BOGAWANTALAWA

THE GOLDEN VALLEY OF CEYLON TEA

SINCE 1869

ANNUAL REPORT 2021/2022

PASSIONATE GROWERS WITH SUSTAINABILITY AT HEART

LEADING THE WAY TO A SUSTAINABLE FUTURE

CLIMATE POSITIVE CERTIFIED

CLIMATE POSITIVE BOGAWANTALAWA

Net ZERO Energy Facility

VISION

"Bogawantalawa Tea Estates PLC aspires to be the world's best tea growing and marketing company"

MISSION

"To be a company where people share the responsibility and commitment to attain excellence in managing the resources on a sustainable basis by providing customers with high-quality products and services whilst developing our employees and protecting the environment"

Contents

FINANCIAL CALENDAR 2021/2022

FINANCIAL STATEMENTS	DATE
1st Quarter	11/08/2021
2nd Quarter	15/11/2021
3rd Quarter	14/02/2022
4th Quarter	30/05/2022

ANNUAL REPORT 2021/2022

28th Annual General Meeting	30/09/2021
29th Annual General Meeting	23/09/2022

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Twenty Ninth Annual General Meeting of Bogawantalawa Tea Estates PLC will be held by way of electronic means on the 23rd day of September 2022 at 10.00 a.m and the business to be brought before the Meeting will be:

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Financial Statements for the year ended 31st March 2022 and the Report of the Auditors thereon.
2. To re-elect as a Director Mr. C M O Haglind who retires by rotation in terms of Article 89 & 90 of the Articles of Association of the Company.
3. To pass the ordinary resolution set out below to re- appoint Mr. G V M Nanayakkara who is over 70 years of age, as a Director of the Company;

   "IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not apply to Mr. G V M Nanayakkara who is over 70 years of age and that he be and is hereby re-appointed a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007"
4. To pass the ordinary resolution set out below to re- appoint Mr. D A de S Wickramanayake who is over 70 years of age, as a Director of the Company;

   "IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not apply to Mr. D A de S Wickramanayake who is over 70 years of age and that he be and is hereby re-appointed a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007"
5. To authorise the Directors to determine donations for the ensuing year.
6. To re-appoint Messrs. BDO Partners, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration.

By Order of the Board
Bogawantalawa Tea Estates PLC

Sgd.
P W CORPORATE SECRETARIAL (PVT) LTD
Director/Secretaries
29th August 2022
Colombo

Notes:
1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of him/her.
2. A Proxy need not be a member of the Company.
3. A Form of Proxy is enclosed for this purpose.
4. The completed form of Proxy should be deposited at the Registered Office of the Company, No. 153, Nawala Road, Narahenpita, Colombo 5, not less than forty-five (45) hours before the time fixed for the commencement of the Meeting.

CHAIRMAN'S STATEMENT

It gives me great pleasure to present the Annual report and Audited financial statements for Bogawantalawa Tea Estates PLC for the financial year ending 31st March 2022. The Company remained resilient to the challenges faced locally as well as globally and recorded a profit for the year under review.

THE TEA INDUSTRY

According to the Central Bank report, the Sri Lankan economy rebounded in 2021 following the COVID-19 induced contraction in 2020. The economy grew by 3.7 % in 2021 compared with 3.6% contraction achieved in 2020. The agricultural sector registered a growth of 2% in 2021 with a notable growth recorded in tea. The tea sector reported an overall growth of 7.4 % in 2021. The total black tea production was 299.5 million kilograms during the year compared to last year's figure of 278.9 million kilograms.

The key challenges faced by the corporate tea sector were the tea crop shortfalls due to unpredictable and inconsistent weather patterns coupled with the high prices of fertilizer. Further the sector while managing the COVID 19 pandemic had to overcome the effects created by the unfavourable policy decision to ban the import of chemical fertilizer and other chemicals for weeding and the cultivation of oil palm.

PERFORMANCE OF THE COMPANY

The estates in Bogawantalawa and lower Dick-Oya sub districts continued to experience adverse weather conditions due to the global climate change phenomenon. The total tea production for the year was 4.9 million kg against 5.4 million kg over the last financial year. I am pleased to say that despite many obstacles, the company has recorded an overall total comprehensive income of Rs 200 million as against a figure of Rs. 127 million reported during the last financial year. This profit was achieved after write off of an amount of Rs 67 million incurred for overgrown nursery and preliminary work in planting due to the sudden ban imposed on new oil palm planting.

The company's net sale average (NSA) has improved over last financial year by 2% to record a turnover of Rs. 3,377 Million. This is mainly due to the consistent focus on integrated quality & productivity drive by our estates and closer interaction with the discerning buyers including major exporters/buyers at the Colombo auctions.

The total capital development expenditure incurred was Rs. 186 Million to keep upgrading & modernizing the tea factories, undertaking tea in-filling programmes, re/new planting of tea, oil palm, rubber, spices, forestry and timber planting etc.

DRIVEN BY OUR VALUES: PEOPLE AND PLANET

Bogawantalawa estate management continues to be driven by the shared values of the company; Trust, Commitment and Teamwork. The management periodically reviews these core values in terms of achieving the progress of all activities and development programs of the estate operations. I am pleased to note that these values & beliefs have now become the basic foundation for achieving the company goals & objectives on a sustainable basis.

In keeping with protecting our environment the estates take full responsibility to minimize harmful practices and embrace emerging trends that will help us to leave a positive environmental footprint ensuring long term sustainability. Our company has taken steps to significantly reduce the use of pesticides while working towards minimizing the dependency on artificial fertilizer applications by expanding the use of organic fertilizers, investing on production of organic litter based compost and incorporating such compost in to our estate soils.

As global citizens, we responded to 17 Sustainable Development Goals (SDGs) outlined in 2015, blueprint to achieve a better and more sustainable future for all to ensure that by 2030. As communicated at the COP26, window to keep within the 1.5 degree warming target is now closing and our shared planet awaits our response relating to climate action. Bogawantalawa's business model embeds sustainability as part of its value chain and has become part of our organizational DNA.

These sustainability initiates commenced over a decade ago had enabled the company to be the world's first uncompensated climate positive tea marketing and manufacturing company. While conforming to the principles of sustainable food to provide ultimate value to our discerning customers and stakeholders, Bogawantalawa ensures sustainable management of the natural resources, eco systems and social wellbeing by making it part of our core operation.

The Plantation sector of Sri Lanka cannot be sustained if site specific integrated environmental sustainability approaches are not intensively implemented, going beyond the traditional frame work in this decade.

Consequent to sudden ban on oil palm expansion, the company embarked on a strategic diversification approach in line with Climate Smart Agricultural Practices where 500ha of Organic Spice Zone is being developed in earlier earmarked lands for Oil Palm Planting in Low Country Estates, to cater to international markets. We have generated many employment opportunities to villagers through this project in addition to many positive deliverables for social wellbeing. Many other projects which are feasible have also been identified and in the pipe line to be implemented conforming to the three pillars of sustainability.

DEVELOPING FOR THE FUTURE

Considering our growth trajectory there are significant opportunities for expansion in our core business areas. Therefore, while our focus has been to further diversify the types of tea being produced with our own green tea production facility at Norwood Estate, production of pesticide free teas and production of organic teas, has enabled the processing centers to produce both organic green and black teas to meet increased market demand for such premium Ceylon tea products. The company has expanded its organic tea cultivation area and have plans to convert more tea lands into organic.

Sound agricultural practices along with the development programs undertaken by all our estates throughout the year have provided our estate employees the ability to earn higher wages through productivity gains. Bogawantalawa community development initiatives are not a one-off intervention to help out in an unfortunate social situation but an ongoing commitment to the people.

FUTURE OUTLOOK

The year ahead appears to be challenging yet with the current crisis facing the country, with shortage in foreign exchange, and unprecedented inflation. However, The company is fully focused on meeting the challenges and opportunities that lie ahead while enhancing shareholder value on a sustainable basis.

The company has collectively developed and introduced winning strategies to improve performance, further reduce costs and improve productivity to meet the present challenges. As done in previous years the dedicated and committed employees will step up to these challenges and overcome them.

IN CONCLUSION

On behalf of Board of Directors, I wish to place on record my sincere appreciation to our valued employees for their commitment and continued support

I also wish to thank the shareholders, brokers, suppliers, customers and all the business partners for the support over the years. I am also grateful to my colleagues on the board for their valued advice and support.

(Sgd)
D J Ambani
Co-Chairman
29th August 2022

FINANCIAL HIGHLIGHTS

Rs '000s	2021/2022	2020/2021	% change
Turnover	3,377,524	3,525,090	-4%
Gross Profit	224,715	302,984	-26%
Profit/(Loss) before tax	42,717	153,417	-72%
Taxation	56,998	(28,935)	-297%
Profit/(Loss) after tax	**99,715**	**124,482**	**-20%**
Other Comprehensive Income/ (Expenses)	100,586	3,331	2920%
Total Comprehensive income /(Expenses) for the year	**200,301**	**127,813**	**57%**
Total Assets	6,366,566	6,336,379	0%
Total Equity	1,610,748	1,410,447	14%
Total Value Added	3,044,158	3,058,814	0%

Rs per share		
Earnings per share	1.19	1.49
Net assets per share	19.23	16.84
Market value per share	10.00	11.80
Dividend per share	-	-

VALUE ADDED STATEMENT

In Rs '000	2021/22	2020/21
Turnover	3,377,524	3,525,090
Other Income	323,541	373,944
Total Revenue	**3,701,066**	**3,899,034**
Cost of Bought Material and Service	656,908	840,220
	3,044,158	**3,058,814**
Distribution of Value Added		
To Employees as Remuneration	2,366,092	2,369,375
To Government	129,723	129,538
To Lenders of Capital	160,512	228,672
Retained in the Business	387,831	331,229
	3,044,158	**3,058,814**
Retained in the Business		
Provision for Depreciation & Amortization	187,531	203,416
Profit Retained	200,301	127,813
	387,831	**331,229**

FINANCIAL REVIEW

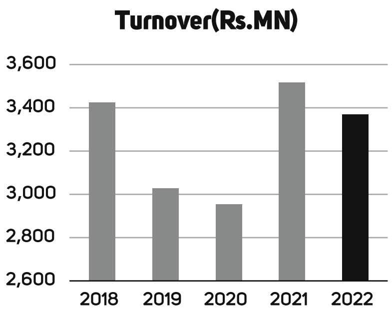
PRODUCTION

Bogawantalawa Tea Estates tea production comes mainly from Up Country region 95% and balance 5% from Low country region.

The total extent in bearing in the Up Country region is 3,336.33ha with 61% of the extent in the Bogawantalawa Region and 39% in Hatton region. The yield for the year for the Up country region was 1,284 per ha with Lethenty Estate achieving the highest yield of 1,671 per ha for the Company. The total production for the year was 4.9 MTs as against 5.4 MTs previous year. The total production for the Company declined by 10% from last year due to unfavorable weather conditions and unavailability of fertilizer due to the government ban imposed.

PROFITABILITY

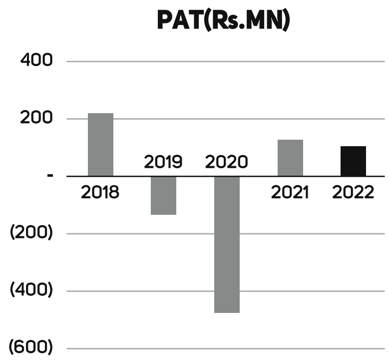
Bogawantalawa Tea Estates PLC achieved Rs. 3,377.52 Mn revenue for the financial year ending 31st March 2022 which is a 4% decline from previous year.



The net sales average improved by 2% against previous year with a marked increase in the latter half of the year. The overall increase in Cost of production per kg was 4% from last year. But with stringent cost controls the total cost of sales was reduced by Rs.69 Mn.

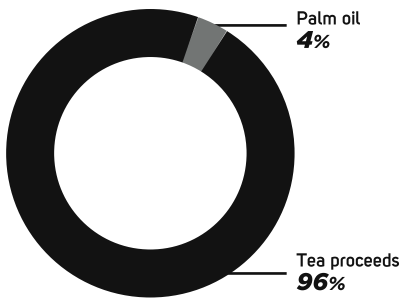
The total gross profit was Rs.224.7 Mn as against the previous year figure of Rs.302.9 Mn. The gross profit was achieved with higher NSA from improving the quality of the teas and controlling of cost of sales in tea segment.

Company record Rs.100 Mn PAT for the period ended 31st March 2022 which was 22% decreased compare to the previous year (2021 – Rs. 124 Mn).



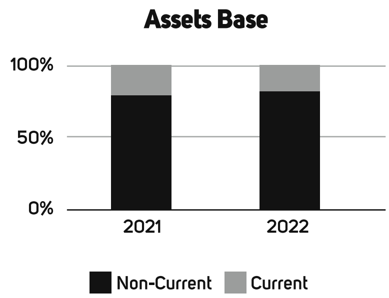
SEGMENT ANALYSIS

Oil palm revenue was shown for the first time in accounts during the year with the fields coming into bearing. Accordingly, from 100% tea revenue last year, the Company showed 4% revenue from Oil Palm and 96% from tea. We are pleased to inform that during the first year of harvesting, a gross profit of Rs.87 Mn was achieved from Oil Palm segment.



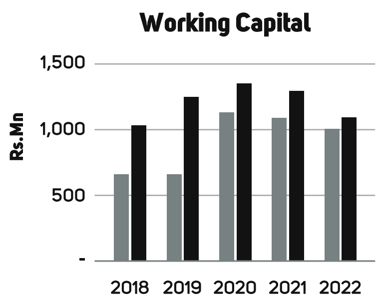
ASSET BASE

The asset base of the Company stood at Rs.6.36 Bn at the end of the Financial year 2021/2022 representing 83% non-current assets and 17% current assets. Overall company asset base has increased by Rs.30 Mn from 2020/2021 to 2021/2022.



WORKING CAPITAL

The current asset and current liabilities at the end of the year under review were Rs. 1,059 Mn and Rs. 1,153 Mn respectively. Comparatively the figures were Rs. 1,153 Mn and Rs. 1,350 Mn previous year



DEBT AND FINANCE COST

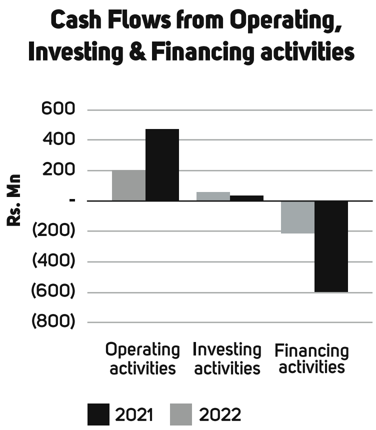
The total net finance cost for the Company was Rs. 262 Mn for the year with Rs. 141 Mn being the lease interest to JEDB/ SLSPC. The Company settled total loans amounting to Rs. 834 Mn during the year (2021 – 459 Mn).

CAPITAL EXPENDITURE

The Company invested Rs. 186 Mn on capital expenditure during the year (2021 – Rs. 162 Mn). This comprised of Rs. 160 Mn on field development, Rs. 26 Mn on factory development and other capital expenditure.

CASH FLOW

After adjustments for non-cash items the total cash for the Company was Rs. 503 Mn and the cash generated from operations was Rs. 407 Mn for the year. There was a net increase in cash and cash equivalents of Rs. 48 Mn compared to a net decrease of Rs. 91 Mn previous year.



EARNINGS PER SHARE

The earnings per share recorded at Rs 1.19 in 2021/2022 as against Rs 1.49 in previous year.

FUTURE OUTLOOK

The current national and global tea prices are at a favorable level and the prices of these products are likely to change rapidly. Company is focused to achieve a minimum cost of production. The government's ban on Oil Palm cultivation and fertilizers import shortages & high inflation impact to both tea and oil palm crops yields.

The company will continue to work with all stakeholders to reach a solution to satisfy their expectations of plantation industry. As a company, we are confident that, we will meet industry challenges with the leadership and strategic competencies that has kept with us in a good position.

We are committed to our value proposals to ensure high quality production with best practices in agriculture and manufacturing in line with our certification programs.

SUSTAINABILITY REPORT

Environment

Going beyond Carbon Neutral status, Bogawantalawa is continuously maintained 'Uncompensated Climate Positive' status certified for product and facility. Causing a paradigm shift in the Ceylon Tea industry and how it is viewed globally Bogawantalawa is the world's first Tea growing, manufacturing and marketing company to offer Uncompensated Climate Positive Teas traceable from garden up to shipping. 'Net Zero Energy' status has also been achieved by the company by harnessing renewable energy through solar and hydropower projects securing the position of world's first tea growing, manufacturing and marketing company Certified for 100% Renewables.

While adopting Climate Smart Agricultural practices and conforming to the principals of sustainable food to provide ultimate value to our discerning customers and stakeholders, Bogawantalawa ensures sustainable management of the natural resources, eco systems and social wellbeing by making it part of our core operation. True to our Motto of being "Passionate Growers with sustainability at Heart" we not only believe in sustainability but have also made it the way of life at Bogawantalawa and we have been able to embed these best practices at the core of all our operations, making them a way of life for all our employees and we bring the world finest teas ethically produced with the highest level of sustainability.

Despite challenges faced by the Tea industry and globally, we continued to stay ahead and record significant progress due to our longstanding Climate Smart Agricultural practices, Factory operations and modernization, product quality and brand building. Moving forward, we are confident to pro-actively withstand the challenges caused by climate change and rapidly changing consumer lifestyles and tea trends relying on our sustainable initiatives and quality measures.

Dashboard below provides an overview of other environmental sustainability commitments, during Season 2021/22 and actions by which we drive our system wide approach.

Commitment	Highlights
True Organic Spice Zone	500ha of Organic Spice Zone was started at Maliboda Estate of Deraniyagala and project is being progress successfully. Diversified herbs and spices species are being grown while preserving the natural environment and improving the biodiversity. Project will be certified for Climate Positive, FairTrade and RA.
Carbon Foot Print and climate action	In year 2021/22, Bogawantalawa has taken stepped-up efforts to reduce greenhouse gas emissions and strengthen resilience and adaptive capacity to climate-induced impacts in all estates. Weather parameters are also being closely monitored and internal weather forecasting are done based on weather records are collected through number of Digitalized Weather Stations in Bogawantalawa Estates. GHG emissions are closely monitored and assessed every year for verifications and certifications. Climate Positive Certification was renewed for 2021/22 as consecutive 4th year at Bogawantalawa.
Sustainable Soil Development	To nurture the gift of nature in the Golden Valley of Ceylon Tea, we invest significant amount every year for Sustainable Soil Development practices. Latest technologies are used to soil mapping, identification of nutrient deficiencies, fertility management, erosion control and develop fertile soil resource base.
Conservation Forestry	Bogawantalawa continued with joint venture Conservation forestry Programmes with Ministry of Environment and projects consist of the conservation of sensitive areas, water shed areas, water sources, etc. Further, biodiversity and improvement of ecosystem stability are also being practiced while conducting awareness programmes and training programmes internally as well as externally for the public.

Commitment	Highlights
Plantation Forestry	Forestry projects are another key component of our distinctiveness. There are three main objectives of Plantation Forestry, namely the Production, Protection and Recreation benefits. The largest timber nursery in Sri Lanka is owned by the company with myriad species of timber, firewood, native plants, herbs and fruit plants.
Social Forestry	We initiated many projects under Social Forestry. Our Social Forestry initiatives includes programmes with school children, awareness, training, planting programmes in public places, planting material distribution, enrichment of line gardens, promotion of organic vegetable farming…etc. These initiatives are conducted on recurring basis within our company and community.
Towards organic	Approximately 200 hectares of tea extent have already been converted in to True Organic plantations following the Principals of Organic Farming. Majority of required organic fertilizers are being produced internally from Bogawantalawa organic fertilizer production units assuring the high quality of products. Organic farming is our approach within the context of environmental sustainability initiatives.
Water stewardship	Water footprint is an indicator of both direct and indirect freshwater use of a consumer or producer. Calculation of green water, blue water and grey water and water foot print are done to improve the water use efficiency throughout the value chain. Water audits, awareness programs and water conservation practices are being implemented to manage the water resources as it is vital for all the living beings.
Waste Footprint	We practice the 5R (Reduce, Reuse, Recycle, Refuse and Repurpose) concept in all stages of our value chain while the production of compost from our biodegradable waste being carried out. Our strategy is to follow a circular economy with zero waste within the plantation.
Energy Management	Energy Management projects are being implemented with the following objectives. Our strategy includes, identification of energy hotspots through energy audits, quantification of losses, minimizing losses, improvement of efficiency, usage of latest technologies for production, awareness / training programs, setting up of emission targets, group responsibilities and introduction of incentive scheme for staff.
Hydropower	3.2 MW has been commissioned within the plantation as projects and internal systems. Our sister company Eco Power (Pvt) Ltd has already commissioned more than 40 MW in Sri Lanka and many more projects overseas.
Solar Power	BTE commenced solar trials in 2010 and with the successful results of trials, large scale developments were initiated. Although the Solar irradiation levels are low, ambient air temperature, less aerosols in atmosphere, cool wind and less RH are favourable factors for solar generation in Up Country area. 780 kW has already been installed and 1.6MW is being installed and working for another 4.8MW Solar Park within the Bogawantalawa Valley.
Climate Smart Agriculture	The Climate Smart Agriculture Centre was established to undertake research and development activities related to climate change with the slogan of “Climate Smart Agriculture”. Weather parameters, solar radiations and intensity, soil parameters, ground water table, air quality, biodiversity, farming and yields, animal husbandry, forestry and related factors, P & D outbreaks and weeds and intensity are being monitored and analysed from this centre. Numerous research and development activities are also being carried in order to identify the methods and practices to improve resiliency of plantations to face the challenges of climate change successfully.

Commitment	Highlights
Flora and Fauna	Many projects are being implemented to protect the biodiversity not only in own planation but also in Central Hills and throughout the country. Identification of Biodiversity hot spots, forest enrichment, habitat conservation, propagation of native species...etc. are few highlights.
Walk toward the nature and plating of rain forest	Bogawantalawa undertake Tropical reforestation (TR) and Reforestation of Rainforests (RR) on scientific approach which have been highlighted as an important intervention for climate change mitigation because of its carbon sequestration potential. Reforestation is also very important to avoid many hazardous effects of soil erosion, bringing back to fertile land and environmental balance. TR and RR can also play other frequently overlooked, but significant, roles in helping society and ecosystems adapt to climate variability and change. Management of increased forest cover must also incorporate measures for reducing the direct and indirect impacts of changing climate on reforestation itself. Bogawantalawa always advocate a focus on "Climate-Smart Reforestation," defined as reforesting for climate change mitigation and adaptation, while ensuring that the direct and indirect impacts of climate change on reforestation are anticipated and minimized.

Solar Project at Kotiyagalla Estate

Solar Project at Bogawana Estate

Solar Project at Loinor Estate

Cinnamon Project

Pepper Project

Vanilla Project

Climate Positive Certification

Climate Positive Certification

PEOPLE

Our employees are the key to our successful business and we take keen interest on our employees by investing in them for a better life in the estates. We ensure everyone provided with whatever required for living and working in the estates from housing, water sanitation, child care facilities, health, safety and wellbeing in our estates. Our work goes beyond the worker population and we help the whole community in our estates to be empowered.

Community health & wellbeing

The wellbeing of the community is our key concern and we go beyond worker population to provide the maximum to the whole society in the estates. Access to drinking water, latrines, bathing sites, awareness programs, medical camps, nutrition programs were aimed at improving the wellbeing of the community. Covid Prevention activities were undertaken last year through awareness programs, setting up hand wash facilities in the estate offices, factories, child development centres and in the dispensaries. Further the communities were provided with facemasks, sanitizers. With the support of our partners, our people were issued dry rations.

Programs on dengue prevention and protecting community from rabies were conducted which includes awareness sessions, cleaning environment and vaccination to stray dogs.

Improving Nutrition

Improving Nutrition among the plantation people is one of our objectives for a better and healthy society. In order to achieve the objective, BTE has taken number of initiatives such as sustainable home gardens at the child development centers to feed children, nutrition feeding programs for children at child care centers, community kitchen to provide healthy diets for the locals and awareness/ education sessions for parents, young mothers and children.

Educational Empowerment

Aimed at empowering children through education, we help needy children in our estates through scholarships, stationary supplies and life skill coaching. Currently 24 girl children at schools, eight children at universities and four at other higher studies were provided with financial supports and 5052 school children were benefitted from annual stationary supplies. We take girls education serious and the girl children in schools were not only provided with scholarship but their educational progress were further followed up closely with continues and close monitoring with their schools and parents.

Disabled Support

Bogawantalwa Tea Estes PLC through Lanka Mother and Child Foundation which is an NGO arm of Metrocops helps persons with disability in our estates. Child development officers were trained well in helping the 114 children with disabilities to give necessary therapies and medical attentions through continues home visits.

Protecting children through policy

Bogawantalawa Tea Estates PLC (BTE) has a social responsibility to ensure that no harm is brought upon any child through our actions and operations, and to actively ensure a safe and protective environment free from violence, for the children of our workers in the estates. Having adopted the Child Rights and Business Principles Framework introduced by the UN Global Compact together with UNICEF and Save the Children, and having received the Rainforest Alliance Certification for effectively complying with the Sustainable Agriculture Standard (SAS 2017), BTE has clearly demonstrated their commitment to engage in ethical and socially responsible business practices, that develops, empowers and transforms communities with which we work.

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

- A special Educational Sponsorship was started with Tetra Pak Company from Sweden. They are donating 22 female students for their education until Advance Level Examination based on their performance and financial situation.
- 43 children at university education from the workers families and 24 children at universities from non-working families
- Over 100 youth are engaging in Technical and Vocational Trainings

Equal opportunity employer

- Gender balance is at every level in the organization, from worker force to Management teams
- 61% of the worker force is women and 39% men and plucking is done by both men and women in the estates
- Equal opportunities for men and women are provided along with equal access to education and training.
- Women Field supervisors have already been appointed

Stringent quality assurance at every stage of the production process

- Home gardens have already been formed in 90% of the Child Development centers to help provide nutritious meals for the children
- Awareness campaigns are being conducted on recurring basis for pregnant and lactating mothers to improve their knowledge on Nutrition and encourage them to consume and provide nutritious food for their children.
- Over 6.3 million spent on Maternity benefits and free feeding for
- Over 1,550 children under the age of 5 years to increase their nutritional intake and improve their development

Fostering sustainable livelihoods through skills and capacity enhancement

- Child care through, all 66 Child Development centers maintained by the estate management with 59 Child Development officers and their assistants

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

- Over 2,870 children under the age of 5 years in the estates out of which over 1,550 attend the CDC's
- Appointed 59 Child Protection Focal Points in estate's division, formed 7 Village Child Development Committees and Children clubs based on the Child Development centers
- 146 children and youth are under the care of this program and out of which all have received medical attention and continuous monitoring
- specially trained Child Development officers of 36 members in Disability Support Project
- We maintained 9,942 houses by the company. All permanent workers are provided with housing facilities. More than 80% of households have access to clean energy like LPG

6 CLEAN WATER AND SANITATION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Water and Sanitation

- Over 7,250 direct water connections to houses have been provided and over 9,280 houses have their own latrine facilities
- Recurring hand wash and sanitation programs were conducted among CDC Children, schools and workers to promote healthier and cleaner lifestyles
- Over 28 bathing places have been constructed for the women and children and over 27 Field rest room have been constructed for the field workers
- Kitchen wastage use for compost fertilizer for the home based vegetation

17 PARTNERSHIPS FOR THE GOALS

Partnered with governmental, national and international organizations for technical expertise and guidance, essential collaborations

INVESTOR INFORMATION

1. Stock exchange listing

The Ordinary Shares of the Company are listed on the Colombo Stock Exchange in Sri Lanka

Ordinary Shares

Stated Capital Rs 586,250,010

2. 20 Major shareholders of the company

			31ST MARCH 2022			31ST MARCH 2021	
	NAME		NO OF SHARES	(%)		NO OF SHARES	(%)
1	METROPOLITAN RESOURCE HOLDINGS PLC	53,889,067	65,701,567	78.45	53,889,067	65,701,567	78.45
	COMMERCIAL BANK OF CEYLON PLC/ METROPOLITAN RESOURCE HOLDINGS PLC	11,812,500			11,812,500		
2	MR.D A D E S WICKRAMANAYAKE		9,468,778	11.31		9,468,778	11.31
3	DR.R D BANDARANAIKE & MRS A.D.BANDARANAIKE		196,909	0.24		196,909	0.24
4	MR. A R EGODAGE		110,000	0.13		-	-
5	MR. K K WEERASINGHE		106,986	0.13		-	-
6	MR. K P A PREMALAL		100,000	0.12		100,000	0.12
7	MRS K.G.M. PIERIS		100,000	0.12		100,000	0.12
8	SEYLAN BANK PLC/JAYANTHA DEWAGE		70,000	0.08		70,000	0.08
9	PEOPLE'S LEASING & FINANCE PLC / MR. A S C N SILVA		65,900	0.08		-	-
10	COMMERCIAL BANK OF CEYLON PLC/METROCORP (PVT) LTD		63,750	0.08		63,750	0.08
11	MR. D S A JAYATILEKE		58,000	0.07		-	-
12	KELMARSH INVESTMENTS LIMITED		57,831	0.07		57,831	0.07
13	KATUNAYAKE GARMENTS LIMITED		56,575	0.07		56,575	0.07
14	MR R.E. RAMBUKWELLE		55,499	0.07		65,700	0.08
15	MR. A V R DE SILVA JAYATILLEKE		55,225	0.07		35,225	0.04
16	MRS. K G WARNAKULASURIYA		51,500	0.06		-	-
17	MR. K G S PALITHA KUMARA		50,000	0.06		-	-
18	SAMPATH BANK PLC / MR. ANANDA SAMARANAYAKE		48,423	0.06		-	-
19	ALLIED SECURITY SERVICES (PVT) LTD		44,954	0.05		-	-
20	MR. K S M RODRIGO		41,908	0.05		41,908	0.05
			76,503,805	**91.35**		**75,958,243**	**90.70**
	OTHERS		7,246,195	8.65		7,791,757	9.30
	TOTAL		**83,750,000**	**100.00**		**83,750,000**	**100.00**

3. Distribution of ordinary shareholders

31ST MARCH 2022				
From	To	No of Holders	No of Shares	%
1	1000	18,160	4,128,072	4.929
1,001	10000	569	1,858,750	2.219
10,001	100000	79	2,178,938	2.602
100,001	1000000	3	413,895	0.494
Over 1,000,000		3	75,170,345	89.756
Total		**18,814**	**83,750,000**	**100.00**

31ST MARCH 2021				
From	To	No of Holders	No of Shares	%
1	1000	18,026	4,073,437	4.864
1,001	10000	468	1,421,108	1.697
10,001	100000	87	2,482,805	2.965
100,001	1000000	3	602,305	0.719
Over 1,000,000		3	75,170,345	89.756
Total		**18,587**	**83,750,000**	**100.00**

4. Categories of Shareholders

Category	31st MARCH 2022			31st MARCH 2021		
	No of Holders	No of Shares	%	No of Holders	No of Shares	%
Local Individuals	18,717	17,353,770	20.72	18,487	16,711,015	19.95
Local Institutions	84	66,313,429	79.18	89	66,949,954	79.94
Foreign Individuals	12	24,970	0.03	10	31,200	0.04
Foreign Institutions	1	57,831	0.07	1	57,831	0.07
Total	**18,814**	**83,750,000**	**100.00**	**18,587**	**83,750,000**	**100.00**

		As at March	
		2022	2021
5.	Earning per share (Rs)	1.19	1.49
6.	Dividend Per Share (Rs)	-	-
7.	Net Assets per share (Rs)	19.23	16.84
8.	Price earning ratio	8.40	7.94
9.	Return on capital employed	0.06	0.10

10 Market Value of Shares

	As at March 2022	As at March 2021
Highest during the year	Rs. 35.00 (30/12/2021)	Rs. 18.40 (06.11.2020)
Lowest during the year	Rs. 9.20 (31/03/2022)	Rs. 6.80 (13.05.2020)
As at end of the year	Rs. 10.00	Rs. 11.80
Number of Transactions during the year	7,677	4,328
Number of Shares traded during the year	7,536,943	5,294,203
Value of shares traded during the year (Rs.)	154,092,412.50	71,008,745.20

11 The Public Holding Percentage- 10.154%

12 Total number of shareholders who hold the Public Holdings as at 31st March 2022 - 18,809

13 The Float adjusted market capitalization as at 31st March 2022 – Rs. 85,038,750.00

14 Ordinary Voting shares of Bogawantalawa Tea Estates PLC have been transferred from the Main Board to Diri Savi Board, with effect from 02nd July 2018.

The Float adjusted market capitalization of the Company falls under Option 2 of Rule 7.14.1 (i) (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.

15. Debenture

Company has issued 10,000,000 Debentures at Rs 85 (15% discounted from the par value) and raised Rs 850,000,000/-. Tenure of the debentures will be 5 , 6 and 7 years and the purpose of the issue was settlement of high cost debt, field development activities and factory development.

15.1. Interest rates of the debentures

Type	Tenor	Coupon interest rate	Annual effective rate	Interest rate of comparable government security
Type A	5 years	13%	16.19%	22.16%
Type B	6 years	13.25%	16.52%	20.21%
Type C	7 years	13.50%	16.85%	26.51%

15.2. Market prices & issue prices of debentures recorded during the period ended 31st March 2022 are as follows

Type	Issue Price	Highest Price	Lowest Price	Last Traded Price	Last Traded Date
Type A	85	Not Traded	Not Traded	Not Traded	N/A
Type B	85	Not Traded	Not Traded	Not Traded	N/A
Type C	85	Not Traded	Not Traded	Not Traded	N/A

15.3. Debt Security related ratios

Type	As at March	
	2022	2021
Current ratio	0.92	0.85
Quick ratio	0.61	0.57
Interest cover	1.16	1.44

BOARD OF DIRECTORS

Mr. D J Ambani

Mr. Dinesh Jamnadas Ambani is the present Chairman of the following companies:

- Metropolitan Resource Holdings Limited and its subsidiary Ceylon Tea Gardens Ltd
- Bogawantalawa Tea Estates PLC
- Bogawantalawa Tea Ceylon (Pvt) Ltd
- Metrocorp (Pvt) Ltd,
- Megatech (Pvt) Ltd.
- Eco Power Group
- Ceylon Bungalows (Pvt) Ltd.
- Metropolitan Group

He is a Director of the following companies

- Ceylon Tea Trails
- Office Network (Pvt) Ltd
- Areva Investments (Pvt) Ltd.

Mr. L J Ambani

Mr. Lalithkumar Jamnadas Ambani is a fellow Member of the Chartered Institute of Management Accountants and an Associate member of the Sri Lanka Institute of Chartered Accountants. He is the Chairman of Office Network (Pvt) Ltd and he functions as Co-Chairman of Bogawantalawa Tea Estates PLC and Deputy Chairman of Metropolitan Group.

He is a Director of the following companies:

- Bogawantalawa Tea Ceylon (Pvt) Ltd
- Metrocorp (Pvt) Ltd
- Megatech (Pvt) Ltd
- Metropolitan Resource Holdings Limited
- Eco Power Group
- Areva Investments (Pvt) Ltd
- Ceylon Bungalows (Pvt) Ltd.

Mr. C M O Haglind

Mr. Carl Michael Oscarsson Haglind has a MSc from Stockholm School of Economics. He is Director of Eco Power, Bogawantalawa Tea Ceylon (Pvt) Ltd, Gourmet Teas and Compose Software. Prior to this he was the Vice President of Manpower in Sweden.

Mr. S A S Jayasundara

Mr. Sudath Ajitha Samaradivakara Jayasundara has a Bachelor of Law (LL.B) from the University of Colombo and is an Attorney-at-Law & Notary Public, having an active practice in the Civil Courts of Sri Lanka. He also holds a Diploma in International Relations (BCIS).

He currently works and holds the following positions:

- Chairman of Shraddha Media Network (Guaranteed) Ltd
- Board Director of Harishchandra Mills, Matara
- Board Director of Sithara Ltd
- Board Director of Metropolitan Resource Holdings PLC
- Board Director / Acting Chairman of Bimputh Finance PLC and
- Director of Enterprise Technologies (Pvt) Ltd
- Chairman of Blue Diamond Jewelry worldwide PLC
- Chairman of Lanka Transformers (Private) Limited, Lanka Transformers Holdings (Private) Limited and Lanka Transformers Galvanizing (Private) Limited.

Mr. D A De S Wickramanayake

Mr. Don Ariyaseela De Silva Wickramanayake is the present Chairman/Managing Director of Master Divers (Pvt) Ltd. , Director of Pelwatte Sugar Industries Ltd, Chairman of Pelwatte Diary Industries, Chairman of Mawbima Lanka Foundation and Director of Aitken Spence Plantation Managements PLC. Currently he is a Member of University Grant Commission Standing Committee on Agriculture, Veterinary Medicine and Animal Science , Advisory Board Member of Sabaragamuwa University, Council Member of Ocean University, Faculty Representative for the Faculty of Technology, University of Colombo, former Council member of Uva Wellassa University and Council member of National Institute of Fisheries and Nautical Engineering. He is also the Former Chairman of National Livestock Development Board, former Chairman of State Engineering Corporation and former Member of the council University of Ruhuna.

Mr Wickramanayake has published the book WHY HAMBANTOTA (Regarding Port of Hambantota)

Mr. G V M Nanayakkara

Mr. Gerard Victor Mauric Nanayakkara is a Fellow of the Institute of Chartered Accountants of Sri Lanka and a Fellow of the Chartered Institute of Management Accountants United Kingdom. He has over 45 years' experience in finance and Administrative functions as Head of Finance in large commercial & industrial establishments in Sri Lanka, both in private (Metropolitan Agencies Ltd) and state sector (Coconut Development Authority & Colombo Commercial Co. Ltd). He engages in financial consultancies specialist in corporate restructure and project financing as well as involvement in strategic planning and business development operations, including work in the structuring, evaluation and execution of restructuring / financing transactions.

Mr L H Munasinghe

Mr Lalith Hemantha Munasinghe holds a Diploma in Business Management at the World View Institute. Mr Munasinghe counts over 40 years of experience in the plantation sector and prior to joining Bogawantalawa Tea Estates PLC, held the position of Director / Deputy Chief Executive Officer at Talawakelle Tea Estates PLC a member of the Hayleys Group. He has followed a leadership development programme at the Indian School of Business (ISB).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit and loss for that period.

In preparing the financial statements, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made. Relevant accounting standards have been followed.

The Directors are responsible for maintaining adequate accounting records, for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.

Accordingly, the Directors have taken all reasonable steps to ensure that proper books of accounts of the Company and its subsidiaries and associates have been maintained and that the financial statements have been prepared in compliance with the Sri Lanka Accounting Standards.

By Order of the Board

BOGAWANTALAWA TEA ESTATES PLC

(Sgd)
D J Ambani
Co-Chairman
29th August 2022

MANAGEMENT TEAM

Executive Director - .... Mr. L. H. Munasinghe

Acting Chief Executive Officer - .... Mr. R. M. Samarakoon

Director Operations & Special Projects - .... Mr. M. F. Majeed

Director Low Country Operations, Sustainability, Research & Development .... Mr. Y. M. T. K.Bandara

Chief Financial Officer - .... Mrs. C. D. Wahalathantri

Group Manager - Human Resources - .... Mrs. A. G. D.K.Adikari

General Manager - Marketing– .... Mr. R. A. J. Guneratne

Deputy General Manager - Auditing and System Monitoring - .... Mr. K. J. Jayabrendra

Senior Manager – Legal & Compliance – .... Mr. U. S. Waidyatilleke

Manager - Finance - .... Mr. R. K. W. D. M. R. T. N. B. Bogahalanda

Manager – IT – .... Mr. U.S. Hettiarachchi

Manager-Projects.. Mr. M.G.A Nadeeshan

Assistant Manager - Administration - .... Mr. A. S. Samuel

Estate level

Director Operations & Special Projects - Norwood Estate -.. Mr. M.F.Majeed

General Manager - Bogawantalawa Estate - .... Mr. K.D.H. Manjusri

General Manager - Bogawana Estate - .... Mr. W.N.D. De Alwis

General Manager - Wanarajah Estate - .... Mr. S.A.I.B.Peiris

Deputy General Manager - Anhettigama & Illuktenne Estates - .... Mr. H.I.Wijayasundara

Senior Manager - Kotiyagala Estate - .... Mr. M.D.S.Samaraweera

Senior Manager - Osborne Estate - .... Mr. C.D. Ikiriwatte

Senior Manager - Campion Estate - .... Mr. L.Edirisweera

Senior Manager - Loinorn Estate -.. Mr. K.G.Samarathunga

Manager - Fetteresso Estate - .... Mr.S.M.S.D.Seneviratne

Acting Manager - Lethenty Estate - .... Mr. K.D. Koswatta

Acting Manager - Poyston Estate - .... Mr. S.N. Liyanage

CORPORATE GOVERNANCE

The Board of Directors of Bogawantalawa Tea Estates PLC believes that good Corporate Governance is essential to create value for all stakeholders and are committed to upholding very high standards of transparency and utmost integrity in the governance of the Company. The Directors confirm that the Company has already implemented action to comply with the Rules on Corporate Governance contained in the listing rules of the Colombo Stock Exchange.

The Board of Directors

The Directors of the Board are responsible for the formation of overall business strategies, policies and setting standards and ensuring the implementation of them, setting goals and targets in short, medium and long term basis. The Directors review progress quarterly and during the year under review they met on four occasions.

Attendance at these meetings was:

- Mr. D J Ambani............................ 3/3
- Mr. L J Ambani 3/3
- Mr. C M O Haglind 3/3
- Mr. D A D S Wickramanayake 3/3
- Mr. S A S Jayasundara.................2/3
- Mr G V M Nanayakkara............... 3/3
- Mr L H Munasinghe...................... 3/3

The Board reviews and approves the Annual Budget, actual performance against the budget, grants approval for capital expenditure and any other project proposals. Separate sub committees are set up by the Board for Investment decisions and special projects. The recommendation from these sub committees are forwarded to the Board for the final approval at a Board meeting.

Management Meeting

Management meetings are held every quarter whereby all Directors, the senior management including all divisional heads review the progress for the most recent quarter and the performance against budget and last year. Further the next quarters forecast and the forecast for the year are discussed and agreed upon at each meeting. Estate wise details are analysed and recommendations are made to the Board. All capital expenditure, other project proposals, budgets are initially reviewed at this meeting and referred to the Board at the Board Meeting for formal approval and/or ratification wherever necessary. In addition there is also a Management Committee consisting the Chairman / Directors and the Senior Management Team which meets every month to review progress, approval for payments and recommendations to the Board for any Board papers.

Audit Committee

An Audit Committee is formed at the Company level and the members of the Audit Committee (AC) are as follows

Mr G V M Nanayakkara – Chairman AC
(Independent non executive Director)

Mr S A S Jayasundara - Member AC
(Independent non executive Director)

Mr C M O Haglind – Member AC
(Non executive Director)

Attendance at the AC meetings was:

- Mr G V M Nanayakkara................4/4
- Mr. S A S Jayasundara.................4/4
- Mr. C M O Haglind 4/4

The Audit Committee, is responsible, for reviewing policies and procedures of Internal Control, Risk Review and Control reports, planning and audit completion reports from the Company's external auditors and ensuring that the Company has an embedded process of identifying risks, both financial and operational. The Committee ensures that risks, so identified, are managed via a well-defined action plan.

The Committee is also responsible for the consideration and appointment of external auditors, the maintenance of a professional relationship with them, reviewing accounting principles, policies and practices adopted in the preparation of public financial information and examining all documents representing the final financial statements.

The Chief Financial Officer, DGM Auditing and System Monitoring and relevant operational divisional heads attend the meeting by invitation. The decisions of the Audit Committee are reported to the Directors at the Board Meetings.

The report from the Chairman of the Audit Committee is on page no 24.

Remuneration Committee

The Remuneration Committee is set up at Company level and the members of the Remuneration Committee (RC) are as follows

Mr G V M Nanayakkara - Chairman RC
(Independent non executive Director)

Mr S A S Jayasundara - Member RC
(Independent non executive Director)

Mr C M O Haglind – Member AC
(Non executive Director)

Attendance at the RC meetings was:

- Mr G V M Nanayakkara..................1/1
- Mr. S A S Jayasundara...................1/1
- Mr. C M O Haglind 1/1

The Remuneration Committee is responsible for the recommendation of the remuneration payable to the Chairman, Executive Directors and Chief Executive Officer and sets guidelines for the remuneration of the Senior Management within the Company, to the Board of BTE PLC. The Board makes the final determination upon consideration of such recommendations. The remuneration recommendations are based on the present market rates.

The gross amount paid as directors emoluments for the year is disclosed under notes to the financial statements – note no 12 page 60.

Related party Transactions Review Committee

The Related party Transactions Review Committee is set up at Company level and the members of the Related party Transactions Review Committee (RPTRC) are as follows

Mr G V M Nanayakkara – Chairman
(Independent non executive Director)

Mr S A S Jayasundara - Member
(Independent non executive Director)

Mr L H Munasinghe – Member
(Executive Director)

The Committee is entrusted with evaluating and considering all transactions with related parties of the company except the exempted transactions as per the Listing Rules of the CSE in order to ensure the related parties are treated on par with other shareholders and constituents of the company and related party transactions are evaluated according to the applicable rules and regulations. To this end the Committee shall ensure that necessary processes are in place to identify, approve, disclose and monitor related party transactions according to the provisions contained in the Board approved Related Party Transactions Policy pertaining to the company and its subsidiaries.

Attendance at the RPTRC meetings was:

Mr G V M Nanayakkara.................4/4

Mr. S A S Jayasundara.................4/4

Mr L H Munasinghe.......................4/4

The report from the Chairman of the Related party Transactions Review Committee is on page no 25.

Internal Control

Board has endeavored to ensure that control systems, designed to safeguard the Company's assets and maintain proper accounting records that facilitate the production and availability of reliable information, are in place and are functioning as planned.

An internal audit and monitoring division is set up to monitor whether all internal control systems, processes and procedures are followed Any issues relating to controls, productivity, efficiency, effectiveness are discussed at the monthly review meetings with respective operational managers. All operational and financial functions and approval levels are clearly defined and controlled by the officers with proper segregation of duties. All purchases for major inputs, capital expenditure, disposals are handled by a committee at Center Office and recommend to the Chief Executive Officer. Payments to major suppliers of estates are made from Head Office. All sales proceeds are collected at Head Office and the required funds are released for remuneration and local purchases to operational units. Actual utilization of funds released are monitored by obtaining certified statements from respective operational managers.

Compliance with Legal Requirements

The Board is conscious of its responsibility to the Shareholders, the Government and the Society in which it operates and is unequivocally committed to upholding ethical behavior in conducting its business. The Board, through the Company's Administrative and Finance Divisions, strives to ensure that the businesses of the Company and its subsidiary comply with the laws and regulations of the country. The Board of Directors ensure that all financial statements are prepared in accordance with the Sri Lanka Accounting Standards and conform to the requirements of the Colombo Stock Exchange.

Relations with the Community

The Board is conscious of the principles of good citizenship and the operational dimensions of the BTE PLC's social programmes. The Human Resources division of the Company is set up at Head Office in Colombo with regional coordinating officers.

CORPORATE GOVERNANCE Compliance Table (Colombo Stock Exchange – Listing Rules)

Subject	Compliance Status	Details
Disclosures regarding the Board of Directors		
Four of the seven Directors are Non-Executive Directors	Compliant	Please refer page no 28
Two of the four non-executive directors are Independent Directors	Compliant	
Non-Executive Directors have submitted the declaration of independence/non–independence	Compliant	Each Independent Non Executive Director submits a written declaration of his independence to the board on an annual basis. Based on the said declarations, the board considered them as continuing to be Independent.
Names of independent Directors included in the Annual Report	Compliant	Please refer page no 28.
A brief resume of each Director included in the Annual Report	Compliant	Please refer page no 17.
Disclosures regarding remuneration and Remuneration Committee		
Specify whether a separate Remuneration Committee was formed or listed parent's remuneration committee used	Compliant	A separate Remuneration Committee was formed.
The names of the members and the composition of the Remunerations committee included in the annual report	Compliant	Please refer page no 30.
The functions and the remuneration policy of the Remuneration Committee included in the annual report	Compliant	Please refer page no 24.
The aggregate remuneration paid to Executive & Non-Executive Directors specified in the annual report	Compliant	Please refer page no 60
Contents under the Audit Committee Report		
Specify whether a separate Audit Committee was formed or listed parent's audit committee used	Compliant	A separate Audit Committee was formed
The names of the members and the composition of the Audit committee included in the annual report	Compliant	Please refer page no 30.
Chief Executive Officer and the Chief Financial officer attend Audit Committee Meetings	Compliant	
The Chairman of the Audit Committee and two members are Members of a professional accounting body	Compliant	
The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination	Compliant	Please refer Audit Committee Report on page 24.

Subject	Compliance Status	Details
The Annual Report shall Contain a Report of the Audit Committee setting out the manner of Compliance of the Functions	Compliant	Please refer Audit Committee Report on page 24.
Contents under the Related Party Transactions Review Committee Report specify whether a separate Related Party Transactions Review Committee was formed or listed parent's Related Party Transactions Review Committee used	Compliant	A separate Related Party Transactions Review Committee e was formed
The names of the members and the composition of the Related Party Transactions Review Committee included in the annual report	Compliant	Please refer page no 30.
The Related Party Transactions Review Committee shall meet once a calendar quarter	Compliant	
The Chairman of the Related Party Transactions Review Committee should be an independent non executive Director	Compliant	
The Annual Report shall Contain a Report of the Related Party Transactions Review Committee setting out the manner of Compliance of the Functions	Compliant	Please refer Related Party Transactions Review Committee Report on page 25.

By order of the Board
Bogawantalawa Tea Estates PLC

Sgd
Executive Director
29th August 2022

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of Bogawantalawa Tea Estates PLC consists of the following Non-Executive Directors.

- **Mr G V M Nanayakkara - Chairman**
- **Mr C M O Haglind**
- **Mr S A S Jayasundara**

The audit committee's role and duties include the review of internal control systems, assisting the board of directors in its oversight of the preparation of the financial statements in conformity with SLFRS, Companies Act No. 7 of 2007, rules and regulations of CSE and SEC, overview of the company's processes for monitoring compliance with laws & regulations and risk assessments and making recommendations to the board on the appointment of external auditors and recommend their remuneration and terms of engagement.

The Audit Committee met four times during the year under review and reviewed the management letter issued by the external auditors and also considered and verified the independence of the external auditors Messers BDO partners, Chartered Accountants. The Audit Committee reviewed the nature of the non-audit function related to tax that external auditors have undertaken to ensure that it did not compromise their independence. The committee studied the processes that are in place to safeguard the assets of the company. The committee reviewed the audited financial statements including the annual report for the year 2021/22 and has recommended to the Board of Directors that Messers BDO partners, Chartered Accountants be continued as the external auditors for the year ending 31st March 2022 as well.

Sgd.
G V M Nanayakkara
Chairman-Audit Committee
29th August 2022

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee of the Company is formed in compliance with the CSE Listing Rules.

Composition

The Committee comprises a combination of Independent Non executive Directors and a Non executive Director.

The names of the Directors , their status of independence and attendance at the meetings are as follows

Mr G V M Nanayakkara
- Chairman RC
(Independent non executive Director)....1/1

Mr S A S Jayasundara
- Member RC
(Independent non executive Director)....1/1

Mr C M O Haglind
– Member AC
(Non executive Director) 1/1

Role of the Committee

The Remuneration Committee is responsible for the recommendation of the remuneration payable to the Chairman, Executive Directors and Acting Chief Executive Officer and sets guidelines for the remuneration of the Senior Management within the Company, to the Board of BTE PLC. The Board makes the final determination upon consideration of such recommendations. The gross amount paid as directors emoluments for the year is disclosed under notes to the financial statements – note no 12 Page 60.

Remuneration Policy

The Remuneration Policy is to attract and retain experienced and highly qualified work force. The remuneration recommendations are based on the present market rates and performance evaluation criteria of the Company.

Committee Meetings

The Committee held its meeting for the year on 14th March 2022.

Sgd.
Mr G V M Nanayakkara
Chairman Remuneration Committee
29th August 2022

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Related Party Transactions Review Committee comprises of three (3) Board members. The Chairman of the Committee is also the Chairman of the Audit Committee and an Independent Director. The composition of the Committee is as follows:

Mr G V M Nanayakkara - Chairman (Independent non-executive Director)

Mr S A S Jayasundara - Member (Independent non-executive Director)

Mr L. M. Munasinghe - Member (Executive Director)

Charter of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee was formed by the Board of Directors as per the provisions contained in Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE), so that the Company shall follow the rules pertaining to related party transactions as set out in the Listing Rules of the CSE. The composition and the scope of work of the Committee are in conformity with the provisions of the said Section in the Listing Rules.

The Terms of Reference of the Related Party Transactions Review Committee is reviewed annually by the Board of Directors.

The primary purpose of the Committee is to evaluate and consider all transactions with related parties of the company, in order to ensure that related parties are treated on par with other shareholders and constituents of the company.

Committee Guiding Principles

The Committee is entrusted with evaluating and considering all transactions with related parties of the company except the exempted transactions as per the Listing Rules of the CSE in order to ensure the related parties are treated on par with other shareholders and constituents of the company and related party transactions are evaluated according to the applicable rules and regulations. To this end the Committee shall ensure that necessary processes are in place to identify, approve, disclose and monitor related party transactions according to the provisions contained in the Board approved Related Party Transactions Policy pertaining to the company and its subsidiaries.

The Committee is required to carry out the aforementioned approval of the related parties and related party transactions in line with the Colombo Stock Exchange and/or Securities and Exchange Commission of Sri Lanka, the Companies Act requirements and the Sri Lanka Accounting Standards.

Committee Meetings

The Committee met Four (4) times during the year under review, and all members attended for the meetings. The quorum for a meeting is two (2) members.

The proceedings of the Committee meetings have been regularly reported to the Board of Directors.

Methodology used by the Committee

In carrying out the duties of the Committee, the Committee is required to avoid 'conflicts of interest', which may arise from any transaction of the company with any person, particularly with related parties, ensure arm's length dealings with related parties whilst also ensuring adherence to the corporate governance directions which requires the company to avoid engaging in transactions with related parties, in a manner that would grant such parties 'more favorable treatment' than accorded to other constituents of the company.

The Committee will also be guided by the Listing Rules of the CSE pertaining to related party transactions, the Board approved Related Party Transactions Policy and the Terms of Reference of the Committee.

Related Party Transactions during the Year 2021/22

During the year 2021/22, there were no recurrent and related party transactions that exceeded the respective thresholds mentioned in the Listing Rules of the Colombo Stock Exchange.

Details of other related party transactions entered into by the Company during the above period is disclosed in note 40 to the financial statements.

Declaration

A declaration by the Board of Directors in the Annual Report as a negative statement that no related party transaction falling within the ambit of the Listing Rules was entered into by the Company during 2021/22 is given on page 30 of the Annual Report.

Sgd
G V M Nayayakkara
Chairman
Related Party Transactions Review Committee
29th August 2022

RISK MANAGEMENT

Risk Management Process & Approach

The process of risk management consists of identification, analysis, assessment, prioritization, monitoring of risk and either acceptance or mitigation of uncertainty in Business decision-making.

Our approach to risk management is to have built in internal control systems to business processes, outcome of regular discussions, review meetings and comprehensive reporting.

Responsibilities for the Risk

The Board of Directors of Bogawantlawa Tea estates PLC:

- bears overall responsibility to exercise prudent risk management mechanisms.
- identifies principle risks faced by the company and ensure implementation of appropriate system to manage such risks.
- designates key management personnel and defines their areas of responsibility to manage risks
- reviews risk management strategy periodically and formulate mitigating actions considering internal and external environmental changes.

Company Audit Committee review probable risk elements at its meeting and report to the Board of Directors.

Area of Risk	Our main concern over	Impact to the Company performance	Key Mitigating Actions
Scarcity of Fuel & Firewood	Fuel distribution in crisis-hit Bogawantalawa Tea Factories has become more challenging and a recorded hike in fuel and firewood prices affected the entire manufacture process in many ways.	The overall cost of production raised up. The drop in product quality due to manufacture interruptions. Delay in transporting green leaf to factory from fields. Delay in transporting produce on time to the buyers. Increase of transport rate	Storing two to three months stock in hand by making use of existing storing tanks. Harvesting estate firewood. Increasing outsourced firing operation.
Government decision to ban import of chemical fertilizers	This decision will greatly affect our tea industry. Especially drop in yield High weeding cost:	With the introduction of organic fertilizer, the cost will be high especially application cost. At present there is no demand for organic type of tea	To a have a way forward plans for compost projects to cater the estates. In order to create value for organic tea, a separate auction catalog to be introduced by the tea board.
Short of Workers	Workers are migrating to Urban areas and drastic drop in worker out-turn for estate work	High cost of production due to crop/yield	Mechanization of field/factory operations; Machine Plucking/shearing/machine pruning/ factory automation
Backup Staff	Youths are not willing to join Estates especially for field work	Lack of supervision and non-availability of competent staff. Retired staff are re-employed on fixed term contract and output of retirees are below expectations	To have an action plan to groom young educated youths by re-designing the designations. Eg- Junior Assistant Field Staff to Junior Field Executive Introduction of easy weighing scale system and avoid manual data entry to system

Area of Risk	Our main concern over	Impact to the Company performance	Key Mitigating Actions
High Cost of fertilizer due to the withdrawal of subsidies and import ban on essential chemical for weed control	Difficulties on maintaining our plantations under best agricultural standards	High cost involve in artificial fertilizer and manual weed control	Gradual implementation of our own organic fertilizer production units and implementing more biological method of weed control to minimize high cost labour involvement
Interest Rate	Needs to minimize the adverse effects of the fluctuating interest rates	Effect on profitability and cash flows	The Company manages and mitigates interest rate risk by utilizing low cost funding from banking and financial services sector to minimize high cost borrowing such as overdraft. Also an appropriate mix of floating and fixed rate interest debt capital is employed. Financing through securitization manage fluctuation of interest rates.
Liquidity issues in Short Term	Settlement of Labour wages & supplier Bills	Any delays may effect to labour unrest and continuous supply of input materials	Pre-arranged short term financing facility at lowest finance cost based on quarterly cash flow projections.
Company Reputation & Corporate Image	Compliance of legal and statutory requirements and best corporate governance	Noncompliance may lead to loss of reputation, fines and surcharges and even litigation	Reputation is considered as the Company's most important aspect. Therefore, the Company obtains legal advice to include mitigating clauses wherever possible in the Agreements for new ventures and investments. Due consideration is given to health, safety and environmental issues and the best practices are followed in these areas through various certifications and CSR projects.
Investments	As Investments are key to the sustainability of the business	Impact on future profitability, liquidity and risk project failing mid-way	Investments are first subject to a technical & financial evaluation process and prioritize depending on the cost benefit and the availability of funding. Then Board approval is sought prior to embarking on the investment. Close monitoring of the progress is made to ensure forecasted investment proposals are achieved and expectations are met.
Competitiveness	Global competitors of tea industry benefit from lower costs etc.	Low demand for tea from exporters will lead to low prices.	To mitigate risk of competition company focus on productivity, quality and local market operation. Innovative Nish markets focus product development. Product portfolio diversification toward green tea, organic tea related up market products.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors of Bogawantalawa Tea Estates PLC have pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2022.

This Annual Report of the Board on the affairs of the Company contains the information required in terms of the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and is guided by recommended best practices.

General

Bogawantalawa Tea Estates PLC is a public limited liability Company which was incorporated under the Companies Act No.17 of 1982 as a public Company on 22nd June 1992. Pursuant to the requirements of the new Companies Act No. 7 of 2007, the Company was re-registered on 8th April 2008 and bears registration number PQ 124. Accordingly, the name of the Company has changed to Bogawantalawa Tea Estates PLC.

The Company has also issued 10mn Rated Senior Unsecured Redeemable Debentures at a par value of SLR Rs.100/- which are listed on the Main Board of the Colombo Stock Exchange.

Principal activities of the Company and review of performance during the year

The principal activity of the Company, which is cultivation and processing of Tea, Rubber and Oil palm , remained unchanged.

A review of the business of the Company and its performance during the year with comments on financial results and future strategies and prospects are contained in the Chairman's review (pages 03 to 04).

This report together with the Financial Statements reflect the state of affairs of the Company.

Financial Statements

The Financial Statements of the Company are given on pages 35 to 83.

Summarised Financial Results

Year ended	2022 Rs.'000	2021 Rs.'000
Revenue	3,377,524	3,525,090
Net Profit / (Loss) for the year	99,715	124,482
Carried forward Profit /(Loss)	1,001,623	796,256

Independent Auditors' Report

The Report of the Independent Auditors on the Financial Statements of the Company is given on page 32.

Accounting Policies

The financial statements of the Company have been prepared in accordance with the revised Sri Lanka Accounting Standards and the policies adopted thereof are given on page 39 to 58. Figures pertaining to the previous period have been re-stated where necessary to conform to the presentation for the year under review.

Directors

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 17 to 18.

Executive Directors

Mr. D J Ambani - Co-Chairman

Mr. L J Ambani - Co-Chairman

Mr. L H Munasinghe - Executive Director

Non - Executive Directors

Mr. C M O Haglind - Director

Mr. D A De S Wickramanayake - Director

*Mr. S A S Jayasundara - Director

*Mr. G V M Nanayakkara - Director

** Independent Non-Executive Director*

Mr. C M O Haglind retires by rotation at the conclusion of the Annual General Meeting in terms of Articles 89 and 90 of the Articles of Association and being eligible are recommended by the Directors for re-election.

The Directors have recommended the re-appointment of G V M Nanayakkara and Mr. D A de S Wickramanayake who are over 70 years of age, as Directors of the Company, and accordingly a resolution will be placed before the shareholders in terms of Section 211 of the Companies Act in regard to the re-appointment of Mr. G V M Nanayakkara and Mr. D A de S Wickramanayake.

Interests Register

The Company maintains an Interests Register in terms of the Companies Act, No.7 of 2007, and the names of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period under review are given in Note 40 to the Financial Statements on page 77.

Directors' Remuneration

The Directors' remuneration is disclosed under key management personnel compensation in Note 40 to the Financial Statements on page 78.

Directors' Interests in Contracts

The Directors' have no direct or indirect interest in any other contract or proposed contract with the Company except for the transactions referred to in Note 40 to the Financial Statements.

Directors' responsibility for Financial Reporting

The Directors are responsible for the preparation of Financial Statements of the Company to reflect a true and fair view of the state of its affairs. The Directors are of the view that these financial statements have been prepared in conformity with requirements of the Sri Lanka Accounting Standards, the Companies Act No.7 of 2007 and the Listing Rules of the Colombo Stock Exchange.

Auditors

Messrs BDO Partners, Chartered Accountants served as the Auditors during the year under review. Based on the written representations made by the Auditors, they do not have any interest in the Company other than that of Auditors and provider of tax related services.

A total amount of Rs. 2,402,357 payable by the Company to the Auditors for the year under review.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 22th June 2022 recommended that they be re-appointed as Auditors. A resolution to re-appoint the Auditors and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Independence of Auditors

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

Stated Capital

The Stated Capital of the Company is Rs.586,250,010/-.

The number of shares issued by the Company stood at 83,750,000 fully paid ordinary shares and 01 Golden Share as at 31st March 2022 (which was the same as at 31st March 2021).

Directors' Shareholding

The relevant interests of Directors in the shares of the Company as at 31st March 2022 and 31st March 2021 are as follows.

	Shareholding as at 31/03/2022	Shareholding as at 31/03/2021
Mr. D J Ambani	-	-
Mr. L J Ambani	-	-
Mr. C M O Haglind	-	-
Mr. D A de S Wickramanayake	9,468,778	9,468,778
Mr. S J S Jayasundera	-	-
Mr. G V M Nanayakkara	-	-
Mr. L H Munasinghe	-	-

Shareholders

There were 18,814 shareholders registered as at 31st March 2022 (18,587 shareholders as at 31st March 2021). The details of distribution are given on page 14 of this Report.

Major Shareholders, Distribution Schedule and other 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, percentage of shares held by the public as per the Listing Rules of the Colombo Stock Exchange are given on page 14 to 16 under Share Information.

Reserves

The movement of reserves during the year are given under the Statement of Changes in Equity on page 37.

Land holdings

The book value of property, plant and equipment as at the balance sheet date amounted of Rs.514,129,547/- (2021 – Rs. 551,734,588/-)

The extents, locations, valuations and the number of buildings of the Company's land holdings are given in Note 17.

The movement of fixed assets during the year is given in Note 17 to the financial statements.

Dividends

The Directors do not recommend a dividend.

Statutory Payments

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of, and in respect of employees of the Company and all other known statutory dues as were due and payable by the Company as at the Balance Sheet date have been paid or, where relevant provided for.

Donations

The Company made donations amounting to Rs.465,000/- (2021 – Rs.225,000/-) during the year under review for charitable purposes.

Events occurring after the Balance Sheet date

There are no material events as at the date of the Auditor's Report which require adjustment to or disclosure in the Financial Statements except as stated in Note 42.

Corporate Governance

Corporate Governance practices and principles with respect to the management and operations of the Company is set out on page 20 of this report. The Directors confirm that the Company has complied with the Rules on Corporate Governance contained in the Listing Rules of the Colombo Stock Exchange.

An Audit Committee, Remuneration Committee and Related Party Transaction Review Committee function as Sub-Committees of the Board and the members of these Committees possess the requisite qualifications and experience. The composition of the said Committees is as follows:

Audit Committee

Mr. G V M Nanayakkara – Chairman

Mr. S A S Jayasundara – Member

Mr. C M O Haglind - Member

Remuneration Committee

Mr. G V M Nanayakkara – Chairman

Mr. S A S Jayasundara – Member

Mr. C M O Haglind - Member

Related Party Transaction Review Committee

Mr. G V M Nanayakkara - Chairman

Mr. S A S Jayasundara - Member

Mr. L H Munasinghe - Member

The Directors declare that the Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the Financial Year ended 31st March 2022

The Corporate Governance of the Company is reflected in its strong belief in protecting and enhancing stakeholder value in a sustainable manner, supported by a sound system of policies and practices. Prudent internal controls ensure professionalism, integrity and commitment of the Board of Directors, Management and employees.

The Corporate Governance Statement on pages 20 to 23 explains the measures adopted by the Company during the year.

Corporate Social Responsibility

The Company continued its Corporate Social Responsibility Programme, details of which are set out on pages 08 to 13 of this Report.

Environmental Protection

After making adequate enquiries from the management, the Directors are satisfied that the Company operates in a manner that minimizes the detrimental effects on the environment and provides products and services that have a beneficial effect on the customers and the communities within which the Company operates.

Going Concern

The financial statements are prepared on going concern principles. After making adequate enquires from the management, the Directors are satisfied that the Company has adequate resources to continue its operations in the foreseeable future.

Annual General Meeting

The Annual General Meeting will be held by way of electronic means on 23rd September 2022 at 10.00 a.m.

The Notice of the Annual General Meeting appears on page 02.

By Order of the Board
Bogawantalawa Tea Estates PLC

(Sgd)	(Sgd)	(Sgd)
D J Ambani	**L J Ambani**	**P W Corporate Secretarial (Pvt) Ltd**
Co-Chairman	Co-Chairman	Secretaries
		29th August 2022

BDO

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E-mail : bdopartners@bdo.lk
Website : www.bdo.lk

Chartered Accountants
"Charter House"
65/2, Sir Chittampalam A Gardiner Mawatha
Colombo 02
Sri Lanka

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BOGAWANTALAWA TEA ESTATES PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bogawantalawa Tea Estates PLC (the Company), which comprise the statement of financial position as at 31st March 2022, and the statement of 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 as set out on pages 39 to 58.

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

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters

1 Valuation of Consumable Biological Assets

The Company has consumable biological assets carried at fair value amounting to Rs.1,265 Mn. The biological assets, Eucalyptus Grandis Mature and Immature Timber Trees of the Company, were inspected and valued by an independent external valuer as at 31st March 2022.

The valuation of consumable biological assets requires significant levels of judgment and technical expertise, including the use of discounted cash flow models and selecting appropriate assumptions. Changes in the key assumptions used such as discount rate and available timber quantity to value the Company's consumable biological assets could have a material impact on the statement of profit or loss and the value of consumable biological assets. Accordingly, the valuation of consumable biological assets has been considered as a Key Audit Matter.

Related Disclosures

Refer to note 19 of the accompanying financial statements.

How Our Audit Addressed the Key Audit Matter

Our audit procedures included the following:

- Assessed the key assumptions and methodology used in the valuation, in particular the discount rate, average market price and yield per hectare;
- Verified the mathematical accuracy of the consumable biological assets valuation;
- Assessed the objectivity of the external valuation expert and the competence and qualification of the external expert and
- Assessed the adequacy of the disclosures in the financial statements, including the description and appropriateness of the inherent degree of subjectivity and the key assumptions.

2 Measurement of Bearer Biological Assets

The bearer biological assets are a significant non-current asset of the Company representing 36% of the total assets consisting of Rs. 2,306 Mn as mature and immature plantations as at 31st March 2022.

Assessing the valuation of the bearer biological asset in the financial statements is a key audit matter due to the magnitude of the balance and its significance to total assets. Further the identification of costs to be capitalized as immature plantations, involves the management's judgment, regarding the point at which

BDO

transfers to be made from immature plantations to mature plantations and for the identification of triggers of impairment (if any).

Related Disclosures
Refer to note 18 of the accompanying financial statements.

How Our Audit Addressed the Key Audit Matter
Our audit procedures included the following:

- Assessed the processes and controls in place to ensure proper identification of the expenses incurred relating to immature plantations;
- Verified the significant amounts capitalized (including labour and other acceptable costs) by examining related invoices, capital expenditure authorizations and other corroborative evidences;
- Assessed the timely transfer of matured plants to respective matured plantation categories by examining ageing profile of immature plantations;
- Reviewed the reasonableness of depreciation provided on the matured plantations by performing independent computations and,
- Assessed the adequacy of the disclosures in the financial statements.

3 Valuation of Retirement Benefit Obligation

The Company has recognized the retirement benefit obligation of Rs. 911 Mn as at 31st March 2022. The retirement benefit obligation of the Company is significant in the context of the total liabilities of the Company. The valuation of the Company's retirement benefit obligation requires significant judgment and estimation to be applied across numerous assumptions, including salary increases and discount rate. Small changes in those assumptions could have a significant effect on the financial performance and financial position of the Company. Management engaged an independent actuary to assist them in the computation of the retirement benefit obligation. We considered the computation of the retirement benefit obligation to be a key audit matter due to the magnitude of the amounts recognized in the financial statements as well as estimation uncertainty involved in determining the amounts.

Related Disclosures
Refer to note 31 of the accompanying financial statements.

How Our Audit Addressed the Key Audit Matter
Our audit procedures included the following:

- Assessed the competency, objectivity and capabilities of the independent actuary engaged by the management;
- Assessed the appropriateness of the key assumptions used in the valuation, in particular the discount rate, inflation rate, future salary increases and mortality rates;
- Assessed the accuracy, completeness and reasonableness of the employee data used for the calculation of retirement benefit obligations;
- Assessed the adequacy of the disclosures made to the financial statements in accordance with the relevant accounting standards;

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 the auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon 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 the Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines, is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional 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's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 5707.

(Sgd)

CHARTERED ACCOUNTANTS

Colombo

29th August 2022

MN/cc

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH, 2022

Rs.	Note	2021/2022	2020/2021
Revenue	7	3,377,524,324	3,525,090,295
Cost of sales	8	(3,152,809,008)	(3,222,105,617)
Gross profit		**224,715,316**	**302,984,678**
Gain on fair value of biological assets	19	115,327,800	158,505,904
Other income	9	208,213,537	215,438,674
		548,256,653	**676,929,256**
Administration and other expenses		(243,991,195)	(185,865,524)
Net finance expenses	11	(261,548,478)	(347,592,544)
		(505,539,673)	**(533,458,068)**
Share of profit equity accounted associates (net of tax)		-	9,946,305
Profit before taxation	**12**	**42,716,980**	**153,417,493**
Income tax expenses	13	56,997,729	(28,935,739)
Profit for the year		**99,714,709**	**124,481,7554**
Items that will be re-classified to profit or loss		-	-
Items that will not be re-classified to profit or loss			
Valuation gains on equity instruments at fair value through other comprehensive income	21	(5,066,067)	(9,529,850)
Remeasurement of retirement benefit obligations	31.1	118,046,930	14,955,029
Deferred tax impact on retirement benefit obligations	35	(12,394,927)	(2,093,704)
Total other comprehensive income for the year, net of tax		**100,585,936**	**3,331,475**
Total comprehensive income for the year		**200,300,645**	**127,813,229**
Basic earnings per share	**14.1**	**1.19**	**1.49**
Diluted earnings per share	**14.2**	**1.19**	**1.49**

Figures in brackets indicate deductions.

The significant accounting policies and notes from pages 39 to 83 form an integral part of these financial statements.

Colombo
29th August 2022

STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH, 2022

Rs.	Note	As at 31.03.2022	As at 31.03.2021
ASSETS			
Non-current assets			
Right-of-use assets	16	1,171,430,717	1,069,175,511
Tangible assets other than bearer biological assets	17	514,129,547	551,734,588
Bearer biological assets	18	2,305,783,701	2,288,019,088
Consumable biological assets	19	1,265,086,693	1,226,187,764
Capital work-in-progress	20	13,144,511	5,045,142
Investments in equity shares	21	37,875,345	42,941,412
Total non-current assets		**5,307,450,514**	**5,183,103,505**
Current assets			
Produce on bearer plants	22	6,840,900	10,445,896
Inventories	23	353,910,780	373,561,277
Trade and other receivables	24	272,533,582	239,789,939
Amounts due from related parties	25	2,789,925	2,294,774
Short-term investments	26	372,487,431	486,349,076
Cash and cash equivalents	27	50,553,123	40,834,234
Total current assets		**1,059,115,741**	**1,153,275,196**
Total assets		**6,366,566,255**	**6,336,378,701**
EQUITY AND LIABILITIES			
Equity			
Stated capital	28	586,250,010	586,250,010
Retained earnings		1,001,622,550	796,255,838
Fair value reserve of financial assets at fair value through other comprehensive income		22,875,345	27,941,412
Total equity		**1,610,747,905**	**1,410,447,260**
Non-current liabilities			
Interest bearing borrowings	29	245,549,281	254,195,600
Debentures	30	636,241,010	625,295,820
Retirement benefit obligations	31	911,137,009	981,996,868
Grants and subsidies	32	72,903,349	81,619,934
Deferred income	33	215,770,174	225,151,484
Lease liability	34	1,422,315,111	1,265,107,945
Deferred tax liability	35	98,173,947	142,776,749
Total non-current liabilities		**3,602,089,881**	**3,576,144,400**
Current liabilities			
Trade and other payables	36	474,683,156	567,195,342
Amounts due to related parties	37	26,905,966	27,611,606
Current portion of interest bearing borrowings	29	352,179,532	417,008,840
Lease liability	34	7,770,260	7,545,387
Bank overdrafts	27	292,189,555	330,425,866
Total current liabilities		**1,153,728,469**	**1,349,787,041**
Total liabilities		**4,755,818,350**	**4,925,931,441**
Total equity and liabilities		**6,366,566,255**	**6,336,378,701**
Contingencies and commitments.	38 and 39		

Figures in brackets indicate deductions.

The significant accounting policies and notes from pages 39 to 83 form an integral part of these financial statements.

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

(Sgd)

Mrs. Chamari Wahalathanthri
Chief Financial Officer

The Board of Directors is responsible for the preparation of these financial statements.
Approved and signed for and on behalf of the Board of Directors of Bogawantalawa Tea Estates PLC.

(Sgd)
Mr. L. J. Ambani
Co Chairman

(Sgd)
Mr. L.H. Munasinghe
Executive Director

Colombo
29th August 2022

MN/cc

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2022

Rs.	Note	Stated capital	Fair value reserve of financial assets at FVTOCI*	Retained earnings**	Total
Balance as at 1st April 2020	28	586,250,010	37,471,262	658,912,758	1,282,634,030
Comprehensive income for the year					
Profit for the year		-	-	124,481,755	124,481,755
Other comprehensive income		-	(9,529,850)	12,861,325	3,331,475
Total comprehensive income for the year		**-**	**(9,529,850)**	**137,343,080**	**127,813,230**
Balance as at 31st March 2021		**586,250,010**	**27,941,412**	**796,255,838**	**1,410,447,260**
Comprehensive income for the year					
Profit for the year		-	-	99,714,709	99,714,709
Other comprehensive income		-	(5,066,067)	105,652,003	100,585,936
Total comprehensive income for the year		**-**	**(5,066,067)**	**205,366,712**	**200,300,645**
Balance as at 31st March, 2022		**586,250,010**	**22,875,345**	**1,001,622,550**	**1,610,747,905**

* *Fair value reserve of financial assets at fair value through other comprehensive income (FVTOCI) relates to the changes in investment in equity shares.*

** *Retained earnings are the cumulative net earnings of a company after accounting for dividend payments.*

Figures in brackets indicate deductions.

The significant accounting policies and notes from pages 39 to 83 form an integral part of these financial statements.

Colombo

29th August 2022

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH, 2022

Rs.	Notes	2021/2022	2020/2021
Cash flows from operating activities			
Net profit before taxation		42,716,980	153,417,493
Adjustments for:			
- Depreciation/amortization	12	187,530,502	203,416,270
- Profit on disposal of property, plant and equipment	9	(19,335,406)	(3,788,333)
- Interest income	11	(40,285,068)	(53,154,093)
- Lease interest	11	2,096,228	2,746,442
- Interest expense	11	128,664,568	180,980,242
- Lease interest to JEDB/SLSPC	11	141,321,799	172,074,516
- Provision for retirement benefit obligations - gratuity	31.1	127,568,813	160,373,042
- Provision for retirement benefit obligations - gratuity for bolted workers	36.1	854,000	326,200
- Amortization of grants and subsidies	32	(14,065,585)	(20,324,255)
- Gain on fair value of consumable biological assets	19	(115,327,800)	(158,505,904)
- Gain on produce biological assets - Tea	22	3,604,996	(2,610,296)
- Amortization of net income from operating rights given to LRL	9	(9,381,310)	(9,381,311)
- Share of profit - Investment in associate		-	(9,946,305)
- Bearer biological asset write off	18	67,346,176	-
- Dividends income		-	(3,000,000)
- Loss on debentures early redemption		-	23,923,048
- Profit on disposal of subsidiary/associate company		-	(29,236,953)
		503,308,893	**607,309,803**
Operating income before working capital changes			
(Increase)/decrease in inventories		19,650,497	(34,837,799)
(Increase)/decrease in trade and other receivables		(32,743,643)	6,081,412
(Increase)/decrease in due from related parties		(495,151)	175,812,673
Increase/(decrease) in trade and other payables		(82,106,819)	20,810,642
Increase/(decrease) in due to related parties		(705,640)	(26,224,718)
Cash generated from operations		**406,908,137**	**748,952,013**
Interest paid	11	(117,719,378)	(162,372,917)
Gratuity paid	31	(80,381,742)	(95,892,371)
Gratuity paid - deserters (workers)	36.1	(11,259,367)	(20,766,534)
Net cash generated from operating activities		**197,547,650**	**469,920,191**
Cash flows from investment activities			
Investment in bearer biological assets - immature plantations	18	(159,886,902)	(130,597,404)
Growing crop nurseries	18	856,198	1,144,697
Harvesting of timber plantations	19	69,327,800	16,809,599
Additions to biological assets - nursery	19.1	(4,180,684)	(15,827,914)
Acquisition of property, plant and equipment	17	(13,559,086)	(19,196,500)
Net capital expenditure incurred	20	(8,099,369)	3,698,954
Proceeds from disposal of property, plant and equipment		19,384,406	3,875,000
Proceeds/(investment) in short-term investments	26	113,861,645	(115,063,697)
Net proceeds from disposal of subsidiary		-	104,142,000
Proceed from disposal of subsidiary / associate company		-	129,393,000
Dividends received		-	3,000,000
Interest received		40,285,068	53,154,093
Net cash from investing activities		**57,989,076**	**34,531,828**
Cash flows from financing activities			
Grants received	32	5,349,000	2,267,500
Payments of lease rentals	34.2.1	(9,732,242)	(10,744,820)
Payments made to lessor of JEDB/SLSPC estates	34.1	(129,722,657)	(129,538,347)
Receipts from interest bearing borrowings	27.1.1	760,917,666	292,250,717
Payments of long term borrowings		(834,393,293)	(458,508,985)
Consideration paid for debenture early redemption		-	(291,000,000)
Dividend paid		-	(211,320)
Net cash from/(used in) financing activities		**(207,581,526)**	**(595,485,255)**
Net increase/(decrease) in cash and cash equivalents		**47,955,200**	**(91,033,236)**
Cash and cash equivalents at the beginning of the year		(289,591,632)	(198,558,396)
Cash and cash equivalents at the end of the year (Note A)		**(241,636,432)**	**(289,591,632)**
Cash and cash equivalents at the end of the year			**(Note A)**
Cash and bank balances	27.1	50,553,123	40,834,234
Bank overdrafts	27.2	(292,189,555)	(330,425,866)
		(241,636,432)	**(289,591,632)**

Figures in brackets indicate deductions.

The significant accounting policies and notes from pages 39 to 83 form an integral part of these financial statements.

Colombo

29th August ,2022

SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1. Domicile and legal form

Bogawantalawa Tea Estates PLC (BTE PLC) formerly known as Bogawantalawa Plantations Limited (BPL), is a public limited liability company, listed in the Colombo Stock Exchange, incorporated and domiciled in Sri Lanka, under the Companies Act No.17 of 1982 which later got replaced with the Companies Act No.07 of 2007, in terms of the provisions of the Conversion of Corporations and Government Owned Business Undertakings into Public Companies Act No.23 of 1987. The registered office of the Company is located at No.153, Nawala Road, Narahenpita, Colombo 05, and the plantations are situated in the planting regions of Bogawantalawa and Deraniyagala.

1.2. Principal business activities and nature of operations of the Company

Entity	Country of incorporation	Principal business activities
Bogawanthala Tea Estates PLC	Sri Lanka	Carries on the business of cultivation, manufacture and sale of tea, rubber, palm oil and forestry.

1.3. Name of immediate and ultimate parent enterprise

The Company's immediate parent undertaking is Metropolitan Resource Holdings Limited, and the ultimate parent undertaking is Metrocorp (Pvt) Ltd.

Management contract

The Company is managed by Metropolitan Resource Holdings Limited. The management agreement which came into effect from 01st January 1996 was initially for a period of five years with a provision to extend by a further period on the mutual consent of both parties.

1.4. Date of authorization for issue

The financial statements of Bogawantalawa Tea Estates PLC, for the year ended 31st March 2022 were authorized for issue by the Board of Directors on 29th August 2022.

2. BASIS OF PREPARATION

2.1. Statement of compliance

The financial statements of the Company have been prepared and presented in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Accounting Standards (LKASs/ SLFRs), relevant interpretations of the Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which are collectively referred to as SLASs and are in compliance with the requirements of the Companies Act No.07 of 2007 and the amendments thereto, and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange.

The Company has not adopted any inappropriate accounting treatments which are not in compliance with the requirements of the SLASs, and regulations governing the preparation and presentation of the financial statements.

2.2. Basis of measurement

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

Items	Measurements basis	Note No.
Consumable biological assets	Stated at valuation	19
Produce on bearer plants	Stated at valuation	22
Right to use of assets	Stated at valuation	16
Retirement benefit obligations	Liability for defined benefit obligations is recognized as the present value of the defined benefit obligation plus unrecognized actuarial gains, less unrecognized past service cost and unrecognized actuarial losses.	31

2.3. Use of estimates and judgments

The preparation of financial statements in conformity with LKASs/SLFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

Estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and the results form the basis of making judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected.

Impact of prevailing macroeconomic conditions

The prevailing macroeconomic conditions and their implications have increased the uncertainty of estimates made in the preparation of the financial statements. The estimation uncertainty is associated with:

- the extent and duration of the disruption to businesses arising from the prevailing macroeconomic conditions and the related actions of stakeholders such as government, businesses and customers;
- the extent and duration of the prevailing macroeconomic conditions due to impact on GDP, capital markets, credit risk of customers, impact of unemployment and possible decline in consumer discretionary spending;
- the effectiveness of Government and Central Bank measures that have been put in place in response to the prevailing circumstances.

The significant accounting estimates impacted by these forecasts and associated uncertainties are related to impairment of financial assets and recoverable amount assessments of non-financial assets, recoverable value of property, plant, bearer biological assets, consumable biological assets and net realizable value of inventory.

The impact of prevailing macroeconomic conditions on accounting estimates is discussed under the relevant notes to these Financial Statements.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in note no. 06 to the financial statements.

2.4. Comparative information

Previous period is figures and notes have been re-classified wherever necessary to conform to the current year's presentation.

2.5. Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by LKAS 1: Presentation of Financial Statements. Financial assets and financial liabilities are offset and the net amount 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 a net basis, or to realize the assets and settle the liability simultaneously.

2.6. Offsetting

Assets and liabilities, and incomes and expenses, are not offset unless it is required or permitted by SLFRSs/LKASs.

2.7. Going concern

Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for a foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2.7.1 Economic crisis

Sri Lanka is currently experiencing an economic crisis due to depletion of foreign currency reserves and balance of payments issues. As a result, most organizations, including the Company face an unprecedented level of challenges for future operations and consequent earnings over the foreseeable future due to unprecedentedly escalating levels of inflation and rising prices of basic commodities. However, the management is confident that the Company will be able to successfully navigate through the crisis due to the anticipated increase in the level of operations and the prudent decision making process which has ensured stringent cost management strategies of the operations. The strength and the experience of the Board of Directors and the management team are an added comfort to the Company, which will ensure continued support during this challenging period. Therefore, no adjustment is required to the balances reported in these financial statements.

Other than the above, no circumstances have arisen since the reporting date which would require adjustments or disclosures in the financial statements.

2.8. Responsibility for financial statements

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

SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

2.9. Changes In Accounting Standards And Standards Issued But Not Yet Effective

2.9.1. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

2.9.1.1 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to LKAS 16

In March 2022, the ICASL adopted amendments to LKAS 16 - Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for reporting periods beginning on or after 01st January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

2.9.1.2. IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 01st January 2022 with early adoption permitted.

The amendment is expected to have a material impact on the Company.

2.9.1.3. Amendments to LKAS 1: Classification of Liabilities as Current or Non-current

In March 2021, ICASL adopted amendments to paragraphs 69 to 76 of LKAS 1 which specify the requirements for classifying liabilities as current or non-current. 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

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively.

2.9.1.4. SLFRS 17 – Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure.

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17. The amendments are not expected to have a material impact on the Company.

2.9.1.5. Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Costs of Fulfilling a Contract

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The amendments are not expected to have a material impact on the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are consistent with those used in the previous year.

3.1. Foreign currencies

3.1.1. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entities operate ('the functional currency'). The financial statements

SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

are presented in Sri Lankan Rupees, which is the Company is functional and presentation currency.

3.1.2. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation when the items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'net finance income/expenses.

3.2. Property, plant and equipment

3.2.1. Measurement

Items of property, plant and equipment other than bare land are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The Company elected the exemption to measure land and buildings recognized previously at revalued amounts as deemed cost with effect from 01st April 2011 in accordance with provisions of SLFRS 1. Accordingly, land and buildings are stated at deemed cost less accumulated depreciation.

The cost of property, plant and equipment comprises expenditure directly attributable to the acquisition of the item. These costs include the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling, removing and restoring, and the obligation which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognized. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

3.2.2. Depreciation

Depreciation of assets begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is de-recognized. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Land is not depreciated.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Company will have ownership by the end of the lease term. The estimated useful lives for the current and comparative periods are as follows:

Freehold assets

Buildings	Over 40 years
Water projects and sanitation	Over 20 years
Plant and machinery	Over 13 1/3 years
Motor vehicles	Over 05 years
Equipment	Over 08 years
Furniture and fittings	Over 10 years

Bearer biological assets (replanting and new planting)

Tea	Over 33 1/3 years
Rubber	Over 20 years
Coconut	Over 08 years
Palm oil	Over 20 years

Right of use assets

Plant and machinery	Over 13 1/3 years
Motor vehicles	Over 05 years
Equipment	Over 08 years

The useful life, residual values and depreciation method of assets are reviewed and adjusted, if required, at the end of each financial year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'other income' in the statement of comprehensive income.

Identifiable interest costs on borrowings to finance the construction of property, plant and equipment are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

3.2.3. Amortization of leasehold right

The leasehold rights over assets taken over from JEDB/SLSPC are being amortized in equal amounts over the following years. (Lower of lease period and economic useful

SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

life)

Right of use asset - Land	Over 23.25 years (remaining lease period)
Buildings	Over 25 years
Plant and machinery	Over 15 years
Water supply scheme	Over 20 years
Mature plantation (both tea and rubber)	Over 30 years

3.2.4. Leases

The Company assesses at the contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3.3.4.1 Right of use assets

The Company recognizes right of use assets at the commencement date of a lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use of assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentive received.

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset is transferred to the Company at the end of the lease period or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

3.3.4.2 Lease liabilities

At the commencement date of the lease, the Company recognises lease liability measured at the present value of lease payment to be made over the lease term. The lease payment includes fixed payments (including in-substance fixed payments) less any lease incentive receivables, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payment also includes the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease terms reflect the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of the lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of the lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

3.2.5. Permanent land development costs

Permanent land development costs are those costs incurred making major infrastructure development and building new access roads on leasehold lands.

These costs have been capitalized and amortized over the remaining lease period.

Permanent impairment to land development costs is charged to the statement of comprehensive income in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.2.6. Repairs and maintenance

Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. This cost is depreciated over the remaining useful life of the related asset.

3.3. Non-current assets held for sale and discontinued operations

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale only when the sale is highly probable, and the asset is available for immediate sale in its present condition. In the statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

3.4. Biological assets

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

Biological assets are classified into mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are

SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications. Tea, rubber, palm oil, other plantations and nurseries are classified as biological assets.

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter-planting and fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), is classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads, including interest attributable to long-term loans used for financing immature plantations. The expenditure incurred on bearer biological assets (tea, rubber fields) which come into bearing during the year, is transferred to mature plantations. Expenditure incurred on consumable biological assets is recorded at cost at initial recognition and thereafter, at fair value at the end of each reporting period.

Biological assets are further classified as bearer biological assets and consumable biological assets.

3.4.1. Bearer biological assets

Bearer biological assets include tea, rubber and palm oil trees that are not intended to be sold or harvested but are grown for harvesting agricultural produce from such biological assets. The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – property, plant and equipment.

3.4.2. Harvestable agricultural produce on bearer biological assets

In accordance with LKAS 41, the Company recognizes agricultural produce growing on bearer plants at fair value less cost to sell. Change in the fair value of such agricultural produce is recognized in profit or loss at the end of each reporting period.

For this purpose, quantities of harvestable agricultural produce are ascertained based on the harvesting cycle of each crop category by limiting to one harvesting cycle based on last day of the harvest in the immediately preceding cycle. Further, 50% of the crop in that harvesting cycle is considered for the valuation.

For the valuation of the harvestable agricultural produce, the Company uses the following price formulas.

- Tea – bought leaf rate (current month) less cost of harvesting and transport
- Rubber – latex price (95% of current RSS1 price) less cost of tapping and transport

3.4.3. Consumable biological assets

Consumable biological assets include managed timber trees that are to be sold as biological assets. The managed timber trees are measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial.

The gain or loss arising on initial recognition of consumable biological assets at fair value less cost to sell and from a change in fair value less cost to sell off consumable biological assets is included in the statement of comprehensive income for the period in which it arises.

Consumable biological assets represent Eucalyptus Grandis timber trees that the Company grows and manages in its plantations. The Eucalyptus Grandis timber tree matures after 17 years and as per best harvesting practices, the trees can be harvested when they are 20 years old.

Eucalyptus Grandis trees at their initial stage (i.e., up to five years from the date of planting) are measured at cost.

The fair value of timber trees is measured using the Discounted cash flow (DCF) method taking into consideration the current market prices of timber, applied to expected timber content of trees at maturity by an independent professional valuation surveyor T.M.H. Mutaliph, incorporated valuer A.I.V. (Sri Lanka).

Grandis trees are measured at the directors' assessment of their fair value at each reporting date, after considering and making necessary adjustments to the independent valuer's report to reflect the requirements of the Sri Lanka Accounting Standard with respect to valuation. In the absence of market-based valuation measures, the fair value of biological assets is determined using the net present value of the expected future cash flows (discounted at a risk adjusted rate).

All other assumptions and sensitivity analysis are given in note 19 to the financial statements.

SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

The main variables in the DCF model are:

Variable	Comments
Currency	Sri Lankan Rupees
Timber content	Estimate based on physical verification of girth, height and considering the growth of each species in different geographical regions
Economic useful life	Estimate based on the normal life span of each spice by factoring the forestry plan of the Company
Selling price	Estimates based on price quotation extracted from timber corporation net of all the direct expenses, incurred in bringing the trees into saleable condition (Stumpage value)
Discount rate	Discount rate reflecting the possible variations in the cash flows and the risk related to the biological assets

3.4.4. Growing crop nurseries

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

3.4.5. Infilling cost on bearer biological assets

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

3.5. 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 capitalized as a part of the asset.

Borrowing costs that are not capitalized are recognized as expenses in the period in which they are incurred and charged to the statement of comprehensive income.

The amounts of the borrowing costs which are eligible for capitalization are determined in accordance with LKAS 23 – "Borrowing costs".

3.6. Intangible assets

3.6.1. Licenses

Separately acquired licenses are shown at historical cost. Licenses acquired in a business combination are recognized at fair value at the acquisition date. Licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives which is 10 years.

3.6.2.Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful life of 02 years.

Costs associated with maintaining computer software programes are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. These directly attributable costs include the software development and employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives, which do not exceed 02 years.

Costs relating to development of software are carried in capital work-in-progress until the software is available for use.

Other development expenditures that do not meet the above criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

3.7. Capital work–in–progress

The cost of capital work-in-progress is the cost of purchase or construction together with any related expenses thereon.

Expenditure incurred on capital work-in-progress for permanent nature or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

3.8. Investments

In the Company's separate financial statements, investments in subsidiaries and associates are stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

3.9. Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the 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 generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or a company of assets (the "cash generating unit, or CGU").

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 the statement of comprehensive income.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.10. Inventories

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow-moving items. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Manufactured inventories cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and estimated cost necessary to make the sale.

Inventory element	Valuation method
Input material	At average cost
Growing crop-nurseries	At the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads
Agricultural produce harvested from biological assets	Agricultural produce harvested from biological assets are measured at their fair value less cost to sell at the point of harvest. The finished and semi-finished inventories from agricultural produce are valued by adding the cost of conversion to the fair value of agricultural produce.
Spares and consumables	At average cost

3.11. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.11.1. Financial assets

3.11.1.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company business model for managing them. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset. The Company's financial assets include cash and short-term deposits, investments and trade and other receivables.

3.11.1.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)

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- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

a) Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely the payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. Financial instruments at amortized cost comprise of trade receivables, amounts due from related parties, deposits, advances and other receivables.

b) Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling

and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely the payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. The Company does not have any debt instruments at fair value through OCI.

c) Financial assets at fair value through OCI

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument- by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely the payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

3.11.1.3 Derecognition

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

- The rights to receive cash flows from the asset have expired
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing the involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

3.11.1.4 Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

3.11.1.5 Offsetting financial instruments

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

3.12.Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities in the statement of financial position.

3.13. Stated capital

3.13.1. Classification

Ordinary shares with discretionary dividends are classified as equity. Other shares are classified as equity or liability according to the economic substance of the particular instrument. Distribution to holders of a financial instrument classified as an equity instrument is charged directly to equity.

3.13.2. Share issue expenses

Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

3.13.3. Dividend to shareholders of the Company

Dividend distribution to the shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the shareholders.

3.14. Financial liabilities

3.14.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The financial liabilities include trade and other payables, bank overdrafts, debentures and loans and borrowings.

3.14.1.1 Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

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(a) Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

(b) Financial liabilities at amortized cost after initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognised in the Profit or loss statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortization process. Financial liabilities comprise interest bearing loans and borrowings, trade payables, other payables, income tax payables and amounts due to related parties.

3.14.1.2 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.15. Debenture

Financial Liabilities at amortised cost financial instruments issued by the Company that are not designated at fair value through profit or loss, are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares at amortised cost using the EIR method.

After initial recognition, such financial liabilities are substantially measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR. The EIR amortisation is included in "interest expenses" in the income statement. Gains and losses are recognized in the income statement when the liabilities are derecognised as well as through the EIR amortisation process. Currently, the Company has recorded debenture issued as financial liabilities at amortised cost.

3.16. Employee benefits

3.16.1. Defined benefit plan – gratuity

Defined benefit plan defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as years of service and compensation. The defined benefit plan comprises the gratuity provided under the payment of Gratuity Act, No 12 of 1983.

The liability recognized in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the date of the statement of financial position together with adjustments for unrecognized past service costs. The defined benefit obligation is calculated every year by independent actuaries, Messrs. Actuarial and Management Consultants (Private) Limited using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using appropriate interest rates by the actuarial valuer.

Past-service costs are recognized immediately in the statement of comprehensive income unless the changes to the defined benefit plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

The following assumptions based on which the results of the actuarial valuation was determined, are included in note 31 to the financial statements.

The key assumptions used by the actuary include the following:

a. Average rate of interest	- 14% (Per annum)	(Previous year 8% Per annum)
b. Average rate of salary increases		
- Worker	- 7.50% (Once in two years)	(Previous year 5.68%)
- Staff	- 8.50% (Per annum)	(Previous year 7.50%)
c. Average retirement age		
- Workers	- 60 years	(Previous year 60 years)
- Staff	- 60 years	(Previous year 60 years)
d. Daily wage rate	- Rs.800/-	(Previous year Rs. 700/-)

e. The Company will continue in business as a going concern.

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3.16.2. Defined contribution plans

For defined contribution plans, such as Ceylon Plantation Provident Society (CPPS) / Estate Staff Provident Society (ESPS), Employees' Provident Fund (EPF) and Employees' Trust Fund (ETF), the Company contribute 12% or 15% and 3% respectively, of the employees' basic or consolidated wage or salary. The Company have no further payment obligation once the contributions have been paid. The Company and the employees are members of these defined contribution plans.

3.16.3. Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

3.16.4. Termination benefits

Termination benefits are payable whenever an employee's service is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

3.17. Provisions

Provisions are recognized when the Company have a present legal or constructive obligation as a result of past events when it is more probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions for asset retirement obligations are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision by passage of time is recognized as finance cost.

3.18. Contingent liabilities and contingent assets

The Company does not recognize a contingent liability but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognized because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company. The Company does not recognize a contingent asset but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

3.19. Deferred revenue

3.19.1. Government grants and subsidies

Government grants are recognized where there is a reasonable assurance that the grant will be received and all attached conditions will be compiled with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Company receives non-monitory grants, the asset and the grant are recorded at gross nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments. Where loans or similar assistance are provided by the government or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as an additional government grant.

Grants related to property, plant and equipment other than grants received for biological assets are initially deferred and allocated to the statement of comprehensive income on a systematic basis over the useful life of the related property, plant and equipment.

Assets are amortized over their useful lives or unexpired lease period, whichever is lower.

The government grant related to the biological assets which are measured at fair value less cost to sell is directly charged to the carrying value of such assets in accordance with the applicable financial framework.

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3.19.2. Net income from operating rights given

The net income raised on giving up of operating rights to Lalan Rubbers (Pvt) Ltd is recognized as income in the statement of comprehensive income over a period of 42 years respectively, which is the period of operating lease in agreements.

3.20. Tax expense

Income tax expense comprises current, deferred tax and other statutory taxes. Income tax expense is recognized in the statement of comprehensive income except to the extent that it relates to items recognized directly in the statement of changes in equity.

a) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the tax on dividend income.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act. No. 24 of 2017 and subsequent amendments thereto.

Current tax assets and 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.

b) Deferred tax

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

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

Deferred tax assets and liabilities are not discounted.

The net increase in the carrying amount of deferred tax liability net of deferred tax asset is recognized as deferred tax expense and conversely any net decrease is recognized as reversal to deferred tax expense, in the statement of comprehensive income.

c) Tax on dividends

Dividends distributed out of taxable profit of the local companies attract a 14% deduction at source.

d) Sales taxes

Revenues, expenses and assets are recognized net of the amount of sales tax except for the following;

- Sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

  The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of other receivables or other payables in the statement of financial position.

e) IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation requires:

- The Company to determine whether uncertain tax treatments should be considered separately, or together, based on which approach provides better predictions of the resolution;
- The Company to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those

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examinations.

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

The Company applies significant judgment in identifying uncertainties over income tax treatments. The Company assessed whether the Interpretation had an impact on its financial statements. Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions. The Company determined, based on its tax compliance that it is probable that its tax treatments will be accepted by the taxation authorities.

3.21. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Under SLFRS 15, revenue is recognized upon satisfaction of performance obligation.

The Company is in the business of cultivation, manufacture and sale of black tea, rubber and other crops (Plantation produce). Revenue from contracts with customers is recognized when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer.

3.21.1. Sale of goods

Revenue from sale of plantation produce is recognized at the point in time when the control of the goods is transferred to the customer. Black tea and Rubber produce are sold at the Colombo Tea/Rubber Auction and the highest bidder whose offer is accepted shall be the buyer, and a sale shall be completed at the fall of the hammer, at which point control is transferred to the customer. Revenue from sale of other crops are recognized at the point in time when the control of the goods has been transferred to the customer generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer.

3.21.2. Interest income

Interest income is recognized based on the effective interest method.

Interest income on financial assets at FVTPL is recognized as part of net gains or losses on these financial instruments.

Interest income of financial assets at amortized cost is calculated by using the effective interest method and is recognized as finance income.

3.21.3. Rental income

Rental income is recognized on an accrual basis in accordance with the substance of the relevant agreement.

3.21.4. Gains and losses on disposal

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant and equipment and are recognized within 'other operating income' in the statement of comprehensive income.

3.21.5. Amortization of Government grants received

An unconditional government grant related to a biological asset is recognized in the statement of comprehensive income as other income when the grant becomes receivable.

Other government grants are recognized initially as deferred income at fair value when there is a reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant and are then recognized in the statement of comprehensive income as other income on a systematic basis over the useful life of the asset.

Grants that compensate for expenses incurred are recognized in the statement of comprehensive income as other income on a systematic basis in the same periods in which the expenses are recognized.

3.21.6. Gains arising from changes in fair value of biological assets

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs are recognized in the statement of comprehensive income. Gains or losses arising on change in fair value due to subsequent measurements are recognized in the statement of comprehensive income in the period in which they arise.

3.21.7. Dividend income

Dividend income is recognized in the statement of comprehensive income on the date the entity's right to receive payment is established.

3.22. Expenditure recognition

Expenses are recognized in the statement of comprehensive income on the basis of a direct association between the cost incurred

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and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

For the purpose of presenting the statement of comprehensive income, the directors are of the opinion that the function of expenses method presents fairly the elements of the Company's performance, and hence, thus presentation method is adopted.

3.23. Earnings per share

The Company presents basic and diluted 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, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.24. Comparatives

Where necessary, comparative figures have been adjusted to conform to the changes in presentation of the financial statements for the current year.

3.25. Related party disclosures

3.25.1. Transactions with related parties

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard 24. The pricing applicable to such transactions is based on the assessment of the risk and pricing model of the Company and is comparable with what is applied to transactions between the Company and its unrelated customers.

3.25.2. Transactions with key management personnel

According to Sri Lanka Accounting Standard 24 "Related Party Disclosures", key management personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including executive and non-executive directors), personnel holding designation of general manager and above positions and their immediate family members have been classified as key management personnel of the Company.

The immediate family member is defined as the spouse or a dependent. A dependent is defined as anyone who depends on the respective Director for more than 50% of his/her financial needs.

3.26. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

Accordingly, the segment comprises tea, rubber, palm oil and others as described in note 46 to the financial statements.

Revenue and expenses directly attributable to each segment are allocated to the respective segments. Revenue and expenses not directly attributable to a segment are allocated on the basis of their resource utilization, wherever possible.

Assets and liabilities directly attributable to each segment are allocated to the respective segments. Assets and liabilities, which are not directly attributable to a segment, are allocated on a reasonable basis wherever possible. Unallocated items comprise mainly the interest bearing borrowings, finance lease liability to the government and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one accounting period.

3.27. Events after the reporting date

All material events after the reporting date have been considered and where appropriate, adjustments, or disclosures, have been made in the respective notes to the financial statements.

4. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities are exposed to variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Company's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effect on the financial performance of the Company. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to the Company's financial risk management policies. The Board of Directors regularly reviews these risks and approves the risk management policies, which cover the management of these risks.

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Market risk consists of:

- Fair value interest rate risk – risk that the value of a financial instrument will fluctuate due to changes in market interest rates.
- Cash flow interest rate risk – risk that future cash flows associated with a financial instrument will fluctuate. In the case of a floating rate debt instrument, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value.
- Price risk – risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.
- Credit risk – risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.
- Liquidity risk (funding risk) – risk that an entity will encounter difficulty in raising funds to meet the commitments associated with financial instruments.

4.1. Cash flow and fair value interest rate risk

The Company have cash and bank balances including deposits placed with creditworthy licensed banks and financial institutions. The Company manages the interest rate risks by actively monitoring the yield curve trend and interest rate movement for the various cash and bank balances.

The Company's borrowings comprise borrowings from financial and non-financial institutions and debentures. The Company's interest rate risk objective is to manage an acceptable level of rate fluctuation on the interest expense. In order to achieve this objective, the Company targets a composition of fixed and floating borrowings based on assessment of its existing exposure and desirable interest rate profile. The Company analyse the interest rate exposure on a dynamic basis.

4.2. Credit risk

Credit risk is the risk that the counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities. Individual risk limits are set, based on internal or external ratings. The utilization of credit limits is regularly monitored.

The Company place its cash and cash equivalents with a number of creditworthy financial institutions. The Company's policy limits the concentration of financial exposure to any single financial institution. The maximum credit risk exposure of the financial assets of the Company is approximately their carrying amounts as at the date of the statement of financial position.

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

As at 31 March	2022 (Rs)	2021 (Rs)
Trade receivables	111,751,959	80,858,756
Investments	372,487,431	486,349,076
Amounts due from related parties	2,789,925	2,294,774
Cash and cash equivalents	50,553,123	40,834,234
	537,582,438	**610,336,840**

4.2.1. Trade and other receivables

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as at 31st March 2022.

As at 31 March 2022 (Rs)	Weighted average loss rate %	Gross carrying amount	Impairment loss allowance	Credit Impaired
Past due 1 to 30 days	-	111,751,959	-	No
Past due 31 to 180 days	-	-	-	No
Past due more than 180 days	-	-	-	No
	-	**111,751,959**	**-**	**-**
As at 31 March 2021				
Past due 1 to 30 days	-	80,858,756	-	No
Past due 31 to 180 days	-	-	-	No
Past due more than 180 days	-	-	-	No
	-	**80,858,756**	**-**	**-**

4.2.2. Investments

Credit risks from invested balance are managed by the Board of Directors. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to them. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

The Company held short term investments of Rs.372.4 Mn as at 31st March 2022 (2021 - Rs.486.3 Mn) which represents the maximum credit exposure on these assets.

4.2.3. Amount due from related parties

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each related company and the Company does not require a provision for impairment in respect of the amount due from related companies.

The Company held amounts due from related parties of Rs.2.8 Mn as at 31st March 2022 (2021 - Rs. 2.3 Mn) which represents its maximum credit exposure on these balances.

4.2.4. Cash and cash equivalents

The Company held cash and cash equivalents of Rs.50.5 Mn as at 31st March 2022 (2021 - Rs.40.8 Mn) which represent its maximum credit exposure on these assets.

The following table shows the credit ratings of the main banks with whom the Company has invested.

Bank	Credit rating
Sampath Bank PLC	AA-
Hatton National Bank PLC	AA-
Bank of Ceylon	AA-
Commercial Bank of Ceylon PLC	AA-
DFCC Bank PLC	AA-
National Development Bank PLC	AA-
Seylan Bank PLC	A

SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

4.3. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient liquid funds to meet its financial obligations.

In the management of liquidity risk, the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available.

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date. Lease liability and debentures were disclosed as undiscounted cash flows.

As at 31st March 2022 (Rs)	0 - 1 month	2 – 3 months	4 - 12 months	1 – 5 years	More than 5 Years	Total
Trade and other payables	315,703,116	90,019,724	68,960,315	-	-	474,683,155
Amounts due to related parties	2,767,853	-	24,138,113	-	-	26,905,966
Interest bearing borrowings	24,990,800	49,979,600	277,209,132	245,549,281	-	597,728,813
Bank overdraft	44,970,964	225,838,031	21,380,560	-	-	292,189,555
Lease liability	646,752	33,927,044	103,074,638	596,389,900	3,971,027,391	4,705,065,725
Debenture	22,862,972	-	69,859,081	931,372,880	-	1,024,094,933
Total	**411,942,457**	**399,764,399**	**564,621,839**	**1,773,312,061**	**3,971,027,391**	**7,120,668,147**

As at 31st March 2021 (Rs)	0 - 1 month	2 – 3 months	4 - 12 months	1 – 5 years	More than 5 Years	Total
Trade and other payables	238,222,043	272,253,765	56,719,534	-	-	567,195,342
Amounts due to related parties	10,492,410	11,044,642	6,074,553	-	-	27,611,606
Interest bearing borrowings	36,596,740	97,643,500	282,768,600	254,195,600	-	671,204,440
Bank overdraft	92,519,242	214,776,813	23,129,811	-	-	330,425,866
Lease liability	1,063,540	34,492,937	103,924,727	704,069,639	3,221,741,588	4,065,292,431
Debenture	28,648,140	-	69,859,081	748,693,917	244,978,088	1,092,179,226
Total	**407,542,121**	**630,211,657**	**542,476,305**	**1,706,959,157**	**3,466,719,676**	**6,753,908,911**

4.4. Market Risk

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

This is addressed through a policy of geographical diversification of exports sales. Separate managers are allocated to the business hubs based on the positioning of the global tea buyers of the Company. Such Managers keep in close touch with foreign agents/buyers. Further, the Company operates in domestic markets through local distributors, supermarkets, and the tea shop. Constant and active awareness of changing market conditions is the key to mitigating such risks.

Capital expenditure and working capital expenditure requirements of the Company are financed through internally generated cash flows as well as external financing arrangements. Management has arranged financial facilities with several financial institutions to support future financial requirements.

4.4.1. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings. The fluctuation in the Average Weighted Prime Lending Rate (AWPLR) results in the effective interest rate of the borrowings usually without a corresponding change in the fair value.

The Central Bank of Sri Lanka (CBSL) adopted a tightening monetary policy stance during the latter part of the financial year, resulting in an upward trend in interest rates. Elevated pressures on inflation on account of many factors including increases in global commodity prices, food supply and the sharp depreciation of the currency in March 2022 have resulted in strong policy actions by the CBSL on monetary policy post at the end of the reporting period. Such actions have raised monetary policy rates significantly and helped to bridge the gap between policy and market interest rates.

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

As at March Financial Liabilities	2022 (RS)	2021 (RS)
Interest bearing borrowings	597,728,813	671,204,440
Debenture	636,241,010	625,295,820
Bank overdrafts	292,189,555	330,425,866
	1,526,159,378	1,626,926,126

Interest Rate Sensitivity

A reasonably possible change in interest rates as at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. Within all other variables held constant, the Company's Profit before tax is affected through the impact on floating rate borrowings as follows:

Company	Increase/Decrease in Interest rate	Effect on profit before tax (Rs)
2022	+ 1%	(15,659,683)
	- 1%	15,659,683
2021	+ 1%	(20,760,362)
	- 1%	20,760,362

5. CAPITAL MANAGEMENT RISK

The primary objective of the Company and the group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may or may not make dividend payments to shareholders, return capital to shareholders or issue new shares or other instruments.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total equity. Total borrowings include non-current and current interest bearing borrowings and debentures as shown in the statement of financial position. Total equity is calculated as 'total equity' in the statement of financial position.

(Rs.)	2021/2022	2020/2021	2019/2020
Borrowings	1,233,969,823	1,296,500,260	1,711,228,157
Total equity	1,610,747,904	1,410,447,260	1,282,634,030
Gearing Ratio	77%	92%	133%

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

6.1. Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

6.1.1. Estimated useful lives of property, plant and equipment

The Company reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation charge and decrease the property, plant and equipment's carrying value.

6.1.2. Taxation

i. Income taxes

Judgment is involved in determining the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for tax matters based on the estimates of whether additional taxes will be due. If the final outcome of these tax matters results in a difference in the amounts initially recognized, such differences will impact the income tax and/ or deferred tax provisions in the period in which such determination is made.

ii. Deferred tax

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. This involves judgment regarding future financial performance of a particular entity in which the deferred tax asset has been recognized.

SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

iii. IFRIC Interpretation 23 Uncertainty over income tax treatment

The Company applies significant judgment in identifying uncertainties over income tax treatments. The Company assessed whether the Interpretation had an impact on its financial statements. Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions. The Company determined, based on its tax compliance that it is probable that its tax treatments will be accepted by the taxation authorities.

6.1.3. Fair valuation of consumable biological assets timber

The fair value of timber trees is measured using the DCF method taking into consideration the available log and tree prices in city centers less point-of-sale-costs applied to expected timber content of a tree at maturity and changes in fair value reflected in the statement of comprehensive income.

6.1.4. Fair value of derivatives and other financial instruments

Certain financial instruments such as investments, derivative financial instruments and certain elements of borrowings are carried on the statement of financial position at fair value, with changes in fair value reflected in the statement of comprehensive income.

Fair values are estimated by reference in part to published price quotations and in part by using valuation techniques. The fair value of financial instruments that are not traded in an active market is determined by using the valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each financial reporting period.

6.1.5. Impairment of non-current assets

The Company tests annually the indicators to ascertain whether non-current assets (including intangibles) have suffered any impairment, in accordance with the accounting policy stated in note 3.9. These calculations require the use of estimates.

6.1.6. Defined benefit plan – gratuity

The present value of the defined benefit plan depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for defined benefit plan include the discount rate, future salary increase rate, mortality rate, withdrawal and disability rates and retirement age. Any changes in these assumptions will impact the carrying amount of the defined benefit plan. The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows, expected to be required to settle the defined benefit plan. In determining the appropriate discount rate, the Company considers the interest yield of long-term government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related defined benefit plan. Other key assumptions for defined benefit plan are based in part on current market conditions (note 3.16.1).

6.1.7. Provisions

The Company recognizes provisions when they have a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgments about the ultimate resolution of these obligations. As a result, provisions are reviewed at each statement of financial position date and adjusted to reflect the Company's current best estimate.

6.1.8. Contingent liabilities

Determination of the treatment of contingent liabilities in the financial statements is based on the management's view of the expected outcome of the applicable contingency. The Company consults with legal counsel on matters related to litigation and other experts both within and outside the Company with respect to matters in the ordinary course of business.

6.1.9. Impairment of trade receivables

The Company applies the SLFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers.

NOTES TO THE FINANCIAL STATEMENTS

Rs.	Note	2021/2022	2020/2021
7. REVENUE			
7.1 Industry segment			
Tea		3,257,739,731	3,525,090,295
Palm oil		119,784,593	-
		3,377,524,324	**3,525,090,295**

8. COST OF SALES

Tea		3,120,544,212	3,222,105,617
Palm oil		32,264,796	-
		3,152,809,008	**3,222,105,617**

9. OTHER INCOME

Income from leasing of bungalows and renting land for communication towers		26,399,485	26,427,875
Revenue share income from Eco Power (Pvt) Ltd		2,340,712	164,445
Income from Sapumalkande tea factory		9,562,500	8,896,972
Profit on disposal of property, plant and equipment		19,335,406	3,788,333
Profit on disposal of subsidiary/associate company		-	29,237,803
Amortization of grants	32	14,065,585	20,324,255
Income from operating rights given to LRL	33.1	9,381,310	9,381,310
Income Noori and Maliboda tea factories		14,550,000	16,800,000
Profit on sale of refuse tea		90,731,715	58,471,906
Revenue share of Tea Trails (Pvt) Ltd		1,127,627	15,540,297
Gain/(loss) on fair value of produce on bearer plants - Tea	22	(3,604,996)	2,610,296
Net income from solar project		6,265,732	5,185,531
Dividend income		-	3,000,000
Other income		18,058,461	12,093,389
Written back on long outstanding payables		-	3,516,262
		208,213,537	**215,438,674**

10. MANAGEMENT FEE EXPENSES

Previous year's total comprehensive income net of tax		127,813,229	(474,101,423)
Less: The gain on fair value of biological assets		(158,505,904)	(141,999,939)
		(30,692,675)	**(616,101,362)**
Management fee to managing agent including applicable taxes		**-**	**-**

As per the agreement entered into with the managing agent Metropolitan Resource Holdings Limited, the management fee is computed based on the total comprehensive income net of tax less the gain/(loss) on fair valuation as follows:

- 6% of the previous year's total comprehensive income, for the year net of tax less the gain/(loss) on fair valuation up to Rs.100 Mn.
- 8% of the previous year's total comprehensive income, for the year, net of tax less the gain/(loss on fair valuation slabs over and above Rs.100 Mn up to Rs.200 Mn.
- 10% of the previous year's total comprehensive income, for the year, net of tax less the gain/(loss on fair valuation over Rs.200 Mn and above.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Rs.	2021/2022	2020/2021
11. NET FINANCE EXPENSES		
Finance income		
Interest income	40,285,068	53,154,093
Finance expenses		
Interest on finance leases	(2,096,228)	(2,746,442)
Interest on bank overdrafts	(29,750,951)	(21,022,389)
Lease interest to JEDB/SLSPC	(141,321,799)	(172,074,516)
Interest on long term loans	(45,966,891)	(50,447,561)
Interest on debentures	(82,697,677)	(130,532,681)
Loss on debentures early redemption	-	(23,923,048)
Net finance expense	**(261,548,478)**	**(347,592,544)**

12. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging all expenses including the followings:

	2021/2022	2020/2021
Directors' emoluments	21,457,700	19,907,080
Auditor's remuneration - Audit services	2,402,357	2,648,125
Depreciation/amortization on:		
-Right of use assets - land	44,609,670	56,369,563
- motor vehicle	6,598,333	9,750,827
-Immovable (JEDB/SLSPC) estate assets on finance lease (other than right of use land)	7,792	7,792
-Property, plant and equipment	51,115,127	54,269,149
-Bearer biological assets	85,201,670	83,018,939
Staff costs		
-Retirement benefit obligations (including provision for bolted workers)	128,422,813	160,699,242
-Salaries and wages	2,228,900,538	2,200,722,431
-EPF and ETF	8,769,070	7,953,156
Bearer Biological Assets		
-Immature palm oil - write off	63,428,229	-
-Over grown nursary plant - write off	3,917,947	-
-ESC Write off	15,269,110	-

13. INCOME TAX EXPENSES

13.1 Current income tax expense

	2021/2022	2020/2021
Current income tax on profit for the year	-	-
	-	-

13.2 Deferred tax expense

		2021/2022	2020/2021
Origination / (reversal) of temporary differences	(Note 35)	(56,997,729)	28,935,739
		(56,997,729)	**28,935,739**
Total tax expense		**(56,997,729)**	**28,935,739**

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

13.3 Reconciliation of accounting profit/(loss) to current income tax expense

Numerical reconciliation between the tax expense/(income) and the product of accounting profit multiplied by the applicable tax rate disclosing also the basis on which the applicable tax rate is computed are given below:

Rs.	2021/2022	2020/2021
Statutory tax rate	**14%**	**14%**
Accounting profit	**42,716,980**	**153,417,494**
Tax expense on accounting profit	5,980,377	21,478,449
Add : Tax effect of disallowable expenses in determining taxable income	79,165,248	51,230,701
Less : Tax effect of allowable expenses in determining taxable income	(79,452,758)	(78,896,375)
Add : Tax effect of adjusted loss from trade or business	5,269,765	14,885,832
Add : Tax on interest income	5,639,910	12,756,982
Less : Tax effect of tax loss set off in determining taxable income	(16,602,542)	(21,455,589)
Current income tax expense charge to the statement of comprehensive income	**-**	**-**

The profits from agro farming are exempted. The profit from agro processing is taxed at 14% (2021 - 14%). The Company has been granted a 25% reduction on tax payable on agro processing as per Inland Revenue (Amendment) Act, No 10 of 2021.

14. EARNINGS PER ORDINARY SHARE

14.1 Basic earnings per ordinary share

The calculation of basic earnings per ordinary share has been done based on net profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue as at the reporting date and calculated as follows:

Rs.	2021/2022	2020/2021
Net profit attributable to ordinary shareholders (Rs.)	**99,714,709**	**124,481,754**
Weighted average number of ordinary shares in issue (Nos)	**83,750,001**	**83,750,001**
Basic earnings per ordinary share (Rs.)	**1.19**	**1.49**

14.2 Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share is based on net profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares. There were no potentially dilutive shares outstanding at any time during the year/previous year. Therefore, basis earnings per share and diluted earnings per share are the same for the current and previous years.

Rs.	2021/2022	2020/2021
15. DIVIDEND PER SHARE		
Dividend paid (Rs.)	-	-
No. of ordinary shares in issue (Nos.)	83,750,001	83,750,001
Dividend per ordinary share (Rs.)	**-**	**-**

16. RIGHT-OF-USE ASSETS

Rs.	Note	As at 31.03.2022	As at 31.03.2021
Right-of-use asset-land	16.1	1,164,245,682	1,055,384,351
Right-of-use asset JEDB/SLSPC estate assets	16.2	99,542	107,334
Right-of-use assets - motor vehicle	16.3	7,085,493	13,683,826
Written down value		**1,171,430,717**	**1,069,175,511**

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

16.1 Right-of-use asset-land

JEDB/SLSPC estates allocated to the Company have been handed over to, and are being operated by the Company. Lease deeds of all estates have been executed. All leases signed are retroactive to 22nd June 1992, the date of formation of the Company. The leasehold rights to use of bare land on all estates have been taken into the books of the Company on 22nd June 1992 immediately after the formation of the Company in terms of the ruling on this matter obtained from the Urgent Issue Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. For this purpose, the Board decided at its meeting on 08th March 1995 that the values attached to the right to use land would be those determined by Valuation Specialist, Mr.D.R.Wickramasinghe just prior to the formation of the Company. The valuation report referred to above was not subjected to a land survey.

Rs.	As at 31.03.2022	As at 31.03.2021
Capitalized value		
Revaluation as at 22nd June, 1992	1,168,123,478	1,465,608,652
Re-measurement of lease liability	153,471,001	(297,485,174)
Balance at the end of the year	**1,321,594,479**	**1,168,123,478**
Amortization		
Balance at the beginning of the year	112,739,127	56,369,564
Amortization for the year	44,609,670	56,369,563
Balance at the end of the year	**157,348,797**	**112,739,127**
Written down value	**1,164,245,682**	**1,055,384,351**

The leasehold right to use of bare land is being amortized by equal amounts over a 53 year period and the unexpired period of the lease, as at the date of the statement of financial position is, 23.25 years.

16.2 Right of use asset JEDB/SLSPC estate assets

As more fully explained in the note 16, all JEDB/SLSPC estate lease deeds have been executed to date. In terms of the ruling of the UITF of The Institute of Chartered Accountants of Sri Lanka which prevailed at the time of privatization of plantation estates, all immovable assets in the JEDP/SLSPC estates under finance leases have been taken into the books of the Company retroactive to 22nd June 1992. For this purpose, the Board decided at its meeting on 08th March 1995, that these assets be revalued at their book values as they appear in the books of the JEDB/SLSPC, on the day immediately preceding the date of formation of the Company. These assets are taken into the statement of financial position as at 22nd June 1992 and amortized as follows:

16.2.1 Capitalized value

Rs.	Buildings	Plant and machinery	Total
Revaluation as at 22nd June 1992	64,948,134	13,272,826	78,220,960
Balance as at 31st March 2021	64,948,134	13,272,826	78,220,960
Balance as at 31st March 2022	**64,948,134**	**13,272,826**	**78,220,960**

16.2.2 Amortization

Balance at the beginning of the year	64,840,800	13,272,826	78,113,626
Amortization for the year	7,792	-	7,792
Balance at the end of the year	64,848,592	13,272,826	78,121,418
16.2.3 Written down value as at 31st March, 2022	**99,542**	**-**	**99,542**
16.2.4 Written down value as at 31st March, 2021	**107,334**	**-**	**107,334**

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

16.2.5 Assets are being amortized in equal annual amounts over the following periods:

Mature plantations/improvements to land (Note 18)	- 30 years
Buildings	- 25 years
Plant and machinery	- 15 years

As per the JEDB/SLSPC lease agreement which entered with the Government in 1992, lease rentals were payable on right of use asset -land and other depreciable assets. As the lease rentals applicable to other depreciable assets have been fully settled considering the values of those assets, Management believes that the remaining lease rental payables are purely applicable to right of use asset – land.

16.3 Right of use assets - motor vehicle

Rs.	**As at 31.03.2022**	**As at 31.03.2021**
Cost		
Balance at the beginning of the year	52,972,230	52,972,230
Balance at the end of the year	**52,972,230**	**52,972,230**
Amortization		
Balance at the beginning of the year	39,288,404	29,537,577
Amortization for the year	6,598,333	9,750,827
Balance at the end of the year	45,886,737	**39,288,404**
Written down value	**7,085,493**	**13,683,826**

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

17. TANGIBLE ASSETS OTHER THAN BEARER BIOLOGICAL ASSET

17.1.1 Cost

Rs.	Buildings	Plant and machinery	Motor vehicles	Water sanitation	Equipment	Furniture and fittings	Others	Total
Balance at the beginning of the year	354,040,240	873,917,439	66,108,133	172,001,022	72,244,002	12,229,992	100,469,039	1,651,009,867
Additions during the year	191,500	599,400	550,000	-	1,878,066	8,774,625	1,565,495	13,559,086
Disposals during the year	-	(3,189,449)	(10,000,000)	-	-	-	(1,257,105)	(14,446,554)
Balance at the end of the year	**354,231,740**	**871,327,390**	**56,658,133**	**172,001,022**	**74,122,068**	**21,004,617**	**100,777,429**	**1,650,122,399**

17.1.2 Accumulated depreciation

Balance at the beginning of the year	114,136,368	634,595,409	65,607,062	119,629,894	61,865,348	7,325,447	96,115,751	1,099,275,279
Charge for the year	8,711,471	27,448,047	840,580	7,309,648	3,994,706	684,486	2,126,189	51,115,127
Accumulated depreciation on disposals	-	(3,189,449)	(10,000,000)	-	-	-	(1,208,105)	(14,397,554)
Balance at the end of the year	**122,847,839**	**658,854,007**	**56,447,642**	**126,939,542**	**65,860,054**	**8,009,933**	**97,033,835**	**1,135,992,852**
17.1.3 Written down value as at 31st March 2022	**231,383,901**	**212,473,383**	**210,491**	**45,061,480**	**8,262,014**	**12,994,684**	**3,743,594**	**514,129,547**
17.1.4 Written down value as at 31st March 2021	**239,903,872**	**239,322,030**	**501,071**	**52,371,128**	**10,378,654**	**4,904,545**	**4,353,288**	**551,734,588**

17.1.5 The residual values and useful lives of the above assets have been evaluated at the end of the year and changes of any of those estimations have not been recognized. The Company has evaluated both internal and external indicators of impairment of long lived assets and has not identified the presence of any such indicators at the end of the financial year. The management is confident that there is no estimation uncertainty at the date of the statement of financial position that would have a significant risk of causing material adjustment to the carrying value of assets and liabilities within the financial year.

17.1.6 The assets shown above are those movable and immovable assets vested in the Company by Gazette Notification on the date of formation of the Company (22nd June 1992) and all investments in tangible assets by the Company since its formation. The assets taken over by way of estate leases are set out in note 16 above.

17.1.7 Cost of property, plant and equipment of the Company as at the reporting date includes the fully depreciated assets amounting to Rs. 269,055,604/-.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

17. TANGIBLE ASSETS OTHER THAN BEARER BIOLOGICAL ASSETS (CONTD.)

17.2 Information of the freehold building of the Company is disclosed below as required under Rule 7.6 (VIII) of the Colombo Stock Exchange listing rules.

Location/Estate	Square feet	No. of buildings	Cost as at 31.03.2022 Rs.	Net book value as at 31.03.2022 Rs.
Kotiyagala	10,422	218	28,923,420	15,709,046
Bogawana	10,201	144	12,655,309	7,761,062
Campion	25,536	192	20,620,777	11,363,677
Norwood	35,689	156	40,279,624	28,283,556
Wanarajah	36,624	218	17,325,487	10,983,722
Lethenty	8,231	188	39,231,101	30,001,317
Bogawantalawa	25,292	139	18,937,314	12,815,588
Fetteresso	3,545	126	11,951,939	7,658,331
Loinorn	31,391	103	10,866,400	6,705,673
Osborne	2,323	128	25,888,044	22,348,871
Poyston	31,203	90	4,194,439	1,952,794

18. BEARER BIOLOGICAL ASSETS

			Mature plantations					
	Immature plantations		Before formation of the company		After formation of the company		Total	
Rs.	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
18.1 Cost								
Balance at the beginning of the year	932,505,362	903,062,724	555,387,492	555,387,492	1,846,726,135	1,745,571,369	3,334,618,989	3,204,021,585
Additions during the year	159,886,902	130,597,404	-	-	-	-	159,886,902	130,597,404
Less: Written off - Palm oil	(63,428,229)	-	-	-	-	-	(63,428,229)	-
Transfer in from biological asset at initial stage	11,281,755	-	-	-	-	-	11,281,755	-
Transfers in/(out)	(133,465,747)	(101,154,766)	-	-	133,465,747	101,154,766	-	-
Balance at the end of the year	**906,780,043**	**932,505,362**	**555,387,492**	**555,387,492**	**1,980,191,882**	**1,846,726,135**	**3,442,359,417**	**3,334,618,989**
18.2 Depreciation								
Balance at the beginning of the year	-	-	498,670,189	481,192,797	555,443,761	489,902,214	1,054,113,950	971,095,011
Charge for the year	-	-	15,583,662	18,074,992	69,618,008	61,912,922	85,201,670	83,018,939
Balance at the end of the year	**-**	**-**	**514,253,851**	**499,267,789**	**625,061,769**	**551,815,136**	**1,139,315,620**	**1,054,113,950**
18.3 Written down value	**906,780,043**	**932,505,362**	**41,133,641**	**56,119,703**	**1,355,130,113**	**1,294,910,999**	**2,303,043,797**	**2,280,505,039**
Growing crop nurseries							6,657,851	7,514,049
Less: Write off - Overgrown palm oil plants							(3,917,947)	-
Total written down value							**2,305,783,701**	**2,288,019,088**

There are investments in immature/mature plantations since the formation of the Company. The assets (including plantation assets) taken over by way of estate leases are setout in note 16. Further, investment in mature plantations taken over by way of these leases is shown in the above note.

The Company has decided to measure the bearer biological assets at cost using LKAS 16 - property, plant and equipment.

18.4 Borrowing cost incurred in respect of replanting amounting to Rs.39,601,997/- (2020/2021-Rs.44,247,260/-) has been capitalized to immature plantation during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

19. CONSUMABLE BIOLOGICAL ASSETS - MANAGED TIMBER PLANTATIONS

Rs.	Note	As at 31.03.2022	As at 31.03.2021
Balance at the beginning of the year		1,203,529,981	1,000,781,137
Transfers during the year		-	61,052,539
Decrease due to harvesting		(69,327,800)	(16,809,599)
Gain on fair valuation		115,327,800	158,505,904
		1,249,529,981	**1,203,529,981**
Increase due to new planting	19.1	11,963,957	20,100,808
Growing crop nurseries		3,592,755	2,556,975
Balance at the end of the year		**1,265,086,693**	**1,226,187,764**

19.1 Biological assets at initial stage

Cost			
Balance at the beginning of the year		20,100,808	65,817,915
Add : Additions during the year		3,144,904	15,335,432
Less : Transfers (out) to bearer biological asset immature plantation		(11,281,755)	-
Less : Transfers (out) to mature plantation		-	(61,052,539)
Balance at the end of the year		**11,963,957**	**20,100,808**

19.2 The biological assets, Eucalyptus Grandis mature and immature timber trees of the Company were inspected and valued by Mr. T.M.H.Mutaliph, independent Valuers as at 31st March 2022. Accordingly, the fair value of these trees has been determined as being Rs.1,249,529,981/- as at 31st March, 2022.

The fair value is determined as being the net present value of expected future cash flows (discounted at a risk adjusted rate). Significant assumption used for the calculation are, as follows:

a) Trees will reach maturity, 20 years after planting and further 40% of the existing inventory of trees will be thinned out during the next 02 to 05 years with clear fell at 20 years.

b) Trees have been valued as per the current timber prices in the domestic market based on the price list of the State Timber Corporation and prices of timber trees sold by estates and prices of logs and sawn timber sold by popular timber traders in Sri Lanka.

c) Future cash flows are determined by references to current timber prices without considering the inflationary effect.

d) The ongoing costs of growing the trees which are deducted in determining the net cash flows are constant in real terms.

e) A discounting rate of 13.14% per annum is applied to the estimated cash flows. The rate was determined having regard to the followings:

(i) The weighted average long term bond rate

(ii) The adjusted risk premium by considering

- Specific provision made in the "FMP" and the valuation schedule
- The illiquid nature of the plantations prior to maturity
- A lack of market evidence as to the value of biological assets through their life cycle
- Risk relations to diseases and fire affecting the biological assets
- Adoption of conservative valuation approach

f) Biological assets at initial stage

The Company has separately identified biological assets at their initial stage (that is Eucalyptus Grandis below 5 years from the date of planting) and has valued at cost due to the fact that the fair value of those assets cannot be measured reliably.

19.3 Potential risks timber plantations

The Company is exposed to the following risks in relation to timber plantations;

a) Supply and demand risk

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

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

19. CONSUMABLE BIOLOGICAL ASSETS - MANAGED TIMBER PLANTATIONS (Contd.)

the market and to ensure that projected harvest volumes are consistent with the expected demand.

b) Regulatory and environmental risks

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

c) Climate and other risks

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

19.4 Sensitivity analysis

19.4.1 Sensitivity variation on sales price

Net present value of the biological assets as appearing in the statement of financial position are very sensitive to the changes in the average sales prices applied. Simulations made for timber show an increase or decrease by 10% of the estimated future selling price while other variables remained unchanged, has the following effect on the net present value of biological assets:

(Rs.)	+10%	0%	-10%
Managed timber	1,498,578,412	1,249,529,981	1,225,418,236

19.4.2 Sensitivity variation on discount rate

Net present value of the biological assets as appearing in the statement of financial position are very sensitive to changes of the discount rate applied. Simulations made for timber show that an increase or decrease by 1% of the estimated future discount rate has the following effect on the net present value of biological assets:

(Rs.)	14.14%	13.14%	12.14%
Managed timber	1,369,357,613	1,249,529,981	1,371,538,243

20. CAPITAL WORK-IN-PROGRESS

Rs.	As at 31.03.2022	As at 31.03.2021
Balance at the beginning of the year	5,045,142	8,744,096
Additions during the year	8,163,369	6,433,156
	13,208,511	**15,177,252**
Less: Capitalized during the year	(64,000)	(10,132,110)
Balance at the end of the year	**13,144,511**	**5,045,142**

21. INVESTMENTS IN EQUITY SHARES

Rs.	Percentage holding	As at 31.03.2022	As at 31.03.2021
21.1Investments in unquoted equity shares	11%		
Tea Trails (Pvt) Ltd			
Balance at the beginning of the year		42,941,412	52,471,262
Changes in fair value recognized in other comprehensive income		(5,066,067)	(9,529,850)
Balance at the end of the year		**37,875,345**	**42,941,412**

The Company has received 1,500,000 ordinary shares of Rs.10/- each free of charge from Tea Trails (Pvt) Ltd, as promoter shares. A corresponding entry has been credited to the income statement in the year 2005/2006.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

22. PRODUCE ON BEARER PLANTS

Rs.	As at 31.03.2022	As at 31.03.2021
Balance at the beginning of the year	10,445,896	7,835,600
Changes in fair value less cost to sell	(3,604,996)	2,610,296
Balance at the end of the year	**6,840,900**	**10,445,896**

23. INVENTORIES

Rs.	As at 31.03.2022	As at 31.03.2021
Input materials	43,760,591	47,173,956
Harvested crops	310,150,189	326,387,321
	353,910,780	**373,561,277**

24. TRADE AND OTHER RECEIVABLES

Rs.	As at 31.03.2022	As at 31.03.2021
Trade receivables	111,751,959	80,858,756
Deposits, prepayments and other receivables	76,520,562	55,196,294
Economic service charges recoverable	12,721,319	27,990,429
Staff advances	44,234,959	48,439,677
Advance company tax recoverable	17,926,245	17,926,245
Withholding tax recoverable	9,378,538	9,378,538
	272,533,582	**239,789,939**

25. AMOUNT DUE FROM RELATED PARTIES

Rs. Name of the related party	Relationship	As at 31.03.2022	As at 31.03.2021
Metropolitan Resource Holdings Limited	Immediate parent	17,880	-
Bogawantalawa Tea Ceylon (Pvt) Ltd	Related entity	744,754	1,127,957
Lanka Mother and Child Support Foundation	Related entity	361,540	511,553
Eco Power (Pvt) Ltd	Related entity	344,997	366,422
Tea Trails (Pvt) Ltd	Related entity	1,145,467	242,901
Office Networks (Pvt) Ltd	Related entity	60,368	45,941
Ceylon Bungalows	Related entity	114,919	-
		2,789,925	**2,294,774**

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

26. SHORT TERM INVESTMENTS

Rs.	As at 31.03.2022	As at 31.03.2021
First Capital Holdings PLC	58,000,000	163,500,000
Bank of Ceylon	-	100,000,000
HNB Finance PLC	-	172,849,076
Mercantile Investments & Finance PLC	50,000,000	25,000,000
Vallibel Finance PLC	-	25,000,000
Richard Pieris Finance Ltd	25,900,000	-
LOLC Holdings PLC	238,587,431	-
	372,487,431	**486,349,076**

27. CASH AND CASH EQUIVALENTS

Rs.	As at 31.03.2022	As at 31.03.2021
27.1 Favourable balances		
Cash in hand	909,690	153,893
Cash at bank	49,643,433	40,680,341
	50,553,123	**40,834,234**
27.2 Unfavourable balances		
Bank overdrafts	(292,189,555)	(330,425,866)
Cash and cash equivalents for the purpose of cash flow statement	**(241,636,432)**	**(289,591,632)**

28. STATED CAPITAL

	As at 31.03.2022	As at 31.03.2021
28.1 Number of shares		
No. of ordinary shares including one golden share held by the Treasury which has special rights	**83,750,001**	**83,750,001**
28.2 Value of shares (Rs.)		
Value of ordinary shares including the value of one golden share held by the Treasury which has special rights	**586,250,010**	**586,250,010**

28.3The golden shareholder

The golden share is currently held by the Secretary to the Treasury and should be owned either directly by the Government of Sri Lanka or by a 100% Government owned public company. In addition to the rights of the normal ordinary shareholders, in terms of the articles of the Company, the following special rights are vested with the golden shareholder.

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

b) The golden shareholder shall be entitled to call upon the Board of Directors once in three months to meet him or his nominee to discuss matters of the Company to the state.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

29. INTEREST BEARING BORROWINGS

Rs.	Notes	2021/2022					2020/2021				
		Amount repayable within 1 year	Amount repayable within 2 - 5 years	Amount repayable after 5 years	Amount repayable after 1 year	Balance as at 31.03.2022	Amount repayable within 1 year	Amount repayable within 2 - 5 years	Amount repayable after 5 years	Repayable after1 year	Balance as at31.03.2021
Term loans	29.1	352,179,532	245,549,281	-	245,549,281	597,728,813	417,008,840	254,195,600	-	254,195,600	671,204,440
Total		**352,179,532**	**245,549,281**	**-**	**245,549,281**	**597,728,813**	**417,008,840**	**254,195,600**	**-**	**254,195,600**	**671,204,440**

29.1 Term loans

Rs.	Note	Balance as at 01.04.2021	New loans obtained	Repayments	Balance as at 31.03.2022
National Development Bank PLC	29.1.1	43,059,200	-	(16,665,600)	26,393,600
Commercial Bank of Ceylon PLC	29.1.2	235,161,530	174,454,700	(157,823,848)	251,792,382
Hatton National Bank PLC	29.1.3	164,983,710	100,000,000	(151,004,930)	113,978,780
Nations Trust Bank PLC	29.1.4	228,000,000	486,462,966	(508,898,915)	205,564,051
		671,204,440	**760,917,666**	**(834,393,293)**	**597,728,813**

29.1.1 National Development Bank PLC

Rs.	Term Loan	Amount of repayments per month	Total facility	Balance as at 01.04.2021	New loans obtained	Repayments	Balance as at 31.03.2022
Term loan 10	LD1511954549	1,388,800	100,000,000	43,059,200	-	(16,665,600)	26,393,600
			100,000,000	**43,059,200**	**-**	**(16,665,600)**	**26,393,600**

29.1.2 Commercial Bank of Ceylon PLC

Rs.	Loan No.	Amount of repayments per month	Total facility	Balance as at 01.04.2021	New loans obtained	Repayments	Balance as at 31.03.2022
Term loan 22	1963536	3,532,450	211,947,000	17,662,250	-	(17,662,250)	-
Term loan 27	2464703	6,510,280	60,000,000	6,510,280	-	(6,510,280)	-
Term loan	2653391/2809517	7,400,000	74,000,000	37,000,000	79,454,700	(65,892,618)	50,562,082
Term loan	2665582	1,300,000	13,000,000	6,500,000		(6,500,000)	-
Term loan 26	2376348	3,333,333	200,000,000	146,656,000		(36,674,000)	109,982,000
Saubhagya loan	2569490	1,389,000	25,000,000	20,833,000		(16,668,000)	4,165,000
Term Loan	2843506	659,725	95,000,000	-	95,000,000	(7,916,700)	87,083,300
			639,838,707	**235,161,530**	**174,454,700**	**(157,823,848)**	**251,792,382**

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

29. INTEREST BEARING BORROWINGS (CONTD.)

29.1.3 Hatton National Bank PLC

Rs.	Amount of repayments per month	Total facility	Balance as at 01.04.2021	New loans obtained	Repayments	Balance as at 31.03.2022
Term loan - Solar project	1,630,000	88,650,000	64,719,000	-	(17,748,000)	46,971,000
Short-term loan	-	200,000,000	100,000,000	-	(100,000,000)	-
Moratorium loan	264,714	1,588,280	264,710	-	(264,710)	-
HNB Loan No.16409	5,000,000	100,000,000	-	100,000,000	(32,992,220)	67,007,780
		390,238,280	**164,983,710**	**100,000,000**	**(151,004,930)**	**113,978,780**

29.1.4 Nations Trust Bank PLC

Rs.	Amount of repayments per month	Total facility	Balance as at 01.04.2021	New loans obtained	Repayments	Balance as at 31.03.2022
Term loan 1	6,666,667	200,000,000	126,666,666	-	(80,000,000)	46,666,666
Term loan 2	3,333,333	100,000,000	63,333,334	-	(40,000,000)	23,333,334
NTB short term loan	-	156,000,000	38,000,000	402,462,966	(388,898,916)	51,564,051
Term loan 2	1,400,000	84,000,000	-	84,000,000	-	84,000,000
		540,000,000	**228,000,000**	**486,462,966**	**(508,898,915)**	**205,564,051**

Details of the assets pledged are disclosed in note 45 to the financial statements.

30. DEBENTURES

The Company has issued 10,000,000 Debentures at Rs 85 (15% discounted from the par value) and raised Rs 850,000,000/-. Tenure of the debentures will be 5 , 6 and 7 years and the purpose of the issue was settlement of high cost debt, field development activities and factory development.

Rs.	As at 31.03.2022	As at 31.03.2021
Balance at the beginning of the year	625,295,820	873,765,447
Accrual of interest	110,090,649	151,067,400
	735,386,469	**1,024,832,847**
Less: Settlement of interest (Coupon)	(99,145,459)	(132,460,075)
Early redemption of debentures	-	(291,000,000)
Loss on early redemption of debentures	-	23,923,048
Balance at the end of the year	**636,241,010**	**625,295,820**

Type	Tenor	coupon interest rate	Annual effective rate	No of debenture allocated	Face value	Value of issued	Fair Value as at 31.03.2022
Type A	5 years	13%	16.19%	2,407,860	240,786,000	204,668,100	222,499,718
Type B	6 years	13.25%	16.52%	2,296,070	229,607,000	195,165,950	208,226,303
Type C	7 years	13.50%	16.85%	2,296,070	229,607,000	195,165,950	205,514,989
				7,000,000	**700,000,000**	**595,000,000**	**636,241,010**

Financial liabilities at amortized cost financial instruments issued by the Company that are not designated at fair value through profit or loss, are classified as financial liabilities at amortized cost. Where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares at amortized cost using the EIR method.

After initial recognition, such financial liabilities are substantially measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR. The EIR amortization is included in "interest expenses" in the statement of comprehensive

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

income. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process. Currently, the Company has recorded debentures issued as financial liabilities at amortized cost.

31. RETIREMENT BENEFIT OBLIGATIONS

Rs.	Note	As at 31.03.2022	As at 31.03.2021
Balance at the beginning of the year		981,996,868	932,471,226
Provision for the year	31.1	9,521,883	145,418,013
		991,518,751	**1,077,889,239**
Payments made during the year		(80,381,742)	(95,892,371)
Balance at the end of the year		**911,137,009**	**981,996,868**

31.1 Expenses recognized in the statement of comprehensive income and other comprehensive income for the year ended 31st March 2022.

Recognised in the statement of comprehensive income

	As at 31.03.2022	As at 31.03.2021
Current service cost	49,009,063	102,571,836
Interest cost	78,559,750	57,801,206
	127,568,813	**160,373,042**

Recognised in the other comprehensive income

	As at 31.03.2022	As at 31.03.2021
Actuarial gain	(118,046,930)	(14,955,029)
Total net defined benefit obligation as at end of the year	**9,521,883**	**145,418,013**

31.2 Provision for gratuity for the financial year 2021/2022 has been determined based on the latest actuarial valuation report issued on 8th July 2022 which was done by Actuarial & Management Consultants (Pvt) Ltd. The provision in respect of gratuity liabilities of existing employees as at 31st March 2022 is Rs. 911,137,009/-. If the Company had provided for gratuity on the basis of fourteen days wages and half month salary for each completed years of service in line with the payment of Gratuities Act No. 12 of 1983, the liability would have been Rs.1,556,449,749/-. Hence, there is a contingent liability of Rs.645,312,740/- which would crystallize only if the Company ceases to be a going concern.

31.3 The key assumptions used by the actuary are disclosed in note 3.16.1 to the financial statements.

31.4 Sensitivity analysis

In order to illustrate the significance of the salary/wage escalation and discount rate used in the actuarial valuation as at 31st March 2022, the sensitivity analysis has been carried out as follows:

Discount rate	Salary escalation rate	Present value of defined benefit obligation (Rs.)
1% increase	As given in the report	848,138,764
1% decrease	As given in the report	982,771,385
As given in the report	1% increase	990,175,034
As given in the report	1% decrease	840,921,631

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

32. GRANTS AND SUBSIDIES

Rs.	As at 31.03.2022	As at 31.03.2021
Balance at the beginning of the year	81,619,934	99,676,689
Grants and subsidies received during the year	5,349,000	2,267,500
Total grants and subsidies available for amortization	86,968,934	101,944,189
Amortization for the year	(14,065,585)	(20,324,255)
Balance at the end of the year	**72,903,349**	**81,619,934**

32.1 The above represents the following:

a) Asian Development Bank - Plantation development project

The funds received are utilized for rehabilitation (tarring and concreting) of internal roads and minor upgrading of tea factories.

b) Plantation human development project

The funds are utilized for reroofing of worker houses, development of workers welfare facilities and improvement of institutional facilities.

c) The funds received from the Tea Board is for the construction of CTC tea factory at Wanarajah and Kotiyagala grounds

The amounts spent are capitalized under the relevant classification of property, plant and equipment and the corresponding grant component is reflected under deferred grants and subsidies and is amortized over the useful life span of the asset.

33. DEFERRED INCOME

Rs.	Note	As at 31.03.2022	As at 31.03.2021
Net income from operating rights given to Lalan Rubbers (Pvt) Ltd	33.1	215,770,174	225,151,484
		215,770,174	**225,151,484**

33.1 Net income from operating rights given to Lalan Rubbers (Pvt) Ltd

Rs.	As at 31.03.2022	As at 31.03.2021
Gross carrying amount at the beginning of the year	225,151,484	234,532,794
Amortization for the year	(9,381,310)	(9,381,310)
Net carrying amount at the end of the year	**215,770,174**	**225,151,484**

34. LEASE LIABILITY

Rs.	Note	As at 31.03.2022	As at 31.03.2021
Lease liability on right-of-use asset- Land	34.1	1,420,017,156	1,254,947,013
Lease liability on right-of-use asset- Motor vehicles	34.2	10,068,215	17,706,319
		1,430,085,371	**1,272,653,332**
Payable within one year		7,770,260	7,545,387
Payable after one year		1,422,315,111	1,265,107,945

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

34. LEASE LIABILITY (CONTD.)

34.1 Lease liability on right-of-use asset - Land

Rs.	As at 31.03.2022	As at 31.03.2021
Gross liability		
Balance at the beginning of the year	1,254,947,013	1,509,896,019
Accretion of interest	141,321,799	172,074,516
Less : Repayments during the year	(129,722,657)	(129,538,347)
Remeasurement of lease liability	153,471,001	(297,485,175)
Balance at the end of the year	**1,420,017,156**	**1,254,947,013**

34.1.1 Maturity analysis

Rs.	As at 31.03.2022	As at 31.03.2021
Amount payable within one year		
Gross liability	135,708,178	129,722,657
Finance costs allocated to future years	(160,574,716)	(141,321,799)
Accretion of interest	24,866,538	11,599,142
Net liability shown under current liabilities	-	-
Amount payable after one year and within less than five years		
Gross liability	590,569,129	692,698,378
Finance costs allocated to future years	(666,932,160)	(720,823,751)
Accretion of interest	76,363,031	28,125,373
Net liability	-	-
Amount payable after five years		
Gross liability	3,967,417,156	3,221,741,588
Finance costs allocated to future years	(2,547,400,000)	(1,966,794,575)
Net liability	**1,420,017,156**	**1,254,947,013**
Net liability payable after one year shown under non-current liabilities	**1,420,017,156**	**1,254,947,013**
Total net liability	**1,420,017,156**	**1,254,947,013**

Lease instalment for the year 2021/2022 is less than the interest in the amortization schedule within the next twelve months. Therefore, no payment would be made out of the ROU liability within the next twelve months. Hence, no current liability is recognized with regards to the ROU liability.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

34. LEASE LIABILITY (Contd.)

34.2 Lease liability on right-of-use asset- Motor vehicles

Rs.	2021/2022					2020/2021				
	Amount repayable within 1 year	Amount repayable within 2 - 5 years	Amount repayable after 5 years	Amount repayable after 1 year	Balance as at 31.03.2022	Amount repayable within 1 year	Amount repayable within 2 - 5 years	Amount repayable after 5 years	Repayable after 1 year	Balance as at 31.03.2021
Liability to make lease payments	7,770,260	2,297,955	-	2,297,955	10,068,215	7,545,387	10,160,935	-	10,160,935	17,706,322

34.2.1 Gross liability

Class of asset	Facility number	Description of asset	Name of lease creditor	Amount of repayment per month Rs.	Facility amount Rs.	Balance as at 01.04.2021 Rs.	New leases obtained	Repayments Rs.	Balance as at 31.03.2022 Rs.	Net carrying value Rs.
Motor vehicles	V/15/003/14815-0	04 Motor bikes	Commercial Bank of Ceylon PLC	64,807	3,110,741	122,352	-	(122,352)	-	-
	V/16/003/18697	01 Toyota Hilux cab	Commercial Bank of Ceylon PLC	112,544	6,752,621	900,350	-	(891,116)	9,234	9,234
	66000201600496900	01 Toyota Hilux cab	Bank of Ceylon	122,352	7,025,100	468,340	-	(468,340)	-	-
	66000201600496100	01 Toyota Hilux cab	Bank of Ceylon	117,085	7,341,120	489,408	-	(489,408)	-	-
	15-2018/2019/BC	01 Audi Q7	Metrocorp (Pvt) Ltd	552,634	22,900,000	16,026,385	-	(6,631,606)	9,394,775	8,486,772
	V/19/003/34879	04 Motor bikes	Commercial Bank of Ceylon PLC	94,118	3,499,720	3,103,810	-	(1,129,419)	1,974,391	1,572,210
					50,629,302	**21,110,645**	**-**	**(9,732,242)**	**11,378,400**	**10,068,215**

34.2.2 Finance charges allocated to future years

Class of asset	Facility number	Description of asset	Name of lease creditor	Balance as at 01.04.2021 Rs.	New leases obtained	Charge to P & L Off Rs.	Balance as at 31.03.2022 Rs.
Motor vehicles	V/16/003/18697	01 Toyota Hilux cab	Commercial Bank of Ceylon PLC	106,647	-	(106,647)	-
	66000201600496900	01 Toyota Hilux cab	Bank of Ceylon	5,844	-	(5,844)	-
	66000201600496100	01 Toyota Hilux cab	Bank of Ceylon	17,995	-	(17,995)	-
	15-2018/2019/BC	01 Audi Q7	Metrocorp (Pvt) Ltd	2,580,101	-	(1,672,098)	908,003
	V/19/003/34879	04 Motor bikes	Commercial Bank of Ceylon PLC	693,736	-	(291,555)	402,181
Total finance charges allocated to future years				**3,404,323**	**-**	**(2,094,139)**	**1,310,184**
Net carrying value of liability to make lease payments				**17,706,322**	**-**	**(7,638,103)**	**10,068,215**

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

35. DEFERRED TAX LIABILITY

Rs.	As at 31.03.2022	As at 31.03.2021
Balance at the beginning of the year	142,776,749	111,747,306
Recognized in the statement of comprehensive income	(56,997,729)	28,935,739
Recognized in the statement of other comprehensive income	12,394,927	2,093,704
Balance at the end of the year	**98,173,947**	**142,776,749**
On temporary difference of property, plant and equipment	398,376,696	400,315,126
On retirement benefit obligation gratuity	(980,097,324)	(1,061,362,550)
On tax loss carried forward	(762,754,545)	(1,552,142,917)
On biological assets	2,608,139,973	3,514,206,853
On grants	(72,903,349)	(81,619,934)
On net lease liability	(255,771,474)	(199,562,662)
	934,989,977	**1,019,833,916**
Deferred tax liability	**98,173,947**	**142,776,749**

The Company has used 10.5% in assessing the deferred tax liability for the current financial year (2020/21 -14%) in accordance with Act No.10 of 2021.

36. TRADE AND OTHER PAYABLES

Rs.	Note	As at 31.03.2022	As at 31.03.2021
Trade creditors		90,019,724	123,788,738
Payable to bolted workers	36.1	68,960,315	79,365,682
Accruals and other payables		315,703,117	364,040,922
		474,683,156	**567,195,342**

36.1 Payable to bolted workers

Rs.	As at 31.03.2022	As at 31.03.2021
Balance at the beginning of the year	79,365,682	99,806,016
Provision made during the year	854,000	326,200
Payment made during the year	(11,259,367)	(20,766,534)
Balance at the end of the year	**68,960,315**	**79,365,682**

37. AMOUNT DUE TO RELATED PARTIES

Name of the related party	Relationship	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Metrocorp (Pvt) Ltd	Ultimate parent	2,767,853	2,791,803
Bogawantalawa Tea Ceylon (Pvt) Ltd	Related entity	-	675,080
Ceylon Tea Gardens Limited	Related entity	24,138,113	24,144,723
		26,905,966	**27,611,606**

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

38. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

38.1 Contingent liabilities

Following contingent liabilities exist as at the statement of financial position date, to be disclosed

Court of Appeal Case No CA WRIT 143/2021

In the past, wages of the Plantation workers were negotiated between Trade Unions and Regional Plantation Companies (RPCs), once in every two years and a Collective Agreement was signed between the parties. However, the last wage negotiations between the parties were not successful and therefore, the matter was referred to the Wages Board by the Minister of Labour. Consequently, the Wages Board without considering objections of the RPCs decided the daily wage rate of Tea / Rubber workers as Rs 1,000/- per day and gazetted its decision on 05th March 2021.

Therefore, a "Writ Application" was instituted by the RPCs in the Court of Appeal seeking an interim order, staying and /or suspending the operation of the Gazette issued by the Wages Board, but the Hon Judges of the Court of Appeal declined to issue an interim order but directed the respondents to file objections and the RPCs (Petitioners) to file Counter Objections. As at the date of the Statement of financial position, the above matter is under the purview of the Court of Appeal and therefore, the final decision is pending.

Having discussed with independent legal experts and based on the information available, the Directors are of the view that in the event of an unforeseen verdict unfavorable to the Company from the above court case, the contingent liability on retirement benefit obligation liability would be Rs. 145 Mn and of which Rs. 135 Mn need to be charged to profit or loss and Rs. 10 Mn to be charged under other comprehensive income for the year ended 31 March 2022. However, no provisions have been made in the financial statements for the year ended 31 March 2022 in this regard.

38.2 Contingent assets

There were no contingent assets as at the reporting date.

39. UNRECOGNIZED CONTRACTUAL COMMITMENTS

There have been no capital commitments contracted but not provided for, or authorized by the Board but not contracted for, outstanding as at the date of the statement of financial position.

40. RELATED PARTY DISCLOSURES

40.1 Substantial shareholding and ultimate parent company

The Company is a subsidiary of Metropolitan Resource Holdings Limited, which holds 78.45% of ordinary shares of the Company. In the opinion of the directors, the Company's ultimate parent company as at the date of the statement of financial position is Metrocorp (Pvt) Ltd.

40.2 Key management personnel information

The Directors of the Company have interests in the transactions detailed below and some Directors held the post of Director of such related companies during the year. The transactions listed below have been carried out under normal commercial terms.

Mr. D. J. Ambani, Mr. C. M. O. Haglind, Mr. L. J. Ambani and Mr. S. A. S. Jayasundara, the Directors of the Company are also Directors of the following companies and have had transactions as disclosed in the note 40.3.1 below.

40.3 Related party transactions

The Company has a related party relationship with its related group of companies as disclosed below. The following transactions have been carried out with related parties during the year ended 31st March 2022 under normal commercial terms.

40.3.1 Transactions with companies in which Directors of the Company hold other directorships

The Company has carried out transactions with entities where the Chairman or a Director of the company is the Chairman or a Director of such entities as detailed below:

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

40.3.1.1 Transactions with immediate parent company and ultimate parent company

Name of parent Company	Name of directors	Nature of transaction	Amount 2021/2022 Rs.	Amount 2020/2021 Rs.
Ultimate parent				
Metrocorp (Pvt) Ltd (MPL)	Mr. D. J. Ambani	Expenses incurred by MPL	11,238,414	7,700,734
		Funds received against the expenses incurred by the Company	11,262,364	5,125,095
Immediate parent				
Metropolitan Resource Holdings Limited (MRH)	Mr.D.J. Ambani	Settlements of outstanding by MRH	1,788,000	1,770,120
	Mr. L.J.Ambani			
	Mr.C.M.O.Haglind Mr.S.A.S.Jayasundara	Expenses incurred by the Company on behalf of MRH.	1,805,880	2,092,920

40.3.1.2 Transactions with other related companies

Name of Company	Name of directors	Nature of transaction	Amount 2021/2022 Rs.	Amount 2020/2021 Rs.
Bogawantalawa Tea Ceylon (Pvt) Limited (BTC)	Mr. D. J. Ambani Mr. C.M.O. Haglind	Funds received as reimbursement of expenses made by the Company.	11,407,639	207,652,165
	Mr. L. J. Ambani	Expenses incurred by the Company.	11,790,842	33,690,692
Office Network (Pvt) Ltd (ONL)	Mr. L. J. Ambani	Expenses incurred by the company on behalf of ONL.	564,699	542,368
		Settlement made by ONL	550,272	614,014
Tea Trails (Pvt) Ltd (TTPL)	Mr. D. J. Ambani	Income received for renting out bungalows (including VAT and NBT)	10,196,510	11,310,919
		Revenue share income (including VAT and NBT)	1,127,627	15,540,297
		Dividend income received from TTPL	-	3,000,000
		Settlements made by TTPL	10,421,571	10,474,726
Eco Power (Pvt) Ltd (EPPL)	Mr. D. J. Ambani	Settlements made by EPPL	2,362,138	433,839
	Mr. L. J. Ambani	Expenses incurred by the Company on behalf of EPPL	2,130,713	-
		Lease rental received	210,000	210,000
Ceylon Bungalows (CB)	Mr. D. J. Ambani	Expenses incurred by the company on behalf of CB	197,912	-
		Settlement made by CB	82,993	-
Lanka Mother & Child (LMCF)	Mr. D. J. Ambani	Expenses incurred by the company on behalf of LMCF	839,797	978,484
	Mr. L. J. Ambani	Settlement made by LMCF	989,810	693,846
Ceylon Tea Gardens Ltd (CTGL)	Mr. D. J. Ambani Mr. L. J. Ambani	Fund received against the expenses incurred by the Company	6,650	-

40.3.2 Transactions with key management personnel (KMP) of the Company or parent

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company as well as its related parties, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

a) Loans to Directors

No loans have been given to the directors of the Company and its parent company.

b) Compensation to key management personnel

Rs.	2021/2022	2020/2021
Short-term employment benefits	21,457,700	19,907,080

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

c) The Company has not incurred any amount as termination benefits or post employment benefits on account of the key managerial personnel during the year.

40.3.3 Amounts receivable and payable to related parties are disclosed in the notes 25 and 37 to the financial statements.

41. OPERATING AGREEMENT WITH LALAN RUBBERS (PVT) LTD

The Company has entered into an operating agreement (OA) with Lalan Rubbers (Pvt) Ltd., (LRL) effective from 19th March, 2003 whereby LRL will operate and manage the rubber division of the Company from 01st April, 2003. Consequently, LRL will meet all capital and operating costs of the rubber division from 01st April, 2003 and will be entitled to keep all revenues obtained by the division from that date.

As per the terms of the operating agreement, a payment of approximately Rs 278.25 million has been made by LRL to Bogawantalawa Tea Estates PLC (BTE PLC) in consideration for the operating rights obtained and of which Rs.120 million has been received in the year 2002/2003. Balance payment was received in three instalments of Rs. 52.75 million each during the years, 2004, 2005 and 2006 respectively.

LRL has also taken over the retiring gratuity liability of employees of the rubber division estimated at Rs.46.8 million (at actuarial value), the capital and future interest payments of the long term loans of Rs.105.3 million payable to the Commercial Bank of Sri Lanka and 48.21 % of the future annual land lease payments that are required to be made by BTE PLC to Janatha Estate Development Board (JEDB) and Sri Lanka State Plantations Corporation (SLSPC) until the terms of these leases expire. Accordingly, the retiring gratuity liability of Rs.46.8 million and the long term loans of Rs.105.3 million have been treated as amounts due from LRL and recognized as income during the year 2002/2003 as LRL has agreed to pay these liabilities on behalf of the Company.

The Secretary, Ministry of Plantation Industries (letter Ref. MP1/9/2/6/9 BPL/SL dated 10th February, 2010 addressed to the Company) informed the Company that the golden shareholder has granted covering approval to sub lease the 13 rubber estates which have been transferred to Lalan Rubbers (Pvt) Ltd under the operating agreement in 2003 without prior approval of the golden shareholder. Accordingly, the Company has entered into a sublease agreement with Lalan Rubbers (Pvt) Ltd on 12th February, 2010, and a further payment of Rs. 110 million has been made by Lalan Rubbers (Pvt) Ltd to the Company. However, all the assets and liabilities pertaining to those estates subleased to Lalan Rubbers (Pvt) Ltd continue to be reflected in the books of the company (other than gratuity liability) as this is considered an operating lease.

In addition to the above sub leasing transaction, the Company has entered into joint venture (JV) transaction with LRL based on a MOU during the financial year of 2012/2013 as described below. However, still the approval from the golden shareholder has not been received in this regard as at the date of the statement of financial position.

The Company has entered into the Memorandum of Understanding (MOU) with Lalan Rubbers (Pvt) Ltd, (LRL) effective from 01st October, 2012 and up to 21st June, 2045 whereby LRL will operate and manage a total area of approximately 973 hectares comprising Anhettigama, Miyanawita and Maliboda estates. Consequently, LRL will be responsible for all day to day operations of the properties. However, all the movable assets in the properties shall remain the property of BTE PLC.

As per the terms of the MOU, during the initial period of 5 years of this MOU, LRL shall invest a sum equivalent to rupees three hundred and sixty six million (Rs. 366,000,000/-) for the purpose of developing the properties by tea/rubber replanting, tea/rubber new planting and undertaking agricultural programs according to the initial plan. For and in consideration of the rights of use granted to LRL in respect of the properties, LRL shall pay to BTE a sum calculated by reckoning the amount payable in respect of the extent of land comprising the properties as a fraction of the total sum of money payable by BTE in terms of the said Indenture bearing No. 1524, as rental for the entirety of the extent of land leased to the BTE by the lessor viz. nine hundred and seventy three (973) hectares out of sixteen thousand two hundred and twenty (16,220) hectares viz:- 973/16,220;

A further sum calculated in the following manner shall be paid by LRL to BTE PLC:

Having deducted the lease rental as aforesaid, if the use of the properties by LRL yields a profit to LRL calculated in accordance with Sri Lanka Accounting Standards and applicable law, a sum equivalent to 45% of the said profit after deducting any previous losses incurred through the use of the properties and a sum equivalent to 25% of the effective tax benefits received by LRL with regard to the capital allowances connected to the project.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

42. EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

No circumstances have arisen since the statement of financial position date, which would require adjustments to the financial statements.

43. PRICING POLICY

Sales and purchases of goods and services to/from related parties were made at normal trading terms an arms length basis. Management fee provisions were made as per contractual arrangements.

44. COMPARATIVE INFORMATION

Comparative information of the Company has been reclassified wherever necessary to conform with the current year's presentation/ classification.

44.1 Reclassification

Comparative figures and phrases have been rearranged and reclassified where ever necessary to conform with the current year's presentation as mentioned below:

44.1.1 Statement of financial position

Rs.	As disclosed in 2020/2021	As disclosed in 2021/2022	Net impact
Trade and other receivables	239,555,894	239,789,939	234,045
Amounts due from related parties - WBTE	2,528,819	2,294,774	(234,045)

a) In the financial year 2020/2021, the Company has classified the Walters Bay Bogawantalawa Tea Estates (Pvt) Ltd (WBTE) under amount due from related party. However, in the current financial year 2021/2022 the Company has re-classified it into other receivable since WBTE is not a related party anymore.

45. ASSETS PLEDGED

The following assets of the Company have been pledged as collaterals for interest bearing loans obtained by the Company to the respective financial institutions concerned.

Name of the financial institution/purpose of facility	Nature of the facility	Facility granted Rs.	Balance outstanding as at 31.03.2022 Rs.	Securities pledged
National Development Bank PLC				
Field development work of selected estates LD1511954549	Term loan	100,000,000	26,393,600	Mortgage over leasehold rights of estates, buildings and machinery thereon which are already mortgaged to the bank. (Loinorn, Bogawantalawa, Lethenty and Fetteresso estates) and mortgage over machinery to be purchased.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

45. ASSETS PLEDGED (Contd.)

	Name of the financial institution/purpose of facility	Nature of the facility	Facility granted Rs.	Balance outstanding as at 31.03.2022 Rs.	Securities pledged
	Commercial Bank of Ceylon PLC				
1)	Under plantations sector reform project				
a)	To meet working capital requirements of the tea factories	Term loan	211,947,000	-	Primary mortgage bond No.888 dated 30.10.2000 for Rs.37,250,000/- executed over the leasehold rights over the estate namely Norwood.
					Primary mortgage bond No.646 dated 19.09.1997 for Rs.21,200,000/- and secondary mortgage bond No.1085 dated 04.11.1998 for Rs.12,000,000/- executed over the leasehold rights over the estate namely Wanarajah.
b)	To meet working capital requirement of the tea factories	Term loan	60,000,000	-	Mortgage over property of Norwood Estate.
c)	For field development and factory modernization	Term loan	200,000,000	109,982,000	
d)	To meet working capital requirement of the Company	Saubhagya loan	25,000,000	4,165,000	Mortgage over the income generated through John Keels Tea broker.
e)	To meet working capital requirement of the tea factories	Term loan	74,000,000	50,562,082	
g)	To meet working capital requirement of the Company	Term loan	95,000,000	87,083,300	Mortgage over property of Norwood Estate.
	Hatton National Bank PLC				
a)	Solar Project	Term loan	88,650,000	46,971,000	Mortgage over the income generated through solar project.
b)	To meet working capital requirement of the Company	Term loan	100,000,000	67,007,781	Facility was taken through a board resolution.
	Nations Trust Bank				
a)	To meet working capital requirement of the tea factories.	Term Loan 1	200,000,000	46,666,666	Mortgage over the income generated through Asia Siyaka Tea broker.
b)	To meet working capital requirement of the tea factories.	Term Loan 2	100,000,000	23,333,334	
c)	To meet working capital requirement	Term Loan	156,000,000	51,564,051	
d)	To meet working capital requirement	Term Loan	84,000,000	84,000,000	

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

46. SEGMENTAL ANALYSIS BY PRINCIPAL BUSINESS ACTIVITIES

	Rs.	Tea		Rubber		Palm Oil		Unallocated		Total	
		2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021
46.1.1	**Segmental results**										
	Revenue	3,257,739,731	3,525,090,295	-	-	119,784,593	-	-	-	3,377,524,324	3,525,090,295
	Cost of sales	(3,120,544,212)	(3,222,105,617)	-	-	(32,264,796)	-	-	-	(3,152,809,008)	(3,222,105,617)
	Gross profit	**137,195,519**	**302,984,678**	**-**	**-**	**87,519,797**	**-**	**-**	**-**	**224,715,316**	**302,984,678**
	Add: Gain on fair value of consumable biological assets	-	-	-	-	-	-	115,327,800	158,505,904	115,327,800	158,505,904
	Other income	90,731,715	58,471,906	-	-	-	-	117,481,822	166,913,073	208,213,537	225,384,979
	Less: Unallocated expenses	-	-	-	-	-	-	(505,539,673)	(533,458,068)	(505,539,673)	(533,458,068)
	Profit before taxation	**227,927,234**	**361,456,584**	**-**	**-**	**87,519,797**	**-**	**(272,730,051)**	**(208,039,091)**	**42,716,980**	**153,417,493**
	Less: Taxation	-	-	-	-	-	-	56,997,729	(28,935,739)	56,997,729	(28,935,739)
	Net profit for the year	**227,927,234**	**361,456,584**	**-**	**-**	**87,519,797**	**-**	**(215,732,322)**	**(236,974,830)**	**99,714,709**	**124,481,754**
46.1.2	**Segmental assets**										
	Non-current assets	3,094,277,297	2,126,756,536	667,765,176	654,389,072	468,454,093	461,632,610	1,076,953,948	1,940,325,287	5,307,450,514	5,183,103,505
	Current assets	550,080,263	504,107,303	-	-	33,020,346	4,130,153	476,015,132	645,037,740	1,059,115,741	1,153,275,196
		3,644,357,560	**2,630,863,840**	**667,765,176**	**654,389,072**	**501,474,439**	**465,762,763**	**1,552,969,080**	**2,585,363,027**	**6,366,566,255**	**6,336,378,701**
46.1.3	**Segmental liabilities**	929,956,804	992,545,098	-	-	-	-	2,672,133,077	2,583,599,302	3,602,089,881	3,576,144,400
	Non-current liabilities	292,739,214	324,706,969	-	-	-	-	860,989,255	1,025,080,072	1,153,728,469	1,349,787,041
	Current liabilities	1,222,696,018	1,317,252,067	-	-	-	-	3,533,122,332	3,608,679,374	4,755,818,350	4,925,931,441
46.1.4	**Segmental expenses**										
46.1.4.1	**Capital expenditure**	**159,886,902**	**130,597,404**	**-**	**-**	**-**	**-**	**16,703,990**	**34,531,932**	**176,590,892**	**165,129,336**
46.1.4.2	**Depreciation/Amortization**	**127,133,373**	**117,642,293**	**46,463,513**	**35,625,601**	**3,015,509**	**-**	**10,918,107**	**50,148,375**	**187,530,502**	**203,416,270**

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

47. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

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

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

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

As at March 2022 (Rs)	Total Carrying Amount	Level I	Level II	Level III	Total Fair Value
Financial assets					
Trade and other receivables	272,533,582	-	-	272,533,582	272,533,582
Amount due from related parties	2,789,925	-	-	2,789,925	2,789,925
Cash and cash equivalents	50,553,123	-	50,553,123	-	50,553,123
	325,876,630	**-**	**50,553,123**	**275,323,507**	**325,876,630**
Financial liabilities					
Trade and other payables	474,683,156	-	-	474,683,156	474,683,156
Amounts due to related parties	26,905,966	-	-	26,905,966	26,905,966
Bank overdrafts	292,189,555	-	292,189,555	-	292,189,555
Interest bearing borrowings	597,728,813	-	597,728,813	-	597,728,813
Debenture	636,241,010	-	636,241,010	-	636,241,010
	2,027,748,500	**-**	**1,526,159,378**	**501,589,122**	**2,027,748,500**

As at March 2021 (Rs)	Total Carrying Amount	Level I	Level II	Level III	Total Fair Value
Financial assets					
Trade and other receivables	239,789,939	-	-	239,789,939	239,789,939
Amount due from related parties	2,294,774	-	-	2,294,774	2,294,774
Cash and cash equivalents	40,834,234	-	40,834,234	-	40,834,234
	282,918,947	**-**	**40,834,234**	**242,084,713**	**282,918,947**
Financial liabilities					
Trade and other payables	567,195,342	-	-	567,195,342	567,195,342
Amounts due to related parties	27,611,606	-	-	27,611,606	27,611,606
Bank overdrafts	671,204,440	-	671,204,440	-	330,425,866
Interest bearing borrowings	417,008,840	-	417,008,840	-	417,008,840
Debenture	625,295,820	-	625,295,820	-	625,295,820
	1,967,537,474	**-**	**1,372,730,526**	**594,806,948**	**1,967,537,474**

TEN YEAR SUMMARY

Period	2010/11	2011/12	2012/13	2013/14	2014/15
	Rs.000	Rs .000	Rs .000	Rs .000	Rs .000
Profit & Loss					
Turnover	3,080,590	2,253,813	2,646,370	2,763,788	2,824,297
Gross Profit	291,644	(300,051)	263,142	1,351	(7,460)
Financing Cost	(125,670)	(88,909)	(74,360)	(70,540)	(67,309)
Profit before interest & tax (PBIT)	244,893	(276,671)	387,698	31,575	186,565
Profit before tax	119,222	(365,612)	313,337	(38,965)	119,255
Profit after tax	118,132	(367,383)	286,802	(39,505)	119,044
Profit & (Loss) for the Period / Total Comprehensive income for the year, net of tax	118,132	(365,244)	286,801	(41,039)	74,983
Assets & Liabilities					
Property plant & Equipment	2,512,908	2,665,198	2,770,248	2,965,796	3,126,811
Investment	82,836	46,853	46,674	78,300	78,300
Current Assets	930,910	662,958	741,437	663,294	682,524
Creditors - Falling Due within one year	(573,529)	(597,569)	(528,306)	(630,803)	(764,990)
Non Current & Deferred Liabilities	(1,329,987)	(1,544,079)	(1,350,380)	(1,393,907)	(1,282,707)
Provision for terminal benefits	(561,930)	(729,897)	(703,364)	(677,486)	(780,411)
Working Capital	357,381	65,389	213,131	32,491	(82,466)
Total Assets	3,526,656	3,567,511	3,558,361	3,629,091	3,804,987
Total Liabilities	(2,465,448)	(2,873,685)	(2,582,053)	(2,702,197)	(2,803,110)
Equity					
Stated Capital	586,250	586,250	586,250	586,250	586,250
Retained Earning	424,958	57,576	390,058	340,644	415,628
Other Reserves	50,000	50,000			
Total Equity	1,061,208	693,826	976,308	926,894	1,001,878
Operating Ratios					
Operating Profit Margin	9.47	(13.31)	9.94	0.05	(0.26)
Return on Share Holders Funds %	11.13	(41.62)	34.34	(4.31)	7.78
Fixed Asset Turnover Ratio	1.23	0.87	0.97	0.96	0.93
Turnover per Employee (Rs.)	291,033	239,843	281,169	283,148	301,644
Production (In '000 Kgs./ Nuts)					
Tea	9,296	6,886	6,998	6,210	6,274
Palm Oil					
Liquidity ratio					
Current Ratio	1.62	1.11	1.40	1.05	0.89
Quick Ratio	0.79	0.54	0.66	0.43	0.42
Fixed Assets to Current Assets (times)	2.70	4.02	3.74	4.47	4.58
Interest Cover	1.95	(3.11)	5.21	0.45	2.77
Investors Ratios					
Earnings per Share	1.41	(4.39)	3.42	(0.47)	1.42
Price Earnings Ratio	14.04	(2.39)	3.36	(19.72)	7.74
Net Asset Value per Share (Rs.)	12.67	8.28	11.66	11.07	11.96
Equity to Assets %	30.09	19.45	27.44	25.54	26.33
Market Price	19.80	10.50	11.50	9.30	11.00
Market Capitalization (Rs. '000)	1,658,250	879,375	963,125	778,875	921,250

2015/16	2016/17	2017/18	2018/19'	2019/20'	2020/21'	2021/22'
Rs .000	Rs .000	Rs .000	Rs .000	Rs .000	Rs .000	Rs .000
2,820,868	2,809,814	3,436,635	3,055,841	2,979,757	3,525,090	3,377,524
(9,711)	158,861	438,082	68,818	(253,122)	302,984	224,715
(73,563)	(113,604)	(117,965)	(138,390)	(334,275)	(347,592)	(261,548)
77,127	212,263	484,727	138,237	(170,249)	501,009	304,265
3,563	94,298	366,763	(154)	(505,822)	153,417	42,717
3,456	94,163	163,564	17,364	(412,668)	124,482	99,715
110,228	207,592	220,502	(132,817)	(474,101)	127,813	200,301
3,298,024	3,522,054	3,798,988	4,128,656	5,635,498	5,140,162	5,269,575
78,300	78,300	78,300	108,786	204,571	42,941	37,875
692,429	613,277	709,523	782,091	1,187,759	1,153,275	1,059,116
(758,116)	(993,874)	(1,092,337)	(1,301,788)	(1,405,038)	(1,349,787)	(1,153,728)
(1,382,492)	(1,155,614)	(1,240,792)	(1,351,227)	(3,203,114)	(2,594,148)	(2,690,953)
(733,660)	(662,201)	(631,237)	(819,325)	(932,471)	(981,996)	(911,137)
(65,687)	(380,597)	(382,815)	(519,697)	(217,279)	(196,512)	(94,613)
3,986,268	4,135,332	4,565,965	4,982,474	6,823,258	6,336,379	6,366,566
(2,874,269)	(2,811,691)	(2,964,367)	(3,472,341)	(5,540,624)	(4,925,931)	(4,755,818)
586,250	586,250	586,250	586,250	586,250	586,250	586,250
525,749	737,391	1,015,348	893,396	658,913	796,256	1,001,623
			30,487	37,471	27,941	22,875
1,111,999	1,323,641	1,601,598	1,510,133	1,282,634	1,410,447	1,610,748
(0.34)	5.65	12.75	2.25	(8.49)	8.60	6.65
10.43	17.05	15.08	(8.54)	(33.95)	9.49	13.26
0.88	0.82	0.94	0.77	0.61	0.65	0.65
303,940	328,441	436,619	378,619	379,732	447,857	437,617
6,310	5,207	5,459	5,171	5,228	5,462	4,920
						1,344
0.91	0.62	0.65	0.60	0.85	0.85	0.92
0.54	0.25	0.22	0.26	0.60	0.57	0.61
4.76	5.74	5.35	5.28	4.74	4.46	4.98
1.05	1.87	4.11	1.00	(0.51)	1.44	1.16
0.04	1.12	1.95	0.21	(4.93)	1.49	1.19
232.65	7.03	8.19	52.57	(1.81)	7.94	8.40
13.28	15.80	19.12	18.03	15.32	16.84	19.23
27.90	32.01	35.08	30.31	18.80	22.26	25.30
9.60	7.90	16.00	10.90	8.90	11.80	10.00
804,000	661,625	1,340,000	912,875	745,375	988,250	837,500

CORPORATE INFORMATION

Name of the Company
Bogawantalawa Tea Estates PLC

Date of incorporation
22nd June 1992

Company Registration No.
PQ 124

Legal Form
Quoted Public Company

Stock Exchange Listing
The ordinary shares of the company are listed on the Stock Exchange in Sri Lanka

Directors
Mr. D J Ambani (Co-Chairman)

Mr L J Ambani (Co-Chairman)

Mr C M O Haglind

Mr L H Munasinghe

Mr D A de Silva Wickramanayake

Mr S A S Jayasundara

Mr G V M Nanayakkara

Secretaries and registrars
P W Corporate Secretarial (Pvt) Ltd

No 3/17, Kynsey Road, Colombo 08.

Telephone : 4 897 711 / 4 897 722

Fax : 4 740 588

E mail : pwcs@pwcs.lk

Registered Office :
No 153, Nawala Road, Narahenpita, Colombo-05, Sri Lanka

Telephone : 2 510 100 Fax 2 510 178

E mail : info@bpl.lk

Auditors
BDO Partners

Chartered Accountants

65/2, Sir Chittampalam A Gardiner Mawatha

Colombo 2.

Bankers
Commercial Bank of Ceylon PLC

Hatton National Bank

Nations Trust Bank

Bank of Ceylon

National Development Bank

Sampath Bank

DFCC Bank

Seylan Bank

FORM OF PROXY

/We the undersigned.. NIC No....................................

of ....

being a member/s* of Bogawantalawa Tea Estates PLC hereby appoint:

Mr. Dinesh Jamnadas Ambani	of Colombo or failing him*
Mr. Lalithkumar Jamnadas Ambani	of Colombo or failing him*
Mr. Carl Michael Oscarsson Haglind	of Sweden or failing him*
Mr. Don Ariyaseela De Silva Wickramanayake	of Colombo or failing him *
Mr. Sudath Ajitha Samaradivakara Jayasundara	of Colombo or failing him *
Mr. Gerard Victor Maurice Nanayakkara	of Colombo or failing him *
Mr. Lalith Hemantha Munasinghe	of Colombo or failing him *

....

of ....

my/our * Proxy to vote as indicated hereunder for me/us* and on my/our* behalf at the Twenty Ninth Annual General Meeting of the Company to be held on 23rd September 2022 and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof:

	For	Against
Resolution 1 To re-elect Mr. C M O Haglind who retires by rotation in terms of Article No. 89 & 90 of the Articles of Association of the Company, as a Director.	◯	◯
Resolution 2 To pass the ordinary resolution as set out in the Notice to re-appoint Mr. G V M Nanayakkara who is over 70 years of age, as a Director of the Company;	◯	◯
Resolution 3 To pass the ordinary resolution as set out in the Notice to re-appoint Mr. D A de S Wickramanayake who is over 70 years of age, as a Director of the Company;	◯	◯
Resolution 4 To authorise the Directors to determine donations for the ensuing year.	◯	◯
Resolution 5 To re-appoint Messrs. BDO Partners Chartered Accountants as Auditors of the Company and authorise the Directors to determine their remuneration.	◯	◯

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

....

Signature of Shareholder/s

* Please delete the inappropriate words.

Instructions as to completion appear on the reverse.

INSTRUCTIONS AS TO COMPLETION

1. This Form of Proxy must be deposited at No. 153, Nawala Road, Narahenpita, Colombo 5 not less than forty five (45) hours before the time fixed for the Meeting.
2. In perfecting the Form of Proxy please ensure that all details are legible.
3. If you wish to appoint a person other than a Director of the Company as your proxy, please insert the relevant details in the space provided.
4. Please indicate with an 'X' in the space provided, how your proxy is to vote on the resolution. If no indication is given, the proxy in his discretion will vote as he thinks fit.
5. In the case of a Company/Corporation, the proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
6. In the case of a Proxy signed by an Attorney, the Power of Attorney must be deposited at The Secretaries' Office (i.e. P W Corporate Secretarial (Pvt) Ltd., 3/17, Kynsey Road, Colombo 8) for registration.
7. In the case of joint holders the Form of Proxy must be signed by the first holder.

Bogawantalawa Tea Estates PLC.,
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Non-EU Agriculture