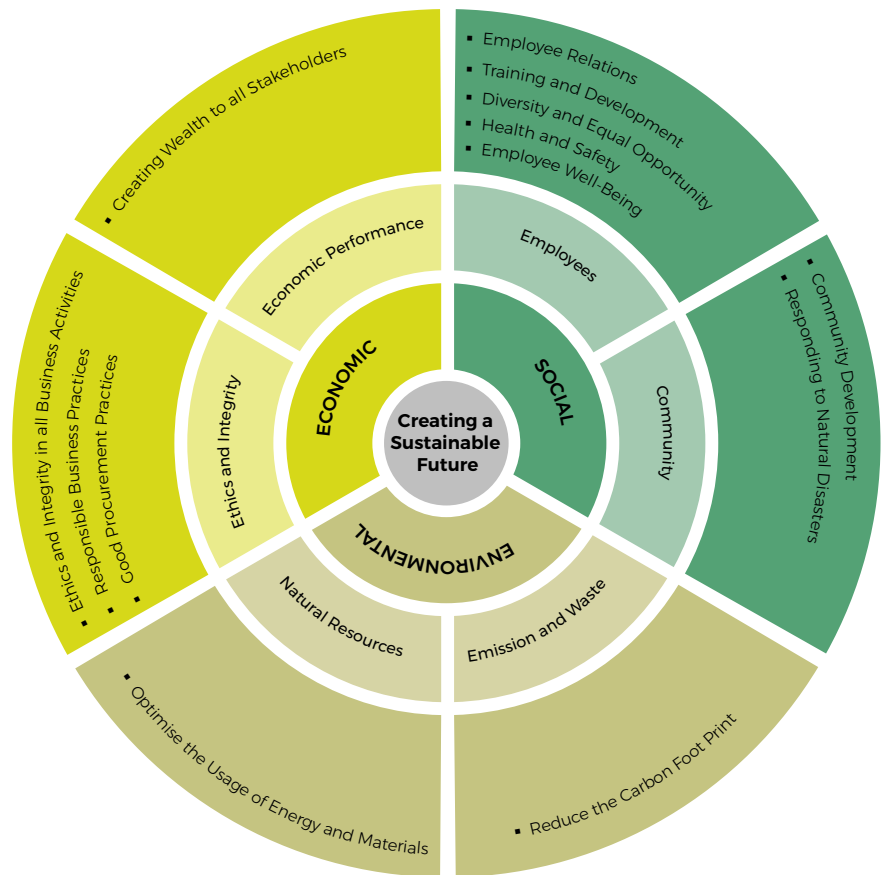
- Ensured that any of the group's operations or suppliers were not involved with any incidents of child labour, forced labour, or compulsory labour.
- The group introduced Code of Business conduct and ethics for directors, key management personnel and employees in January 2018.

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.



Outlook

Sri Lanka’s tea production for the first half of 2023 indicates a slight increase of 1.13% in the tea production in comparison with the first half of 2022.

Elevation	2023 (Kg/Mn)	2022 (Kg/Mn)	Change (Kg/Mn)	Change %
High Grown	32.1	31.2	0.9	2.89
Medium Grown	22.7	22.2	0.5	2.25
Low Grown	79.6	79.5	0.1	0.13
Total	134.40	132.9	1.5	1.13

In 2022, Sri Lanka’s agricultural production faced challenges due to a significant reduction in crops, including tea, caused by the government’s ban on chemical fertiliser. The tea production plummeted to 251 million kilos from the previous year’s 299 million kilos. However, subsequent changes to the initial ban decision led to the Sri Lanka Tea Board providing fertiliser to the tea planting community under a subsidized scheme. This intervention was expected to positively impact tea production, and the results were evident in the following six months. The high grown segment, which contributed 60% to the national production increase, showed substantial growth in total tea production volume, indicating a potential recovery in the overall tea industry in Sri Lanka.

Warehousing and Logistics Industry

Amidst the challenging global and local economic conditions, the logistics industry in Sri Lanka encountered substantial difficulties, exacerbated by the government’s imposition of import bans amidst a forex crisis. With economic activities scaling down, the local logistics sector experienced immense pressure on its operations. However, there was a glimmer of hope in the post-pandemic recovery as transportation and storage activities showed promising growth of 3.5%, a significant improvement compared to the mere 0.9% growth recorded in 2021. This uptick signals a potential revival for the industry despite the prevailing challenges.

The country’s strategic location among the top air navigation and sea routes within the Southern Asian region has made Sri Lanka a lucrative destination for developing logistics. The COVID-19 pandemic has impacted every sector. However, the pandemic has accelerated online purchasing, which positively affects the industry’s growth and has increased its market share.

With the outset, the logistic segment has a huge potential to grow and capture a significant portion of the Sri Lankan GDP.

Sri Lanka Tea Board providing fertiliser to the tea planting community under a subsidized scheme. This intervention was expected to positively impact tea production, and the results were evident in the following six months.

The Group

Tea Broking Segment

During the period from April 2023 to June 2023, Ceylon Tea Brokers PLC sold 9.41 million kilos of tea, experiencing a slight decline from the 9.97 million kilos sold during the same period the previous year. This decrease in sales can be attributed to lower national tea production. Despite the challenges faced, the company showcased resilience, managing to maintain its overall market share above 15%. Additionally, CTB PLC retained its position as the second-largest tea broker in Sri Lanka, highlighting its continued significance in the industry.

The company has maintained its number one position in low grown segment which is the largest contributing elevation to the national tea production. 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 2023/24. 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 Segment

With the expansion of economic activities in both the country and the region, Logicare (Pvt) Limited sees a promising opportunity to increase its stake in the logistics and transportation segment. The growing volume and demand in transportation have positively impacted the company's revenue stream during the financial year. Looking ahead to 2023/24, Logicare anticipates further expansion, supported by favorable market conditions compared to the previous year. The decline in interest rates and inflation is expected to boost investment activities, creating a conducive environment for the company's growth. As a dynamic logistics service provider, Logicare aims to expand its presence and offer a wider range of services to cater to the increasing demand.



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

20th July 2023

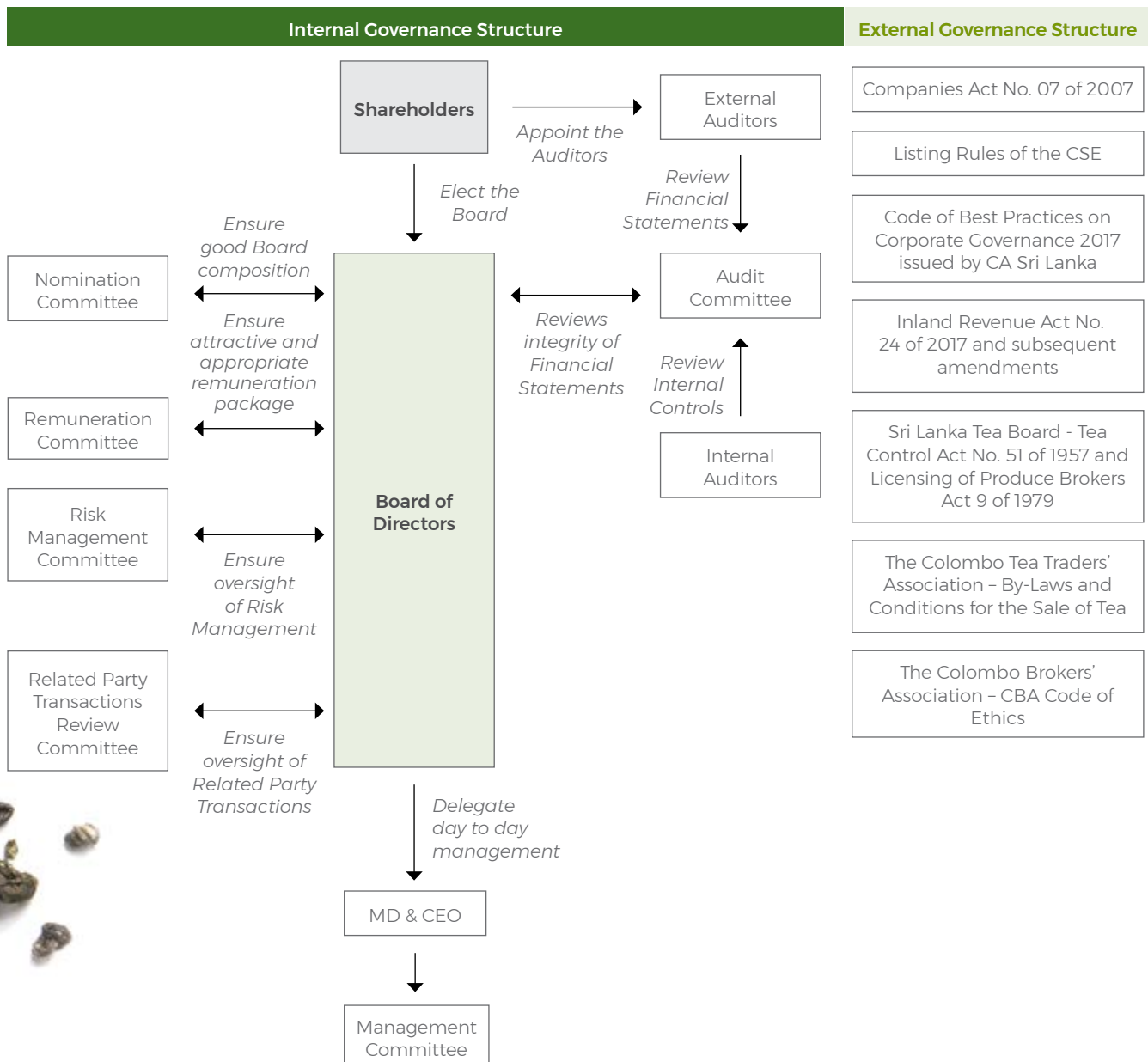


Corporate Governance is the mechanism, by which a Company is directed and controlled to the best interest of all stakeholders of the Company. Strong business ethics, sound risk management framework, effective and efficient internal controls are considered as key ingredients of a good corporate governance 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 88 to 105.

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

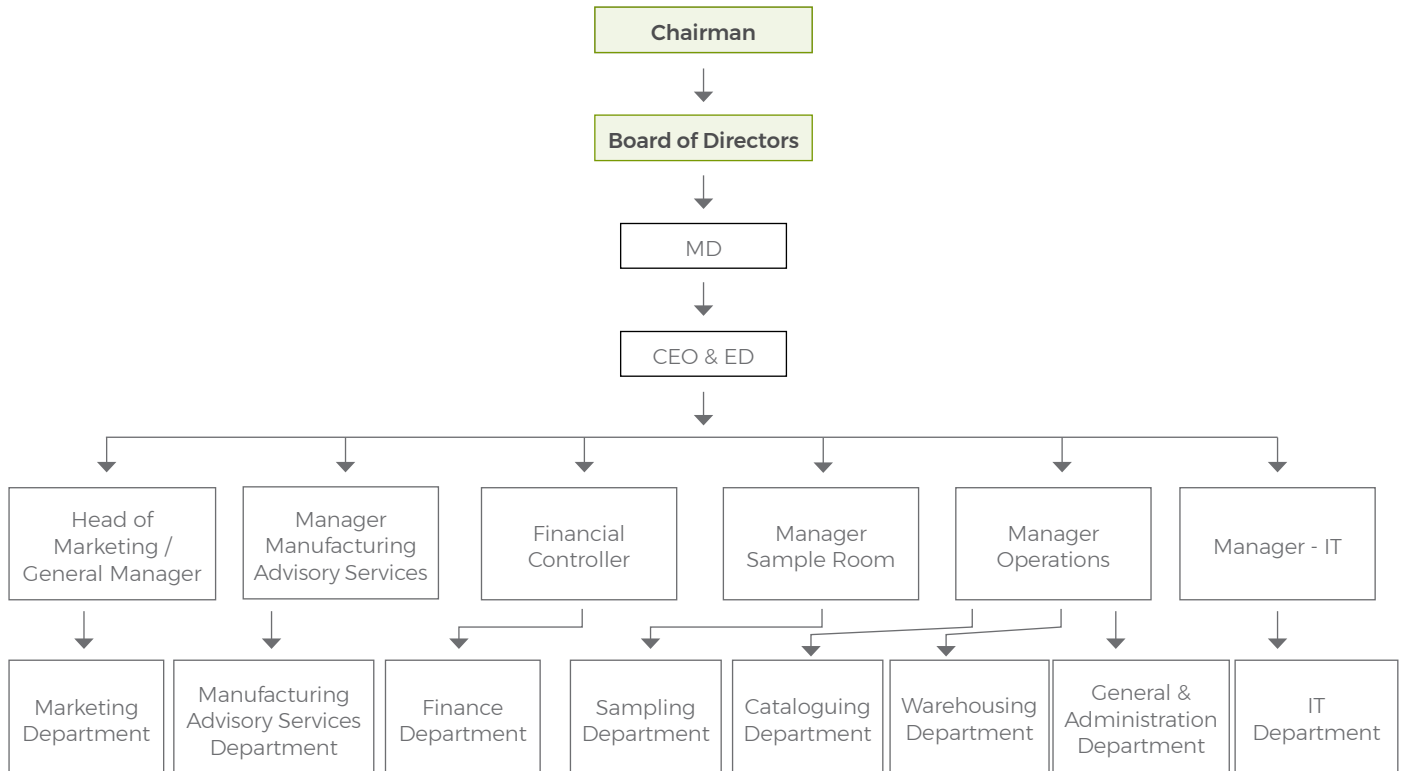
We believe sustainability management is an important precautionary approach to economic, social and environmental risk management. The Company applies the precautionary principles mainly from two angles:

- 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".

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.



Corporate Governance

The Board

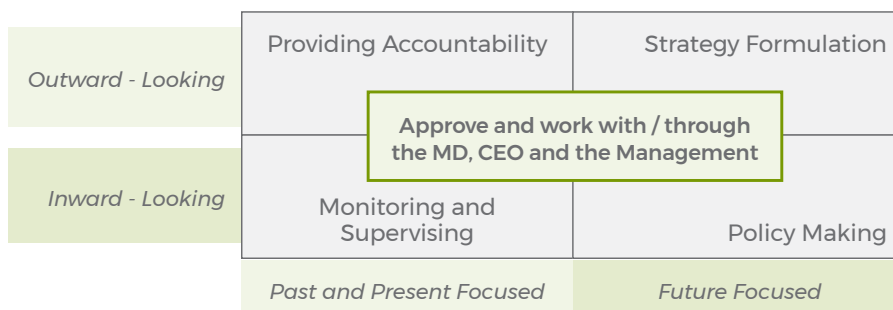
The Board is responsible for the Company’s shareholders to ensure at all times that the activities of the Company are conducted with the highest ethical standards and in the best interest of all Stakeholders. The Board consists of professionals from various industries such as tea broking, plantations,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

Board Age Composition as at 31st March 2023

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

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

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



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 22 to 25.

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. Mr D.H.Madawala has resigned from the board w.e.f. 31st May 2023.

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.

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 2022/23

Name of the Director	Position	Attended	Eligibility to Attend
Mr. R J N De Mel	Chairman/ Independent Non-Executive Director	4	4
Mr. W A T Fernando	Managing Director/ Executive Director	4	4
Mr. D G W De Silva	Chief Executive Officer/ Executive Director	4	4
Mr. K A D Fernando	Chief Operating Officer/Executive Director	4	4
Mr. H T D Nonis	Executive Director	4	4
Mr. Z Mohamed	Executive Director	2	4
Mr. C P R Perera	Independent Non-Executive Director	4	4
Mr. B R L Fernando	Independent Non-Executive Director	4	4
Mr. D H Madawala	Independent Non-Executive Director (Resigned w.e.f 31st May 2023)	4	4
Ms. N T M S Cooray	Non-Executive Director	4	4
Ms. H M S Perera	Non-Executive Director	4	4
Mr. K H S Deshapriya	Non-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

Committee Reports

Report of the Audit Committee

Composition

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

- Ms. H M S Perera
(Non-Executive Director) – Chairperson
- Mr. C P R Perera
(Independent Non-Executive Director)
- Mr. B R L Fernando
(Independent Non- Executive Director)
- Mr. R J N De Mel
(Independent Non-Executive Director)

Regular Attendees by Invitation

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

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

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

Terms of Reference

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

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

Meetings

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

Name of the Director	Attended	Eligibility to Attend
Ms. H M S Perera - Chairperson	6	6
Mr. C P R Perera	6	6
Mr. B R L Fernando	5	6
Mr. R J N De Mel	6	6

Financial Reporting

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

The Audit Committee along with the Management reviewed the Quarterly Financial Statements and Annual Financial Statements for the year ended 31st March 2023 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 on key recommendations given by the Internal Auditors was also reviewed during the year.

External Audit

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

The Audit committee having evaluated the performance of the external Auditors, has recommended to the Board of Directors that Messrs KPMG, Chartered Accountants of No: 32A Sir Mohamed Macan Markar Mawatha, Colombo 2, to be re-appointed as the external Auditors for the year ending 31st March 2024 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

20th July 2023



Committee Reports

Report of 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)
– Resigned w.e.f. 31st May 2023

Regular Attendees by Invitation

The following members of the corporate management team regularly attended for 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 – Manager Finance

Terms of Reference

- Assist the Board in reviewing all Related Party Transactions carried out by the Company.
- Review the Related Party Transactions of the Company to ensure that these transactions are in accordance with the Code of Best Practices on Related Party Transactions issued by the SEC, the Section 9 of the Listing Rules issued by the CSE on Related Party Transactions and the Code of Best Practice on Corporate Governance issued by the CASL.
- 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	2	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

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

Activities during the Year

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

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

Declaration

A declaration by the Board of Directors on compliance with the rules pertaining to the Related Party Transactions appears on the Report of the Board of Directors on page 109 of this Annual Report.



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

20th July 2023



Committee Reports



Report of the Risk Management Committee

Composition

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

- Mr. R J N De Mel (Independent Non-Executive Director) – Chairman
- Mr. C P R Perera (Independent Non-Executive Director)
- Mr. B R L Fernando (Independent Non-Executive Director)
- Mr. W A T Fernando (Managing Director/ Executive Director)
- Mr. D H Madawala (Independent Non-Executive Director) – Resigned w.e.f.31st May 2023
- Mr. D G W De Silva (Executive Director/ Chief Executive Officer)
- Mr. K A D Fernando (Executive Director / Chief Operating Officer)
- Mr. Z Mohamed (Executive Director)
- Mr. H T D Nonis (Executive Director)

Regular Attendees by Invitation

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

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

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

Terms of Reference

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

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

Meetings

Quarterly Meetings were held during the financial year 2022/23 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	4	4
Mr. C P R Perera	4	4
Mr. B R L Fernando	4	4
Mr. D H Madawala	4	4
Mr. W A T Fernando	4	4
Mr. D G W De Silva	4	4
Mr. K A D Fernando	4	4
Mr. Z Mohamed	4	4
Mr. H T D Nonis	4	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 110 to 116 of this Annual Report.

R J N De Mel
Chairman – Risk Management Committee

20th July 2023

Committee Reports

Report of the Remuneration Committee

Composition

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

- Mr. R J N De Mel
(Independent Non-Executive Director)
- Chairman
- Ms. N T M S Cooray
(Non-Executive Director)
- Mr. B R L Fernando
(Independent Non-Executive Director)

Regular Attendees by Invitation

The Managing Director of the Company attended meetings by invitation.

Terms of Reference

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

Remuneration Policy

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

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

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

The aggregate remuneration paid to the Executive and Non-Executive Directors during the year under review appears on Page 185 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
Ms. N T M S Cooray	2	2
Mr. B R L Fernando	2	2



R J N De Mel
Chairman - Remuneration Committee

20th July 2023



Committee Reports

Report of the 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
- 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.

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

Details of the Directors who are subject to re-election / re-appointment at the fourteenth Annual General Meeting are given under the Notice of the Annual General Meeting on page 192.

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. W A T Fernando	2	2
Mr. B R L Fernando	2	2



R J N De Mel
Chairman - Nomination Committee

20th July 2023



Committee Reports

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, 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 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 110 to 116 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



20th July 2023

Committee Reports

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 2023.
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 79 of this report.
A.1.2	Role of the Board	Yes	Key responsibilities of the Board includes; <ul style="list-style-type: none"> • Formulation and implementation of strategies • Reviewing and approving business plans and budgets • Reviewing and comparing actual results against the budgets • Ensuring effective internal controls and risk management • Ensuring effective compliance with laws, regulations and ethical standards.
A.1.3	Act in Accordance with the Laws of the Country	Yes	The Board has ensured that the Directors have adhered to all applicable laws, rules and regulations.
A.1.4	Access to the Company Secretary	Yes	All Directors have access to the advice and services of the Company Secretary M/s. PW Corporate Secretarial (Pvt.) Ltd., who is responsible to the Board in ensuring that Board procedures are followed and that applicable rules and regulations are complied with.
	Appropriate Insurance Cover	Yes	The Group has obtained a Directors and Officers Liability Insurance Cover.
A.1.5	Independent Judgement	Yes	The Board members are required to refrain from matters of self interest and to bring independent judgement to the decision-making process.
A.1.6	Adequate Time and Effort	Yes	Directors dedicate adequate time and effort to matters pertaining to the Board and the Group to ensure that their duties and responsibilities are satisfactorily discharged. Directors dedicate sufficient time before a meeting to review Board papers and request additional information and clarification and follow up on issues consequent to the meeting.



Reference to Code	Governance Principle	Compliance Status	Details of Compliance
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.
A.2	Chairman and Chief Executive Officer (CEO)	Yes	The roles of the Chairman and the Chief Executive Officer are separate with a clear distinction of responsibilities, which ensures balance of power and authority.
A.3	Chairman's Role	Yes	Main responsibility of the Chairman is to lead and manage the Board and its Committees, so that they can function effectively. The Chairman ensures that the Board is in complete control of the Group's affairs and alerts to its obligations to all Shareholders and other Stakeholders.
A.4	Financial Acumen	Yes	All Directors have sufficient financial acumen and knowledge on matters of finance. Majority of the Non-Executive Directors have previous experience in Banking and Finance related Companies. Mr. B R L Fernando (Independent Non-Executive Director) is a Fellow Member of the CA Sri Lanka. Mr. W A T Fernando (Managing Director), Ms. N T M S Cooray (Non-Executive Director) and Ms. H M S Perera (Non-Executive Director) are members of Chartered Institute of Management Accountants, UK (CIMA).
A.5	Board Balance		
A.5.1	Non Executive Directors	Yes	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 79 and a brief resume of each Director is available on pages 22 to 25.
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 79.
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 78.
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.

Committee Reports

Summary of Compliance

Reference to Code	Governance Principle	Compliance Status	Details of Compliance
A.5.5	Determination of independence of the Directors	Yes	<p>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.</p> <p>The special declaration on the determination of independence of Independent Non-Executive Directors, is presented on page 78 and 107.</p>
A.5.6	Alternate Directors	Not Applicable	No alternative Directors were appointed during the year.
A.5.7 & A.5.8	Senior Independent Director	Not Applicable	Roles of the Chairman and the Managing Director are clearly separated.
A.5.9	Chairman conducting Meetings with Non Executive Directors	Yes	The Chairman conducts meetings with the Non-Executive Directors, without the presence of Executive Directors as necessary.
A.5.10	Recording of concerns in the Board Minutes	Yes	Concerns raised by the Directors which could not be unanimously resolved during the year, such individual concerns (if any) were recorded in the minutes.
A.6	Supply of Information		
A.6.1	Management's obligation to provide appropriate and timely information to the Board	Yes	Directors are provided with monthly reports on financial and operational performance of the Group, minutes of the Board Sub Committees and other Management Committees and any other information as necessary. The Chairman ensures that all Directors are properly briefed on issues arising at Board Meetings.
A.6.2	Providing relevant information prior to the Board Meetings	Yes	The minutes, agenda and papers required for Board Meeting are provided to Directors with adequate time to study them to facilitate its effective conduct.
A.7	Appointments to the Board		
A.7.1	A Nomination Committee	Yes	The Board has appointed a Nomination Committee to make recommendations to the Board on all new Board appointments. Composition of the Nomination Committee is given on page 86.

Reference to Code	Governance Principle	Compliance Status	Details of Compliance
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"> • a brief resume of the Director • the nature of his expertise in relevant functional areas • the names of companies in which the Director holds Directorships 'independence' of such directors
A.8	Re-election		
A.8.1	Appointment of Non-Executive Directors	Yes	Non-Executive Directors are appointed for specified terms subject to re-election and to the provisions in the Companies Act relating to the removal of a Director, and their re-appointment are not automatic.
A.8.2	Re-Election	Yes	All Directors including the Chairman of the Board are subject to election by Shareholders at the first opportunity after their appointment, and to re-election thereafter are done in accordance with the Articles of Association of the Company. Refer page 107 under Annual Report of the Board of Directors.
A.9	Appraisal of Board Performance		
A.9.1 & A.9.2	Annual Performance Evaluation of the Board and its Sub Committees	In Progress	Performance evaluation of the Board and its Sub Committees are done by way of discussions at the Board Meetings. However, the board is in the process of implementing a mechanism to periodically evaluate its own performance in order to ensure that responsibilities set out in A.1.2 are discharged in a satisfactory manner.
A.9.3	Review the performance of the Directors at the time of re-election	Yes	The Board reviews the performance of each director in terms of participation, contribution and engagement at the time of re-election.
A.9.4	Disclosure of performance evaluation criteria	Yes	This section itself would serve the purpose of disclosure.

Committee Reports

Summary of Compliance

Reference to Code	Governance Principle	Compliance Status	Details of Compliance
A.10	Disclosure of information in respect of Directors	Yes	<p>The following information in relation to Directors are disclosed in this report.</p> <p>Name, qualifications, nature of expertise, other Directorships of Listed Companies and other companies and brief profile on page 22 to 25.</p> <p>Material Business Relationships on page 176 to 182.</p> <p>Nature of the Directorship on page 79.</p> <p>Number of Board Meetings attended on page 79.</p> <p>Memberships of Board Sub Committees and attendance pages 80 to 86.</p>
A.11	Appraisal of Chief Executive Officer (CEO)		
A.11.1	Setting Annual Targets	Yes	Financial and Non Financial Targets are set at the beginning of the financial year as budgets and KPI's which are in line with the Group's short term and long term business objectives.
A.11.2	Performance Evaluation	Yes	Performance of the CEO and the management team are evaluated by the Board quarterly and at the end of each financial year. Actual performances against targets are compared and with the reasons and justifications in the event that the targets are not achieved.
B	Director's Remuneration		
B.1	Remuneration Procedure		
B.1.1	Remuneration Committee	Yes	The Board has appointed a Remuneration Committee to make recommendations to the Board, within agreed terms of reference, on the Group's framework of remunerating Executive Directors.
B.1.2	Composition of the Remuneration Committee	Yes	The Remuneration Committee comprises three Non-Executive Directors out of which two including Chairman are Independent.
B.1.3	Chairman and the members of Remuneration Committee	Yes	Composition of the Remuneration Committee is given on page 85.

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

Committee Reports

Summary of Compliance

Reference to Code	Governance Principle	Compliance Status	Details of Compliance
B.2.10	Levels of remuneration for Non-Executive Directors	Yes	Remuneration for Non-Executive Directors reflects the time commitment and responsibilities of their role, taking into consideration market practices. No share options were granted to Non-Executive Directors.
B.3	Disclosure of Remuneration		
B.3.1	Disclosure of Remuneration	Yes	Composition of the Remuneration Committee and the Group's Remuneration Policy is given in the page 85 Aggregate remuneration paid to Executive and Non-Executive Directors during the year under review appears on page 182 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 Chairman 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.

Reference to Code	Governance Principle	Compliance Status	Details of Compliance
C.2	Communication with shareholders		
C.2.1	Communication Channels	Yes	Group uses the Annual General Meeting, Annual Report, Quarterly Financial Statements, Corporate disclosures to the CSE and the Corporate Website as Channels to communicate with Shareholders.
C.2.2	Policy and Methodology for Communication	Yes	<p>The Group's policy in communication with shareholders includes the sharing of all financial and non-financial information as per the statutory requirements and as well as the sharing of all price sensitive information.</p> <p>The methodology of communication with Shareholders is multi-faceted to ensure accurate and timely information.</p>
C.2.3	Implementation of Policy	Yes	The implementation of the policy and the methodology is done through the adoption of the above mentioned channels of communication.
C.2.4	Disclose the contact person for shareholder communications	Yes	The contact person in relation to all matters pertaining to the Shareholders is the Company Secretary.
C.2.5	Directors awareness on major issues and concerns of Shareholders	Yes	The Chairman ensures that all Directors are aware of major issues and concerns of shareholders. Such issues are discussed at Board Meetings.
C.2.6	Contact person in relation to shareholders' matters	Yes	The contact person in relation to all matters pertaining to the Shareholders is the Company Secretary.
C.2.7	Response to shareholders	Yes	The Chairman and the Directors answer all the queries raised by the Shareholders at the AGM. Appropriate responses formulated and actions taken to address Shareholder concerns by the Board are communicated to the shareholders by the Company Secretary.

Committee Reports

Summary of Compliance

Reference to Code	Governance Principle	Compliance Status	Details of Compliance
C.3	Major and Material Transactions		
C.3.1	Disclosure on major and material transactions'	Yes	There was no transaction during the year that fell within the definition of a major transaction defined by the Companies Act No. 07 of 2007 or SEC Law and CSE Regulations which materially affect the net asset base of the Group.
C.3.2	Compliance with the disclosure requirements and the shareholder approval by special resolution	Yes	The Group has complied with the disclosure requirements and the shareholder approval by special resolution as required by the rules and regulations of the Securities and Exchange Commission (SEC) and by the Colombo Stock Exchange (CSE).
D	Accountability and Audit		
D.1	Financial and Business Reporting (Annual Report)		
D.1.1	Presenting the annual report including financial statements	Yes	The Group has strictly complied with all the statutory requirements pertaining to preparing and publishing of Interim Financial Statements, Annual Financial Statements and Annual Reports.
D.1.2	The Board's responsibility in presenting balanced and understandable information	Yes	The Board is responsible for presenting a balanced and understandable assessment extends to interim and other price sensitive public reports and reports to regulators, as well as to information required for statutory requirements. The 'Statement of Directors' Responsibilities' for preparation and presentation of Financial Statements is given on page 119 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 106 to 109 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 119 of this Annual Report and the Auditor's responsibilities are set out on the 'Independent Auditors' Report' on pages 120 to 123 of the Annual Report. Statement on Internal Controls is given on page 87 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.

Reference to Code	Governance Principle	Compliance Status	Details of Compliance
D.1.8	Disclosure of Related Party transactions	Yes	<p>The Board has adequately and accurately disclosed the related party transactions in this Annual Report as required in this Code.</p> <p>Refer Report of the Related Party Transactions Review Committee on pages 82 to 83 and Related Parties and Related Party Transactions Disclosures on pages 176 to 182.</p>
D.2	Internal Control		
D.2.1	Directors to review on Risk management and Internal Controls	Yes	The Audit Committee, the Risk Management Committee and the Board as a whole review the risks facing the Group and the effectiveness of the system of internal controls on a quarterly basis.
D.2.2	Disclosures in the Annual Report on Risk Management and Internal Controls	Yes	<p>The following disclosures as required by the Code are included in this Report;</p> <p>Report of the Audit Committee – on pages 80 to 81 Report of the Risk Management Committee – on page 84 Directors’ Statement on Internal Controls – on page 87 Enterprise Risk Management Framework – on pages 113 to 116 Annual Report of the Board of Directors – on pages 106 to 109 Statement on Directors’ Responsibilities for Preparation of Financial Statements – on page 119</p>
D.2.3	Internal Audit	Yes	The Group has obtained the service of Messrs. PricewaterhouseCoopers as the Independent Internal Auditor of the Group to serve this purpose.
D.2.4	Review of the effectiveness of the risk management and internal controls	Yes	<p>The Internal Auditors review the internal control system including internal control over financial reporting.</p> <p>The Audit Committee and the Risk Management Committee reviews the process and effectiveness of the risk management and internal controls, and report to the Board.</p> <p>Refer the Directors’ Statement on Internal Control on page 87 for details.</p>
D.2.5	Responsibilities of Directors to maintain a sound system of internal control	Yes	The Directors’ responsibility for maintaining a sound system of internal control is given in the Directors’ Statement on Internal Control on page 87.

Committee Reports

Summary of Compliance

Reference to Code	Governance Principle	Compliance Status	Details of Compliance
D.3	Audit Committee (AC)		
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 80.
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 81.
D.3.3	Disclosures	Yes	Refer Report of the Audit Committee on pages 80 to 81 for the relevant disclosures on the composition of the Audit Committee and the independence of the auditors.
D.4	Related Party Transactions Review Committee (RPTRC)		
D.4.1	A related party and related party transactions	Yes	The Group has considered Related parties and related party transactions as defined in the LKAS 24.
D.4.2	Related Party Transactions Review Committee (RPTRC)	Yes	The Group formed a Board Related Party Transactions Review Committee in November 2015. The Committee comprises four Directors as at 31st March 2023, 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. Arrangements will be made to comply with the requirement under Section D.4.2 of the Code in due course. Composition of the RPTRC is given on page 82.
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 82 for the Terms of Reference of the RPTRC.
D.5	Code of Business Conduct and Ethics		
D.5.1	Disclosure of Code of Business Conduct & Ethics	Yes	Group has a Code of the Business Conduct and Ethics for Directors and Key Management and relevant declaration is given in the 'Annual Report of the Board of Directors in the Affairs of the Company on the pages 106 to 109.

Reference to Code	Governance Principle	Compliance Status	Details of Compliance
D.5.2	Process to ensure that material and price sensitive information is promptly identified and reported.	Yes	The Group has a process in place to ensure that material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.
D.5.3	Policy and process to ensure for monitoring and disclosure of shares purchased by any Director, Key Management Personnel or any other employee involved in financial reporting	Yes	All the employees involved in financial reporting are required to declare details of their dealings in shares of the CTB PLC to the Company Secretary immediately. In addition, the Directors and KMP's too are required to disclose their dealings in shares of CTB PLC to the Company Secretary, enabling her to inform such transactions to the CSE.
D.5.4	Affirmation Statement by Chairman	Yes	Refer the 'Chairman's Statement on Corporate Governance' on page 74.
D.6	Corporate Governance Disclosures		
D.6.1	Disclosure of Corporate Governance	Yes	This Corporate Governance Report from page 74 to 105 would serve the purpose of relevant disclosure.

Committee Reports

Summary of Compliance

Section II – Shareholders

Reference to Code	Governance Principle	Compliance Status	Details of Compliance
E	Institutional Investors		
E.1	Shareholder Voting		
E.1.1	Communication with Shareholders	Yes	The Annual General Meeting provides the forum for shareholders to express their views. The Chairman ensures that any views expressed by investors to him personally or at General Meetings are discussed with the Board. The Directors consider the importance to understand the views of shareholders and, in particular, any issues which concern them.
E.2	Evaluation of Governance Disclosures	Yes	This section of the Annual Report contains the Group's governance arrangements and institutional investors are encouraged to give due weight to all relevant factors drawn to their attention.
F	Other Investors		
F.1	Investing/Divesting Decisions	Yes	Interim Financial Statements, Annual Consolidated Financial Statements and Annual Reports are published on the CSE website and these reports provide information that enables shareholders to carry out adequate analysis or seek independent advice in investing or divesting decisions.
F.2	Shareholder Voting	Yes	The shareholders are encouraged to participate at General Meetings and exercise their voting rights. Instructions with regard to appointing a proxy and the manner in which a Proxy Form should be completed are available in the Proxy Form circulated with the Annual Report
G	Internet of Things and Cyber Security	Yes	The Group implemented a comprehensive IT policy which covers the security of IT assets and the information assets. The Board's Audit Committee and the Risk Management Committee continuously discussed the importance of cyber risk management.
H	Environment, Society and Governance (ESG)		ESG principles are reported in a holistic manner throughout this report in the following sections: Corporate Governance – on page 74 to 105. Enterprise Risk Management – on page 113 to 116.

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

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
7.10 Compliance			
a./b./c.	Compliance with Corporate Governance Rules	Yes	The Group is in compliance with the Corporate Governance Rules and any deviations are explained where applicable
7.10.1 Non-Executive Directors (NED)			
a./b./c.	At least two members or one third of the Board, whichever is higher should be Non-Executive Directors	Yes	Seven out of Twelve Directors were Non-Executive Directors at the conclusion of last AGM.
7.10.2 Independent Directors			
a.	Two or one third of Non-Executive Directors, whichever is higher shall be "independent"	Yes	Four out of 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.
7.10.3 Disclosures Relating to Directors			
a./b.	Board shall annually determine the independence or otherwise of Non-Executive Directors	Yes	The Board has made an annual determination as to the independence or non-independence of each Non-Executive Director based on a declaration made by the Non-Executive Directors and as per criteria set out by the Colombo Stock Exchange Listing Rules.
c.	A brief resume of each Director should be included in the Annual Report including the directors' experience	Yes	Refer Board of Directors section of the Annual Report from pages 22 to 25.
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.

Committee Reports

Summary of Compliance

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
7.10.4 Criteria for Defining Independence			
a. to h.	Requirements for meeting the criteria to be an Independent Director	Yes	All four Independent Non-Executive Directors have met the criteria on defining independence as per the Listing rules, except for Messrs C P R Perera and B R L Fernando who have exceeded ten years of service. The Board being of the view this does not compromise their independence and objectivity have deemed them independent.
7.10.5 Remuneration Committee			
a. 1	Remuneration Committee shall comprise of Non-Executive Directors, a majority of whom will be independent	Yes	The Remuneration Committee comprises of three Non-Executive Directors of whom two are independent directors.
a. 2	One Non-Executive Director shall be appointed as Chairman of the Committee by the Board of Directors	Yes	An Independent Non-Executive Director is the Chairman of the Committee.
b.	Remuneration Committee shall recommend the remuneration of the CEO and the Executive Directors	Yes	The Remuneration Committee recommends the remuneration of the CEO and the Executive Directors. The Board makes the final determination after considering such recommendations.
c. 1	Names of Remuneration Committee members	Yes	Composition of the Remuneration Committee is given on page 85.
c. 2	Statement of Remuneration policy	Yes	Group's Remuneration Policy is given on page 85.
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 182 under Director's Remuneration.
7.10.6 Audit Committee			
a. 1	Audit Committee shall comprise of Non-Executive Directors, a majority of whom should be independent	Yes	The Audit Committee comprises four Non-Executive Directors out of which three are Independent. Refer page 80.
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.

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
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 80.
b. 1	Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements in accordance with SLFRS/LKAS	Yes	The Audit Committee assists the Board in fulfilling its oversight responsibilities for the integrity of the financial statements of the Group.
b. 2	Overseeing the compliance with financial reporting requirements, information requirements as per laws and regulations	Yes	The Audit Committee has the overall responsibility for overseeing the preparation of financial statements in accordance with the laws and regulations of the country and also recommending to the Board, on the adoption of best accounting policies.
b. 3	Ensuring the internal and risk management controls, are adequate, to meet the requirements of the SLFRS/LKAS	Yes	The Audit Committee assesses the effectiveness of the internal controls and risk management with the support of the Risk Management Committee.
b. 4	Assessment of the independence and performance of the Entity's External Auditors	Yes	The Audit Committee assesses the external auditor's performance and independence.
b. 5	Make recommendations to the Board pertaining to External Auditors	Yes	The Committee is responsible for appointment, reappointment, removal of External Auditors and also the approval of the remuneration and terms of Engagement
c. 1	Names of the Audit Committee members shall be disclosed	Yes	Refer Report of the Audit Committee on page 80.
c. 2	Audit Committee shall make a determination of the independence of the external auditors	Yes	Refer Report of the Audit Committee on page 81.
c. 3	Report on the manner in which the audit Committee carried out its functions	Yes	Refer Report of the Audit Committee on pages 80 to 81.

Committee Reports

Summary of Compliance

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

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
9.2 Related Party Transactions Review Committee			
9.2.2	Composition	Yes	Related Party Transactions Review Committee comprises of four Directors as at 31st March 2023, who are Non-Executive Directors. Chairman of the Committee is an Independent Non-Executive Director. Refer page 82.
9.3 Disclosures			
9.3.2 Disclosures in the Annual Report			
a	Non-recurrent Related Party Transactions	Yes	Details of the Non-recurrent Related Party Transactions are given on pages 180 to 181.
b	Recurrent Related Party Transactions	Yes	Details of the Recurrent Related Party Transactions are given on pages 176 to 179.
c	Report of the Related Party Transactions Review Committee	Yes	Refer pages 82 to 83.
d	A declaration by the Board of Directors	Yes	Refer page 109 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 (l) (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 106.
168 (l) (b)	Signed financial statements of the Company for the accounting period completed	Yes	Consolidated Financial Statements from pages 124 to 184.
168 (l) (c)	Auditors' Report on financial statements of the Company	Yes	Independent Auditors' Report on pages 120 to 123.
168 (l) (d)	Accounting policies and any changes therein	Yes	Notes to the Consolidated Financial Statements from pages 128 to 184.
168 (l) (e)	Particulars of the entries made in the Interests Register during the accounting period	Yes	Annual Report of the Board of Directors from pages 106 to 109..
168 (l) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Yes	Director's Remuneration on page 108.
168 (l) (g)	Corporate donations made by the Company during the accounting period	Yes	Refer Annual Report of the Board of Directors on page 108.
168 (l) (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 22 to 25.
168 (l) (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 145.
168 (l) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Yes	Refer Report of the Audit Committee on page 81.
168 (l) (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 119 and Annual Report of the Board of Directors on pages 106 to 109.

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 to the shareholders their Annual Report on the affairs of the Company together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiary for the financial year ended 31st March 2023, conforming to all relevant statutory requirements.

This Report provides the information as required by the Companies Act No.07 of 2007, Listing Rules of the Colombo Stock Exchange and the recommended best practices.

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, specialized 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 05.

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 2023 duly signed by the Financial Controller and two Directors, are given on page 124 to 127. The policies adopted thereof are given on page 128 to 143.

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.

An audit fee provision Rs. 850,000/- and non-audit fee Rs. Rs. 50,000/- are recorded by Ceylon Tea Brokers PLC and an audit fee provision of Rs.170,000/- is recorded by Logicare (Pvt) Ltd.

The Report of the Auditors on the Financial Statements of the Company is given on page 120 to 123 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 2023, the Board of Directors of the Company consisted of Twelve members.

Mr. R J N De Mel - Chairman / Independent Non Executive Director
Mr. W A T Fernando - Managing Director
Mr. D C W De Silva - Chief Executive Officer
Mr. K A D Fernando - Chief Operating Officer
Mr. H T D Nonis - Executive Director
Mr. Z Mohamed - Executive Director
Mr. C P R Perera - Independent Non Executive Director
Mr. B R L Fernando - Independent Non Executive Director
Mr. D H Madawala - Independent Non Executive Director (Resigned w.e.f. 31st May 2023.)
Ms. N T M S Cooray - Non Executive Director
Ms. H M S Perera - Non Executive Director
Mr. K H S Deshapriya - Non-Executive Director

A detailed resume of each Director of the Company is available on page 22 to 25.

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 81 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 79 years of age, to the Board of the Company, declaring that the age limit of 70 years shall not apply to the said Director, will be placed before the shareholders at the forthcoming Annual General Meeting.

Ms. H M S Perera 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.

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

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 79 to 86.

Directors' Remuneration

The aggregate remuneration paid to the Directors' during the year under review was Rs. 95,679,111.

Directors Shareholdings

The relevant interest of Directors in the shares of the Company as at 31st March 2023 as recorded in Interest Register are given on page 185 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 185 to 187 under Investor Highlights and Information.

Donations

Company Expense Rs. 979,783.00 as donations during the year under review.

Dividends

The Directors have approved a first and final dividend of cents sixty eight (Rs. 0.68) per share for the year under review subject to obtaining a Certificate of Solvency from the Auditors and the said dividend will be paid on 22nd August 2023.

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 110 to 117 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 88 to 105 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 110 to 117.

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 182 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 2023.

Annual General Meeting


The Fourteenth Annual General Meeting will be held on 25th August 2023 at 11.30 a.m. virtually.

The notice of the Annual General Meeting appears on page 192.

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



Lasanthi Abeyakoon
P W Corporate Secretarial (Pvt) Ltd
Secretaries

04th August 2023
Colombo

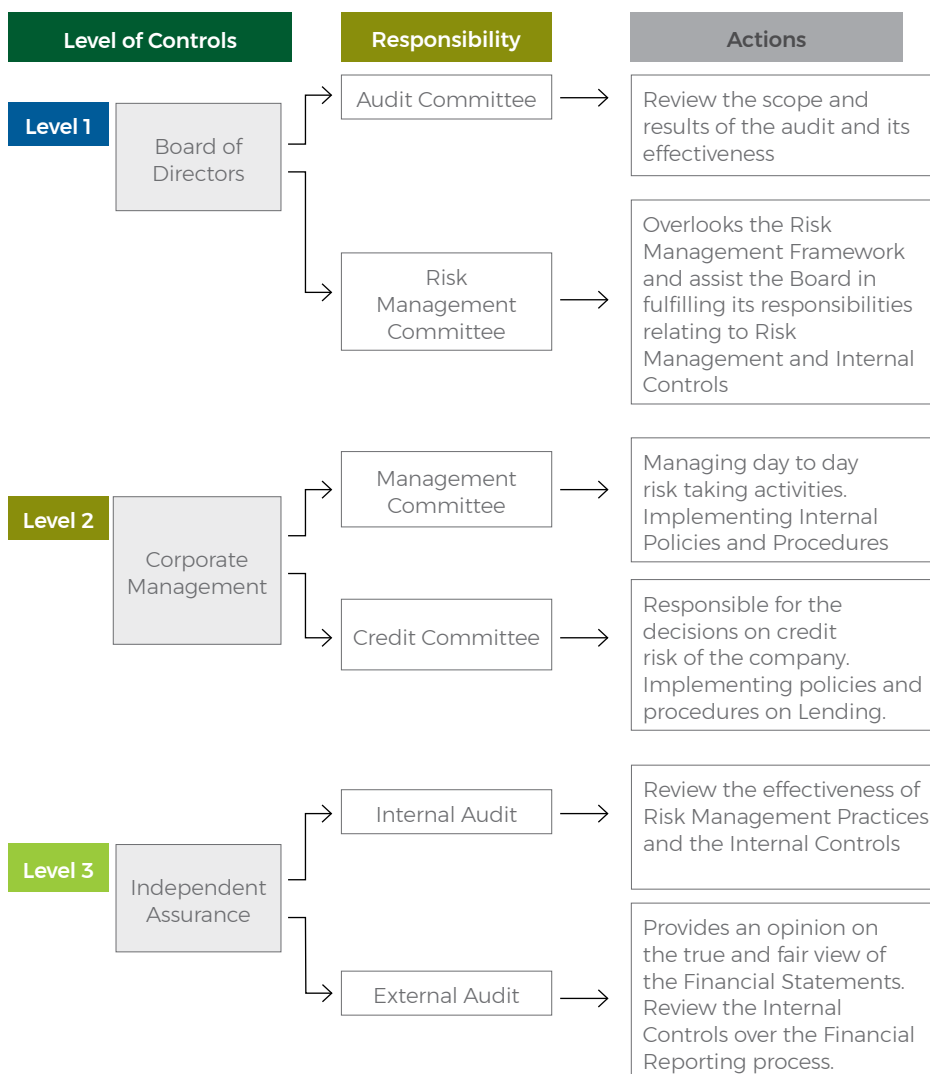
Risk Management



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 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

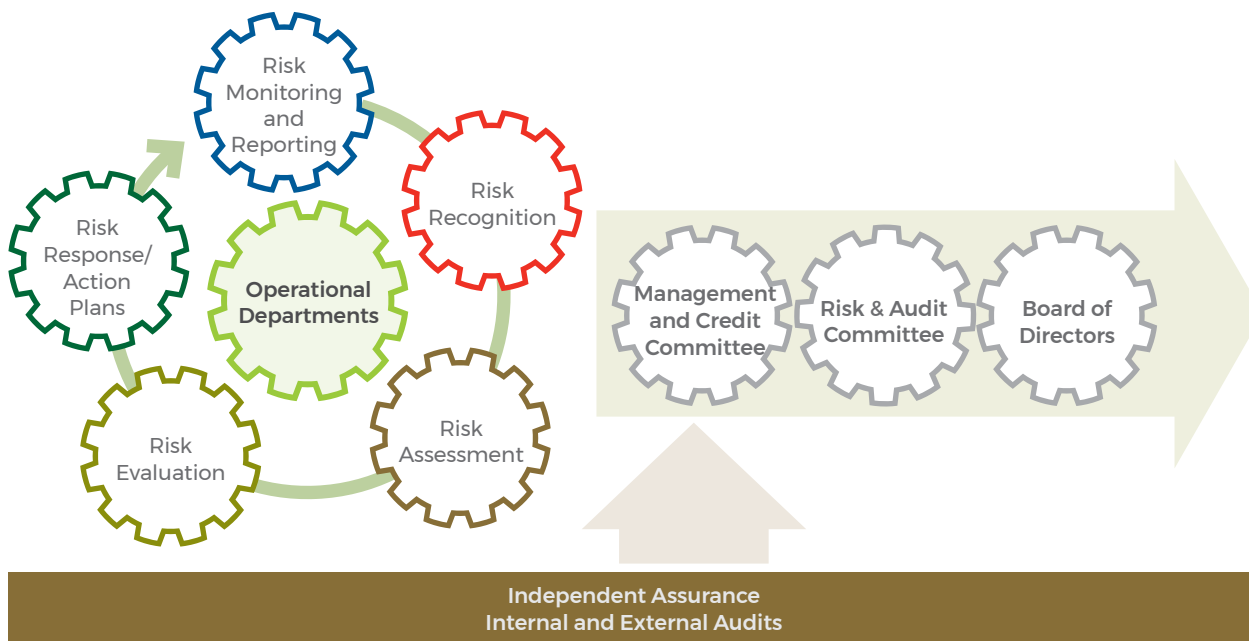
The Company's risk appetite is the amount of risk it is prepared to accept in pursuing its strategic objectives based on its key value drivers. The Company's stated Risk Appetite provides a decision-making framework for the strategic and operational treatment of risk and is used as an internal tool by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



Risk Management

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 110 to 116.

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.

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.

Risk Management

Headline Risk	Risks	Implications	Impact to Company	Likelihood of Occurrence	Score	Velocity	Measures/Actions
Market Risk	Loss of Marks	Loss of Revenue, Loss of Market share and reputation	5	3	15	High	Provide a better service to the clients to increase customer retention, Constant dialogue with clients and regular factory visits to understand the clients requirements / satisfaction
	Low prices for the Teas Catalogued	Loss of Revenue, Loss of Business, Loss of Profitability and reputation	5	5	25	High	Manufacturing Advisory Services, Relationship building, Restrict the advances granted on Tea Stocks up to a certain limit, Closely monitor the market trends, Holding regular Information sharing meeting to evaluate weekly performances
	Increased number of claims and disputes over quality of Teas sold	Loss of Reputation, Loss of prices at the auctions, Increased unsold percentages	4	2	8	Low	Constant dialogue with clients and regular factory visits to factories/buyers to understand the clients requirements / satisfaction
	Increased number of Tea withdrawals	Loss of Reputation, Loss of prices at the auctions, Increased exposure to credit risk	3	2	6	Medium	Constant dialogue with Sri Lanka Tea Board officials and clients. Regular factory visits to factories to understand the reasons for withdrawals
	Customer Dissatisfaction with services	Loss of Revenue, Loss of Market share and reputation	5	2	10	High	Provide a better service to the clients to increase customer retention, Constant dialogue with clients and regular factory visits to understand the clients requirements / satisfaction

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

Risk Management

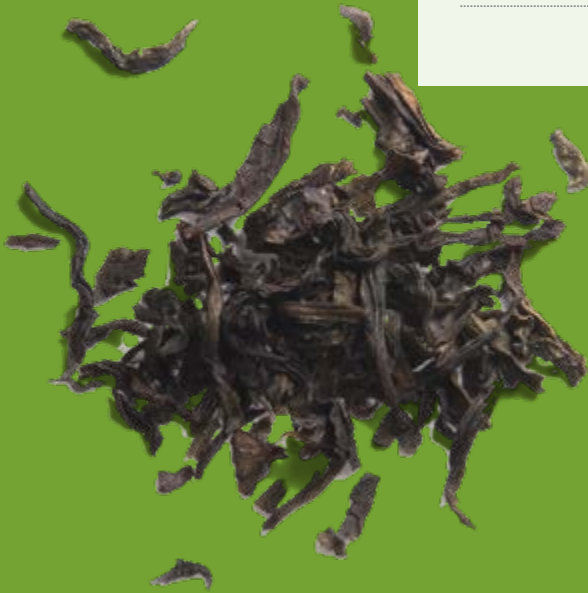
Headline Risk	Risks	Implications	Impact to Company	Likelihood of Occurrence	Score	Velocity	Measures/Actions
Business Continuity Risk (contd.)	Data theft	Disruptions to operations and quality of service, loss of business, loss of reputation, increased cost due to penalties	5	1	5	High	Periodical review 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 Reports

Financial Calendar	118
Statement on Director's Responsibilities for Preparation of Financial Statements	119
Independent Auditor's Report	120
Consolidated Statement of Profit or Loss and Other Comprehensive Income	124
Consolidated Statement of Financial Position	125
Consolidated Statement of Changes in Equity	126
Consolidated Statement of Cash Flows	127
Notes to the Consolidated Financial Statements	128



Financial Calendar

Interim Reports

1st Quarter	12th August 2022
2nd Quarter	11th November 2022
3rd Quarter	26th January 2023
4th Quarter	24th May 2023

Audited Financial Statements

As at 31st March 2022	02nd August 2022
As at 31st March 2023	04th August 2023

Meetings

13th Annual General meeting was held on 26th August 2022
14th Annual General meeting to be held on 25th August 2023

Dividends

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
Final dividend for the year 2022/23 of Rs. 0.68 per share to be paid on 22nd August 2023

Statement on Director's Responsibilities for Preparation of Financial Statements

The responsibilities of the Directors, in relation to the Financial Statements of the Company and its subsidiary differ from the responsibilities of the Auditors.

The responsibility of the Independent Auditors in relation to the Financial Statements is set out in the Report of the Auditors given on pages 120 to 123 of the Annual Report.

As per the Sections 150(1), 151, 152(1) and (2), 153(1) and (2) of the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and its subsidiary as at the end of the financial year and of the results of its operations for the financial year, ensure that they are completed within six months or such extended period as may be determined by the Registrar General of Companies, certified by the person responsible for the preparation of the Financial Statements that they are in compliance with the said Companies Act and dated and signed on behalf of the Board by two Directors of the Company.

In terms of section 166(1) read together with sections 168(1)(b) and (c) and section 167(1) of the Companies Act, the Directors shall cause a copy of the aforesaid Financial Statements together with the Annual Report of the Board of Directors of the Company prepared as per section 166(1) of the Companies Act to be sent to every shareholder not less than fifteen working days before the date fixed for holding the Annual General Meeting.

The Directors consider that in preparing these Financial Statements set out on pages 124 to 184, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgment and that all applicable Accounting Standards, as relevant, have been followed.

The Directors are also confident that the Company has adequate resources to continue in operation and have applied the going concern basis in preparing these Financial Statements as disclosed in Note 2.4.

Further, the Directors have a responsibility to ensure that the Company and its subsidiary maintain sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and its subsidiary.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and its subsidiary and in this regard to give proper consideration to the establishment of appropriate internal control systems to prevent and detect fraud and other irregularities.

Financial Statements prepared and presented in this report have been prepared based on Sri Lanka Accounting Standards (SLFRS/ LKAS) and are consistent with the underlying books of accounts and are in conformity with the requirements of Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

Compliance Report

The Directors are of the view, that they have discharged their responsibilities as set out in this statement.

The Directors also confirm that to the best of their knowledge, all statutory payments payable by the Company and its subsidiary as at the reporting date have been paid or where relevant provided for.

By Order of the Board of
CEYLON TEA BROKERS PLC



Lasanthi Abeyakoon
P W Corporate Secretarial (Pvt) Ltd
Secretaries

04th August 2023

Independent Auditor's Report



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
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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 2023, 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 128 to 143 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 2023, 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.

Allowance for impairment on Loans and advances to Tea Suppliers

Refer to note 3.1.4.5 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. 159.6 Million as at 31st March 2023 for the loans and advances given to tea suppliers amounting to Rs. 1,512.2 Million as at 31st March 2023.</p> <p>Impairment allowances represent management's best estimate of the expected credit losses on loans and advances given to tea suppliers at the reporting date. They are calculated individually and on a collective basis for portfolios of receivables of a similar nature.</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> Obtaining an understanding of and assessing the design, implementation and operating effectiveness of the key internal controls management has established in arriving at criteria used for provision computations and to ensure the accuracy of the impairment provision. Testing the completeness and accuracy of key inputs into models and computations. Further, we assessed the reasonability of the model methodology and key assumptions.

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Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA

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Ms. S.M.B. Jayasekera FCA
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W.K.D.C. Abeyrathne FCA
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M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekera FCA

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA,
Ms. F.R. Ziyad FCMA (UK), FTII

Allowance for impairment on Loans and advances to Tea Suppliers

Refer to note 3.1.4.5 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 judgmental in many cases. The Group uses both specific assessment and collective assessment for impairment and specific receivables are individually assessed for impairment by considering objective evidence and based on the expected realization of those balances. Collective impairment allowances are calculated using statistical models, and the amount of loss incurred and making adjustments to current and expected economic and credit conditions. The inputs to these models are subject to management judgment and model overlays are often required.</p> <p>Additional subjectivity and judgement have been introduced into the Group's measurement of ECL due to the heightened uncertainty associated with the impact of the economic outlook to the Group's customers, increasing our audit effort thereon.</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"> Assessing the recoverability of a sample of customers and reviewing the underlying documents to verify the details recorded in the database such as the credit limits, historical patterns of receipts and reviewing cash received subsequent to year end for its effect in reducing amounts outstanding at year end etc. and perform re-computation over the computation. Challenging how management had assessed the impact of 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; 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; Assessing the appropriateness of the Group's disclosures in the financial statements using our understanding obtained from our testing and against the requirements of the Sri Lanka Accounting Standards.

Impairment assessment of Goodwill and Investments in subsidiary

Refer to note 3.1.7 for Significant Accounting Policies and explanatory note no 13.1 of the financial statements.

Risk Description	Our response
<p>As at 31st March 2023, 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 2023, 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"> Obtaining an understanding of management's impairment assessment process by examining the indications of possible impairment in subsidiary. Evaluating the reasonableness of the Group's impairment model methodology, key assumptions for its revised cash flow projections such as discount rates, cost inflation and business growth with reference to the internally and externally derived sources including Group budgetary process and reasonableness of the historical forecasts. Assessing the value in use computations for recoverable amounts with impairment indications and discussion with management of the Group. Assessing the adequacy of the disclosures in the financial statements in respect of impairment testing.

Independent Auditor's Report



Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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



Chartered Accountants

Colombo, Sri Lanka
04th August 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 31st March	Note	GROUP		COMPANY	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revenue	5	1,711,453,064	867,316,695	1,154,969,049	580,671,913
Operating Expenses		(590,844,487)	(309,206,690)	(137,274,606)	(75,393,436)
Gross Profit		1,120,608,577	558,110,005	1,017,694,443	505,278,477
Marketing Expenses		(39,945,654)	(37,724,757)	(30,068,618)	(31,820,106)
Administration Expenses		(529,300,102)	(341,284,537)	(446,012,299)	(267,807,880)
Profit from Operations		551,362,821	179,100,711	541,613,526	205,650,491
Finance Income	6.1	54,717,812	16,743,318	54,703,372	16,726,698
Finance Expenses	6.2	(329,558,529)	(139,830,373)	(264,343,052)	(76,060,456)
Net Finance Expenses	6	(274,840,717)	(123,087,055)	(209,639,680)	(59,333,758)
Profit Before Tax	7	276,522,104	56,013,656	331,973,846	146,316,733
Income Tax Expenses	8	(92,176,170)	(36,917,534)	(92,289,230)	(36,511,778)
Profit for the Year		184,345,934	19,096,122	239,684,616	109,804,955
Total Other Comprehensive Income / (Expense)					
Actuarial Gain/(Loss) on Retirement Benefit Obligations-Net of Tax	18/22.2	1,325,625	(5,729,254)	1,061,817	(4,444,362)
Gain on Revaluation-Net of Tax	18	-	129,759,524	-	-
Deferred Tax on Revaluation / tax rate changes	18	(10,244,173)	-	-	-
Total Other Comprehensive Income / (Expense) Net of Tax		(8,918,548)	124,030,270	1,061,817	(4,444,362)
Total Comprehensive Income for the Year		175,427,384	143,126,392	240,746,433	105,360,593
Profit attributable to :					
Equity holders of the company		184,345,934	19,096,122	239,684,616	109,804,955
Profit for the Year		184,345,934	19,096,122	239,684,616	109,804,955
Total comprehensive Income attributable to :					
Equity holders of the company		175,427,384	143,126,392	240,746,433	105,360,593
Total Comprehensive Income for the Year		175,427,384	143,126,392	240,746,433	105,360,593
Earning Per Share - basic and diluted	9	1.01	0.105	1.31	0.60
Dividend Per Share	10	0.36	0.35	0.36	0.35

Figures in brackets indicate deductions.

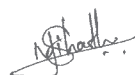
The Financial Statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Company/Group set out on pages 128 to 184.

Consolidated Statement of Financial Position

As At 31st March	Note	GROUP		COMPANY	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
ASSETS					
Non Current Assets					
Property, Plant and Equipment	11	881,086,854	922,447,846	1,113,847	9,758,683
Right of use Assets	12.1	174,801,015	219,964,231	4,811,908	24,059,578
Intangible Assets	13	62,585,596	72,667,410	2,450,624	4,220,085
Deferred Tax Assets	18	-	-	20,981,086	14,561,932
Investment in Subsidiary	14	-	-	633,000,000	633,000,000
Loans and Advances to Tea Suppliers	15.1	6,450,608	34,592,759	6,450,608	34,592,759
Refundable Deposit on Lease Premises	12.2	4,964,230	4,472,279	4,964,230	4,472,279
Total Non Current Assets		1,129,888,303	1,254,144,525	683,772,303	724,665,316
Current Assets					
Trade and Other Receivables	16	812,660,711	861,953,667	683,615,424	763,465,364
Loans and Advances to Tea Suppliers	15.2	1,346,118,906	724,903,358	1,346,118,906	724,903,358
Cash and Cash Equivalents	17	71,395,884	67,854,077	64,157,125	63,781,601
Total Current Assets		2,230,175,501	1,654,711,102	2,093,891,455	1,552,150,323
Total Assets		3,360,063,804	2,908,855,627	2,777,663,758	2,276,815,639
EQUITY AND LIABILITIES					
Equity					
Stated Capital	19	333,200,000	333,200,000	333,200,000	333,200,000
Retained Earnings		167,398,638	47,391,079	516,886,453	341,804,020
Revaluation Reserve	19.1	119,515,351	129,759,524	-	-
Total equity attributable to owners of the company		620,113,989	510,350,603	850,086,453	675,004,020
Non Current Liabilities					
Deferred Tax Liability	18	30,239,780	26,414,761	-	-
Interest Bearing Borrowings	20.2	880,717,404	977,514,966	317,856,828	345,890,742
Lease Payable	21	868,095	15,487,821	-	5,804,378
Retirement Benefit Obligations	22	52,697,754	43,520,681	42,824,227	35,445,540
Total Non Current Liabilities		964,523,033	1,062,938,229	360,681,055	387,140,660
Current Liabilities					
Interest Bearing Borrowings	20.1	749,419,591	556,658,318	644,793,047	496,775,949
Lease Payable	21	14,619,723	42,242,071	5,804,376	21,752,648
Trade and Other Payables	23	604,094,478	653,455,741	539,035,582	618,166,672
Tax Payables		70,183,780	13,470,268	70,183,780	13,470,268
Bank Overdrafts	17	337,109,210	69,740,397	307,079,465	64,505,422
Total Current Liabilities		1,775,426,782	1,335,566,795	1,566,896,250	1,214,670,959
Total Liabilities		2,739,949,815	2,398,505,024	1,927,577,305	1,601,811,619
Total Equity And Liabilities		3,360,063,804	2,908,855,627	2,777,663,758	2,276,815,639

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 128 to 184

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



A.M.N. Adhikari
Financial Controller

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

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



R.J.N. De Mel
Chairman



W.A.T. Fernando
Managing Director

20th July 2023
Colombo

Consolidated Statement of Changes in Equity

For The Year Ended 31st March	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Group				
Balance as at 1st April 2021	333,200,000	-	97,824,452	431,024,452
Total Comprehensive Income For the Year				
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
Dividend paid during the year			(63,840,000)	(63,840,000)
Reversal of Unpresented Dividend Cheques			39,759	39,759
Balance as at 31st March 2022	333,200,000	129,759,524	47,391,079	510,350,603
Balance as at 1st April 2022	333,200,000	129,759,524	47,391,079	510,350,603
Total Comprehensive Income For the Year				
Profit for the Year	-	-	184,345,934	184,345,934
Other Comprehensive Income for the Year	-	(10,244,173)	1,325,625	(8,918,548)
Transactions with equity holders				
Dividend paid during the year	-	-	(65,664,000)	(65,664,000)
Balance as at 31st March 2023	333,200,000	119,515,351	167,398,638	620,113,989

For The Year Ended 31st March	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Company			
Balance as at 1st April 2021	333,200,000	300,243,668	633,443,668
Total Comprehensive Income For the Year			
Profit for the Year	-	109,804,955	109,804,955
Other Comprehensive Expense for the Year	-	(4,444,362)	(4,444,362)
Dividend paid during the year		(63,840,000)	(63,840,000)
Reversal of Unpresented Dividend Cheques		39,759	39,759
Balance as at 31st March 2022	333,200,000	341,804,020	675,004,020
Balance as at 1st April 2022	333,200,000	341,804,020	675,004,020
Total Comprehensive Income For the Year			
Profit for the Year	-	239,684,616	239,684,616
Other Comprehensive Expense for the Year	-	1,061,817	1,061,817
Transactions with equity holders			
Dividend paid during the year	-	(65,664,000)	(65,664,000)
Balance as at 31st March 2023	333,200,000	516,886,453	850,086,453

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 128 to 184.

Consolidated Statement of Cash Flows

For The Year Ended 31st March	Note No.	GROUP		COMPANY	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cash Flows From Operating Activities					
Profit Before Tax		276,522,104	56,013,656	331,973,846	146,316,733
Adjustment for;					
Depreciation/Amortisation	11,12,13	109,073,928	90,013,009	25,850,356	24,856,558
Interest Income	6.1	(54,717,812)	(16,743,318)	(54,703,372)	(16,726,698)
Interest Expense	6.2	329,558,529	139,830,373	264,343,052	76,060,456
Impairment of Loans Given to Tea Suppliers	15.3	10,293,496	17,744,920	10,293,496	17,744,920
Impairment of Trade Receivables	16.1	1,706,345	1,452,236	-	-
Loss / (Gain) on Disposals of Property, Plant and Equipment	7	(42,120)	32,652	(42,120)	-
Provision for Retirement Benefit Obligations	22.1	12,031,198	6,757,970	9,476,069	5,245,603
Operating Profit Before Working Capital Changes		684,425,668	295,101,498	587,191,327	253,497,572
(Increase)/Decrease in Loans to Tea Suppliers	15	(603,366,893)	37,225,382	(603,366,893)	37,225,382
(Increase)/Decrease in Trade and Other Receivables	16	46,736,530	(213,044,676)	78,999,860	(177,499,030)
Increase/(Decrease) in Trade and Other Payables	23	(49,361,262)	146,527,203	(79,131,089)	159,863,997
Increase in Related Party Payable		-	-	-	(51,272)
Cash Generated from / (Used in) Operations		78,434,043	265,809,407	(16,306,795)	273,036,649
Retirement Benefit Obligations Paid	22.1	(960,375)	(451,625)	(580,500)	(451,625)
Income Tax Paid		(42,449,938)	(45,586,132)	(42,449,938)	(45,586,132)
Net Cash Flow Generated from/ (Used in) Operating Activities		35,023,730	219,771,650	(59,337,233)	226,998,892
Cash Flow From Investing Activities					
Interest / Investment income Received	6.1	54,225,861	16,300,119	54,211,422	16,283,499
Acquisition of Property, Plant and Equipment	11	(12,467,906)	(98,869,930)	(6,188,390)	(2,571,891)
Acquisition of Intangible Assets	13	-	(2,754,571)	-	(2,754,571)
Proceeds on Disposal of Property, Plant and Equipment		42,120	1,657,834	42,120	528,203
Investment in shares of subsidiary	14	-	-	-	(200,000,000)
Net Cash Flow Generated from/ (Used in) Investing Activities		41,800,075	(83,666,548)	48,065,152	(188,514,760)
Cash Flow From Financing Activities					
Interest Paid		(324,300,556)	(162,394,176)	(261,640,127)	(98,625,341)
Loans Obtained During the Year	20	1,800,000,000	3,355,284,058	1,745,000,000	2,586,784,058
Loan Repayment made during the Year	20	(1,704,819,779)	(3,248,217,980)	(1,625,056,131)	(2,497,105,852)
Proceeds from Commercial Papers issued		550,000,000	-	550,000,000	-
Repayment of Commercial Papers redeemed		(550,000,000)	-	(550,000,000)	-
Payment of lease liabilities	21	(45,866,476)	(39,792,231)	(23,566,180)	(24,197,535)
Dividend Paid		(65,664,000)	(63,840,000)	(65,664,000)	(63,840,000)
Net Cash Flow Used In Financing Activities		(340,650,811)	(158,960,329)	(230,926,438)	(96,984,670)
Net Decrease in Cash and Cash Equivalents		(263,827,006)	(22,855,227)	(242,198,519)	(58,500,538)
Cash and Cash Equivalents at the beginning of the Year		(1,886,320)	20,968,907	(723,821)	57,776,717
Cash and Cash Equivalents at the end of the Year	17	(265,713,326)	(1,886,320)	(242,922,340)	(723,821)

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 128 to 184.

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

1.1 Reporting Entity

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

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

The staff strength of the Group and the Company was 107 and 74 in 2022/23 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 of parent and services related to third party logistics (TPL). There were no significant changes in the nature of principal activities of the Company and the Group during the financial year.

1.3 Consolidated Financial Statements

The Consolidated financial statements of the Company as at, and for the year ended 31st March 2023 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:

- 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 124;

- 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 125;
- 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 126;
- 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 127;
- Notes to the Financial Statements comprising Significant Accounting Policies and other explanatory information. Refer pages 128 to 184.

The Consolidated Financial Statements were authorised for issue by the Company's Board of Directors in accordance with the resolution passed by the Board of Directors on 20th July 2023.

2.3 Basis of Measurement

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

- Liability for Retirement Benefit Obligation is recognized as the present value of the defined benefit obligation based on actuarial valuation as per LKAS 19: Employee benefits.
- The Buildings carried at Fair value and is subject to a revaluation in every three years.

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 categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Notes to the Consolidated Financial Statements

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

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

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

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

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.

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 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.

3.1.1 Consolidation

3.1.1.1 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".

3.1.1.2 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:

- the fair value of the consideration transferred; Minus
- 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.

3.1.1.3 Subsidiary

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

3.1.1.4 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.

3.1.1.5 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.

3.1.1.6 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.

3.1.2 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

Notes to the Consolidated Financial Statements

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).

3.1.3 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.

3.1.3.1 Property, Plant and Equipment

3.1.3.1.1 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).

Cost Model

All property, plant and equipment except freehold building, are recorded at cost, less accumulated depreciation and accumulated impairment losses, if any. When an asset's carrying value is higher than it's recoverable amount, the carrying value is written down to its recoverable amount (Please refer Note 3.1.7 - Impairment of non-financial assets).

Revaluation Model

The Group decided to apply the revaluation model for the entire class of buildings for measurement after initial recognition with effect from 31st March 2022. The Group policy is to revalue all buildings by an independent professional valuer every three years (Update group policy on frequency on revaluation) 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.

3.1.3.1.2 Owned Assets

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

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

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

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

3.1.3.1.3 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.

3.1.3.1.4 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.

3.1.3.1.5 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.

3.1.3.1.6 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.

3.1.3.1.7 Derecognition

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

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

3.1.3.2 Intangible Assets

3.1.3.2.1 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 amortisation 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.

Notes to the Consolidated Financial Statements

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.

3.1.3.2.2 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.

3.1.3.2.3 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.

3.1.3.2.4 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. Amortisation is calculated at an annual rate of 25%.

3.1.3.2.5 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.

3.1.3.2.5.1 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.

3.1.3.2.5.2 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.

3.1.4 Financial Assets

3.1.4.1 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.

3.1.4.2 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.

Notes to the Consolidated Financial Statements

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.

3.1.4.3 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.

3.1.4.4 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.

3.1.4.5 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

Notes to the Consolidated Financial Statements

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.

3.1.5 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,

3.1.5.1 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 amortised cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that is an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

3.1.5.2 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability

and the recognition of a new liability, and the difference in the respective carrying amounts are recognized in the income statement.

3.1.6 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.

3.1.7 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 amortisation, if no impairment loss had been recognized.

3.1.8 Lease

The Group assesses at the inception of a contract, whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration as per the guidelines of SLFRS 16. This assessment considers whether, throughout the period of use, the lessee has both the right to obtain all of the economic benefits from the use of the identified asset and the right to direct how and for what purpose the identified asset is used.

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

3.1.8.2.1 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.

Notes to the Consolidated Financial Statements

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3.1.8.1 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.

3.1.8.2 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.

3.1.8.3 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.

3.1.8.4 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.

3.1.9 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.

3.1.10 Post-Employment Benefits

i. Short-Term Employee Benefits

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

ii. Defined benefit plans

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

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

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

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

iii. Defined contributions plans - Employees' Provident Fund and Employees' Trust Fund

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

3.1.11 Income Statement

3.1.11.1 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 disaggregates revenue into the 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.

3.1.11.2 Net Financing Income / Cost

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

Finance cost comprises interest expense on borrowings.

3.1.11.3 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.

Notes to the Consolidated Financial Statements

3.1.11.4 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.

(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.

3.1.11.5 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.

3.1.11.6 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.

3.1.12 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'.

3.1.12.1 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.

3.1.13 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:

- Tea broking
- 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.

3.1.14 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 authorised for issue.

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

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

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued following new amendments to the Sri Lanka Accounting Standards which will become applicable for financial periods beginning after on or after 01st April 2023. Accordingly, the Group has not applied the following new amendments to the standard in preparing these Financial Statements. The Group has not early adopted new standards in preparing Consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to Sri Lanka Accounting Standard LKAS 12 – “Income Taxes”)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 01st April 2022. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised

from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other types of transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented. There will be no impact on retained earnings on adoption of the amendments.

Classification of liabilities as current or non-current (Amendments to LKAS 1) - effective for annual periods beginning on or after 01st January 2023

The amendment specifies the requirements for classifying liabilities as current or noncurrent. The amendments clarify what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right, that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification and disclosures. All of the above amendments are effective for annual reporting periods beginning on or after 01st January 2023.

Other New Accounting Pronouncements

The following new and amendment standards are not expected to be have a significant impact on the Group's consolidated financial statements.

- Sri Lanka Accounting Standard - SLFRS 17 “Insurance Contracts” effective from 01st January 2025

SLFRS 17 introduces a new measure of insurance revenue, based on the delivery of services to policy holders and excluding any premiums related to the investment elements of

policies, which will be significantly different from existing premium revenue measures, currently reported in the income statement. In order to transition to SLFRS 17, the amount of deferred profit, being the CSM at transition date, needs to be determined. SLFRS 17 will not be applicable to the Company.

- Disclosure of accounting policies (Amendments to LKAS 1 and SLFRS Practice Statement 2) - effective for annual periods beginning on or after 01st January 2023

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

- Definition of accounting estimates (Amendments to LKAS 8) - effective for annual periods beginning on or after 01st January 2023

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

Notes to the Consolidated Financial Statements

5. REVENUE

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
5.1 Revenue from Contract with Customers				
Brokerage Fee	518,697,388	289,652,823	518,697,388	289,652,823
Handling Charges	83,249,613	67,443,453	83,249,613	58,510,729
Logistic & Transportation Income	555,312,095	272,257,389	-	-
Lot Fee	7,352,083	8,455,994	7,352,083	8,455,994
Sundry Income	129,369,703	74,574,272	128,197,783	69,119,603
Total Revenue from Contract with Customers	1,293,980,882	712,383,931	737,496,867	425,739,149
Interest Earned on Loans and Advances	417,472,182	154,932,764	417,472,182	154,932,764
Total Revenue	1,711,453,064	867,316,695	1,154,969,049	580,671,913
5.2 Timing of Revenue Recognition				
Products and Services transferred at a point in time	1,711,453,064	867,316,695	1,154,969,049	580,671,913
	1,711,453,064	867,316,695	1,154,969,049	580,671,913

6. NET FINANCE EXPENSES

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Finance Income (Note 6.1)	54,717,812	16,743,318	54,703,372	16,726,698
Finance Expenses (Note 6.2)	(329,558,529)	(139,830,373)	(264,343,052)	(76,060,456)
Net Finance Expenses	(274,840,717)	(123,087,055)	(209,639,680)	(59,333,758)
6.1 Finance Income				
Interest Income on Staff Loans	1,893,484	1,237,048	1,879,044	1,220,428
Investment / Interest Income on Others	51,317,041	14,584,798	51,317,041	14,584,798
Interest on Fixed Deposits	1,507,287	921,472	1,507,287	921,472
Total Finance Income	54,717,812	16,743,318	54,703,372	16,726,698
6.2 Finance Expenses				
Financial Services VAT on Interest Income	20,851,610	8,170,000	20,851,610	8,170,000
Interest on Borrowings	288,610,408	124,557,383	225,289,657	63,206,658
Interest on Lease	3,624,402	6,523,345	1,813,530	4,106,953
Loss on Exchange	83,853	-	-	-
Interest on Commercial Papers	15,538,175	-	15,538,175	-
Un-winding of Prepaid Staff Loan Expenses	850,080	579,645	850,080	576,845
Total Finance Expense	329,558,529	139,830,373	264,343,052	76,060,456

7. PROFIT BEFORE TAXATION

Is stated after charging all expenses including the following;

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Auditors' Remuneration - Statutory Audit	1,020,000	900,000	850,000	750,000
- Non Audit Services	50,000	50,000	50,000	50,000
Directors' Fees & Consultancy Fees	15,325,000	9,055,000	13,565,000	8,205,000
Depreciation of Property, Plant and Equipment (Note 11)	53,828,898	41,865,287	4,833,226	4,543,907
Loss/ (Gain) on Disposals of Property, Plant and Equipment	(42,120)	32,652	(42,120)	-
Amortisation of Intangible Assets (Note 13)	10,081,814	10,063,755	1,769,461	1,751,402
Amortisation of Right of Use Assets (Note 12)	45,163,216	38,083,967	19,247,670	18,561,249
Impairment / Write off for Loans and advances Given to Tea Suppliers (Note 15.3)	10,293,496	17,744,920	10,293,496	17,744,920
Impairment of Trade Receivables (Note 16.1)	1,706,345	1,452,236	-	-
Personnel Costs (Note 7.1)	400,528,454	226,841,521	317,835,830	178,356,671
7.1 Personnel Costs				
Salaries, Wages and Overtime	213,035,284	162,305,558	147,098,355	121,033,289
Bonus & Profit Share Expenses	145,641,921	36,459,562	141,063,971	35,245,562
Defined Contribution Plan Costs - EPF	23,856,040	17,054,745	16,157,948	13,465,774
- ETF	5,964,010	4,263,686	4,039,487	3,366,443
Retirement Benefit Obligation Expenses	12,031,198	6,757,970	9,476,069	5,245,603
	400,528,454	226,841,521	317,835,830	178,356,671

Notes to the Consolidated Financial Statements

8. INCOME TAX EXPENSES

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Current Year Income Tax Expenses (Note 8.1)	98,983,780	36,149,937	98,983,780	36,149,937
Under / (over) Provision in Respect of Previous Years	179,669	(142)	179,669	(142)
Deferred Tax Charge (Note 18)	(6,987,279)	767,739	(6,874,219)	361,983
	92,176,170	36,917,534	92,289,230	36,511,778

8.1 Current Year Income Tax Expenses

Accounting Profit Before Taxation	276,522,104	56,013,656	331,973,846	146,316,733
Less: Income from Other Sources	(54,703,372)	(15,506,270)	(54,703,372)	(15,506,270)
Add: Aggregate Disallowable Items	117,392,796	62,496,562	63,511,377	8,615,142
Less: Aggregate Allowable Items	(133,015,153)	(108,443,661)	(28,878,629)	(4,307,137)
Business Income / (Loss)	206,196,375	(5,439,713)	311,903,222	135,118,468
Loss Incurred During The Year	(93,864,633)	(138,765,591)	-	-
Business Income	311,903,222	135,118,468	-	-
Add: Income from Other Sources	54,703,372	15,506,270	54,703,372	15,506,270
Total Taxable Income	366,606,594	150,624,738	366,606,594	150,624,738
Tax at 24%	43,992,791	36,149,937	43,992,791	36,149,937
Tax at 30%	54,990,989	-	54,990,989	-
	98,983,780	36,149,937	98,983,780	36,149,937

The income tax provision of Ceylon Tea Brokers PLC and its subsidiary has been calculated in accordance with the Inland Revenue Act No. 24 of 2017 and its amendments thereto and the circular issued by the Department of Inland Revenue on 9th May 2023 (No. SEC/2023/E/03) on the subject "Calculation of Income Tax Payable for the Year of Assessment commencing on April 1, 2022".

As specified in the Inland Revenue (Amendment) Act No. 45 of 2022, certified on December 19, 2022, and the aforementioned circular, the income tax payable for the year of assessment 2022/23 is calculated separately for two periods: the first 6 months ("First Period") from April 1, 2022, to September 30, 2022, and the second 6 months ("Second Period") from October 1, 2022, to March 31, 2023. The separation of business income included under taxable income into two periods can be done either on a pro-rata basis or actual basis.

The Company applied prorate basis in taxable income to determine the tax liability of the Company while applying 24% for the first period and 30% for the second period.

Logicare (Private) Limited, the subsidiary company, is not liable for pay income tax for the year ended 31st March 2023 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 30% on revenue sources and other income.

8.2 Tax Losses Carried Forward

	LOGICARE (PVT) LTD	
	2023 Rs.	2022 Rs.
Tax Losses Brought Forward	1,175,296,617	1,036,531,026
Add : Tax Losses for the Year	93,864,633	138,765,591
Less: Tax Losses Disallowed	(467,652,894)	-
Tax Losses Carried Forward	801,508,356	1,175,296,617

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. The Inland revenue department has disallowed the capital allowances of Rs. 467,652,894/- during the financial year claiming that the expenses to be incurred in the same financial year.

9. EARNINGS 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	
	2023	2022	2023	2022
Profit attributable to Ordinary Share holders (Rs.)	184,345,934	19,096,122	239,684,616	109,804,955
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.)	1.01	0.105	1.31	0.60

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.

Notes to the Consolidated Financial Statements

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	
	2023	2022	2023	2022
Dividend Paid (Rs.)	65,664,000	63,840,000	65,664,000	63,840,000
Weighted Average Number of Ordinary Shares	182,400,000	182,400,000	182,400,000	182,400,000
Dividend Per Share (Rs.)	0.36	0.35	0.36	0.35

11. PROPERTY, PLANT AND EQUIPMENT

a) Group

As At 31st March	Cost/Fair Value							
	Balance as at 1st April 2021	Revaluation	Additions during the Year	Disposals/ Transfers during the Year	Balance as at 31st March 2022	Additions during the Year	Disposals/ Transfers during the Year	Balance as at 31st March 2023
Motor Vehicles	19,757,480	-	-	-	19,757,480	-	-	19,757,480
Furniture & Fittings	27,241,948	-	3,053,225	(374,170)	29,921,003	525,241	(101,969)	30,344,275
Office Equipment	17,340,156	-	6,655,442	(1,531,859)	22,463,739	1,771,371	-	24,235,110
Weighing Scales	53,839	-	204,336	-	258,175	-	-	258,175
Computer Equipment	18,341,009	-	2,826,714	(487,681)	20,680,042	5,336,290	-	26,016,332
Storage System	121,805,388	-	-	-	121,805,388	-	-	121,805,388
Building	523,940,445	134,898,840	636,000	-	659,475,285	-	-	659,475,285
Machinery & Equipment	63,496,006	-	85,494,213	-	148,990,219	4,835,004	-	153,825,223
	791,976,271	134,898,840	98,869,930	(2,393,710)	1,023,351,331	12,467,906	(101,969)	1,035,717,268

As At 31st March	Accumulated Depreciation							
	Balance as at 1st April 2021	Revaluation	Charge for the year	Disposals During the year	Balance as at 31st March 2022	Charge for the year	Disposals During the year	Balance as at 31st March 2023
Motor Vehicles	19,142,444	-	357,988	-	19,500,432	169,471	-	19,669,903
Furniture & Fittings	19,653,472	-	2,487,066	(75,881)	22,064,657	2,665,015	(101,969)	24,627,703
Office Equipment	6,253,453	-	2,203,364	(284,046)	8,172,771	2,519,910	-	10,692,681
Weighing Scales	45,551	-	22,332	-	67,883	27,104	-	94,987
Computer Equipment	9,663,545	-	3,367,149	(343,297)	12,687,397	4,098,623	-	16,786,020
Storage System	9,009,821	-	5,458,387	-	14,468,208	5,458,387	-	19,926,595
Building	21,257,049	(35,837,377)	14,580,328	-	-	19,982,101	-	19,982,101
Machinery & Equipment	10,553,464	-	13,388,673	-	23,942,137	18,908,287	-	42,850,424
	95,578,799	(35,837,377)	41,865,287	(703,224)	100,903,485	53,828,898	(101,969)	154,630,414

Carrying Amounts

	Balance as at 31st March 2023	Balance as at 31st March 2022
Motor Vehicles	87,577	257,048
Furniture & Fittings	5,716,572	7,856,346
Office Equipment	13,542,429	14,290,968
Weighing Scales	163,188	190,292
Computer Equipment	9,230,312	7,992,645
Storage System	101,878,793	107,337,180
Building	639,493,184	659,475,285
Machinery & Equipment	110,974,799	125,048,082
	881,086,854	922,447,846

Non-Financial Assets Fair Value hierarchy

Asset	Fair value measurement	Value
Building	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

1. Net Rent Rs. 70 Mn Per Annum
2. 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 31/03/2023	Net Book Value as at 31/03/2022
Buildings	524,576,445	(50,420,601)	474,155,844	488,739,069

Notes to the Consolidated Financial Statements

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

b) Company

	Cost						Balance as at 31st March 2023
	Balance as at 1st April 2021	Additions during the Year	Disposals/ Transfers during the Year	Balance as at 31st March 2022	Additions during the Year	Disposals/ Transfers during the Year	
Motor Vehicles	19,757,480	-	-	19,757,480	-	-	19,757,480
Furniture & Fittings	26,641,528	244,986	(374,170)	26,512,344	216,400	(101,969)	26,626,775
Office Equipment	6,375,366	993,669	(145,000)	7,224,035	1,389,500	-	8,613,535
Weighing Scales	53,839	204,336	-	258,175	-	-	258,175
Computer Equipment	11,310,788	1,128,900	(476,599)	11,963,089	4,582,490	-	16,545,579
	64,139,001	2,571,891	(995,769)	65,715,123	6,188,390	(101,969)	71,801,544

	Accumulated Depreciation						Balance as at 31st March 2023
	Balance as at 1st April 2021	Charge for the year	Disposals During the year	Balance as at 31st March 2022	Charge for the year	Disposals During the year	
Motor Vehicles	19,142,444	357,988	-	19,500,432	169,471	-	19,669,903
Furniture & Fittings	19,546,331	2,261,077	(75,881)	21,731,527	2,225,608	(101,969)	23,855,166
Office Equipment	4,877,503	481,931	(51,843)	5,307,591	545,575	-	5,853,166
Weighing Scales	45,551	22,332	-	67,883	27,104	-	94,987
Computer Equipment	8,268,270	1,420,579	(339,842)	9,349,007	1,865,468	-	11,214,475
	51,880,099	4,543,907	(467,566)	55,956,440	4,833,226	(101,969)	60,687,697

Carrying Amounts

	Balance as at 31st March 2023	Balance as at 31st March 2022
Motor Vehicles	87,577	257,048
Furniture & Fittings	2,771,609	4,780,817
Office Equipment	2,760,369	1,916,444
Weighing Scales	163,188	190,292
Computer Equipment	5,331,104	2,614,082
	11,113,847	9,758,683

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,

	GROUP/COMPANY	
	2023 Rs.	2022 Rs.
Motor Vehicles	19,463,500	18,988,550
Furniture and Fittings	8,756,504	8,570,832
Office Equipments	3,703,977	3,545,360
Weighing Scales	53,839	-
Computer Equipments	7,733,465	6,677,265
	39,711,285	37,782,007

12. RIGHT OF USE ASSETS

12.1 Carrying Value of Right to use Assets

As At 31st March	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cost				
At the Beginning of the year	312,419,787	314,303,338	75,516,124	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	-	-
At the end of the year	312,419,787	312,419,787	75,516,124	75,516,124
Accumulated Amortisation				
At the Beginning of the year	92,455,556	96,585,669	51,456,546	32,895,297
Derecognition of Right of Use Asset	-	(42,214,080)	-	-
Amortisation for the Year	45,163,216	38,083,967	19,247,670	18,561,249
At the end of the year	137,618,772	92,455,556	70,704,216	51,456,546
Carrying Value at the year end	174,801,015	219,964,231	4,811,908	24,059,578

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

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

Notes to the Consolidated Financial Statements

12. RIGHT OF USE ASSETS (CONTD)

12.2 Refundable Deposit on Lease Premises

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Refundable Deposit on Lease Premises-Allied Properties	4,964,230	4,472,279	4,964,230	4,472,279
	4,964,230	4,472,279	4,964,230	4,472,279

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 Rs.	Computer Software Rs.	Total Rs.	Computer Software Rs.	Total Rs.
Cost					
Balance as at 1st April 2022	43,533,355	56,151,379	99,684,734	22,901,966	22,901,966
Additions during the Year	-	-	-	-	-
Balance as at 31st March 2023	43,533,355	56,151,379	99,684,734	22,901,966	22,901,966
Accumulated Amortisation					
Balance as at 1st April 2022	-	27,017,324	27,017,324	18,681,881	18,681,881
Charge for the Year	-	10,081,814	10,081,814	1,769,461	1,769,461
Balance as at 31st March 2023	-	37,099,138	37,099,138	20,451,342	20,451,342
Net Book Value As at 31st March 2023	43,533,355	19,052,241	62,585,596	2,450,624	2,450,624
Net Book Value As at 31st March 2022	43,533,355	29,134,055	72,667,410	4,220,085	4,220,085

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 conducted an assessment and concluded that there is no indication of the impairment of the goodwill as at 31st March 2023.

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;

Business Growth rate of 3% (2.5% in 2022)

Discount Rate of 19.55%, Average cost of borrowing rate with additional risk premium (25.2% in 2022)

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

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

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 2023 is Rs. 15,835,870 (2022 - Rs. 15,809,869)

14. INVESTMENT IN SUBSIDIARY

	COMPANY	
	2023 Rs.	2022 Rs.
Logicare (Private) Limited (100% owned subsidiary)	633,000,000	633,000,000
	633,000,000	633,000,000

The Subsidiary provides logistic and transportation solutions for third party clients and to the clients of the parent company.

14.1 Summarized financial information of the subsidiary

Assets and Liabilities		
Total Assets	1,192,847,781	1,236,068,567
Total Liabilities	833,353,605	811,255,342
Loss for the Year	(55,338,683)	(90,708,833)

Notes to the Consolidated Financial Statements

15. LOANS & ADVANCES TO TEA SUPPLIERS

As At 31st March	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Loans to Tea Suppliers	173,450,108	228,514,969	173,450,108	228,514,969
Advances given to Tea Suppliers	1,345,865,660	716,267,823	1,345,865,660	716,267,823
Less: Written off of Loans and Advances	(7,083,926)	(28,833,917)	(7,083,926)	(28,833,917)
	1,512,231,842	915,948,875	1,512,231,842	915,948,875
Less:				
Provision for impairment of Loans and Advances (Note 15.3)	(159,662,328)	(156,452,758)	(159,662,328)	(156,452,758)
	1,352,569,514	759,496,117	1,352,569,514	759,496,117
Receivable after One Year (Note 15.1)	6,450,608	34,592,759	6,450,608	34,592,759
Receivable within One Year (Note 15.2)	1,346,118,906	724,903,358	1,346,118,906	724,903,358
	1,352,569,514	759,496,117	1,352,569,514	759,496,117

15.1 Receivable after One Year

Loans & Advances to Tea Suppliers	122,694,927	185,069,874	122,694,927	185,069,874
Less: Provision of Impairment (Note 15.3)	(116,244,319)	(150,477,115)	(116,244,319)	(150,477,115)
	6,450,608	34,592,759	6,450,608	34,592,759

15.2 Receivable within One Year

Loans & Advances to Tea Suppliers	1,389,536,915	730,879,001	1,389,536,915	730,879,001
Less: Provision of Impairment (Note 15.3)	(43,418,009)	(5,975,643)	(43,418,009)	(5,975,643)
	1,346,118,906	724,903,358	1,346,118,906	724,903,358

15.3 Movement of Provision for impairment

Balance as at 01st April	156,452,758	167,541,755	156,452,758	167,541,755
Provision made during the year	10,293,496	17,744,920	10,293,496	17,744,920
	166,746,254	185,286,675	166,746,254	185,286,675
Amounts written off	(7,083,926)	(28,833,917)	(7,083,926)	(28,833,917)
Balance as at 31st March	159,662,328	156,452,758	159,662,328	156,452,758

Loans & Advances given to Tea Suppliers which have been written off during the year 2022/23, are still subject to enforceable activity.

16. TRADE AND OTHER RECEIVABLES

As At 31st March	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Gross Trade Receivables	743,364,382	797,022,224	638,241,452	734,532,537
Less: Impairment on Trade Receivables (Note 16.1)	(3,158,581)	(1,452,236)	-	-
Net Trade Receivables	740,205,801	795,569,988	638,241,452	734,532,537
Deposits and Prepayments	36,434,427	46,448,942	14,614,428	15,087,282
Staff Loan Receivables	16,247,898	11,831,884	15,848,377	11,675,357
Salary and Festival Advances	2,969,130	1,660,305	2,429,756	1,302,056
Other Receivables	14,528,197	3,539,348	12,427,145	868,132
VAT Receivable-Net	2,219,408	2,699,200	-	-
WHT Receivables	55,850	204,000	54,266	-
	812,660,711	861,953,667	683,615,424	763,465,364

16.1 Impairment on Trade Receivables

Balance as at 01st April	1,452,236	-	-	-
Provision made during the year	1,706,345	1,452,236	-	-
Balance as at 31st March	3,158,581	1,452,236	-	-

17. CASH AND CASH EQUIVALENTS

As At 31st March	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Favourable Balances				
Fixed Deposit	18,649,456	17,723,408	18,649,456	17,723,408
Cash at Bank	52,578,928	49,978,169	45,410,169	45,960,693
Cash in Hand	167,500	152,500	97,500	97,500
	71,395,884	67,854,077	64,157,125	63,781,601
Unfavourable Balances				
Bank Overdrafts	(337,109,210)	(69,740,397)	(307,079,465)	(64,505,422)
Cash and Cash Equivalents for Cash Flows Purpose	(265,713,326)	(1,886,320)	(242,922,340)	(723,821)

Capital Alliance Holding Limited has provided Rs. 100 Mn of Corporate guarantees on behalf of the Company in order to obtain bank overdraft facilities.

Notes to the Consolidated Financial Statements

18. DEFERRED TAXATION (ASSET)/ LIABILITY

As At 31st March	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Balance as at 1st April	26,414,761	(13,520,432)	(14,561,932)	(13,520,432)
Recognised in profit or loss				
Deferred tax charge (reversal) for the year	(3,346,796)	767,739	(3,233,736)	361,983
Impact on changes in tax rate	(3,640,483)	-	(3,640,483)	-
	(6,987,279)	767,739	(6,874,219)	361,983
Recognised in other comprehensive income				
Deferred tax on Revaluation Gain/(Loss)	-	40,976,692	-	-
Deferred tax on Actuarial Gain/(Loss)	568,125	(1,809,238)	455,065	(1,403,483)
Impact on changes in tax rate	10,244,173		-	-
Balance at 31st March	30,239,780	26,414,761	(20,981,086)	(14,561,932)

Note 8.1 - As provided for in LKAS 12 - Income taxes, deferred tax assets and liabilities should be measured at the tax rate that are expected to be applied in the period in which the asset will be realised or the liability will be settled, based on the tax rate (and tax laws) that have been enacted or substantially enacted by the reporting date.

The Inland Revenue (Amendment) Act, No. 45 of 2022 was passed in the Parliament and certified by the Speaker on 19 December 2022. Accordingly, the standard income tax rate has increased from 24% to 30%.

a) Group

	2023		2022	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
On Property, Plant and Equipment	176,802,194	53,040,658	139,888,996	33,573,359
Balance Written-off/Impairment	(31,991,904)	(9,597,571)	(27,075,986)	(6,498,237)
On Right of Use Assets	9,571,074	2,871,322	204,104	48,985
On Intangible Assets	3,301,852	990,556	4,964,322	1,191,437
On Retirement Benefit Obligations	(54,591,504)	(16,377,451)	(35,982,189)	(8,635,725)
On Carried forward Tax Losses	(174,922,413)	(52,476,724)	(135,135,468)	(32,432,512)
	(71,830,701)	(21,549,210)	(53,136,221)	(12,752,693)
On Actuarial Gain / (Loss) on Retirement Benefit Obligations	1,893,750	568,125	(7,538,492)	(1,809,238)
On Revaluation Gain	170,736,216	51,220,865	170,736,216	40,976,692
	100,799,265	30,239,780	110,061,503	26,414,761

Logicare (Private) Limited

Tax losses of the group as at the reporting date was Rs. 801,508,356 which gave rise to a deferred tax asset of Rs. 240,452,507. However deferred tax asset arising from tax losses as at the reporting date has been recognized only up to the extent of Rs. 52,476,724 due to the uncertainty regarding the availability of future taxable profits which the deferred tax asset would be utilised. Accordingly, the unrecognized deferred tax asset as at the reporting date was Rs. 187,975,783.

b) Company

	2023		2022	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
On Property, Plant and Equipment	2,821,748	846,524	4,308,557	1,034,054
Balance Written-off/Impairment	(28,833,323)	(8,649,997)	(25,623,750)	(6,149,700)
Right of Use Asset	(1,101,150)	(330,345)	(3,913,980)	(939,355)
On Retirement Benefit Obligations	(44,341,109)	(13,302,333)	(29,597,696)	(7,103,447)
	(71,453,834)	(21,436,151)	(54,826,869)	(13,158,448)
On Actuarial Gain /(Loss) on Retirement Benefit Obligations	1,516,882	455,065	(5,847,844)	(1,403,484)
	(69,936,952)	(20,981,086)	(60,674,713)	(14,561,932)

19. STATED CAPITAL

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Issued and Fully Paid				
182,400,000 Ordinary Shares	333,200,000	333,200,000	333,200,000	333,200,000
	333,200,000	333,200,000	333,200,000	333,200,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and only voting shareholders are entitled to one vote per individual present of meetings of the shareholders or one vote per share in the case of a poll.

19.1 Revaluation Reserve

Revaluation reserve relates to the amount by which the Group has revalued its Building. There were no restrictions on distribution of these balances to the shareholders.

Notes to the Consolidated Financial Statements

20. INTEREST BEARING BORROWINGS

As At 31st March	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Payable within One Year (Note 20.1)	749,419,591	556,658,318	644,793,047	496,775,949
Payable after One Year (Note 20.2)	880,717,404	977,514,966	317,856,828	345,890,742
	1,630,136,995	1,534,173,284	962,649,875	842,666,691

20.1 Payable within One Year

NDB Short Term Loan (Note 20.1.1)	-	70,000,000	-	70,000,000
Sampath Bank Short Term Loan (Note 20.1.2)	-	100,000,000	-	100,000,000
Seylan Bank Short Term Loan (Note 20.1.3)	-	-	-	-
DFCC Vardana Short Term Loan (Note 20.1.4)	-	-	-	-
Cargills Bank Short Term Loan (Note 20.1.5)	150,000,000	-	150,000,000	-
HNB Short Term Loan (Note 20.1.6)	-	-	-	-
Capital Alliance Holdings Ltd (Note 20.1.7)	35,000,000	-	-	-
Commercial Papers (Note 20.1.8)	-	-	-	-
Standard Chartered Bank (Note 20.1.9)	-	-	-	-
Central Finance PLC (Note 20.1.10)	200,000,000	-	200,000,000	-
HNB Trustee Loan (Note 20.2.1)	258,333,333	280,555,556	258,333,333	280,555,556
DFCC Loan (Note 20.2.2)	32,400,000	19,399,994	-	9,799,994
HNB Term Loan (Note 20.2.3)	-	-	-	-
HNB Working Capital Loan (Note 20.2.4)	-	13,800,000	-	-
BOC Term Loan (Note 20.2.5)	72,730,896	72,730,896	36,367,248	36,367,248
Total Capital Outstanding as at 31st March	748,464,229	556,486,446	644,700,581	496,722,798
Accrued Interest Based on EIR	955,362	171,872	92,466	53,151
Interest Bearing Borrowings at Amortised Cost	749,419,591	556,658,318	644,793,047	496,775,949

20.1.1 NDB Short Term Loan

Balance as at 1st April	70,000,000	-	70,000,000	-
Loan Obtained During the Year	250,000,000	1,020,000,000	250,000,000	1,020,000,000
Repayments made during the Year	(320,000,000)	(950,000,000)	(320,000,000)	(950,000,000)
Balance as at 31st March	-	70,000,000	-	70,000,000

20.1.2 Sampath Bank Short Term Loan

Balance as at 1st April	100,000,000	-	100,000,000	-
Loan Obtained During the Year	140,000,000	100,000,000	140,000,000	100,000,000
Repayments made during the Year	(240,000,000)	-	(240,000,000)	-
Balance as at 31st March	-	100,000,000	-	100,000,000

As At 31st March	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
20.1.3 Seylan Bank Short Term Loan				
Balance as at 1st April	-	130,000,000	-	130,000,000
Loan Obtained During the Year	5,000,000	380,000,000	5,000,000	380,000,000
Repayments made during the Year	(5,000,000)	(510,000,000)	(5,000,000)	(510,000,000)
Balance as at 31st March	-	-	-	-
20.1.4 DFCC Vardana Short Term Loan				
Balance as at 1st April	-	250,000,000	-	250,000,000
Loan Obtained During the Year	-	510,000,000	-	510,000,000
Repayments made during the Year	-	(760,000,000)	-	(760,000,000)
Balance as at 31st March	-	-	-	-
20.1.5 Cargills Bank Short Term Loan				
Balance as at 1st April	-	-	-	-
Loan Obtained During the Year	350,000,000	-	350,000,000	-
Repayments made during the Year	(200,000,000)	-	(200,000,000)	-
Balance as at 31st March	150,000,000	-	150,000,000	-
20.1.6 HNB Short Term Loan				
Balance as at 1st April	-	1,213,107	-	1,213,107
Loan Obtained During the Year	100,000,000	1,784,058	100,000,000	1,784,058
Repayments made during the Year	(100,000,000)	(2,997,165)	(100,000,000)	(2,997,165)
Balance as at 31st March	-	-	-	-
20.1.7 Capital Alliance Holdings Ltd				
Balance as at 1st April	-	100,000,000	-	-
Loan Obtained During the Year	35,000,000	15,000,000	-	-
Repayments made during the Year	-	(115,000,000)	-	-
Balance as at 31st March	35,000,000	-	-	-
20.1.8 Commercial Papers				
Balance as at 1st April	-	-	-	-
Obtained During the Year	550,000,000	-	550,000,000	-
Repayments made during the Year	(550,000,000)	-	(550,000,000)	-
Balance as at 31st March	-	-	-	-

Notes to the Consolidated Financial Statements

20. INTEREST BEARING BORROWINGS (CONTD.)

As At 31st March	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
20.1.9 Standard Chartered Bank				
Balance as at 1st April				
Obtained During the Year	400,000,000	-	400,000,000	-
Repayments made during the Year	(400,000,000)	-	(400,000,000)	-
Balance as at 31st March	-	-	-	-
20.1.10 Central Finance PLC				
Balance as at 1st April				
Obtained During the Year	220,000,000	-	200,000,000	-
Repayments made during the Year	(20,000,000)	-	-	-
Balance as at 31st March	200,000,000	-	200,000,000	-
20.2 Payable After One Year				
HNB Trustee Loan (Note 20.2.1)	311,805,552	303,472,218	311,805,552	303,472,218
DFCC Loan (Note 20.2.2)	556,800,000	589,200,000	-	-
HNB Term Loan (Note 20.2.3)	-	-	-	-
HNB Working Capital Loan (Note 20.2.4)	-	-	-	-
BOC Term Loan (Note 20.2.5)	12,111,852	84,842,748	6,051,276	42,418,524
	880,717,404	977,514,966	317,856,828	345,890,742
20.2.1 HNB Trustee Loan				
Balance as at 1st April	584,027,774	347,222,227	584,027,774	347,222,227
Loan Obtained During the Year	300,000,000	475,000,000	300,000,000	475,000,000
Repayments made during the Year	(313,888,889)	(238,194,453)	(313,888,889)	(238,194,453)
Balance as at 31st March	570,138,885	584,027,774	570,138,885	584,027,774
Amount Payable within One Year	258,333,333	280,555,556	258,333,333	280,555,556
Amount Payable after One Year	311,805,552	303,472,218	311,805,552	303,472,218
	570,138,885	584,027,774	570,138,885	584,027,774

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
20.2.2 DFCC Term Loan				
Balance as at 1st April	608,599,994	24,500,000	9,799,994	24,500,000
Loan Obtained During the Year	-	600,000,000	-	-
Repayments made during the Year	(19,399,994)	(15,900,006)	(9,799,994)	(14,700,006)
Balance as at 31st March	589,200,000	608,599,994	-	9,799,994
Amount Payable within One Year	32,400,000	19,399,994	-	9,799,994
Amount Payable after One Year	556,800,000	589,200,000	-	-
	589,200,000	608,599,994	-	9,799,994
20.2.3 HNB Term Loan				
Balance as at 1st April	-	549,000,000	-	-
Loan Obtained During the Year	-	-	-	-
Repayments made during the Year	-	(549,000,000)	-	-
Balance as at 31st March	-	-	-	-
Amount Payable within One Year	-	-	-	-
Amount Payable After One Year	-	-	-	-
20.2.4 HNB Working Capital Loan (Saubhagya Loan)				
Balance as at 1st April	13,800,000	25,000,000	-	-
Loan Obtained During the Year	-	-	-	-
Repayments made during the Year	(13,800,000)	(11,200,000)	-	-
Balance as at 31st March	-	13,800,000	-	-
Amount Payable within One Year	-	13,800,000	-	-
Amount Payable After One Year	-	-	-	-
	-	13,800,000	-	-

Notes to the Consolidated Financial Statements

20. INTEREST BEARING BORROWINGS (CONTD.)

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
20.2.5 BOC Term Loan				
Balance as at 1st April	157,573,644	-	78,785,772	-
Loan Obtained During the Year	-	200,000,000	-	100,000,000
Repayments made during the Year	(72,730,896)	(42,426,356)	(36,367,248)	(21,214,228)
Balance as at 31st March	84,842,748	157,573,644	42,418,524	78,785,772
Amount Payable within One Year	72,730,896	72,730,896	36,367,248	36,367,248
Amount Payable After One Year	12,111,852	84,842,748	6,051,276	42,418,524
	84,842,748	157,573,644	42,418,524	78,785,772

20.3 Assets pledged as collateral by the Group / Company

Name of the financial institution	Nature of the facility	Balance as at 31st March 2023 Rs.	Securities Pledged
Group			
DFCC Bank PLC	Term Loan	589,200,000	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	29,957,294	1. Corporate Guarantee of Ceylon Tea Brokers PLC for Rs.30 Mn

21. LEASE PAYABLE

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Lease Payable on ROU Assets (Note 21.1)	12,438,343	52,860,009	5,804,376	27,430,146
Lease Payable to HNB (Note 21.2)	3,049,475	4,869,883	-	126,880
	15,487,818	57,729,892	5,804,376	27,557,026
Amount Payable within One Year	14,619,723	42,242,071	5,804,376	21,752,648
Amount Payable after One Year	868,095	15,487,821	-	5,804,378
Lease Payable	15,487,818	57,729,892	5,804,376	27,557,026

21.1 Lease Payable on ROU Assets

Balance as at 1st April	52,860,009	44,156,595	27,430,146	40,623,635
Additions & Remeasurement	-	42,581,478	-	5,491,351
Accretion of Interest	3,134,434	5,741,071	1,813,530	3,990,135
Payments to lease creditor	(43,556,100)	(36,086,175)	(23,439,300)	(22,674,975)
Derecognition of lease liability		(3,532,960)	-	-
Balance as at 31st March	12,438,343	52,860,009	5,804,376	27,430,146
Amount Payable within One Year	12,438,343	40,421,663	5,804,376	21,625,768
Amount Payable after One Year	-	12,438,346	-	5,804,378
Balance as at 31st March	12,438,343	52,860,009	5,804,376	27,430,146

21.2 Lease Payable to HNB

Balance as at 1st April	4,869,883	7,778,545	126,880	1,532,622
Payment during the Year	(2,310,376)	(3,706,056)	(126,880)	(1,522,560)
Accretion of Interest	489,968	797,394	-	116,818
Balance as at 31st March	3,049,475	4,869,883	-	126,880
Amount Payable within One Year	2,181,380	1,820,408	-	126,880
Amount Payable after One Year	868,095	3,049,475	-	-
Balance as at 31st March	3,049,475	4,869,883	-	126,880
Amount Recognized in Statement of Profit & Loss				
Leases Under SLFRS 16				
Depreciation of Right of Use assets	45,163,216	38,083,967	19,247,670	18,561,249
Interest Expenses on Lease Liabilities	3,624,402	6,538,465	1,813,530	4,106,953
Amount Recognized in Statement of Cash Flows				
Total cash outflow for leases	45,866,476	39,792,231	23,566,180	24,197,535

Notes to the Consolidated Financial Statements

21. LEASE PAYABLE (CONTD.)

21.3 Maturity Analysis-Contractual undiscounted cash flows

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Less than one year	14,748,921	45,866,476	5,859,825	23,566,180
One to five year	909,790	16,022,627	-	5,859,825
More than five year	-	-	-	-
Total undiscounted lease liabilities as at 31st March	15,658,711	61,889,103	5,859,825	29,426,005
Lease liabilities included in the statement of financial position as at 31st March	15,487,818	57,729,892	5,804,376	27,557,026

22. RETIREMENT BENEFIT OBLIGATIONS

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Balance as at 1st April	43,520,681	29,675,844	35,445,540	22,068,653
Provision made during the Year (Note 22.2)	10,137,448	14,296,462	7,959,187	11,093,447
Transfer in Logicare (Pvt) Ltd 1/4/2021	-	-	-	2,735,065
Payments made during the Year	(960,375)	(451,625)	(580,500)	(451,625)
Balance as at 31st March	52,697,754	43,520,681	42,824,227	35,445,540

22.1 Movement of Retirement Benefit Obligations

Balance as at 1st April	43,520,681	29,675,844	35,445,540	22,068,653
Current Service Cost	5,801,451	4,949,929	4,336,466	3,845,717
Interest Cost	6,229,747	2,567,337	5,139,603	2,138,590
Past service cost	-	(759,296)	-	(738,704)
Actuarial (Gain)/ Loss	(1,893,750)	7,538,492	(1,516,882)	5,847,844
Transfer in - Logicare (Pvt) Ltd 1/4/2021	-	-	-	2,735,065
Paid during the Year	(960,375)	(451,625)	(580,500)	(451,625)
Balance as at 31st March	52,697,754	43,520,681	42,824,227	35,445,540

22.2 Amount Recognised in the Statement of, Statement of Profit or Loss

Current Service Cost (Profit or Loss)	5,801,451	4,949,929	4,336,466	3,845,717
Interest Cost (Profit or Loss)	6,229,747	2,567,337	5,139,603	2,138,590
Past service cost (Profit & Loss)	-	(759,296)	-	(738,704)
Actuarial (Gain)/ Loss (Other Comprehensive Income)	(1,893,750)	7,538,492	(1,516,882)	5,847,844
	10,137,448	14,296,462	7,959,187	11,093,447

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 2023. The valuation method used by the actuaries to value the benefits is the "Project Unit Credit (PUC)" method recommended by Sri Lanka Accounting Standard No. 19 (LKAS 19) - "Employee Benefits".

22.4 The Key Assumptions used by the actuary include the following;

	GROUP		COMPANY	
	2023	2022	2023	2022
- Discount Rate	18.50%	13.5% - 14.5%	18.5%	14.5%
- Expected Annual Average Salary Increment	16%	12%	16%	12%
- Retiring Age	60 Years	60 Years	60 Years	60 Years
- Staff Turnover Ratio	7% - 14%	10% - 16%	7%	10%

At 31st March 2023, the weighted-average duration of the defined benefit obligation was 10.19 years (2022 - 7.93 years).

As per the guidelines issued by the Institute of Chartered Accountants of Sri Lanka, the discount rates have been adjusted to convert the coupon bearing yield to a zero coupon yield to match the characteristics of the gratuity payment liability and the resulting yield to maturity for the purpose of valuing Employee benefit obligations as per LKAS 19. Further, the salary increment rate of 16% is considered appropriate to be in line with the Company's targeted future salary increments when taking into account the current market conditions and inflation rate.

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	49,383,569	39,993,954
1% Decrease	As Given in the Report	56,440,892	46,032,080
As Given in the Report	1% Increase	56,715,228	46,256,486
As Given in the Report	1% Decrease	49,092,755	39,755,943

23. TRADE AND OTHER PAYABLES

As At 31st March 2023	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade Payables	496,234,304	587,638,726	447,019,626	563,843,039
Accrued Expenses	23,726,900	24,540,338	12,921,103	15,053,625
SVAT Payable	2,297,958	2,489,110	790,912	482,441
Provisions for Expenses	63,343,983	29,770,381	60,822,545	29,770,382
Other Payables	18,491,333	9,017,186	17,481,396	9,017,185
	604,094,478	653,455,741	539,035,582	618,166,672

Notes to the Consolidated Financial Statements

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	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Financial Assets				
Non Current Assets				
Loans & Advances given to Tea Suppliers	6,450,608	34,592,759	6,450,608	34,592,759
Refundable Deposit	4,964,230	4,472,279	4,964,230	4,472,279
	11,414,838	39,065,038	11,414,838	39,065,038
Current Assets				
Trade and Other Receivables	773,951,026	812,601,525	668,946,730	748,378,082
Loans & Advances given to Tea suppliers	1,346,118,906	724,903,358	1,346,118,906	724,903,358
	2,120,069,932	1,537,504,883	2,015,065,636	1,473,281,440
Cash and Cash Equivalents	71,395,884	67,854,077	64,157,125	63,781,601
	2,202,880,654	1,644,423,998	2,090,637,599	1,576,128,079

As at 31st March	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Financial Liabilities				
Non Current Liabilities				
Interest Bearing Borrowings	880,717,404	977,514,966	317,856,828	345,890,742
Lease Payable	868,095	15,487,821	-	5,804,378
	881,585,499	993,002,787	317,856,828	351,695,120
Current Liabilities				
Interest Bearing Borrowings	749,419,591	556,658,318	644,793,047	496,775,949
Lease Payable	14,619,723	42,242,071	5,804,376	21,752,648
Trade and Other Payable	601,796,520	650,966,631	538,244,670	617,684,231
	1,365,835,836	1,249,867,020	1,188,842,094	1,136,212,828
Bank Overdrafts	337,109,210	69,740,397	307,079,465	64,505,422
	2,584,530,543	2,312,610,204	1,813,778,389	1,552,413,370

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 analyses 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 it's 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 2023:

	GROUP		COMPANY	
	Carrying Amounts		Carrying Amounts	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade and Other Receivables	773,951,026	812,601,525	668,946,730	748,378,082
Advances to Tea Suppliers	1,345,865,660	716,267,823	1,345,865,660	716,267,823
Loans to Tea Suppliers	173,450,108	228,514,969	173,450,108	228,514,969
Less : Provision & Write-off for impairment losses on Loans & Advances to Tea Suppliers	(166,746,254)	(185,286,675)	(166,746,254)	(185,286,675)
Exposure on Loans to Tea Suppliers and Trade and Other Receivables	2,126,520,540	1,572,097,642	2,021,570,510	1,507,874,199
Cash at Bank	52,578,928	49,978,169	45,410,169	45,960,693
Fixed Deposit	18,649,456	17,723,408	18,649,456	17,723,408
	2,197,748,924	1,639,799,219	2,085,575,869	1,571,558,300

Notes to the Consolidated Financial Statements

24. FINANCIAL INSTRUMENTS (CONTD.)

24.2.1 Risk Management Framework (contd.)

24.2.1.1 Credit Risk (contd.)

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

	GROUP			
	2023		2022	
	Gross Rs.	Impairment Rs.	Gross Rs.	Impairment Rs.
Group				
Past due 0-365 days	2,163,487,941	46,576,590	1,544,932,761	7,427,879
More than one year	122,694,926	116,244,319	185,069,874	150,477,115
	2,286,182,868	162,820,909	1,730,002,635	157,904,994
Company				
Past due 0-365 days	2,058,537,911	43,418,009	1,479,257,083	5,975,643
More than one year	122,694,926	116,244,319	185,069,874	150,477,115
	2,181,232,837	159,662,328	1,664,326,957	156,452,758

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	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Balance at 1st April	157,904,994	167,541,755	156,452,758	167,541,755
Provision made during the year	11,999,841	19,197,156	10,293,496	17,744,920
Write-off during the year	(7,083,926)	(28,833,917)	(7,083,926)	(28,833,917)
Balance as at 31st March	162,820,909	157,904,994	159,662,328	156,452,758

Cash and Cash Equivalent

The group held cash and cash equivalents of Rs.71,395,884 as at 31st March 2023 (Rs. 67,854,077-2021/22). The cash and cash equivalents are held with bank and financial institution counter-parties, which are rated between "A" to "AA-" based on 'Fitch Ratings' ratings.

24.2.1.2 Liquidity Risk

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

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

Non Derivative Financial Liabilities	Carrying amount Rs.	Contractual cash flows Rs.	One Year or less Rs.	More than One Year Rs.
Group				
As at 31st March 2023				
Trade and Other Payables	601,796,520	601,796,520	601,796,520	-
Interest Bearing Borrowings	1,630,136,995	1,978,154,611	875,451,276	1,102,703,335
Bank Overdrafts	337,109,210	337,109,210	337,109,210	-
Lease Payable	15,487,818	15,658,711	14,748,921	909,790
	2,584,530,545	2,932,719,053	1,829,105,928	1,103,613,125
As at 31st March 2022				
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
	2,312,610,204	2,677,571,245	1,422,856,978	1,254,714,267
Company				
As at 31st March 2023				
Trade and Other Payables	538,244,671	538,244,671	538,244,671	-
Interest Bearing Borrowings	962,649,875	1,078,951,307	723,838,218	355,113,089
Bank Overdrafts	307,079,465	307,079,465	307,079,465	-
Lease Payable	5,804,376	5,859,825	5,859,825	-
	1,813,778,387	1,930,135,267	1,575,022,178	355,113,089
As at 31st March 2022				
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
	1,552,413,370	1,631,434,599	1,250,913,199	380,521,400

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.

Notes to the Consolidated Financial Statements

24. FINANCIAL INSTRUMENTS (CONTD.)

24.2.1 Risk Management Framework (contd.)

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.

Financial Liabilities	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Bank Overdraft	337,109,210	69,740,397	307,079,465	64,505,422
Interest Bearing Borrowings	1,630,136,995	1,534,173,284	962,649,875	842,666,691
	1,967,246,205	1,603,913,681	1,269,729,340	907,172,113

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

Sensitivity Analysis	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Total Borrowing under variable rates	301,666,666	122,222,222	266,666,666	122,222,222
Change if 100 basis point increases	(3,016,667)	(1,222,222)	(2,666,666)	(1,222,222)
Change if 100 basis point decreases	3,016,667	1,222,222	2,666,667	1,222,222

The sensitivity analysis as at the reporting date may not be representative for the changes during the year. The level of utilization of available financial facilities will affect to the above sensitivity analysis.

24.2.1.4 Capital Management

The Board's policy is to maintain a strong capital base so as to maintain shareholder, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders.

The Group's debt to adjusted capital ratio at the end of the reporting period was as follows:

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Total Liabilities	2,739,949,815	2,398,505,024	1,927,577,305	1,601,811,619
Less: Cash and Cash Equivalents	(71,395,884)	(67,854,077)	(64,157,125)	(63,781,601)
Net Debt	2,668,553,931	2,330,650,947	1,863,420,180	1,538,030,018
Total Equity	620,113,989	510,350,603	850,086,453	675,004,020
Net Debt to Equity Ratio	4.30	4.57	2.19	2.28

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;

	2023		2022	
	Carrying Value Rs.	Fair Value Rs.	Carrying Value Rs.	Fair Value Rs.
Group				
Assets carried at amortised cost				
Loans & Advances to Tea Suppliers	1,352,569,514	1,352,569,514	759,496,117	759,496,117
Trade and other receivables	773,951,026	773,951,026	812,601,525	812,601,525
Cash and cash equivalents	71,395,884	71,395,884	67,854,077	67,854,077
	2,197,916,424	2,197,916,424	1,639,951,719	1,639,951,719
Liabilities carried at amortised cost				
Interest Bearing Borrowing	1,630,136,995	1,630,136,995	1,534,173,284	1,534,173,284
Lease Payables	15,487,818	15,487,818	57,729,892	57,729,892
Trade and other payables	601,796,520	601,796,520	650,966,631	650,966,631
Bank overdrafts	337,109,210	337,109,210	69,740,397	69,740,397
	2,584,530,543	2,584,530,543	2,312,610,204	2,312,610,204
Company				
Assets carried at amortised cost				
Loans & Advances to Tea Suppliers	1,352,569,514	1,352,569,514	759,496,117	759,496,117
Trade and other receivables	668,946,730	668,946,730	748,378,082	748,378,082
Cash and cash equivalents	64,157,125	64,157,125	63,781,601	63,781,601
	2,085,673,369	2,085,673,369	1,571,655,800	1,571,655,800
Liabilities carried at amortised cost				
Interest Bearing Borrowing	962,649,875	962,649,875	842,666,691	842,666,691
Lease Payables	5,804,376	5,804,376	27,557,026	27,557,026
Trade and other payables	538,244,670	538,244,670	617,684,231	617,684,231
Bank overdrafts	307,079,465	307,079,465	64,505,422	64,505,422
	1,813,778,386	1,813,778,386	1,552,413,370	1,552,413,370

Notes to the Consolidated Financial Statements

25. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTD.)

Financial instruments not carried at fair value and valuation bases

The table below analyse financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Group	Level I Rs.	Level II Rs.	Level III Rs.	Total Rs.
As at 31st March 2023				
Assets carried at amortised cost				
Loans & Advances to Tea Suppliers	-	-	1,352,569,514	1,352,569,514
Trade and other receivables	-	-	773,951,026	773,951,026
	-	-	2,126,520,540	2,126,520,540
Liabilities carried at amortised cost				
Interest Bearing Borrowing	-	-	1,630,136,995	1,630,136,995
Lease Payables	-	-	15,487,818	15,487,818
Trade and other payables	-	-	601,796,520	604,094,478
	-	-	2,247,421,333	2,249,719,291
As at 31st March 2022				
Assets carried at amortised cost				
Loans & Advances to Tea Suppliers	-	-	759,496,117	759,496,117
Trade and other receivables	-	-	812,601,525	812,601,525
	-	-	1,572,097,642	1,572,097,642
Liabilities carried at amortised cost				
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
	-	-	2,242,869,807	2,242,869,807

Company	Level I Rs.	Level II Rs.	Level III Rs.	Total Rs.
As at 31st March 2023				
Assets carried at amortised cost				
Loans & Advances to Tea Suppliers	-	-	1,352,569,514	1,352,569,514
Trade and other receivables	-	-	668,946,730	668,946,730
	-	-	2,021,516,244	2,021,516,244
Liabilities carried at amortised cost				
Interest Bearing Borrowing	-	-	962,649,875	962,649,875
Lease Payables	-	-	5,804,376	5,804,376
Trade and other payables	-	-	538,244,670	538,244,670
	-	-	1,506,698,921	1,506,698,921
As at 31st March 2022				
Assets carried at amortised cost				
Loans & Advances to Tea Suppliers	-	-	759,496,117	759,496,117
Trade and other receivables	-	-	748,378,082	748,378,082
	-	-	1,507,874,199	1,507,874,199
Liabilities carried at amortised cost				
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
	-	-	1,487,907,948	1,487,907,948

Cash and cash equivalents / Bank overdrafts

The carrying amount of the cash and cash equivalents and balances and bank overdrafts approximate the fair value as they are short term in nature.

Trade and other receivables / Amount due from related companies

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

Notes to the Consolidated Financial Statements

25. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTD.)

Trade and other payable

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

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

As at 31st March 2023	Amortised cost Rs.	Fair value through profit or loss Rs.	Fair value through other comprehensive income Rs.
Group			
Financial assets			
Loans & Advances to Tea Suppliers	1,352,569,514	-	-
Trade and other receivables	773,951,026	-	-
Cash and cash equivalents	71,395,884	-	-
	2,197,916,424	-	-
Financial liabilities			
Interest Bearing Borrowing	1,630,136,995	-	-
Lease Payables	15,487,818	-	-
Trade and other payables	601,796,520	-	-
Bank overdrafts	337,109,210	-	-
	2,584,530,543	-	-
Company			
Financial assets			
Loans & Advances to Tea Suppliers	1,352,569,514	-	-
Trade and other receivables	668,946,730	-	-
Cash and cash equivalents	64,157,125	-	-
	2,085,673,369	-	-
Financial liabilities			
Interest Bearing Borrowing	962,649,875	-	-
Lease Payables	5,804,376	-	-
Trade and other payables	538,244,670	-	-
Amount Due To Related Party	-	-	-
Bank overdrafts	307,079,465	-	-
	1,813,778,386	-	-

Classification of financial assets and liabilities as at the reporting date as per SLFRS 09 - Financial Instruments.

As at 31 st March 2022	Amortised cost Rs.	Fair value through profit or loss Rs.	Fair value through other comprehensive income Rs.
Group			
Financial assets			
Loans & Advances to Tea Suppliers	759,496,117	-	-
Trade and other receivables	812,601,525	-	-
Cash and cash equivalents	67,854,077	-	-
	1,639,951,719	-	-
Financial liabilities			
Interest Bearing Borrowing	1,534,173,284	-	-
Lease Payables	57,729,893	-	-
Trade and other payables	650,966,631	-	-
Bank overdrafts	69,740,397	-	-
	2,312,610,205	-	-
Company			
Financial assets			
Loans to Tea Suppliers	759,496,117	-	-
Trade and other receivables	748,378,082	-	-
Cash and cash equivalents	63,781,601	-	-
	1,571,655,800	-	-
Financial liabilities			
Interest Bearing Borrowing	842,666,691	-	-
Lease Payables	27,557,026	-	-
Trade and other payables	617,684,231	-	-
Bank overdrafts	64,505,422	-	-
	1,552,413,370	-	-

Notes to the Consolidated Financial Statements

26. RELATED PARTY TRANSACTIONS

26.1 Related Party Transactions - Recurrent

Name of the Related Party	Names of Directors	Nature of Interest	Nature of Transaction
Agarapathana Plantations Limited	Mr. Chrisantha Perera	Director	Brokerage Income Handling Charges Interest Income
Kotagala Plantations PLC	Mr. Chrisantha Perera	Director	Brokerage Income Handling Charges Interest Income
Insite Factories (Private) Limited	Mr. Chrisantha Perera	Chairman	Brokerage Income Handling Charges Interest Income
Capital Alliance Holding Limited	Mr. W.A.T.Fernando Ms. N.T.M.S.Cooray	Director Director	Service fees paid Corporate Guarantee fees paid
Capital Alliance Partners	Mr. W.A.T.Fernando Ms. N.T.M.S.Cooray	Director Director	Reimbursement paid Service Fees Received
Capital Alliance Fixed Income Opportunity Fund	Mr. W.A.T.Fernando Ms. N.T.M.S.Cooray	Director Director	Investment in Unit Trusts Interest Received Investment Redeemed Commercial paper Issued Commercial Paper Settled Interest Paid

	GROUP				COMPANY			
	Aggregate value of Related Party Transactions entered into during the financial year 2023 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 2023 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
	6,560,025	0.38%	3,732,798	0.43%	6,560,025	0.57%	3,732,798	0.64%
	710,554	0.04%	747,485	0.09%	710,554	0.06%	747,485	0.13%
	2,782,513	0.16%	8,301,762	0.96%	2,782,513	0.24%	8,301,762	1.43%
	8,536,397	0.50%	5,278,165	0.61%	8,536,397	0.74%	5,278,165	0.91%
	1,187,908	0.07%	1,365,069	0.16%	1,187,908	0.10%	1,365,069	0.24%
	12,988,589	0.76%	11,834,692	1.36%	12,988,589	1.12%	11,834,692	2.04%
	3,101,596	0.18%	1,899,577	0.22%	3,101,596	0.27%	1,899,577	0.33%
	181,510	0.01%	139,728	0.02%	181,510	0.02%	139,728	0.02%
	-	-	-	-	-	-	-	-
	-	0.00%	(1,071,429)	-0.12%	-	0.00%	(1,071,429)	-0.18%
	-	-	-	-	-	-	-	-
	-	0.00%	(39,600)	-0.005%	-	-	(39,600)	-0.01%
	-	-	-	-	-	-	-	-
	600,000,000	35.06%	-	-	600,000,000	52%	-	-
	33,641,462	1.97%	-	-	33,641,462	3%	-	-
	(633,641,462)	-37.02%	-	-	(633,641,462)	-55%	-	-
	450,000,000	26.29%	-	-	450,000,000	39%	-	-
	(450,000,000)	-26.29%	-	-	(450,000,000)	-39%	-	-
	(7,924,920)	-0.46%	-	-	(7,924,920)	-1%	-	-

Notes to the Financial Statements

26. RELATED PARTY TRANSACTIONS (CONTD.)

26.1 Related Party Transactions - Recurrent (contd.)

Name of the Related Party	Names of Directors	Nature of Interest	Nature of Transaction
Capital Alliance Investment Grade Fund	Mr. W.A.T.Fernando	Director	Commercial paper Issued
	Ms. N.T.M.S.Cooray	Director	Commercial Paper Settled
			Interest Paid
Logicare (Pvt) Ltd	Mr. W.A.T.Fernando	Subsidiary Company	Expenses Reimbursement
	Mr. Chrisantha Perera		Fund Transfers
	Mr. K.H.S.Deshapriya		Settlement received
	Mr. W.De.Silva		Invoices Raised
	Ms. H.M.S Perera		Interest Charged
Capital Alliance Income Fund	Mr. W.A.T.Fernando	Director	Investment in Unit Trusts
	Ms. H. M. S. Perera	Director	Interest Received
			Investment Redeemed

Terms and Conditions of the Related Party Transactions

Transactions with related parties are carried out in the ordinary course of the business at commercial rates.

Aggregate value of Related Party Transactions entered into during the financial year 2023 Rs.	GROUP				COMPANY		
	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 2023 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
100,000,000	5.84%	-	-	100,000,000	9%		
(100,000,000)	-5.84%	-	-	(100,000,000)	-9%		
(2,794,521)	-0.16%	-	-	(2,794,521)	-0.24%		
562,104	0.03%	5,731,095	0.66%	562,104	0.05%	5,731,095	0.99%
64,580,000	3.77%	264,274,665	30.47%	64,580,000	5.59%	264,274,665	45.51%
(66,035,834)	-3.86%	(70,005,760)	-8.07%	(66,035,834)	-5.72%	(70,005,760)	-12.06%
(1,152,846)	-0.07%	-	-	(1,152,846)	-0.10%		
2,046,575	0.12%	-	-	2,046,575	0.18%		
100,000,000	5.84%	-	-	100,000,000	8.66%	-	
6,854,829	0.40%	-	-	6,854,829	0.59%		
(106,854,828)	-6.24%	-	-	(106,854,828)	-9.25%	-	

Notes to the Consolidated 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
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

26.3 Related Party Transactions - Non Recurrent - Company

Name of the Related Party	Names of Directors	Nature of Interest	Nature of Transaction
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		

Aggregate value of Related Party Transactions entered into during the financial year 2023 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 2022 Rs.	Value of Related Party Transactions as a % of Equity	Value of Related Party Transactions as a % of Total Assets
-	-	-	700,000,000	137%	24%
-	-	-	200,000,000	39%	7%

Aggregate value of Related Party Transactions entered into during the financial year 2023 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 2022 Rs.	Value of Related Party Transactions as a % of Equity	Value of Related Party Transactions as a % of Total Assets
-	-	-	700,000,000	104%	31%
-	-	-	200,000,000	30%	9%

Notes to the Consolidated Financial Statements

26.4 Transactions with Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard 24 (LKAS 24) "Related Party Disclosure", Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Company has identified Directors as KMP and following have been paid to KMP's of the Company.

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Director Fees & Consultancy Fees Paid	15,325,000	9,055,000	13,565,000	8,205,000
Salaries, Bonus, Allowances Paid	95,601,011	72,167,224	82,114,111	59,545,333
	110,926,011	81,222,224	95,679,111	67,750,333

27. CAPITAL COMMITMENTS

There are no material commitments as at the reporting date.

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.0.68 (68 Cents) per share on 20th July 2023 for the year ended 31st March 2023.

30. SEGMENTAL INFORMATION

The Group has identified two operation 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

	Tea Brokering		SEGMENTS Warehousing		Total	
	2023	2022	2023	2022	2023	2022
Total Segment Revenue	1,154,969,049	580,671,913	556,484,015	286,644,782	1,711,453,064	867,316,695
Inter Segment Revenue	-	-	-	-	-	-
Total External Sales	1,154,969,049	580,671,913	556,484,015	286,644,782	1,711,453,064	867,316,695
Segment Profit/ (Loss) Before Tax	331,973,846	146,316,733	(55,451,743)	(90,303,076)	276,522,104	56,013,656
Depreciation and Amortisation	25,850,356	24,856,558	83,223,571	65,156,451	109,073,928	90,013,009
Finance Income	54,703,372	16,726,698	14,440	16,620	54,717,812	16,743,318
Finance Cost	264,343,052	76,060,456	65,215,477	63,769,916	329,558,529	139,830,373
Impairment Expense on Financial Assets	10,293,496	17,744,920	1,706,345	1,452,236	11,999,841	19,197,156
Segmental Assets	2,123,682,673	1,629,253,707	1,192,847,776	1,236,068,564	3,316,530,449	2,865,322,272
Goodwill					43,533,355	43,533,355
					3,360,063,804	2,908,855,627
Segmental Liabilities	1,906,596,210	1,587,249,687	833,353,605	811,255,342	2,739,949,815	2,398,505,024

Notes to the Consolidated Financial Statements

31. THE IMPACT DUE TO CURRENT ECONOMIC CONDITION ON THE OPERATIONS OF THE GROUP

Sri Lanka is currently experiencing the worst economic crisis in its history, which began to escalate in March 2022. The Consumer Price Index (CCPI)-based inflation rate reached 69.80% in September 2022 but has gradually decreased to 50.30% in March 2023 and further to 25.20% in May 2023. The inflation rate exhibited significant fluctuations during the financial year that ended on March 31, 2023, and has shown a declining trend since October 2022.

In addition to the impact of inflation, the Sri Lankan rupee has experienced a significant depreciation against the United States Dollar. The exchange rate against the US dollar stood at Rs. 200.43 as of December 31, 2021, and it depreciated to Rs. 363.11 by December 31, 2022. This depreciation has had a favorable effect on tea auction prices and has contributed to the company achieving its highest-ever turnover during the current financial year. The impact on tea price movement can be identified as follows.

	2022/23	2021/22
Total Quantity handled by Company (Kilograms)	36 Million	44.35 Mn
Total Proceeds of the Tea Handled	Rs. 51.78 Billion	Rs.28.92 Billion
Average Price Per 1 Kilogram.	Rs. 1437.64	Rs. 652.18

The average selling price per kilo auctioned by the company has increased from Rs. 652.18 to Rs. 1,437.64 during the current financial year. The main contributing factors were the depreciation of the Rupee against the USD, in addition to the low production volume in 2022/23.

The higher interest rates affected an increase in the minimum lending rate on client financing, which resulted in a boom in the topline. However, the favorable effect on gross interest income was partially offset by the increased finance cost of the company due to interest-bearing borrowings.

The Company has taken the following measures to ensure it continues its operations as a going concern. Conservative approach on lending operations while promoting sustainable growth to the producer clients.

1. Regular credit risk assessment and credit committee meeting to assess the risk related to the lending operation.
2. Detailed discussion at the Risk Management Committee Meeting to identify potential risks and determination of risk mitigation strategies.

Investor Relations

Share Price Trend Over the Last Five Years

Share price Rs.	2023	2022	2021	2020	2019
Highest Price	6.30	4.81	5.30	3.80	3.90
Lowest Price	2.80	3.00	2.10	2.20	2.50
Last traded Price	4.10	3.20	3.10	2.30	2.70

Equity Information

	2023	2022	2021	2020	2019
Shareholder funds Rs. Mn.	620.11	511.80	431.02	449.45	574.07
Net Asset Value per share	3.40	2.81	2.36	2.46	3.14
Earnings per share	1.01	0.11	0.01	0.34	0.62

Directors' and CEO's Shareholding as at 31st March 2023

Individual Ordinary voting shareholdings of persons who are Directors of the Company at 31st March 2023 are given below with last years' comparatives.

Name of the Director	2023	2022
Mr R J N De Mel	80,000	50,000
Mr W A T Fernando	48,837,837	48,837,837
Mr D G W De Silva (Chief Executive Officer)	Nil	Nil
Mr K A D Fernando	Nil	Nil
Mr H T D Nonis	10,000	10,000
Mr Z Mohamed	Nil	Nil
Mr C P R Perera	3,500,000	3,500,000
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	Nil	250,000

Shareholding as at 31st March 2023

As at 31st March 2023, the Company had 2,504 shareholders of ordinary shares. Their shareholdings are analysed and categorised based on the number of shares held as at 31st March 2023 which is set out below.

From To	No of Holders	No of Shares	%
1 1,000	1,572	556,245	0.30
1,001 10,000	858	3,338,605	1.83
10,001 100,000	275	8,658,716	4.75
100,001 1,000,000	41	10,621,012	5.82
Over 1,000,000	9	159,225,422	87.30
	2,755	182,400,000	100.00

Investor Relations

Categories of Shareholders

Majority of the shares are held by local individuals and institutions, and only a 0.25% out of the total shares issued are held by foreign individuals.

	No of Holders	No of Shares	%
Local Individuals	2,670	85,852,013	47.06
Local Institutions	72	96,098,804	52.69
Foreign Individuals	12	449,084	0.25
Foreign Institutions	1	99	0.0
	2,755	182,400,000	100.00

20 Major Shareholders and Public Holding

	As at 31st March 2023		As at 31st March 2022	
	No. of Shares	%	No. of Shares	%
ASHTHI HOLDINGS (PRIVATE) LIMITED	55,434,267	0.304	55,434,267	0.304
MR. W. A. T. FERNANDO	48,837,837	0.268	48,837,837	0.268
JETWING TRAVELS (PVT) LTD	34,080,571	0.187	34,080,571	0.187
MIS. N. T. M. S. COORAY	10,908,751	0.060	10,908,751	0.060
MR. C. P. R. PERERA & MRS. D. PERERA	3,500,000	0.019	3,500,000	0.019
MR. A. D. EDUSSURIYA	2,000,000	0.011	-	-
HATTON NATIONAL BANK PLC/ KANDAI AH KANAPATHIPILLAI SHUJEEVAN	1,850,523	0.010	2,932,887	0.016
MS. H. M. S. PERERA	1,390,492	0.008	1,390,492	0.008
Mr. W. D. N. H. FERNANDO	1,222,981	0.007	-	-
MR. P. G. PIYASIRI	957,447	0.005	957,447	0.005
PEOPLE'S LEASING & FINANCE PLC/ MR. M. I. SAMSUDEEN	709,914	0.004	-	-
DR. A. R. MOHAMED	604,840	0.003	-	-
MR. K. S. M. R. RODRIGO	600,000	0.003	-	-
MR. Y. L. NANDASENA	530,697	0.003	536,043	0.003
ASSETLINE LEASING COMPANY LTD/D. B. N. SAMARATHUNGA	504,755	0.003	-	-
MASKELIYA TEA EXPORTS PVT LTD	471,691	0.003	-	-
MR. H. R. A. TISSERA	388,145	0.002	371,401	0.002
MR. M. H. A. KAMIL	342,062	0.002	367,062	0.002
MR. H. M. WIJERATHNA	305,000	0.002	-	-
DIALOG FINANCE PLC/A. S. M. SHIYAM	300,000	0.002	300,000	0.002
	164,939,973	91.908	159,616,758	0.875
Others	17,460,027	8.092	22,783,242	0.125
	182,400,000	100.000	182,400,000	1.000

Public Holding percentage as at 31st March 2023 being 15.42% comprising of 2,745 shareholders.

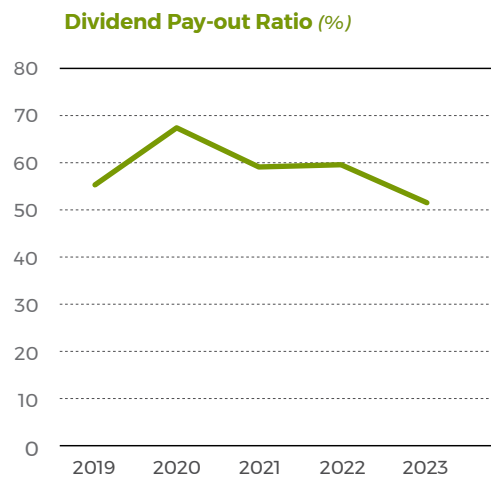
The float adjusted market capitalisation as at 31st March 2023 is Rs. 115,341,269.70 The float adjusted market capitalisation of the company falls under option 2 of Rule 7.14.1 (b) of the Listing rules of the Colombo Stock Exchange and the company has complied with the minimum public holding requirement applicable under the said option.

Dividends

During the year under review, the Company paid a dividend to its shareholders. A dividend of Rs. 0.68 per share was paid out of the profits from the year ended 31st March 2023. Details of the dividends paid by Company for each financial year is given below.

	2023	2022	2021	2020	2019
Dividend per share (Paid for the year)	0.680	0.360	0.350	0.080	0.350
Dividend Pay-out Ratio (%)	51.75	59.80	59.40	67.70	55.40

The Company maintained its policy on distributing dividends of transferring 50% out of profits after tax as dividends. The Company directors distributed Rs. 124,032,000 million as Dividends to shareholders, which is around 51.75% percent of 2022/23 annual profit after tax.



GRI Standard	Disclosure	Page number (s) and / or URL(s)	Omission
GRI 102: General Disclosures 2016	1	Organisational profile	
	102-1	Name of the organisation	IBC
	102-2	Activities, brands, products, and services	04, 40, 106
	102-3	Location of headquarters	04
	102-4	Location of operations	04
	102-5	Ownership and legal form	185, IBC
	102-6	Markets served	04
	102-7	Scale of the organisation	08 - 11
	102-8	Information on employees and other workers	54 - 59
	102-9	Supply chain	64
	102-10	Significant changes to the organisation and its supply chain	64
	102-11	Precautionary Principle or approach	76
	102-12	External initiatives	65
	102-13	Membership of associations	65
	2	Strategy	
	102-14	Statement from senior decision-maker	18 - 19
	3	Ethics and integrity	
	102-16	Values, principles, standards, and norms of behavior	05, 106
	4	Governance	
	102-18	Governance structure	75
	5	Stakeholder engagement	
	102-40	List of stakeholder groups	42,65
	102-41	Collective bargaining agreements	59
	102-42	Identifying and selecting stakeholders	41
	102-43	Approach to stakeholder engagement	41 - 42
	102-44	Key topics and concerns raised	42 - 45
	6	Reporting practice	
	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	45

GRI Standard	Disclosure	Page number (s) and / or URL(s)	Omission
GRI 102: General Disclosures 2016 (contd.)	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	188 - 191	
	102-56 External assurance	N/A	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	45	
	103-2 The management approach and its components	45	
	103-3 Evaluation of the management approach	45	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	51	
	201-2 Financial implications and other risks and opportunities due to climate change	62	
	201-3 Defined benefit plan obligations and other retirement plans	59, 164 - 165	
	201-4 Financial assistance received from government	51	
GRI 202 : Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	59	
	202-2 Proportion of senior management hired from the local community	59	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	51, 65	
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	65	
GRI 205: Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	59, 76	
GRI 206: Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	65	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	07, 63	

GRI Standard	Disclosure	Page number (s) and / or URL(s)	Omission
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	07, 63	
GRI 303: Water 2016	303-1 Water withdrawal by source	07, 63	
GRI 304: Bio-diversity 2016	304-2 Significant impacts of activities, products, and services on bio-diversity	63	
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	63	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	65	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	55, 59	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	55, 58	
	401-3 Parental leave	59	
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	59	
GRI 403: Occupational Health and Safety 2016	403-1 Workers representation in formal joint management-worker health and safety committees	59	
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	59	
	403-3 Workers with high incidence or high risk of diseases related to their occupation	59	
	403-4 Health and safety topics covered in formal agreements with trade unions	59	
GRI 404: Training and Education	404-2 Programs for upgrading employee skills and transition assistance programs	57	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	20 - 25, 54 - 55	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	65	
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	64	

GRI Standard	Disclosure	Page number (s) and / or URL(s)	Omission
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	65	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	65	
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	65	
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	65	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	65	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	65	
GRI 415: Public Policy	415-1 Political contributions	65	
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	65	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	65	
GRI 419: Socio Economic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	07, 65	

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fourteenth (14th) Annual General Meeting of Ceylon Tea Brokers PLC will be held by way of electronic means on 25th August 2023 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 its subsidiary and the Financial Statements for the year ended 31st March 2023 with the Report of the Auditors thereon.
2. To pass the ordinary resolution set out below to re-appoint Mr. B R L Fernando who is 81 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-appointed 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-appoint Mr. C P R Perera who is 79 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-appointed 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. H M S Perera who retires by rotation in terms of Article 87 (i) of the Articles of Association of the Company as a Director.
5. To appoint Messrs KPMG, Chartered Accountants, as the Auditors of the Company and to authorise the Directors to fix their remuneration.
6. To authorise the Directors to determine donations for the year ending 31st March 2024 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

04th August 2023
Colombo

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.

SUPPLEMENTARY INFORMATION

Form of Proxy

I/We* (NIC/Passport/Co. Reg. No.)
of being a shareholder / shareholders of CEYLON TEA BROKERS PLC
hereby appoint (NIC/Passport No.)
of or failing him/her,*

Mr. R J N de Mel	of Colombo or failing him*
Mr. W A T Fernando	of Colombo or failing him*
Mr. D G W De Silva	of Colombo or failing him
Mr. K A D Fernando	of Colombo or failing him*
Mr. H T D Nonis	of Colombo or failing him*
Mr. Z Mohamed	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. C P R Perera	of Colombo or failing him*
Mr. B R L Fernando	of Colombo or failing him*
Mr. K H S Deshapriya	

as my/our* proxy to represent and speak and vote for me/us* and on my/our* behalf at the Fourteenth Annual General Meeting of the Company to be held on 25th August 2023 at 11.30 a.m. and at any adjournment thereof and every poll which may be taken in consequence of the aforesaid meeting.

I/We,* the undersigned, hereby authorise my/our proxy to speak and vote for me/us* and on my /our* behalf in accordance with the preference as indicated below

	For	Against
1. To pass the ordinary resolution set out under item 2 of the Notice of Meeting for the re-appointment of Mr. B R L Fernando	<input type="checkbox"/>	<input type="checkbox"/>
2. To pass the ordinary resolution set out under item 3 of the Notice of Meeting for the re-appointment of Mr. C P R Perera	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Ms. H M S Perera as a Director who retires by rotation as a Director in terms of Article 87 (i) of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
4. To appoint Messrs. KPMG Chartered Accountants as Auditors of the Company and to authorise the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
5. To authorise the Directors to determine donations for the year ending 31st March 2024 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

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

*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. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The completed Proxy should be forwarded to the Company for deposit at the Registered Office through the Company Secretaries, P W Corporate Secretarial (Pvt) Ltd, No. 3/17, Kynsey Road, Colombo 08 (email ctb.pwcs@gmail.com) by 11.30 a.m. on 23rd August 2023.

In forwarding the completed and duly signed Proxy to the Company, please follow the Guidelines and Registration Process for the Annual General Meeting attached to the Notice of Annual General Meeting.

3. The Proxy shall –
 - (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)
4. 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.
5. Please indicate with a 'X' in the space provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit. .

Name of the Company

Ceylon Tea Brokers PLC

Legal Form

The Company incorporated in Sri Lanka under the Companies Act No. 07 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. H. T. D. Nonis
 Mr. Z. Mohamed
 Mr. C. P. R. Perera
 Mr. B. R. L. Fernando
 Mr. D. H. Madawala (Resigned w.e.f. 31st May 2023)
 Ms. N. T. M. S. Cooray
 Ms. H. M. S. Perera
 Mr. K. H. S. Deshapriya

Registered Office/Head Office

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

VAT Registration No.

114238546 7000

Telephone

(+94) 11-4607777

Facsimile

(+94) 11-4607788

Website

www.ceylonteabrokers.com

Credit Ratings

The Company has been assigned an Issuer rating of [SL] BBB with stable outlook by Lanka Rating Agency 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

Lawyers

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

Mr. K. Wasantha S. Fernando
 Attorney - at - Law
 No. 4/145,1/1, Thalaketuwa Gardens,
 Polhengoda, Colombo 05.
 Telephone: (+94) 11-5238868
 Email: 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

Subsidiary Company

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.

Pan Asia Banking Corporation PLC
 450, Galle Road, Colombo 03



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

