Kotagala Plantations PLC
Annual Report 2021/22

CONTENT

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

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

Core Values
Integrity
Courage
Commitment

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

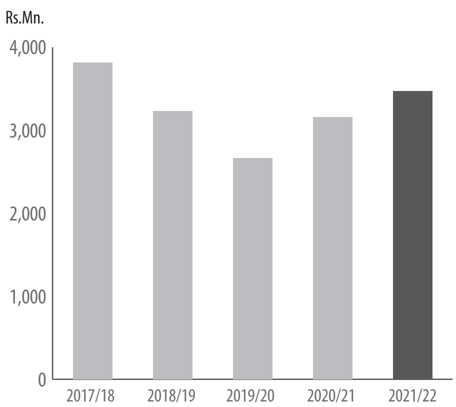
To provide a satisfying work experience to our employees and ensure a rewarding investment to our shareholders.

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

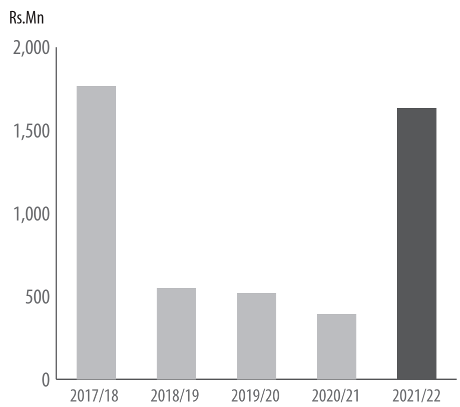
FINANCIAL HIGHLIGHTS

Year ended 31st March		Group		Company		Change %
		2022	2021	2022	2021	
Statement of Comprehensive Income						
Revenue	Rs.000	**3,496,784**	3,206,956	**3,472,020**	3,156,490	0.10
Profit/(Loss) before tax	Rs.000	**14,541**	(214,438)	**104,159**	(190,514)	1.55
Profit/(Loss) after tax from continued operation	Rs.000	**98,478**	(226,392)	**188,096**	(202,468)	1.93
Other Comprehensive income	Rs.000	**307,756**	81,516	**264,712**	75,162	(2.52)
Total Comprehensive Income (Expense) for the year	Rs.000	**406,234**	(144,876)	**452,808**	(127,306)	4.56
Earnings/(Loss) per share	Rs.	**0.29**	(2.26)	**0.56**	(2.03)	1.21
Statement of Financial Position						
Total Assets	Rs.000	**7,959,774**	7,901,738	**7,987,685**	7,883,082	0.01
Total Liabilities	Rs.000	**6,357,100**	7,495,159	**6,352,492**	7,490,558	0.15
Total Shareholders' Funds	Rs.000	**1,602,674**	406,579	**1,635,193**	392,524	3.17
Net assets per Share	Rs.	**4.73**	5.40	**4.83**	5.22	(0.07)
Market/shareholder information						
Debt/ Equity Ratio		**3.97**	4.43	**3.88**	4.59	0.15
Quick Asset Ratio		**0.15**	0.09	**0.15**	0.09	0.66
Interest Cover		**0.87**	0.43	**1.16**	0.49	1.37
Market Price (Year end)	Rs.			**4.20**	5.30	(0.21)
Market capitalisation	Rs.000	**-**		**1,421,755**	398,693	2.57

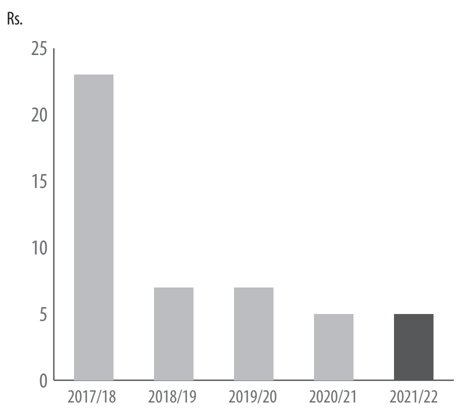
Company Turnover



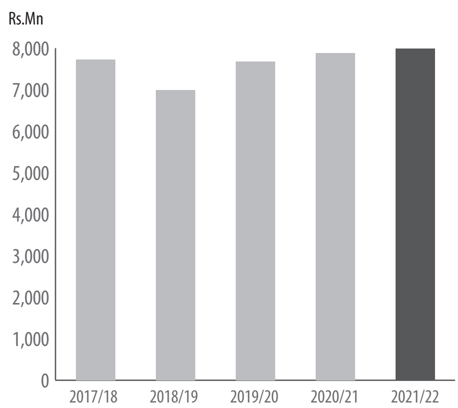
Shareholders Fund



Net Assets per Share



Total Assets



CHAIRMAN'S REVIEW

On behalf of the Board of Directors, it gives me great pleasure to welcome you to the 29th Annual General Meeting of Kotagala Plantations PLC and to present the Annual Report and Audited Financial Statements of the Company for the year ended 31st March 2022.

Kotagala Plantations continues to be a well-diversified entity with a large clonal tea extent, primarily in the Western High Grown sector, along with rubber and oil palm with a small but valuable extent of tea in the Low Country.

The Company performed well during the season under review despite the turbulent circumstances, recording a profit of Rupees 188 million compared to a loss of Rs.202 million incurred in the previous financial year. Revenue increased to Rs.3.47 billion from Rs 3.15 billion.

The season under review has been challenging, primarily due to post pandemic issues followed by an economic crisis manifesting towards the latter part of the financial year. However, mostly all sectors of the economy in Sri Lanka recorded an increase in profitability compared to the previous season with the agricultural sector realising a 2% increase.

The impact of Covid-19 was well controlled in the plantation sector, with mass scale vaccination programmes prioritised by the government. Nevertheless, there were instances where certain estates/divisions had to be placed under "lock down" intermittently, whenever instances of high infection rates were detected.

The pandemic also led to expediting a modern tea auction system with the introduction of an e-auction, replacing the century old "outcry" system. This initiative has shown positive results and will be a permanent feature in the future.

The sudden and hasty decision taken by the government to convert the entire agriculture sector in the country, including plantations, into organic cultivation had a drastic impact on performance. With this decision came the ban on the importation of inorganic fertilizer and agro chemicals such as weedicides and pesticides, resulting in a sharp decline in production volumes and leaf quality. This also had an adverse impact on agricultural standards.

Towards the latter stages of the financial year, the Sri Lankan Rupee depreciated sharply against the US Dollar, resulting in a marked increase in commodity prices, when considered in Rupee terms. However, this coincided with an increase in input prices where the ratio of price hikes was even greater, for example in fertiliser, where a rise of almost 2,000%, from Rs. 29,500/= per MT to Rs. 585,000/= was experienced. Though the import ban on agro-chemicals has since been reversed, the timely availability of adequate fertilizer and agro-chemicals of acceptable quality remains a concern.

Needless to mention, the Ukraine crisis is also negatively impacting on these aspects.

TEA

The world production of tea for the calendar year 2021 has been 6.4 million tonnes compared to 6.2 million tonnes in the previous year. Sri Lankan tea production, too, recorded the same trend with an increase of 7%, from 278 million kilo grams to 299 million kilo grams. Our estates are mainly situated in the High Grown sector where the increase has been 4.8 % compared to 8.2% in the low country.

The Colombo auction average price for tea for the calendar year 2020 has been Rs.628 which has increased to Rs.656 for the calendar year 2021.

The ban on agro chemicals had an adverse impact on production and quality. There was much concern as to how these factors would impact the image and marketability of "Ceylon Tea". Though the ban was subsequently reversed after much agitation from the entire agricultural sector, the scarcity of fertilizer and chemicals continues as imports have been restricted.

The plantation sector continues to experience severe worker shortages. Over the years, the workforce, especially skilled pluckers, has been diminishing. Youth are reluctant to engage in estate employment, especially time-worn jobs such as plucking tea by hand. As such, the full potential of the estates is not being harnessed. As a practical solution, mechanised harvesting was introduced, in a sustainable and professional manner, in June 2019, where key factors such as yield, quality and cost were closely monitored and controlled. Results have been very encouraging. It is planned to mechanise at least 30% of the extent initially. This will enable the existing cadre of hand-pluckers to be efficiently and gainfully utilised in manageable extents. Thereby, plucking/harvesting intervals will be on schedule resulting an improvement to leaf standards. Though there was much resistance to the new intervention, mechanisation will eventually increase worker earnings as well. 250 machines are in operation currently.

RUBBER

World production of natural rubber in the calendar year of 2021 has decreased by 8% compared to 2020. Sri Lankan rubber production, too, followed in the same trend declining from 78 million kilo grams in the calendar year of 2020 to 76 million kilo grams, a reduction of 2%. This was mainly due to adverse weather conditions and work restrictions because of Covid 19. Rubber plantations in Sri Lanka were also adversely affected with the leaf disease "Pestolopsiousis", and necessary and timely treatment could not be undertaken due to the unavailability of chemicals because of the ban on agro chemicals.

However, partly due to decline in production volumes, the increase in the world crude oil prices and the depreciation of the Sri Lankan Rupee, natural rubber prices at the Colombo auctions for Latex Crepe 1X experienced a sharp increase from Rs. 548/= in April 2021 to Rs. 725/= per kilo gram by the end of the financial year in March 2022.

Most of the land, hitherto cultivated in rubber, had been uprooted after its economic life span was over and was earmarked to be diversified into Oil Palm. However, with the government imposing a ban on the cultivation of Oil Palm, replanting of rubber was recommenced.

OIL PALM

Oil palm has been seen as the most promising crop in the Low Country. Along with climate change and more rain being experienced, these areas are now becoming more suitable for this crop compared to rubber. An added benefit is the low worker requirement, for instance half the number required for rubber.

The world crude Palm Oil price in April 2021 was US $ 1,030 and this increased to US $ 1,637 by end March 2022. As a result, the price of fresh fruit bunches too, increased from Rs.76/= to Rs 117/=. There is tremendous scope in the Palm oil industry where the global Palm Oil market value has been US$ 50.6 billion with a worldwide consumption of 73.87million tonnes.

The Oil Palm Association of Sri Lanka made a writ application to the Court of Appeal to revoke the government decision to ban Oil Palm cultivation in Sri Lanka. Resumption will benefit the country immensely boosting much needed foreign exchange. The Company intends to plant a large extent of land into Oil Palm once restrictions are lifted.

CONCLUSION

The entire world including Sri Lanka is going through a very volatile and complex period with many uncertainties. In this background, the plantation industry will face several challenges in the ensuing year, especially with the restrictions in imports due to the shortage of foreign currency.

However, commodity prices have increased, and this is a promising factor. We are hopeful that this trend will be sustained.

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

S D R Arudpragasam
Chairman

29th August,2022

CEO'S REVIEW

We are pleased to share the performance of Kotagala Plantations PLC for Season 2021/2022 with our Shareholders.

The constraints of the continuing Covid-19 pandemic together with governmental policy changes resulting in the ban of Agro-Chemicals and Inorganic Fertilizer imports had drastic effects on the performance of the Company during the period under review.

Despite these disruptions and challenges, the Company recorded a profit of Rs.188 million in the year under review.

Tea

Erratic weather conditions coincidental with the non-availability of weedicides and inorganic fertilizer impacted adversely on the Tea Crop. Total Crop Intake declined to 4,139,415kgs which was lower by 27% from the Budgeted Crop.

The quality of Made Tea too was affected by the restricted inputs, and this was reflected in the poorer prices achieved.

The effects of these enforced inadequate inputs will continue to be experienced through the current Season and into the future as well, unless there is a change in policy.

Some of our Vegetatively Propagated (VP) Tea extents are aging, being over 50 years old. Such extents enter a natural phase of declining productivity. A planned programme of replanting of these aging Tea extents is being considered in order to maintain the production levels of our Tea.

It is our intention to embark on a programme to improve the machinery in our Tea Factories so that the quality of manufactured product will be enhanced and attract improved prices.

We were granted Tea Board approval to commence operations on a Refuse Tea Processing Centre at Kelliewatte Factory in March 2022. This Centre is expected to service all Factories of Kotagala Plantations, where maximum Black Tea particles are extracted from Refuse Tea. Improvements in the Tea Market for Off Grade Teas together with the enhanced price being paid for Absolute Refuse (BMF) by the Instant Tea Factories, have combined to make this a very profitable venture.

Mechanical Harvesting

Over the years, the workforce, especially skilled Tea pluckers, has been diminishing. Youth are reluctant to engage in Estate employment, especially time-worn jobs such as plucking tea by hand. Employment as Domestic aids in Middle Eastern countries is a significant lure. As such, the full potential of the Estates is not being harnessed.

As a practical solution, mechanised harvesting was introduced in a sustainable and professional manner, in June 2019, where key factors such as yield, quality and cost were closely monitored and controlled. Results have been very encouraging.

It is planned to mechanise at least 30% of the extent initially, to mitigate the worker shortage. This will enable the existing cadre of manual pluckers to be efficiently and gainfully deployed in manageable extents.

Mechanisation will also increase worker earnings.

Unfortunately, interruptions to work due to the Covid-19 pandemic and the prevailing economic downturn has severely impacted progress.

It is believed that mechanisation will make a positive and substantial impact on the performance of the company once the situation normalises.

Rubber

During the period under review weather conditions were not very conducive for harvesting of Rubber. As a percentage, Crop harvest as against budget was 70%. The same percentage was achieved during the previous Season as well.

The main reason for the low harvest was the loss of tapping days due to adverse weather. The Region lost 100 Tapping days during the Season due to this reason.

Although the Rubber harvest was restricted due to inclement weather, ground conditions of the Rubber Estates were maintained in good order.

During Season 2021/2022 preliminary work was undertaken on 140.00 ha. in keeping with our replanting programme and Nurseries were established on all Estates to raise 75,000 Rubber plants to meet our planting requirements.

The price increase of Rubber was 45% against the previous season. Crepe Rubber prices picked up from the month of March 2021, Pale Crepe rising from Rs. 500/- per kg to Rs. 725/-. This is a significant increase in Crepe prices in the context of the past 10 years.

Oil Palm

Crop harvest of Oil Palm was favourable during Season 2021/22. The Region achieved 97% of the budget, which is a 50% increase over the previous Season.

It is envisaged that the harvest of Fresh Fruit Bunches (FFB) will increase with regular applications of fertilizer.

Prices for FFB improved from Rs. 76/= to Rs. 117/= per kg during the Season. It is expected that the prices for Crude Palm Oil (CPO) will further escalate in forthcoming months due to the restrictions placed on cooking oil imports.

We look forward to the policy on Oil Palm planting being reversed by the authorities considering the savings the country will make and where the company's earnings will increase.

Forestry/Timber

New and replanting continues as per our planned programme.

We also continue to establish new areas under permanent Forest cover in keeping with our policy of being Environment friendly.

Human Resources, Corporate Social Responsibility and Social Welfare

We value our Human resources as the most valuable asset for sustainable growth. Hence, we focus on progress through developing our personnel by implementing Training and Development initiatives at all levels. We strongly believe that improving the knowledge and skills of people will enhance our competitive edge in the market.

The company has also initiated a performance evaluation system across all levels in order to harness best results for the company in order to create internal competition to facilitate performance.

Corporate Social Responsibility

We at Kotagala Plantations PLC believe Corporate Social Responsibility plays a key role to our business and its wealth creation. Hence our CSR is generally understood to be the way companies achieve the balance or integration of the economic environment with social imperatives whilst at the same time addressing share holder and stake holder expectations.

As such, from a progressive perspective our CSR activities usually focus on new opportunities as a way to respond to internal economic and environmental demands in the marketplace. Our CSR activities revolve round key deliverables in Health, Education, Environment and Community where our stakeholders are benefited on a regular basis.

Both Regions of Kotagala Plantations (i.e.) Up country and Low country, have utilised substantial resources in Social Responsibility Initiatives in the year 2021/2022 where Rs. 1.9 Mn was invested for internal road concreting, Rs. 52 Mn for New Life Housing, Rs. 1 Mn for construction of new Latrines, Rs. 4.4 Mn for CEB Power Line/Indian Housing Infrastructure and Rs. 3.7 Mn on a Water Scheme.

We thank the State Ministry of Estate Housing/ Community Infrastructure and the PHDT for their Grants.

We also appreciate the valuable contributions made towards Welfare activities by World Vision and Berendina in the Kotagala Up country Region.

Acknowledgements

We extend our thanks to our Plantation Executives, Staff, Workers and Staff of the Head Office and Regional Offices for their contributions throughout the Season.

We wish to convey our appreciation to our Brokers, the Planters' Association and Employers' Federation for their valued advice and support. We are grateful to the Worker Unions for their cordiality and cooperation in minimising Worker agitation during the unsettled situations the country faced throughout the Season.

We also thank the Stakeholders, Chairman and Board of Directors for their continued support and guidance.

Mahen Madugalle
Director/CEO

29th August,2022

BOARD OF DIRECTORS

S. D. R. Arudpragasam – Chairman

Non- Executive

Mr. S. D. R. Arudpragasam joined the Board of Kotagala Plantations PLC in 1996 and was appointed Chairman in May, 2013. Mr. S. D. R. Arudpragasam whilst being associated with The Colombo Fort Land & Building Group of companies since 1982 and having served on the Board of The Colombo Fort Land & Building PLC (CFLB) since the year 2000 and as Deputy Chairman from 2011 was appointed Chairman CFLB with effect from 1st July 2022. He also serves as Chairman of several subsidiaries of CFLB and holds the position of Chairman, Lankem Ceylon PLC and Chairman/Managing Director of E.B. Creasy & Company PLC in addition to holding other Directorships within the CFLB Group.

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

C. P. R. Perera - Deputy Chairman

Independent Non- Executive

Mr. C.P.R. Perera joined the Board of Kotagala Plantations PLC in 1996 and was appointed Deputy Chairman in May, 2013. He was appointed Deputy Chairman of The Colombo Fort Land & Building PLC (CFLB) on 1st July 2022 and also serves on the Boards of several subsidiary companies of the CFLB Group. He also holds directorships in other private and public companies. He retired as Chairman of Forbes & Walker Ltd and its subsidiary companies in June 2005 after almost 44 years of service. He is also a past Chairman of the Sri Lanka Tea Board, Sri Lanka Insurance Corporation, PERC and Bank of Ceylon.

Mr. Perera having held the Office of Chairman of Ceylon Tea Brokers PLC until 1st April 2022 continues to serve as a Non-Executive Director of the said Company. Mr. Perera has served as a Committee Member of the Ceylon Chamber of Commerce, The Planters Association of Ceylon, and on the Committee of Management of the Ceylon Planters Provident Society.

S.S. Poholiyadde

Executive Director

Mr. S.S. Poholiyadde joined the Board on 07th September 2018 and currently holds the position of Managing Director, Lankem Tea & Rubber Plantations (Pvt) Ltd. (LTRP), Managing Agents of Kotagala Plantations PLC and Agarapatana Plantations Ltd.

Mr. Poholiyadde is the former Managing Director of the Plantations Sector and Head of Group Human Resources of the Richard Pieris Group. He was also the former CEO/ Executive Director of Kegalle Plantations PLC, Namunukula Plantations PLC, Maskeliya Plantations PLC & an Executive Director AEN Palm oil processing Pvt Ltd. He has over four decades of experience in the Plantations Industry.

He is the immediate past Chairman of the Planters' Association of Ceylon, Former Chairman of the Colombo Rubber Traders' Association and has served as Chairman of the Plantation Services Group of the Employers Federation of Ceylon (EFC). He was also a member of the Board of Directors of the Sri Lanka Tea Board, the Rubber Research Board and has been a Council Member of the Ceylon Chamber of Commerce.

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

M. S. Madugalle – Chief Executive Officer

Executive Director

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

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

A. M. de S. Jayaratne

Independent Non- Executive Director

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

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

Anushman Rajaratnam

Non- Executive Director

Mr. Anushman Rajaratnam was appointed to the Board on 1st October 2019. He is at present the Group Managing Director of The Colombo Fort Land & Building PLC (CFLB). In addition, he serves on the Boards of several subsidiary companies of the CFLB Group. Prior to joining the CFLB Group, he worked overseas for a leading global Accountancy Firm.

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

RISK MANAGEMENT

The Risk Management process

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

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

Operational risk

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

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

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

Weather

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

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

Business risk

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

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

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

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

Legal and regulatory

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

Human resources

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

RISK MANAGEMENT

Governance risk

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

Liquidity

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

Employee related risks

Risks such as omissions, fraud, judgemental errors, negligence, are examples of employee related risks. The company has a set up a competent internal audit department which carries out exhaustive checks on a routine basis in order to eliminate the above mentioned risks. The Internal audit department functions independently and reports directly to the Executive Directors. They ensure all receipts have been banked, lodging of funds have been deployed for the intended activity. Suitable delegated authority levels have been set up and succession plans are formulated. We maintain a conducive working environment for all staff

Information

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

ENTERPRISE GOVERNANCE

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

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

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

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

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

Corporate Governance Principle	Company's adherence
	Directors
Composition of the Board	As at the end of the financial year the Board consists of two Executive Directors and four Non-Executive Directors two of whom are Independent. The Directors possess a strong balanced blend of skills, experience to offer guidance in core areas important to KPPLC. **The names of the Directors who held office during the financial year and who are currently in office are given below. Brief profiles of the Directors currently in office appear on page 6.** S.D.R. Arudpragasam - Non-Executive (Chairman) C.P.R. Perera - Independent Non- Executive (Deputy Chairman) S.S. Poholiyadde - Executive M.S. Madugalle - Executive (Chief Executive Officer) A.M. de S. Jayaratne - Independent Non-Executive Anushman Rajaratnam - Non-Executive Each Non-Executive Director has submitted a declaration of independence/non-independence for the year. The Board makes a determination annually as to the independence/non-independence of each Non-Executive Director Mr. C.P.R. Perera has served on the Board for more than nine years. He is a Director on the Boards of other Companies in which a majority of the Directors of the Company are Directors and also has significant shareholdings in another. He serves on the Board of the Ultimate Parent Company, The Colombo Fort Land and Building PLC (CFLB) and holds Directorships on certain subsidiaries of CFLB and has served on some of those subsidiaries for a period exceeding nine years. The Board however having considered the fact that Mr. C.P.R. Perera is not involved in the operational matters of the Company and having taken into consideration all other circumstances listed in the Rules pertaining to the Criteria for Defining Independence is of the opinion that Mr. C.P.R. Perera is nevertheless Independent. Mr. A.M. de S. Jayaratne is a Director of the Ultimate Parent Company, The Colombo Fort Land and Building PLC (CFLB) and serves on the Boards of several subsidiaries of CFLB. He has served on the Board of the Ultimate Parent and on several of its subsidiaries for over a period of nine years. He is a Director of certain such subsidiary companies of which a majority of the Directors serve on another and also has significant shareholdings in another. The Board however having considered the fact that Mr. A.M. de S. Jayaratne is not involved in the Operational matters of the Company and having taken into consideration all other circumstances listed in the Rules pertaining to the Criteria for Defining Independence is of the opinion that Mr. A.M. de S. Jayaratne is nevertheless Independent.

ENTERPRISE GOVERNANCE

Corporate Governance Principle	Company's adherence
	Directors
Decision making of the Board	In addition to Board Meetings, matters are referred to the Board and decided by Resolutions in writing. The Board has met on Six occasions during the year under review. The number of meetings of the Board and the individual attendance by members is shown below: Name of Director No. of Meetings attended Mr. S.D.R. Arudpragasam 6/6 Mr. C.P.R. Perera 6/6 Mr. S.S. Poholiyadde 6/6 Mr. M.S. Madugalle 6/6 Mr. Anushman Rajaratnam 5/6 Mr. A.M.De.S. Jayaratne 4/6 The Board is responsible for:- • Ensuring the conduct of the Company's affairs in the best interest of its stakeholders. • Identifying Strategic options implementation and monitoring their success. • Appointment of the Directors, ensuring staff succession and determining remuneration of senior executives and staff in consultation with the respective Committees. • Ensuring an effective internal control system. • Ensuring a proactive risk management system. • Ensuring compliance with highest ethical standards and legal standards. • Approval of major capital investments acquisition expansions and Budgets • Approval of interim and annual financial statements for publication.
Company Secretaries	The Company and all Directors may seek advice from Corporate Managers & Secretaries (Pvt) Ltd who are qualified to act as Secretaries as per the provisions of the Companies Act No. 7 of 2007.
Independent Judgement	The Board of Directors at all times exhibit high standards of integrity, commitment and independence of judgement.
Obtaining independent professional advice	Advice is sought from independent experts whenever the Board deems it necessary. The Directors are updated on the changes in the plantation industry as well as on the general aspects which may affect the Company's operations.
Managing Agents	The Board of Directors has delegated the management of Plantation and the task of achieving the strategic objectives set out by the Board to the managing agents, Lankem Tea & Rubber Plantations (Pvt) Ltd (LT &RP). The Board of LT&RP meets frequently and review the progress towards achieving the budgets and discuss the operational issues. The successful implementation of the Capital Expenditure programmes and focusing on the development strategies are also key priorities.
Finance Acumen	The Board comprises of three finance professionals who possess the knowledge and the competence to offer the Board the necessary guidance on matters relating to finance.
Supply of Information on a timely manner	Prior to each meeting all Directors are given a file of Board Papers which includes Summarised Financial Statements, operational statistics, performance reviews, sales reports, Schedules of Capital Expenditure and a Progress Report, covering all significant issues with the comparatives of prior year and budget. This information is provided at least 7 days prior to the meeting which gives Directors adequate time for qualitative deliberation and analysis.
Nomination Committee/ Appointments to The Board	New Directors are proposed for appointment by the Nomination Committee in consultation with the Chairman of the Company in keeping with the provisions of the Articles of Association of the Company in relation to same and in compliance with the Rules on Corporate Governance. The Company's Nomination Committee comprises of Mr. A.M. de S. Jayaratne - Chairman, Mr. C.P.R. Perera, Independent Non- Executive Directors and Mr. S.D.R. Arudpragasam, Non-Executive Director.
Disclosure of appointments of New Directors to the Shareholders.	The new appointments are made available to shareholders by making announcements to the Colombo Stock Exchange.

Corporate Governance Principle	Company's adherence
	Directors
Re-election of Directors	In terms of the Articles of Association of the Company a Director appointed to the Board holds office until the next Annual General Meeting, at which he seeks re-election by the shareholders. The Articles require one-third of the Directors in office (excluding the Managing Director and the Appointed Directors) to retire by rotation at each Annual General Meeting. The Directors who retire are those who have been longest in office since their last election. Retiring Directors are eligible for re-election by the shareholders.

Corporate Governance Principle	Company's adherence
	Relations with Shareholders
Annual General Meeting	The Company always welcomes the active participation of the shareholders at the Annual General Meeting. Questions put up by the shareholders are answered thus promoting a healthy dialogue. The required number of days notice has been given to the shareholders in terms of the Companies Act No.7 of 2007 and the Articles of Association of the Company.
Communication with Stakeholders	The Company publishes the Annual Report together with the interim reports in order to communicate information to the shareholders in a timely manner.
Major Transactions	There have been no transactions during the year under review which fall within the definition of "Major Transactions" as set out in the Companies Act.
Price Sensitive Information	Due care is exercised with respect to share price sensitive information.
Others	The Company maintains a website under the name www.lankemplantations.lk which offers any individual or corporate, information on the Company and its affairs. The Company's principal communicator with all its stakeholders are its Annual Report and Quarterly Financial Statements. The shareholders are free to communicate with the Company. Whenever possible, the Company implements their suggestions.
	Accountability and Audit
Financial Reporting	The Board attaches high priority to timely publication of quarterly and annual results with comprehensive details (both financial &non-financial) going beyond statutory requirements. This enables both existing and prospective shareholders to make fair assessments on the Company's performance and future prospects. The financial statements are prepared in accordance with Sri Lanka Accounting Standards. The Company's accounting formats and procedures are in compliance with the procedures laid down by the regulatory authorities.
Disclosures	The Annual Report of the Board of Directors is on pages 28 to 31 of this report. The Statement of Directors responsibilities for the financial reporting is on page 32 and the Auditors' Report on the financial statements is on the pages 33 to 36 of this annual report.
Going Concern	The Board of Directors after reviewing the financial position and the cash flow of the Company are of the opinion that the Company has adequate resources to continue operations well in the foreseeable future. Therefore, the Board adopts the going concern basis in preparing Financial Statements.
Internal Control	The Directors are responsible for maintaining an effective internal control system and proactive risk management strategy. Internal controls cover both financial and operational matters and risk management to safeguard the assets of the Company. The risk management strategy of the Company is on pages 7 and 8 of this report. The Company also ensures that effective internal and external audit procedures are followed and the Board reviews the reports in order to maintain the progress of the systems and results.
Internal & External Audits	The Internal Audit division comprises of the Internal Audit Manager and Assistants who report directly to the Executive Directors. They are empowered to examine and review the financial reporting systems, internal control procedures, accounting policies and compliance with accounting standards. It also reviews the adequacy of systems for compliance with legal, regulatory and ethical requirement and company policies. The Company maintains a professional relationship with the external auditors, KPMG. This ensures their objectivity, independence and compliance with regulatory and ethical requirements.
Audit Committee	The Audit Committee Report is set out on page 13 of this Report.

Corporate Governance Principle	Company's adherence
	Directors' Remuneration
Remuneration Committee	The Remuneration Committee Report is set out on page 14.
Disclosure of Remuneration	Aggregate remuneration paid to Directors is disclosed in Note 7 to the Financial Statements.
	Related Party Transactions
Related Party Transactions Review Committee	The Related Party Transactions are disclosed in Note 33 to the Financial Statements. The Report of the Related Party Transactions Review Committee appears on page 15
	Others
Management Committees	The Management Committee comprises of Directors, Consultants, General Managers and Deputy General Managers. Meetings are held once a month where a review in detail is carried out on the performance of each individual estate based on both financial and relevant non-financial indicators.
Compliance with Legal Requirements	The Board of Directors through the Company's Legal & Finance divisions makes every endeavour to ensure that the business complies with all laws and regulations.
Social & Environmental Matters	The Company has for many years recognised the benefits that accrue from responsible employment, environmental and community policies which are dealt with in detail in the Chairman's Review and CEO's Review.
Rights of Employees /Other Stakeholders	The Company identifies the rights of employees. Several employee performance enhancing mechanisms such as performance appraisals and training initiatives are in place for the career building of our employees. A series of best practices and techniques are now embedded in the business and applied intelligently within the organisation. Constant responsiveness to all stakeholder interests and an effective risk management process are critical success factors to ensure that the governance process will continue to add value in the future. The Extent to which the good Corporate Governance practices are adopted in the Company is given as above in this report.

AUDIT COMMITTEE REPORT

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

Composition

The Audit Committee for the financial year ended 31st March, 2022 comprised of two Independent Non-Executive Directors and a Non-Executive Director of Kotagala Plantations PLC.

The names of the members are set out below:

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

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

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

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

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

Meetings and Attendance

The Audit Committee has met on four occasions during the financial year ended 31st March, 2022 and the attendance was as follows;

Mr. A.M. de S. Jayaratne	4/4
Mr. S.D.R. Arudpragasam	4/4
Mr. C.P.R. Perera	4/4

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

Terms of Reference

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

Compliance

The Committee has scrutinized the quarterly accounts and the accounts for the year ended 31st March, 2022 and has taken necessary measures to ensure that the Interim Financial Statements and the Annual Report are timely published and they are prepared and presented in accordance with Sri Lanka Accounting Standards.

External Audit

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

The Committee after evaluating the independence and performance of the External Auditors has recommended to the Board the reappointment of KPMG as Auditors for the financial year ending 31st March, 2023 subject to the approval of the Shareholders at the Annual General Meeting.

Conclusion

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

A.M. de S. Jayaratne
Chairman
Audit Committee

29th August,2022

REMUNERATION COMMITTEE REPORT

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

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

The Remuneration Committee met once during the financial year and all the Members were present at that meeting.

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

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

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

A.M. de S. Jayaratne
Chairman
Remuneration Committee

29th August,2022

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

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

Composition

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

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

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

Meetings and Attendance

The Related Party Transactions Review Committee has met on four occasions and a Meeting had been held in each quarter during the financial year ended 31st March, 2022 and the attendance was as follows;

Mr. A.M. de S. Jayaratne- Chairman	3/4
Mr. C.P.R. Perera	4/4
Mr. S.D.R. Arudpragasam	4/4

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

Policies, Procedures and Functions of the Committee

The Policies and Procedures adopted by the Related Party Transactions Review Committee when reviewing and recommending transactions are consistent with Section 9 of the Listing Rules of the Colombo Stock Exchange.

The Functions of the Committee are as follows;

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

Conclusion

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

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

The Board of Directors have also declared in the Annual Report that there were no non- recurrent related party transactions which exceeded the respective thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules. The recurrent related party transactions entered into with related parties are exempt in terms of the Colombo Stock Exchange Listing Rules and are duly disclosed on pages 91 to 94 of the Annual Report. The Company has complied with the requirements of the Listing Rules on Related Party Transactions.

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

29th August,2022

OUR PLANTATIONS

Estate	Crop	Planting District	Area in Tea (Ha.)		Area in Rubber (Ha.)		Oilpalm (Ha.)	Others- (Timber, Cinnamon, Coconut, Nurseries etc) (Ha.)	Total (Ha.)	Earmarked for Future Planting (Ha.)	Building/ Roads/Rocky/ Marshy / Forestry/ Conservation/ Un suitable for cultivation/ sub Leased etc (Ha.)	Present Estate Total Extent (Ha.)	Land released for Public purposes (Ha.)	Type of Factory	Factory Capacity
			Mature	Immature	Mature	Immature	Immature								
Kotagala Region															
Bogahawatte	Tea	Nuwara Eliya	129.50	1.00	-	-		26.05	156.55		82.49	239.04	3.96	Orthodox leafy	9,000
Chrystler's Farm	Tea	Nuwara Eliya	116.45	-	-	-		37.10	153.55		34.90	188.45	0.55	Orthodox/Leafy	9,000
Craigie Lea	Tea	Nuwara Eliya	240.42	-	-	-		48.02	288.44		73.06	361.50	2.50	Orthodox/RV	12,000
Drayton	Tea	Nuwara Eliya	230.95	-	-	-		36.94	267.89		75.11	343.00	0.37	Orthodox/RV	19,200
Kelliewatte	Tea	Nuwara Eliya	94.30	0.75	-	-		28.76	123.81		22.03	145.84	1.16	Refuse Tea	
Mayfield	Tea	Nuwara Eliya	280.40	6.00	-	-		83.93	370.33		168.12	538.45	0.55	Orthodox/RV	14,000
Mount Vernon	Tea	Nuwara Eliya	377.42	8.75	-	-		174.00	560.17	-	74.08	634.25	5.75	CTC	31,000
Stonycliff	Tea	Nuwara Eliya	318.00	3.50	-	-		196.50	518.00	31.50	50.75	600.25	0.75	Orthodox/RV	14,000
Yulliefield	Tea	Nuwara Eliya	361.25	2.00	-	-		150.69	513.94	-	145.81	659.75	1.25	Orthodox/RV	14,000
Derryclare	Tea	Nuwara Eliya	194.98	-				36.95	231.93	-	59.86	291.79	2.21	-	
Regional Total			2,343.67	22.00	-	-		818.94	3,184.61	31.50	786.21	4,002.32	19.05		
Horana/Kalutara Region															
Eduragala	Tea/Rubber	Kalutara	17.68	3.08	155.90	30.98	-	29.74	237.38	150.90	132.06	520.34	13.66		-
Hedigalla	Tea/Rubber/Oil Palm	Kalutara	7.00	1.38	119.22	26.09	59.71	17.89	231.29	136.36	111.47	479.12	0.89		
Gikiyanakanda	Tea/Rubber/Oil Palm	Kalutara	41.84	2.00	205.54	21.70	52.00	47.61	370.69	312.18	179.92	862.79	16.21	Orthodox/RSS	8000/2000
Rayigam	Tea/Rubber/Oil Palm	Kalutara	95.54	6.02	142.76	69.60	18.00	15.43	347.35	204.39	112.45	664.19	26.82	Orthodox/Crepe	10,000/1200
Vogan	Tea/Rubber/Oil Palm	Kalutara	43.42	7.00	247.05	30.92	15.00	15.46	358.85	198.95	240.06	797.86	49.14	Orthodox	8,000.00
Arapolakanda	Rubber/Oil Palm	Kalutara	-	-	223.67	35.34	29.47	43.31	331.79	44.26	239.47	615.52	12.20	Pale Crepe	2,000.00
Dalkeith	Rubber/Oil Palm	Kalutara	-	-	263.20	74.58	159.14	61.46	558.38	328.00	306.34	1,192.72	11.03	Pale Crepe	4,500.00
Sorana	Rubber/Oil Palm	Kalutara	-	-	224.62	32.49	63.06	5.32	325.49	124.21	182.95	632.65	111.35	Pale Crepe	1,500.00
Usk Valley	Rubber/Oil Palm	Kalutara	-	-	191.10	15.00	129.50	80.38	415.98	119.51	235.53	771.02	29.53	RSS	600.00
Padukka	Rubber	Kalutara	-	-	197.72	67.78	-	11.89	277.39	88.26	48.52	414.17	1.82	Sole Crepe	2,300.00
Paiyagalla	Rubber	Kalutara	-	-	277.04	41.37	-	27.58	345.99	49.37	71.64	467.00	35.08	Pale Crepe	2,200.00
Millewa	Rubber	Kalutara	-	-	-	-	-		-	16.81		16.81	376.84		
Pearth													700.00		
Regional Total			205.48	19.48	2,247.82	445.85	525.88	356.07	3,800.58	1,773.20	1,860.41	7,434.19	1,384.57		
Company Total			2,549.15	41.48	2,247.82	445.85	525.88	1,175.01	6,985.19	1,804.70	2,646.62	11,436.51	1,403.62		-

OUR PEOPLE

		Workers	Clerical, Technical & Other Staff	Executives	Total
		2021/22	2021/22	2021/22	2021/22
Total Employees		5,276	408	52	5,736
Region Wise	Kotagala	3,225	194	20	3,439
	Horana	2,051	205	16	2,272
	Head Office		9	16	25
Gender Wise	Male	2,030	300	44	2,374
	Female	3,246	108	8	3,362
Age Distribution	Below 30 Years	236	32	9	277
	30 - 45 Years	2,389	223	22	2,634
	Over 45 Years	2,651	153	21	2,825
Service Distribution	Below 5 Years	1,075	137	14	1,226
	5 - 15 Years	1,889	175	20	2,084
	Over 15 Years	2,312	96	18	2,426

CROP AND YIELD

Estate	Crop (KG '000)					Yield (KG /Ha)				
	2021/22	2020/21	2019/20	2018/19	2017/18	2021/22	2020/21	2019/20	2018/19	2017/18
TEA										
Western High Grown										
Bogahawatte	**192**	212	177	200	223	**1,485**	1,639	1,364	1,548	1,724
Chrystlers' Farm	**166**	212	188	200	212	**1,425**	1,822	1,614	1,669	1,662
Craigie Lea	**348**	422	371	466	389	**1,515**	1,833	1,613	2,025	1,693
Derryclare	**258**	326	284	306	292	**1,415**	1,787	1,542	1,634	1,588
Drayton	**405**	486	426	509	566	**1,754**	2,103	1,845	1,951	1,778
Kelliewatte	**118**	139	128	183	228	**1,365**	1,652	1,518	1,806	1,647
Mayfield	**484**	522	418	563	606	**1,568**	1,715	1,497	1,779	1,577
Mount Vernon	**794**	906	832	783	926	**2,103**	2,401	2,210	1,913	1,807
Stonycliff	**528**	497	435	570	520	**1,789**	1,685	1,470	1,931	1,769
Yuillefield	**380**	435	406	475	611	**1,333**	1,510	1,385	1,465	1,371
Sub Total	**3,674**	4,157	3,664	4,255	4,573	**1,640**	1,860	1,653	1,795	1,665
Low Grown										
Eduragala	**26**	25	29	36	39	**1,491**	1,438	1,601	2,007	2,189
Hedigalle	**7**	7	9	7	10	**955**	1,060	1,288	754	1,065
Gikiyanakanda	**110**	50	165	262	247	**1,241**	1,152	1,390	1,569	1,659
Rayigam	**200**	181	313	352	419	**1,579**	1,198	1,352	1,475	1,629
Vogan	**122**	68	84	96	194	**1,323**	1,565	1,296	1,251	2,189
Sub Total	**465**	331	599	753	909	**1,416**	1,282	1,367	1,464	1,606
Total-Tea	**4,139**	4,488	4,263	5,008	5,482	**1,623**	1,810	1,628	1,766	1,660
RUBBER										
Arappolakande	**120**	181	168	186	185	**538**	795	686	754	763
Dalkeith	**173**	205	195	273	271	**655**	706	670	952	924
Eduragala	**73**	95	79	110	122	**466**	513	444	597	612
Gikiyanakande	**114**	102	102	135	134	**554**	733	344	434	416
Hedigalla	**43**	47	41	62	57	**358**	230	293	401	381
Millewa	**0**			9	65				525	490
Padukka	**131**	165	137	198	212	**665**	1,380	594	828	784
Paiyagala	**198**	205	158	249	249	**713**	888	527	830	797
Rayigam	**102**	155	134	161	172	**715**	516	642	720	770
Sorana	**124**	138	144	185	206	**552**	527	609	790	723
Uskvalley	**92**	121	108	164	174	**483**	847	528	758	724
Vogan	**115**	167	137	181	161	**466**	750	473	607	557
Total -Rubber	**1,284**	1,581	1,403	1,913	2,008	**571**	680	536	705	687
OIL PALM										
Arapolakande	**468**	382	359	346	184	**15,866**	12,958	12,186	11,729	6251
Dalkieth	**843**	531	512	433	261	**5,300**	3,993	6,564	5,547	3573
Uskvalley	**886**	552	547	538	252	**6,839**	4,266	4,390	4,324	2021
Gikiyanakanda	**330**	231	306	257	186	**6,338**	10,504	13,892	11,682	8460
Sorana	**636**	471	535	541	235	**10,080**	7,910	8,969	9,080	3946
Rayigam	**127**	85	93	61	18	**7,028**	4,727	5,146	3,399	1013
Hedigalla	**357**	189	163	145	17	**5,981**	3,163	3,509		
Vogan	**86**	41	38	35	5	**5,711**	2,713	2,562		
Total-Oil Palm	**3,731**	2,482	2,552	2,356	1,158	**7,095**	5,324	6,492	6,563	3479

MANAGEMENT DISCUSSION & ANALYSIS

The year 2021 should be considered a recovery period for Sri Lanka where the economy rebounded back from Covid-19 pandemic disruptions recording a growth of 3.7% compared to the contraction of 3.6% recorded in 2020. Although the impact of Covid-19 extended in the year 2021 affecting the economies of the country across all sectors owing to lockdowns, low profile activities and social distancing etc, the Government was able to contain the spread by imposing extra ordinary precautions.

All sectors of the economy registered growth during the year at constant price levels (Agriculture, Forestry & Fishing by 2%, Industries by 5.3% and Services by 3%). However, the GDP at current prices recorded a significant increase of 11.9% in 2021 compared to 2020, mainly due to the impact of increase in price levels of all commodities also triggering the increase in GDP Inflator to 7.9% from 4% in 2020.

TEA

The production of tea recorded an overall growth of 7.4% in 2021 driven by a significant expansion during the first half of the year, recording a 24% increase compared to that of 2020 as a result of Covid-19 pandemic. However, due to the unfavourable weather conditions prevailed in the second half of the year the growth reflected a sharp contraction of 7.2%.

Production of high, medium and low grown tea contributed by 22%, 17% and 61% of the total production respectively. It is remarkable to note that the Yield per hectare of 1,880 kgs of the smallholder sector remained above that of the large plantation sector.

The e-Auction introduced by the CTTA and CBA which was a major stepping stone for the tea trade during the year 2020 was upgraded as Smart Auction in 2021 with strengthened trading and data features.

It is remarkable to note that the tea auction prices picked up by Rs.9.50, Rs.120.92, Rs.108.69 and Rs.89.45 during the four quarters respectively against the previous year 2019.

Auction averages for the year 2021 totalled Rs.615.44 against the 2020 average of Rs. 628.21 recording a loss of Rs.12.77. The decline is mainly from Low Grown 24% and Medium Grown 3.14% whereas, High Grown achieved a growth by 6.23% against the previous year 2020.

Tea production for the year 2021, totalled 299.3 Mn/kgs showing an increase of 20.5 Mn/kgs against 2020, just recovering from the impact of Covid-19 pandemic. The increase is mainly from the Low Grown by 15 Mn/Kgs, whereas Medium/High Grown have shown a marginal increase of 2.6 Mn/kgs each against the previous year 2020.

Sri Lanka Tea exports totalled 286 Mn/kgs in 2021 compared to 265.6Mn/kgs in 2020 showing an increase of 20.4 Mn/kgs. Although in terms of revenue earned ,Rs.263Bn in 2021 against Rs.230 Bn the previous year 2020, the percentage composition of tea of the total exports declined to 10.6% in 2021 compared to 12.4% in the previous year.

Although the FOB price of tea increased by 6.2% to Rs.920.76 in 2021 against Rs.866.70 in 2020, the equivalent US dollar terms declined by 0.9% in 2021. World Tea Production stood at 6.5 Bn/Kgs during 2021 recording a slight growth of 3% against the previous year 2020. China, India, Kenya and Sri Lanka accounted for almost 80.4% of the global production. Unlike the previous year Asian Countries merely contributed to the growth of 3%, while African Countries have shown a slight decline YOY.

The 1st and 2nd Quarters auction volumes averaged 78.8 Mn/Kgs against 61.8 Mn/kgs and 68.2 Mn/Kgs the previous year recording a growth of 27% and 1.6% respectively. But prices averaged to Rs.686.55 and Rs.647.00 against Rs.569.36 and Rs.638.70 compared to the previous year recording an increase of 20.5% and 1% respectively.

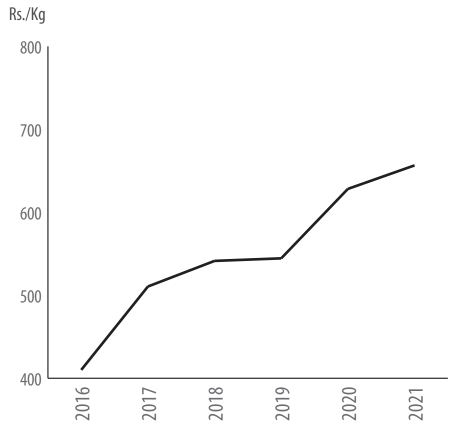
The 3rd and 4th Quarters auction volumes were 75.9 Mn/Kgs and 59.1 Mn/Kgs recording a decrease by 7% and 7.8% respectively against the previous year. However, the prices of the relevant quarters being Rs.632.70 and Rs.659.70 versus Rs.592.60 and Rs.622.00 showed an increase of 6.7% and 6% respectively.

In total, the year 2021 witnessed an increase in auction volumes by 8.9% amounting to 24 M/kgs as compared to 2020, but the prices increased only by 4% from Rs.628.21 in 2020 to Rs.656.54 in 2021.

Both Western High/Medium Grown averages showed a marginal increase by Rs.9 per kg and Rs.6 per kg against the last year respectively, but the Low Grown average declined by 3% against the last year.

The company achieved an average of Rs.556.57 and Rs.570.98 for the High/Low Grown Regions for the current year against that of Rs.553.82 and Rs.609.68 in the previous year respectively.

Colombo Tea Auction Prices



Crop

In the year under review the Company's tea production reached 4.14 Mn/kgs against 4.48 Mn/kgs during the previous year recording a decline of 7.8% . High Grown accounted for the decrease in crop by 11%, whereas Low Grown reflected a growth of 40% reflecting a recovery from the previous year's shortfall.

Yield

During the year under review the yield obtained in the High Grown was 1,640 Kgs/ha against 1,860 Kgs/ha in the previous year recording an decrease of 11.8% and Low Country too recorded a yield of 1,416 Kgs/ha this year against that of the previous year 1,282 Kgs/ha resulting in an increase of 9% reflecting a recovery from the previous year's shortfall. The overall Yield for the Company showed a decrease of 10.4% from 1,810 Kgs/ha during the previous year to 1,623 Kgs/ha in the current year.

MANAGEMENT DISCUSSION & ANALYSIS

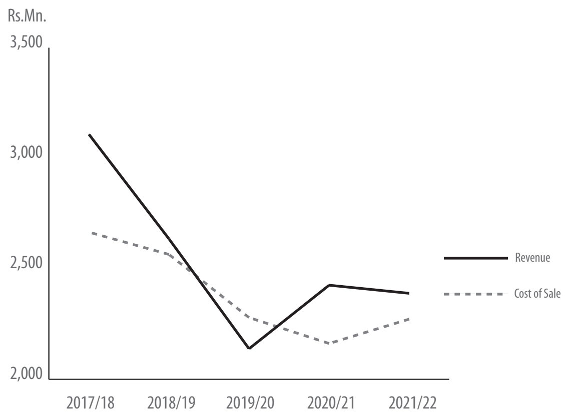
Net Sale Average

In the year under review the Company achieved almost the same NSA of Rs.558.16 as per the previous year 2020. However, High Grown reflected an increase in NSA of 0.5% whereas Low Grown's NSA declined by 6.3% against the last year resulting in a decrease of Rs.36.6 Mn in turnover owing to an increase in crop by 40%.

Cost of Production (COP)

The COP reached to a figure of Rs529.55/kg during the current year against that of Rs.502.00/kg in the previous year reflecting an increase of 4.4% mainly due to the decrease in yield.

Revenue Vs Cost of Sale - Tea



Rubber

Rubber production in Sri Lanka continued to decrease in 2021 too due to incessant rains in plantation areas. Production declined by 1.7% to 76,900 MT compared to 78,200 MT in the year 2020. Compared to where Sri Lanka was, producing around 155,000 MT in 1967, to the current levels of decline which accounts for 50% reflects a down fall of the Industry. Sri Lanka with over 140 years history as the pioneer rubber grower in the world outside South America, was in the fourth place in the world as a NR producer in late nineteen sixties has already fallen down to the 12th position, overtaken by countries entered into growing rubber much later, such as Vietnam, Cambodia and Myanmar.

Rubber Development Department and RRI implemented strategies in 2021 aiming at improving sectoral productivity and value addition. And in line with the National Agricultural Policy, Rs.60 m was allocated in the Budget of 2021 to provide subsidies for local small and medium scale entrepreneurs to revive abandoned lands and to purchase rain guards etc. Further continued efforts were made in relation to new planting activities and Rubber Revitalisation Project aimed at economically viable slow release fertilizer techniques to improve crop performance across 14 RPCs and 6 smallholder estates.

At present, the contribution from the rubber industry to the total export value of Sri Lanka remains constant at 0.3% against last year . The export revenue improved from US$ 30 M last year to US$ 42M this year, recording an increase of 40% mainly due to the increase in price.

One of the major reasons for the drop in productivity of all agricultural crops in the country is the escalating labour wages, which makes the weeding cost very high, particularly after the banning of the use of the weedicide Glyphosate citing health reasons which is an unfounded fear. As a result, farmlands are not properly weeded now to minimize the absorption by weeds with the limited quantities of nutrients added to the soil as fertilizers, at a very high cost. The fertilizer cost has escalated at alarming levels from Rs.29,500 /Mt last year to Rs.585,000 /Mt in 2022, making it a heavy financial burden to maintain the planatiaons.

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

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

Although, Rubber production showed a rising trend during the first half of 2021, the decline in the second half was mainly due to higher number of rainy days which dampened production in the last quarter of the year which is generally considered as the peak yielding period for rubber plantations.

Reflecting the drop in international market prices in 2019, Prices of Sri Lankan RSS rubber reflected a significant increase. The Colombo Auction average price of RSS1 increase to Rs.475.00 against Rs. 351.44 in the previous year recording an increase of 35% and Prices of Latex Crepe rubber increased from Rs.696.58 in the previous year to Rs.302.60 in the current year showing an increase of 230%. The surge in international prices during the latter part of the year was driven by supply shortages in global markets due to unseasonal and heavy rains that disrupted tapping operations in rubber producers amidst growing demand from East Asia.

Company Performance

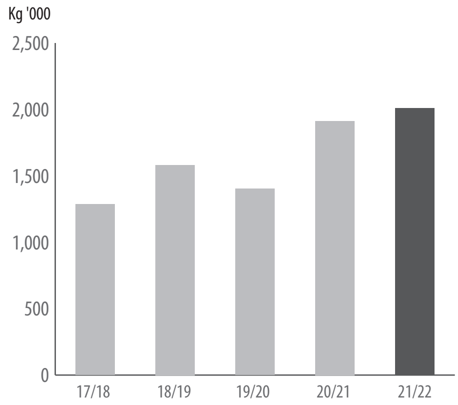
Crop

During the year under review the Company produced a crop of 1.285M/Kgs against that of 1.58M/Kgs during the previous year showing a decrease of 18.7%, mainly due to unfavourable weather conditions prevailed and lost tapping days as a result of higher number of rainy days.

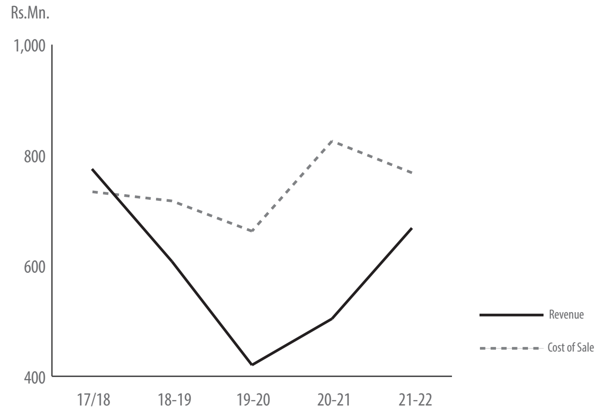
Yield

During the year under review the yield obtained in the Low Country was 571 Kgs/ha against that of the previous year 680 Kgs/ha recording a decrease of 15.8%.

Crop - Rubber



Revenue Vs Cost of Sale - Rubber



Net Sales Average

The Colombo Market prices of RSS1,RSS2, Latex Crepe 1X and CRP 1 recorded a tremendous increase of 31.6%, 41.2%, 76% and 77% respectively against the year 2020 surpassing the 2012 prices.

The world natural rubber production being 13.8 Mn/Mts in 2021 against 13 Mn/Mts in 2020 reflects an increase of 6% whereas, the world consumption shows a decrease of 3.5% from 11.3 Mn/Mts in 2020 to 10.9 Mn/Mts in 2021.

YEAR	RSS1	RSS2	LTX-CRP 1X	LTX-CRP 1	SCRAP CREPE
2011	508.80	505.76	574.93	566.60	462.24
2012	416.47	409.56	410.84	405.00	376.57
2013	376.90	369.21	397.28	389.69	309.23
2014	286.05	280.14	310.00	302.20	213.27
2015	248.16	242.92	301.64	296.39	174.97
2016	268.38	267.27	269.14	265.01	216.26
2017	336.72	329.85	351.17	347.50	269.59
2018	281.36	273.85	321.70	313.12	210.34
2019	288.44	282.80	302.61	298.82	245.20
2020	348.21	315.07	360.74	355.94	253.09
2021	458.52	445.47	635.16	629.61	412.91

Kotagala Plantations were able to achieve an average price of Rs.604.14 during the current financial year against that of Rs.376.16 during the previous year recording an increase of 60% .

Cost of Production

The COP for rubber increased by 24.6% from Rs.436.36 (previous year) to Rs.565.79 (current year). This was mainly due to the decrease in crop production by 18.7%.

Oil Palm

Kotagala Plantations PLC has identified an extent of 1,200 ha to be planted with this newly popular and lucrative agricultural crop. The identified land is mainly confined to Kalutara District falling under shrub jungle of Godapara and some uneconomical rubber lands situated in the high rainfall areas.

Of the total programme an extent of 581 ha has already been planned with a mature extent of 525.88 ha. The delay in completion of the target was mainly due to the government restrictions enforced on import permits on the seeds. The entire extent has come in to bearing yielding a crop of 3.731 M/kgs of Fresh Fruit Bunches in the current year against 2.482 M/Kgs the previous year showing an increase of 50.3% and generating a revenue of Rs.307.6M against Rs.122.7M last year reflecting a growth of 150% mainly due to increase in both the prices by 66.7% and the crop by 50%.

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

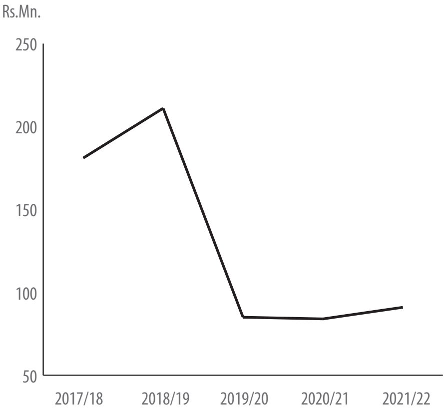
Currently Palm Oil prices have taken a upward trend in the international market. During the current year the Company achieved an average price of Rs.82.47 per kg against Rs.49.46 in the previous year showing an increase of 66.7%.

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

Capital Expenditure

The Company invested an amount of Rs.78 M against Rs.47 M last year in respect of field and development expenditure. In the year under review 19.48ha of tea and 445.85ha of rubber were maintained under immature extent. The Company spent Rs.13 M on plant & machinery , infra structure development , social work, vehicles, IT developments and to meet HACCP standards against Rs.37M last year.

Capital Expenditure - Rs. Mn.



Challenges

The volatility in Middle Eastern markets, as a result of the US embargo on shipments to Iran, the devaluation of the Sri Lankan Rupee in 2022, decline in Orthodox tea stocking by importers would result in stronger Ceylon tea prices in the international markets the thereby loan Rupee terms as well. Sri Lanka's strategy to exchange tea for Oil has improved demand from Iran. However, the demand for good quality teas will exist at any time as there is a dearth of good quality teas.

Government ban on inorganic fertilizer application have created a challenging environment for the Sri Lankan tea industry the negative effect of which will be felt in 2022 similar to other agricultural products. Even if global market conditions improve, rigidities in the domestic supply due to erratic weather conditions and rising cost of production could make it challenging for the domestic tea industry.

Russia/Ukraine war has triggered extra ordinary uncertainty in the tea exports and spike in prices for fertilizer exports from Russia, as they are the world's largest tea consuming nation and fertilizer producers as well. Sanctions on Russia's banking system and exclusion of SWIFT have significantly disrupted Russia's ability to transact receipts and payments in international currencies.

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

Further Sri Lankan government ban on Oil Palm project has created a severe setback on the Oil Palm producers in Sri Lanka as they have to uproot within the next 8 years as per the legislation.

Way Forward

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

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

Financial Review

The Company has reported a Gross Profit of Rs.368.3 Mn during the current year against the previous year Rs.198.8 Mn which accounts for an increase of 85% by Rs.169.5 Mn, mainly due to the increase in gross profit from Oil Palm by Rs.166 Mn, increase in Gross Profit from Rubber by Rs.150 Mn and decrease in gross profit from Tea by Rs.147 Mn.

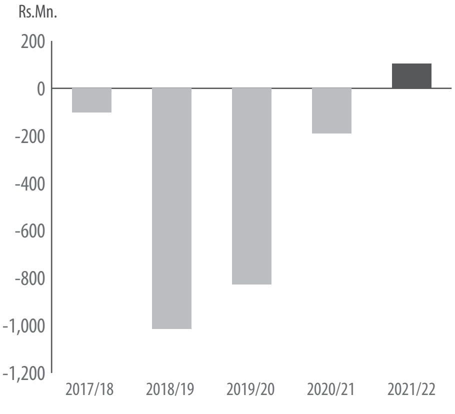
The increase in Oil Palm & Rubber prices by 66% & 60% respectively were the main reason for the increase in Gross profitability, while Tea prices remained constant.

The Oil Palm performance reflects significant increase compared to the previous year. The Crop,Yield and Price increased by 50%,33% and 67% respectively. The overall Gross profit increased by 375% as a result. The Oil Palm has just turned in to the sustainable yielding cycle and expected to contribute significantly to the profitability of the company in the coming years.

Kotagala Plantations PLC, has reported a after tax profit of Rs.188 Mn against the loss of Rs.202 Mn the previous year reflecting an increase in profit by Rs.390 Mn, mainly due to the increase in Gross Profit by Rs.169.5 Mn, increase in Other Income from sale of Rubber Trees by 70 Mn and decrease in administrative expenses by Rs.153 Mn as a result of the significant decrease in impairments. The main reason for the decrease in Finance Cost by Rs.56 Mn is due to the reduced interest rate negotiated @ 7.5% for Debentures as part of the restructure. The main reason for the increase in Other Operating Income is due to the increase in income from sale of Rubber Trees recovering from the last years gap as a result of the COVID-19 pandemic prolonged lock down during the year 2020.

Kotagala Plantations PLC records a consolidated comprehensive profit of Rs. 406Mn for the current year against a loss of Rs.144.8 Mn last year mainly due to the increase in profit before tax and increase in actuarial gain of Rs.204 Mn and increase in comprehensive income of the equity accounted investees and Fair value through OCI investments of Rs.37Mn.

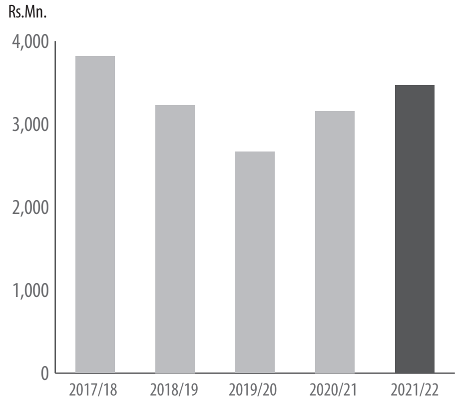
Profit Before Tax



Turnover

The consolidated turnover increased by 9% with a revenue of Rs.3.5 Bn this year compared to Rs.3.2 Bn last year. The increase of Rs.0.3 Bn is mainly from increase in turnover from Oil Palm by Rs.185Mn, Rubber Rs.168Mn and a marginal decline in Tea by Rs.36 Mn .

Company Turnover



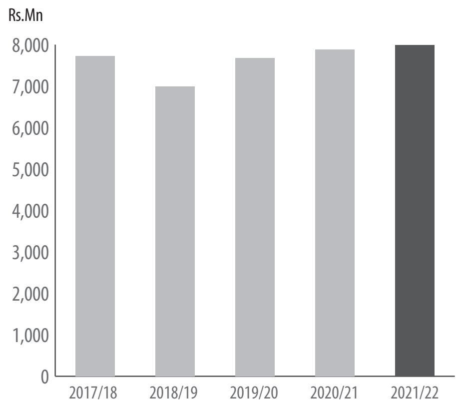
Biological Assets -Timber

With the adoption of LKAS 41, the Company recognised its managed timber at fair value amounting to Rs.1,694 Mn in the Statement of Financial Position under consumable biological assets as at the year end and the gain recognised in the profit and loss statement amounted to Rs.34 Mn for the current year against Rs.192 Mn the previous year. The decrease was mainly due to the increase in discount rate range of 18% to 20% % in the current year against that of 10.5 % to 12.5% in the previous year.

Investments

All the quoted investments are stated at market value and unquoted investments are valued using estimates based on acceptable Bench Mark method adopting valuation factors of other comparable quoted Companies. Fair value reserve stands at Rs.51.3 Mn at the year end against that of Rs.46.5 Mn last year, mainly due to the increase in FV through OCI Investments.

Total Assets



Cash flow

The company generated net cash from operating activities of Rs. 729 Mn against Rs.453 Mn in the previous year as a result of the increase in gross profitability and Other Income. The Company generated total funds amounting to Rs. 1,630 Mn from the following sources:

- Rs. 729 Mn from operating activities
- Rs. 790 Mn from Rights Issue
- Term Loans & Grants amounting to Rs.111Mn

The funds were utilised in the following activities;

- Towards the decrease in working capital amounting to Rs.828 Mn including the settlement of Rs.584 Mn against the Related Party debts. However, the Related party debts settled were entirely reinvested in the equity capital of the Company through the Rights Issue.
- During the current year the company invested Rs.121 Mn in the investing activities including Rs.78 Mn in replanting, Rs.13 Mn in Mechanisation Equipments and Rs.30 Mn in the subsidiary.
- Settled term loans, Debenture, finance leases and interest amounting to Rs.613 Mn.
- Settled Gratuity of Rs.44 Mn.

The net increase in cash and cash equivalents for the current year amounts to Rs.13.4 Mn against Rs.76.6 Mn in the previous year.

The Company closed the period with a negative Cash position of Rs. 483 Mn compared to Rs.499 Mn in the previous year.

TEN YEAR SUMMARY

Rs. '000	2021/22	2020/21	2019/20	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013
STATEMENT OF COMPREHENSIVE INCOME										
Revenue	**3,472,020**	3,156,490	2,667,995	3,232,576	3,816,830	3,086,410	3,038,112	3,555,480	3,658,817	3,706,941
Gross Profit/(Loss)	**368,325**	198,837	(341,612)	(212,972)	316,830	10,067	(131,258)	47,877	383,169	811,052
Fair Value Of Biological Assets	**35,349**	198,130	143,064	141,968	139,486	54,375	7,973	84,259	139,436	89,539
Other Operating Income	**173,855**	99,327	466,875	197,106	202,268	338,342	185,209	266,785	241,879	184,647
Operating Profit/(loss) Before Interest	**417,874**	183,402	(355,484)	126,102	359,723	158,372	(385,387)	65,589	598,441	846,160
Profit/(loss) Before Income Tax	**104,159**	(190,514)	(827,378)	(1,015,610)	(102,204)	(350,830)	(943,984)	(603,576)	(151,880)	412,729
Total Comprehensive Income(Expense)	**452,808**	(127,306)	(221,738)	(1,216,495)	(11,296)	(374,110)	(618,737)	(597,442)	(276,584)	337,123
STATEMENT OF FINANCIAL POSITION										
Non-Current Assets	**7,193,148**	7,242,937	7,211,606	6,024,991	6,141,152	7,156,987	7,578,061	7,488,045	7,144,857	6,776,883
Current Assets	**794,537**	640,145	463,593	963,856	1,583,207	1,407,330	1,614,107	1,767,633	2,382,195	2,531,351
	7,987,685	7,883,082	7,675,199	6,988,847	7,724,359	8,564,317	9,192,168	9,255,678	9,527,052	9,308,234
Stated Capital	**1,571,362**	781,500	781,500	781,500	781,500	680,000	680,000	680,000	680,000	320,000
Share Application Money	**-**	-	-	-	-	-	-	-	-	114,541
Revaluation Gain	**594,443**	594,443	594,443	-	-	-	-	-	-	-
Fair Value Reserve	**51,370**	46,583	26,509	17,944	79,447	5,663	153,367	37,960	170,405	205,699
General Reserves	**240,000**	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Retained Earnings	**(821,981)**	(1,270,002)	(1,122,622)	(490,113)	664,879	749,959	976,365	1,710,510	2,024,077	2,365,366
Shareholders Funds	**1,635,193**	392,524	519,830	549,331	1,765,826	1,675,622	2,049,732	2,517,040	3,114,482	3,245,606
Deferred Income	**328,132**	323,403	330,309	328,357	333,814	335,031	331,488	318,131	315,518	304,868
Interest Bearing Borrowings	**954,413**	1,045,930	1,186,219	1,194,716	1,582,892	2,165,239	2,361,294	2,195,143	1,501,841	1,839,106
Retirement Benefit Obligations	**658,471**	886,613	873,812	757,556	634,712	661,880	693,706	751,460	685,109	593,136
Net Liability To Lessor	**672,689**	654,595	644,539	348,146	356,072	363,695	371,165	378,212	384,989	391,504
Deferred Tax	**358,102**	419,209	403,004	303,637	215,320	170,927	189,081	268,004	393,187	350,426
Long Term Related Party Balance	**-**	-	-		-	-	-	-	-	-
Current Liabilities	**3,380,685**	4,160,808	3,717,486	3,507,104	2,835,724	3,191,923	3,195,702	2,676,258	3,131,926	2,583,590
	7,987,685	7,883,082	7,675,199	6,988,847	7,724,360	8,564,317	9,192,168	9,255,678	9,527,052	9,308,234
Net Cash Flow										
From/(Used In) Operating Activities	**(340,047)**	211,048	281,768	453,087	(576,740)	749,811	282,595	(293,997)	534,891	(281,010)
From/(Used In) Investing Activities	**(130,982)**	(80,459)	(85,951)	(191,566)	856,865	217,008	(357,665)	(390,125)	(353,819)	(1,893,456)
From/(Used In) Financing Activities	**484,398**	(53,931)	(318,347)	(314,296)	(455,679)	(744,749)	1,472	640,233	(347,588)	1,669,003
Increase/(Decrease) In Cash & Cash Equivalents	**13,369**	76,657	(122,530)	(52,775)	(175,554)	(227,778)	(448,726)	(375,363)	(334,705)	(177,233)
Per Share-Rs										
Earnings/(Loss)	**0.54**	(2.69)	(11.02)	(14.77)	(3.13)	(7.32)	(20.96)	(11.88)	(5.20)	11.80
Dividends	**-**	-	-	-	-	-	-	-	-	2.50
Net Assets (Year End)	**4.59**	5.22	6.91	7.30	23.47	(41.89)	51.24	66.71	77.86	102.75
Market Value (Year End)	**4.20**	5.30	5.00	7.00	7.90	(10.10)	15.10	24.70	35.00	54.00

SHAREHOLDER & INVESTOR INFORMATION

1. MARKET VALUE

The issued ordinary shares of the Company are listed with the Colombo Stock Exchange

2. DISTRIBUTION OF ORDINARY SHARES

No. of Shares Held	31st March 2022			31st March 2021		
	No of Shareholders	Total Holding	% of Total Shares	No of Shareholders	Total Holding	% of Total Shares
1 - 1,000	**13,114**	**2,701,612**	**0.80**	12,408	2,380,931	3.17
1,001 - 10,000	**1,686**	**7,187,600**	**2.13**	740	2,827,051	3.76
10,001 - 100,000	**857**	**29,331,487**	**8.66**	268	7,822,206	10.40
100,001 - 1,000,000	**134**	**36,133,112**	**10.67**	26	6,264,888	8.33
Over 1,000,000	**17**	**263,158,689**	**77.74**	5	55,929,924	74.35
	15,808	**338,512,500**	**100.00**	13,447	75,225,000	100.00

Categories of Shareholders

	31st March 2022			31st March 2021		
	No of Shareholders	Total Holding	% of Total Shares	No of Shareholders	Total Holding	% of Total Shares
Individuals	**15,583**	**71,691,098**	**21.18**	13,340	15,506,062	20.61
Institutions	**225**	**266,821,402**	**78.82**	107	59,718,938	79.39
	15,808	**338,512,500**	**100.00**	13,447	75,225,000	100.00

3. PUBLIC HOLDING

The Percentage of shares held by the public as at 31st March 2022 was 36.11%. (31st March 2021 - 32.77%.)
The applicable option under CSE Rule 7.14. (i) (a) on minimum public holding is option 5 and the Float Adjusted Market Capitalisation as of 31.03.2022 was Rs.513,394,827.75

4. PUBLIC SHAREHOLDERS

The number of Public Shareholders as at 31st March 2022 was 15,797 (31st March 2021-13,435)

5. MARKET VALUE

The market value of the Company's ordinary shares was

	2022 Rs.	2021 Rs.
Highest	**9.20**	12.50
Lowest	**4.00**	4.10
Value as at the year end	**4.20**	5.30

6. TWENTY MAJOR SHAREHOLDERS

	Full Name of Shareholder	31st March 2022		31st March 2021	
		No.of Shares	Share Percentage	No.of Shares	Share Percentage
1	CONSOLIDATED TEA PLANTATIONS LIMITED	**183,823,231**	**54.30%**	31,650,000	42.07%
2	DARLEY BUTLER & COMPANY LTD	**25,000,000**	**7.39%**	-	-
3	HATTON NATIONAL BANK PLC/ SUBRAMANIAM VASUDEVAN	**19,807,251**	**5.85%**	-	-
4	SECRETARY TO THE TREASURY	**5,700,834**	**1.68%**	5,700,834	7.58%
5	LANKEM TEA & RUBBER PLANTATIONS (PVT) LIMITED	**5,550,000**	**1.64%**	11,103,150	14.76%
6	HATTON NATIONAL BANK PLC/BISWAJITH UDAYAPRIYA HETTIARACHCHI	**3,991,946**	**1.18%**	-	-
7	MR. WANNAKUWATTAWADUGE DON NIMAL HEMASIRI PERERA	**3,048,902**	**0.90%**	-	-
8	HATTON NATIONAL BANK PLC/ARUNASALAM SITHAMPALAM	**2,500,000**	**0.74%**	-	-
9	MR. LOKU KATTOTAGE NIHAL KUMARA KULAWARDENA	**2,439,946**	**0.72%**	-	-
10	MR. NAVANEETHA RAJAH SELVADURAI	**2,204,398**	**0.65%**	-	-
11	DR. ABDUL RAHUMAN MOHAMED	**1,994,409**	**0.59%**	-	-
12	MR. ARUNASALAM SITHAMPALAM	**1,372,569**	**0.41%**	-	-
13	HATTON NATIONAL BANK PLC/RATNASABAPATHY IYER SHANMUGASARMA	**1,300,000**	**0.38%**	-	-
14	MR. THISE APPUHAMILAGE DON GAMINI SIRIWARDANE	**1,181,900**	**0.35%**	-	-
15	HATTON NATIONAL BANK PLC/PALANIYANDY MURALITHARAN	**1,121,133**	**0.33%**	-	-
16	MR. KAUARACHCHGE SUDATH MALCOLM RODRIGO	**1,100,000**	**0.32%**	-	-
17	MR. RASIAH RANJITH LEON	**1,022,170**	**0.30%**	-	-
18	HATTON NATIONAL BANK PLC/SRI DHAMAN RAJENDRAM ARUDPRAGASAM	**1,000,000**	**0.30%**	-	-
19	HIRUZZI INVESTMENTS (PVT) LTD	**1,000,000**	**0.30%**	-	-
20	MR. DINESH NIROSH PRADEEP RATHNAYAKE	**1,000,000**	**0.30%**	-	-
	TOTAL	**266,158,689**	**78.63%**	48,453,984	64.41%

FINANCIAL REPORTING

Financial Calendar

Quarterly Financial Statements

03 Months ended 30th June 2021	9th August 2021
06 Months ended 30th September 2021	10th November 2021
09 Months ended 31st December 2021	8th February 2022
12 Months ended 31st March 2022	26th May 2022
Annual Report 2021/2022	29th August 2022
29th Annual General Meeting	27th September 2022

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Kotagala Plantations PLC present their Report together with the Audited Financial Statements for the year ended 31st March, 2022. The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007, the Colombo Stock Exchange Listing Rules and are guided by recommended best practices.

Principal Activities, Business Review/Future Developments

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

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

Financial Statements

The Financial Statements of the Group are given on pages 37 to 103

Auditors' Report

The Auditors' Report on the Financial Statements is given on pages 33 to 36

Accounting Policies

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 42 to 56

Interest Register

Directors' Interest in Transactions

The Directors have made general disclosures as provided for in Section 192 (2) of the Companies Act No. 7 of 2007. Arising from this, details of contracts in which they have an interest are disclosed in Note 33 to the Financial Statements on pages 91 to 94

Directors' Interest in Shares

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

Details pertaining to Directors direct shareholdings are set out herein.

Name of Director	No.of Shares as at 31.03.2022	No. of Shares as at 31.03.2021
Mr. S.D.R. Arudpragasam	0	150,375
Mr. C.P.R. Perera	506,250	112,500
Mr. M.S. Madugalle	23,222*	7,185*
Mr. S.S. Poholiyadde	7972	1,500
Mr. Anushman Rajaratnam	0	0
Mr. A.M.DeS Jayaratne	50,000	N/A
Mr. G.D.V. Perera ***(Resigned with effect from 31.03.2021)***	N/A	600
Mr. D.A. Ratwatte ***(Resigned with effect from 31.03.2021)***	N/A	0

*Aggregate of 2,603 Fractional Shares held in trust consequent to subdivision of shares in 2018

Directors' Remuneration

The Directors' remuneration in respect of the Group for the Financial Year 2021/ 2022 is disclosed in Note 7 to the Financial Statements.

Corporate Donations

No donations were made during the year.

Directorate

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

Mr. S.D.R. Arudpragasam - Chairman

Mr. C.P.R. Perera - Deputy Chairman

Mr. S.S. Poholiyadde

Mr. M.S. Madugalle - Chief Executive Officer

Mr. A.M. de S. Jayaratne

Mr. Anushman Rajaratnam

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

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

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

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

Enterprise Governance

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

Auditors

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

The Auditors, KPMG was paid Rs. 5.9 Mn (2020/ 21 – Rs. 5.1 Mn) as audit fees and fees for audit related services by the Company. In addition they were paid Rs. 0.2 Mn(2020/ 21 – Rs.0.2 Mn) by the Company as fees for non-audit related work. As far as the Directors are aware the Auditors do not have any relationship (other than that of an Auditor) with the Company. The Auditors do not have any interests in the Company.

Revenue

The revenue of the Group for the year was Rs. 3.5 Bn. (2020/ 21 – Rs. 3.2 Bn)
The revenue of the Company for the year was Rs. 3.5 Bn. (2020/21 – Rs. 3.2 Bn)

Results

The Group made a Profit before Tax of Rs. 14.5 Mn. (2020/21 – A loss of Rs. 214.4 Mn.)

The Company made a Profit before Tax of Rs. 104.1 Mn. against a loss of Rs.190.5 Mn. in the previous year. The detailed results are given in the Statement of Profit or Loss and Other Comprehensive Income on page 37.

Dividends

The Board of Directors have not recommended the payment of a dividend on the Ordinary Shares of the Company for the year ended 31st March, 2022.

Managing Agents & Management Fee

Lankem Tea & Rubber Plantations (Pvt) Limited (LT & RP), a subsidiary of Consolidated Tea Plantations Ltd. (formerly known as Lankem Plantation Holdings Limited,) continue to manage the affairs of the Company. LT & RP did not charge Managing Agent's Fees in the year under review and in the year 2020/2021.

Investments

Investments made by the Group and the Company are given in Note 15 to the Financial Statements on pages 71 to 75.

Property, Plant & Equipment

During 2021/2022 the Group invested Rs. 13.2 Mn. in Property, Plant & Equipment. (2020/21 – Rs 37 Mn.) Further your Directors are of the opinion that the net amounts at which land and other Property, Plant & Equipment appear in the Statement of Financial Position are not greater than their market value as at 31st March, 2022.

Capital Expenditure - Company

The capital expenditure of the Company during the year amounted to Rs. 91.6 Mn. (2020/21 – Rs. 84.1 Mn.) which includes Rs. 78.5 Mn. in replanting expenditure (2020/21 – Rs. 47.1 Mn.) Information relating to movements in Property, Plant & Equipment are given in Notes 13 and 14 on pages 64 to 71 to the Financial Statements.

Stated Capital

The Stated Capital of the Company of Rs. 1,571,362,510/- is represented by 338,512,500 Ordinary shares. and 01 Golden Share.

Rights Issue of Shares

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

The purpose of the Rights Issue was to settle funds amounting to Rs.564,369,834/- already advanced and arranged by the major shareholders to support the working capital requirements of the Company and the remaining funds amounting to Rs.225,492,666/- to be utilised to further support the working capital needs of the ongoing operations of the Company.

The utilisation of proceeds as at 31st March 2022 is as follows;

Objective Number	Objective as per circular	Amount allocated as per circular in LKR	Proposed date of utilisation as per circular	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amount utilised in LKR (B)	% of proceeds utilised against allocation (B/A)	Clarification if not fully Utilised including where funds are invested (eg. Whether lent to related party etc)
1	To Settle funds amounting to Rs.564,369,834/- already advanced and arranged by the major shareholders to support the working capital requirements of the Company.	Rs.564,36 9,834/-	Immediately after the conclusion and finalisation of the Rights Issue	Rs.564,369,834/-	71.5%	Rs.564,369,834/-	100%	Fully utilised for the purpose
2	Funds amounting to Rs.225,492,666/- to be utilised to further support the working capital needs of the ongoing operations of the Company.	Rs.225,492,666/-	Will be deposited into a Call Deposit Account for periodic utilisation as and when required over a period of approximately 12 months depending on the monthly deficit.	Rs.225,492,666/-	28.5%	Rs.165,492,666/-	73%	Utilised for working capital needs and the balance funds are invested in a call deposit.

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

Reserves

The total reserves of the Group as at 31st March 2022 amount to Rs. 31.3 Mn. (31st March 2021- Rs. (374.9) Mn.) comprising General Reserve of Rs. 240.0 Mn. and Retained Earnings of Rs. (887.4) Mn. (31st March 2021– General Reserve- Rs. 240.0 Mn. and Retained Earnings of Rs. (1,245.4) Mn.), Fair Value Reserve of Rs. 48.4 Mn. (31st March 2021 – Rs. 46.8 Mn.) Foreign Currency translation Reserve - Rs. (11.37) Mn. (31st March, 2021- Rs. (10.7) Mn. Revaluation Reserve -Rs. 641.69 Mn. (31st March, 2021- Rs. 594.4 Mn.) The movements are shown in the Statement of Changes in Equity in the financial Statements.

Related Party Transactions

During the financial year there were no non-recurrent related party transaction which exceeded the respective thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules. The recurrent related party transactions entered into with related parties are exempt in terms of the Colombo Stock Exchange Listing Rules. The Company has complied with the requirements of Listing Rules on Related Party Transactions.

The Related Party Transactions presented in the financial statements are disclosed in Note 33 from pages 91 to 94.

Taxation

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

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

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

Share Information

Information relating to earnings, dividends, net assets and share trading is given on pages 1,24,25,37,38 and 61.

Events Occurring after the Reporting Period

No circumstances have arisen since the Reporting Period that would require adjustment other than those disclosed in Note 30 to the Financial Statements on page 89

Capital Commitment and Contingent Liabilities

Capital Commitments and Contingent Liabilities as at the Reporting date are disclosed in Notes 28 and 29 to the Financial Statements on page 89.

Employment Policy

The Company's recruitment and employment policy is non-discriminatory. The occupational health and safety standards receive substantial attention. Appraisals of individual employees are carried out in order to evaluate their performance and realise their potential. This process benefits the company and the employees. The number of persons employed by the Company at the yearend was 5,736 (2020/ 21 – 6,396)

There were no material issues relating to employees and industrial relations during the year ended 31st March 2022.

Shareholders

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

Statutory Payments

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

Environmental Protection

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

Internal Control

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

Going Concern

As noted in the Statement of Directors' Responsibilities on page 32 the Directors have adopted the going concern basis in preparing Financial Statements.

For and on behalf of the Board,

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

By Order of the Board,

Corporate Managers & Secretaries (Private) Ltd.
Secretaries

29th August,2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibilities of the Directors in relation to the Financial Statements of the Company are detailed below. The responsibility of the Auditors' in relation to the Financial statements is set out in the Independent Auditors' Report appearing on page 33 to 36.

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

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

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

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

Compliance Report

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

On behalf of the Board

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

Colombo

29th August,2022

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kotagalala Plantations PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31st March 2022, and the Statement of Profit orLoss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 37 to 103.

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

Basis for Opinion

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

Key Audit Matters

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

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

Refer the Note 32 to the financial statements

Risk Description	Our Response
The Group/the Company has, accumulated losses amounted to LKR 887 million and LKR 822 Million respectively. Further, the Group/ the Company's current liabilities exceeded its current assets by LKR 2,587 million and LKR 2,586 Million respectively as at the reporting date.The Group and the Company has loans and borrowings of LKR 1,218 million due within 12 months from 31st March 2022. The financial statements have been prepared on a going concern basis. In adopting the going concern basis of preparation of the financial statements, the directors have reviewed the Company's cash flow projections prepared by the management.The cash flow projections were based on management's assumptions and estimation of future cash inflows and outflows. Note to the financial statements, describes the impact of the prevailing uncertain and volatile macro-economic environment and implication of COVID-19 outbreak to the current year financial statements and possible effects to the Group and the Company's, future prospects, performance and cash flows. Further, the management considered it appropriate to adopt the going concern basis of accounting in preparing financial statements. We identified the management assessment of the Group/ the Company's ability to continue as going concern as a key audit matter because the cash flow projections referred to above involves consideration of future events and circumstances which are inherently uncertain, and effect of those uncertainties may significantly impact the resulting accounting estimates. Therefore, the assessment requires the exercise of significant management judgement in assessing future cash inflows and outflows which could be subject to potential management bias.	Our audit procedures included, • Obtaining the Company's cash flow projections covering period of not less than twelve months from the reporting period end date and evaluating the appropriateness of the key assumptions used in preparing the projections and assessing the timing and mathematical accuracy of the projections. • Assessing whether the estimates reflected the latest economic conditions pursuant to the prevailing uncertain and volatile macro-economic environment and implication of COVID 19 outbreak • Evaluating the performance of the Group/ the Company and assessing the significant going concern indications. Inspecting the availability of the credit facility arrangements and shareholder support for the Group/ the Company to manage the liquidity on a short term and long-term basis, assessing the implications of these on the Group/ the Company's liquidity • Assessing the adequacy of disclosures in the financial statements in relation to the potential impact of prevailing uncertain and volatile macro-economic environment and implication of COVID-19 and the Group/ the Company's ability to continue as going concern with reference to the requirements of the prevailing accounting standards

KPMG

2. **Measurement of Consumable Biological Assets**

Refer to the significant accounting policy in Note 3.3.6 and explanatory Note 14.1.3 to these financial statements.

The Group has reported consumable biological assets carried at fair value less estimated cost to sell at harvest, amounting to LKR 1,694 Million as at 31st March 2022

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

3. **Recoverability of deferred tax assets**

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

The Group has recognised deferred tax asset of LKR 126 Million on temporary differences which includes accumulated tax losses of LKR 1,202 Million as at 31st March 2022 and that Group believers are recoverable.

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

KPMG

4. **Valuation of Retirement Benefit Obligation**

Refer to the significant accounting policy in Note 3.5.1 and explanatory Note 23 to these financial statements.

The Group has recognised retirement benefit obligation of Rs. 659 Million as at 31st March 2022.

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

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka

29th August,2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March	Notes	Group 2022 Rs`000	Group 2021 Rs`000	Company 2022 Rs`000	Company 2021 Rs`000
Revenue	5	**3,496,784**	3,206,956	**3,472,020**	3,156,490
Cost of Sales		**(3,120,619)**	(2,995,503)	**(3,103,695)**	(2,957,653)
Gross Profit		**376,165**	211,453	**368,325**	198,837
Fair Value Gain on Biological Assets	14.2.2	**35,349**	198,130	**35,349**	198,130
Other Operating Income	6	**172,548**	98,139	**173,855**	99,327
Administrative Expenses		**(202,422)**	(280,629)	**(159,655)**	(312,892)
Distribution Expenses		**-**	(1,082)	**-**	-
Finance Income	8	**4,874**	424	**4,874**	424
Finance Cost	8	**(318,589)**	(374,340)	**(318,589)**	(374,340)
Share of Loss of equity accounted investee	15.2.1 & 15.2.2	**(53,384)**	(66,533)	**-**	-
Profit / (Loss) before Income Tax Expense	7	**14,541**	(214,438)	**104,159**	(190,514)
Income Tax Expense	9	**83,937**	(11,954)	**83,937**	(11,954)
Profit / (Loss) for the year		**98,478**	(226,392)	**188,096**	(202,468)
Other Comprehensive Income / (Expense)					
Items that will not be reclassified to profit or loss					
Actuarial Gain on Retirement Benefit Obligation	23	**290,419**	64,056	**290,419**	64,056
Tax effect on Actuarial (Gain) / Loss on Retirement Benefit Obligation	9.1	**(30,494)**	(8,968)	**(30,494)**	(8,968)
Fair value through OCI Investments - Net Change in Fair Value	15.3.1 & 15.3.2	**4,787**	20,074	**4,787**	20,074
Share of other comprehensive income of equity accounted investees	15.2.1	**43,622**	6,414	**-**	-
Items that are or may be reclassified subsequently to profit or loss					
Foreign Currency Translation Loss		**(578)**	(60)	**-**	-
Other Comprehensive Income for the Year, net of tax		**307,756**	81,516	**264,712**	75,162
Total Comprehensive Income / (Expense) for the Year		**406,234**	(144,876)	**452,808**	(127,306)
Earnings /(Loss) Per Share (Rs.)		**0.29**	(2.26)	**0.56**	(2.03)

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 42 to 103 form an integral part of these Financial Statements

STATEMENT OF FINANCIAL POSITION

As at 31st March	Notes	Group 2022 Rs`000	Group 2021 Rs`000	Company 2022 Rs`000	Company 2021 Rs`000
ASSETS					
Non Current Assets					
Leasehold Right to Bare Land of JEDB/SLSPC Estates	11	**608,865**	613,473	**608,865**	613,473
Immovable Leased Assets of JEDB/SLSPC Estates (Other than Bare Land)	12	**14,191**	22,608	**14,191**	22,608
Tangible Assets (Other than Mature/Immature Plantations)	13	**1,233,983**	1,305,248	**1,235,939**	1,304,843
Biological Assets	14	**4,886,239**	4,895,261	**4,886,239**	4,895,261
Investment in Subsidiary	15.1	**-**	-	**29,030**	-
Investment in Associates	15.2	**91,484**	101,246	**91,442**	101,214
Fair value through OCI Investments	15.3	**327,442**	305,538	**327,442**	305,538
Total Non Current Assets		**7,162,204**	7,243,374	**7,193,148**	7,242,937
Current Assets					
Inventories	16	**295,610**	260,816	**290,874**	255,091
Trade & Other Receivables	17	**320,509**	295,115	**308,630**	284,698
Fair value gain on growing produce of bearer Biological assets.	14.1.2	**7,841**	6,526	**7,841**	6,526
Amounts Due from Related Parties	18	**40,879**	22,960	**55,338**	26,063
Cash and Cash Equivalents	19	**132,731**	72,947	**131,854**	67,767
Total Current Assets		**797,570**	658,364	**794,537**	640,145
Total Assets		**7,959,774**	7,901,738	**7,987,685**	7,883,082
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	20	**1,571,362**	781,500	**1,571,362**	781,500
General Reserve	20.3	**240,000**	240,000	**240,000**	240,000
Foreign currency Translation Reserve	20.4	**(11,377)**	(10,799)	**-**	-
Fair value through Other Comprehensive Income Reserve	20.5	**48,455**	46,834	**51,369**	46,583
Revaluation Reserve	20.6	**641,690**	594,443	**594,443**	594,443
Retained Earnings		**(887,456)**	(1,245,399)	**(821,981)**	(1,270,002)
Total Equity		**1,602,674**	406,579	**1,635,193**	392,524
Non Current Liabilities					
Interest Bearing Borrowings	22.1	**954,413**	1,045,930	**954,413**	1,045,930
Retirement Benefit Obligations	23	**659,181**	887,373	**658,471**	886,613
Deferred Income	21	**328,132**	323,403	**328,132**	323,403
Net Obligation to Lessor of JEDB/SLSPC	24	**672,689**	654,595	**672,689**	654,595
Deferred Taxation	25	**358,102**	419,209	**358,102**	419,209
Total Non Current Liabilities		**2,972,517**	3,330,510	**2,971,807**	3,329,750
Current Liabilities					
Interest Bearing Borrowings	22.2	**602,796**	756,620	**602,796**	756,620
Net Obligation to Lessor of JEDB/SLSPC	24	**4,162**	3,500	**4,162**	3,500
Income tax payable		**7,664**	4,717	**7,664**	4,717
Trade & Other Payables	26	**2,084,310**	2,178,760	**2,080,412**	2,174,919
Amounts Due to Related Parties	27	**70,348**	654,410	**70,348**	654,410
Bank Overdraft	19	**615,303**	566,642	**615,303**	566,642
Total Current Liabilities		**3,384,583**	4,164,649	**3,380,685**	4,160,808
Total Liabilities		**6,357,100**	7,495,159	**6,352,492**	7,490,558
Total Equity and Liabilities		**7,959,774**	7,901,738	**7,987,685**	7,883,082
Net Asset per Share (Rs)		**4.73**	5.40	**4.83**	5.22

Figures in brackets indicate deductions.

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

M Kowdu
Chief Financial Officer

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

Approved and signed for and on behalf of the Board of Directors of Kotagala Plantations PLC.

S S Poholiyadde
Director

M S Madugalle
Director

Colombo
29th August,2022

STATEMENT OF CHANGES IN EQUITY

Group	Notes	Stated Capital	General Reserve	Fair value through Other Comprehensive Income Reserves	Foreign currency translation Reserve	Revaluation Reserve	Retained Earnings	Total Equity
		Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs.'000	Rs.'000
Balance as at 1st April 2020		781,500	240,000	20,528	(10,739)	594,443	(1,074,277)	551,455
Total comprehensive income/(expense) for the Year								
Loss for the Year		-	-	-	-	-	(226,392)	(226,392)
Other comprehensive income / (expense)								
Share of other comprehensive income of equity accounted investees	15.2.1	-	-	6,232	-		182	6,414
Fair value through OCI Investments - Net Change in Fair Value	15.3.1 &15.3.2	-	-	20,074	-	-	-	20,074
Translation differences arising on Foreign operations		-	-	-	(60)	-	-	(60)
Actuarial Gain on Retirement Benefit Obligation	23	-	-	-	-	-	64,056	64,056
Tax effect on Actuarial Loss on Retirement Benefit Obligation	9.1	-	-	-	-	-	(8,968)	(8,968)
Total comprehensive income/(expense) for the Year		-	-	26,306	(60)	-	(171,122)	(144,876)
Balance as at 31st March 2021		781,500	240,000	46,834	(10,799)	594,443	(1,245,399)	406,579
Balance as at 1st April 2021		781,500	240,000	46,834	(10,799)	594,443	(1,245,399)	406,579
Total comprehensive income for the Year								
Profit for the Year		-	-	-	-		98,478	98,478
								-
Other comprehensive income / (expense)								
Share of other comprehensive income of equity accounted investees	15.2.1	-	-	(3,165)	-	47,247	(460)	43,622
Fair value through OCI Investments - Net Change in Fair Value	15.3.1 &15.3.2	-	-	4,787	-	-	-	4,787
Translation differences arising on Foreign operations		-	-	-	(578)	-	-	(578)
Actuarial Gain on Retirement Benefit Obligation	23	-	-	-	-	-	290,419	290,419
Tax effect on Actuarial Gain on Retirement Benefit Obligation	9.1	-	-	-	-		(30,494)	(30,494)
Total comprehensive income/(expense) for the Year		-	-	1,622	(578)	47,247	357,943	406,234
Transactions with owners of the Company, recognised directly in equity								
Issue of right shares		789,862	-	-	-	-	-	789,862
Balance as at 31st March 2022		1,571,362	240,000	48,455	(11,377)	641,690	(887,456)	1,602,674

The Accounting Policies and Notes on pages 42 to 103 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY

Company	Notes	Stated Capital Rs. `000	General Reserve Rs. `000	Fair value through Other Comprehensive Income Reserves Rs. `000	Revaluation Reserve Rs. `000	Retained Earnings Rs. `000	Total Equity Rs. `000
Balance as at 1st April 2020		781,500	240,000	26,509	594,443	(1,122,622)	519,830
Total comprehensive income/ (expense) for the Year							
Loss for the Year		-	-	-	-	(202,468)	(202,468)
Other comprehensive income / (expense)							
Net changes in fair value of fair value through OCI investments	15.3.1 &15.3.2	-	-	20,074	-	-	20,074
Actuarial Loss on Retirement Benefit Obligation	23	-	-	-	-	64,056	64,056
Tax effect on Actuarial Loss on Retirement Benefit Obligation	9.1	-	-	-	-	(8,968)	(8,968)
Total comprehensive income/(expense) for the Year		-	-	20,074	-	(147,380)	(127,306)
Balance as at 31st March 2021		781,500	240,000	46,583	594,443	(1,270,002)	392,524
Balance as at 1st April 2021		781,500	240,000	46,583	594,443	(1,270,002)	392,524
Total comprehensive income for the Year							
Profit for the Year		-	-	-		188,096	188,096
Other comprehensive income / (expense)							
Net changes in fair value of fair value through OCI investments	15.3.1 &15.3.2	-	-	4,787	-	-	4,787
Actuarial Gain on Retirement Benefit Obligation	23	-	-	-	-	290,419	290,419
Tax effect on Actuarial Gain on Retirement Benefit Obligation	9.1	-	-	-	-	(30,494)	(30,494)
Total comprehensive income/(expense) for the Year		-	-	4,787	-	448,021	452,808
Transactions with owners of the Company, recognised directly in equity							
Issue of right shares		789,862	-	-	-	-	789,862
Balance as at 31st March 2022		1,571,362	240,000	51,369	594,443	(821,981)	1,635,193

The Accounting Policies and Notes on pages 42 to 103 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

For the year ended 31st March	Notes	Group 2022 Rs`000	Group 2021 Rs`000	Company 2022 Rs`000	Company 2021 Rs`000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit / (Loss) before Taxation		**14,541**	(214,438)	**104,159**	(190,514)
Adjustments for :					
Depreciation/Amortisation	11/12/13/14	**290,490**	289,138	**288,128**	289,024
Fair Value Gain of Biological Assets	14.2.2	**(35,349)**	(198,130)	**(35,349)**	(198,130)
Profit on Disposal of Property, Plant and Equipment	6	**(2,900)**	(3,731)	**(2,900)**	(3,731)
Provision for Impairment of Trade & Other Receivables	7	**-**	(3,388)	**-**	(3,388)
Interest Income	8	**(4,874)**	(424)	**(4,874)**	(424)
Interest Expense	8	**286,715**	371,650	**286,716**	371,650
Exchange (gain) / Loss	8	**31,875**	2,690	**31,875**	2,690
Provision for impairment of amounts due from related parties	18	**3,345**	790	**3,739**	790
Reversal of impairment of amounts due from related parties	18	**(871)**	-	**(44,984)**	-
Provision for impairment of Investment in Subsidiaries	15.1.1	**-**	-	**970**	-
Provision for impairment of Investment in Associates	15.2	**-**	36,745	**9,772**	51,772
Provision for Retirement Benefit Obligation	23.1	**106,610**	146,716	**106,480**	146,466
Share of Profit/(Loss) of Equity Accounted Investee	15.2	**53,384**	66,533	**-**	-
Amortisation of Grants	21	**(14,337)**	(13,178)	**(14,336)**	(13,178)
Operating Profit before working capital changes		**728,629**	480,973	**729,393**	453,027
(Increase)/Decrease in Inventories	16	**(34,794)**	(60,639)	**(35,783)**	(69,968)
(Increase)/Decrease in Trade & Other Receivables	17	**(25,394)**	(109,192)	**(23,933)**	(79,346)
(Increase)/Decrease in Amounts Due from Related Parties	18	**(20,393)**	31,392	**11,970**	28,288
Increase/(Decrease) in Trade & Other Payables	26	**(190,648)**	63,012	**(197,475)**	68,367
Increase/(Decrease) in Amounts Due to Related Parties	18	**(584,062)**	214,124	**(584,061)**	214,124
Cash Generated / (Used in) From Operating Activities		**(126,662)**	619,670	**(99,889)**	614,492
Interest Paid		**(195,954)**	(334,259)	**(195,954)**	(334,259)
Tax paid		**(4,717)**	-	**-**	-
Gratuity Paid	23	**(44,383)**	(69,609)	**(44,204)**	(69,609)
Net Cash from/ (Used in) Operating Activities		**(371,716)**	215,802	**(340,047)**	210,624
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	8	**4,874**	424	**4,874**	424
Purchase of Property, Plant and Equipment	13	**(13,163)**	(37,132)	**(13,163)**	(37,132)
Investment in Immature Plantations	14.1.1	**(78,475)**	(47,059)	**(78,476)**	(47,059)
Proceeds from Disposal of Property, Plant & Equipment	6	**2,900**	3,731	**2,900**	3,731
Investment in subsidiary		**-**	-	**(30,000)**	-
Investment in Fair value through OCI Investments	15.3.1	**(17,117)**		**(17,117)**	
Net cash used in Investing Activities		**(100,981)**	(80,036)	**(130,982)**	(80,036)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments of Finance Lease Rental		**(13,229)**	(10,886)	**(13,229)**	(10,886)
Proceeds from Long Term Borrowings	22.4	**92,500**	78,524	**92,500**	78,524
Repayments of Long Term Borrowings	22.4	**(329,806)**	(108,964)	**(329,806)**	(108,964)
Grants Received	21	**19,066**	6,272	**19,066**	6,272
Repayment of Debenture	22.3	**(73,994)**	(18,877)	**(73,994)**	(18,877)
Proceed from issue of right shares		**789,862**	-	**789,862**	-
Net Cash from/(used in) Financing Activities		**484,398**	(53,931)	**484,398**	(53,931)
Net Increase/(Decrease) in Cash and Cash Equivalents		**11,701**	81,835	**13,369**	76,657
Cash and Cash Equivalents at the beginning of the year		**(493,695)**	(575,470)	**(498,875)**	(575,622)
Effect of Movements in Exchange Rates on Cash held		**(578)**	(60)	**2,057**	90
Cash and Cash Equivalents at the end of the year	19	**(482,572)**	(493,695)	**(483,449)**	(498,875)

The Accounting Policies and Notes on pages 42 to 103 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1. Domicile and Legal Form

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

1.2. Historical Background

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

1.3. Parent and Ultimate Parent Company

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

1.4. Principal Activities and Nature of Operations

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

There were no significant changes in the nature of the principal activities of the Group during the financial year under review.

1.5. Number of Employees

The number of employees at the end of the year was 5,736 (2020/21-6,396). There were no material issues pertaining to employees and industrial relations for the year ended 31st March 2022.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

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

The Financial Statements of the Group have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) and in compliance with the requirements of Companies Act No. 7 of 2007 and Sri Lanka Accounting and Auditing Standards Act No.15 of 1995.

Where appropriate, specific policies are explained in the succeeding notes.

2.2. Responsibilities for financial statements and approval of financial statements

The Board of Directors are responsible for preparation and presentation of these financial statements. The Group did not adopt any inappropriate accounting treatment, which is not in compliance with the requirements of the SLFRSs and LKASs, regulations governing the preparation and presentation of the financial statements.

The Directors' responsibility over financial statements for the year ended 31 March 2022 is set out in detail in the Statement of Directors' Responsibility.

The financial statements of the Group for the year ended 31st March 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 29th August 2022.

2.3 Basis of Measurement

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

- Consumable Mature Biological Assets are measured at fair value less costs to sell per - (LKAS 41 - Agriculture) - **Note 14.1.3**
- Liability for Retirement Benefit Obligation is recognised as the present value of the defined benefit obligation based on actuarial valuation per (LKAS 19 - Employee Benefits) - **Note 23**
- Agriculture produce harvested from biological assets are measured at fair value per (LKAS 41 - Agriculture) **- Note 14.1.2**
- Fair value through OCI investments are measured at fair value per (SLFRS 09 – Financial Instruments) - **Note 15.3**
- Class of Buildings under Property, Plant and Equipment is valued under Revaluation model per (LKAS 16 - Property, Plant and Equipment) - **Note 13.5**

2.4. Functional and Presentation Currency

Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional and presentation currency. All financial information presented in Sri Lankan Rupees has been given to the nearest thousand, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard LKAS 1 on 'Presentation of Financial Statements'.

2.5. Presentation of Financial Statements

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

2.6. Materiality and aggregation

Each material class of similar items are presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by LKAS 1 – "Presentation of Financial Statements" and amendments to the LKAS 1 which was effective from 1st January 2020.

Financial assets and financial liabilities are offset and the net amount report in the statement of financial position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on net basis, or to realise the assets and settle the liability simultaneously. Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group and the Company. Understandability of the financial statements are not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.7. Use of Estimates and Judgements

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

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

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

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

Note 13 – Tangible assets other than biological assets

Note 14.1.3 – Consumable biological assets

Note 14.1.2 - Produce on bearer Biological Assets

Note 3.3.8 - Impairment on non-financial assets.

Note 3.5.2/3.5.3 - Provisions for liabilities, commitments, and contingencies

Note 24 – Lease liability to SLSPC/JEDB

Note 3.5.1/23 – Retirement benefit obligations

Note 3.4.2.1.2/25 – Deferred tax assets

Note 32 - Going concern basis

2.8. Going Concern

The Directors have made an assessment of the company's ability to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation or cessation of trading.

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

2.9. Measurement of fair values

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

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

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

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

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

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

Where applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

2.9.1 Fair value of non-financial assets

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

Except for the changes mentioned, all the accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

3.1. Changes in Accounting Policies

The Company and the Group have consistently applied the following accounting policies to all periods presented in these financial statements.

3.1.1 Basis of Consolidation

The Financial Statements of the Company and Group comprise the Financial Statements of the Company and its Subsidiaries for the year ended 31st March 2022.

3.1.1.1 Business Combinations

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquire, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in the statement of comprehensive income.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognised amount of the identifiable net assets, at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred

3.1.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of the subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

The consolidated financial statements are prepared to a common financial year end of 31st March.

3.1.1.3 Non-Controlling Interests (NCI)

NCIs are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a Subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.1.1.4 Loss of control

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

3.1.1.5 Transactions eliminated on Consolidation

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

3.1.1.6 Investment In Associates

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

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

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

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

3.2. Foreign Currency Translations

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

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

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

3.3. Assets and Bases of their Valuation

Assets classified as Current Assets in the Statement of Financial Position are Cash and Bank balances and those which are expected to be realised in cash during, the normal operating cycle of the Company's business, or within one year from the reporting date whichever is shorter. Assets other than current assets are those which the Company intends to hold beyond a period of one year from the reporting date.

3.3.1 Financial Instruments

3.3.1.1 Recognition and Initial Measurement

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

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

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

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by- investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial Assets – Business Model Assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable- rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3.3.1.2 Financial liabilities

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

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

Financial assets - Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3.3.1.3 Derecognition

Financial assets

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

Financial liabilities

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

3.3.1.4 Offsetting

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

3.3.1.5 Impairment – Financial assets

Non-derivative Financial Assets

The Group and the Company recognise loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 180 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market tor a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

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

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets.

For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group 's procedures to recovery of amounts due.

3.3.2 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in their fair value, and are used by the Group and the Company in the management of its short term commitments

Bank overdrafts are shown under current liabilities. For the purpose of Cash Flow Statement, cash and cash equivalents consist of cash in hand and deposits in Groups net of outstanding Group overdrafts. Interests paid and received are classified as operating cash flows for the purpose of presentation of Cash Flow Statement. The cash flow Statement reported is based on indirect method.

3.3.3 Right of Use Asset

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

Group applies the cost model for the subsequent measurement of the ROU asset and accordingly, the right-of use asset is depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Depreciation Expenses

Depreciation expenses has been charged to income statement under other operating and administration expenses.

Lease Liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

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

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

Interest expenses on lease liabilities

Interest expense is calculated by using the effective interest rate method and is recognised as finance expenses in the Income Statement.

Presentation of ROU asset and lease liabilities

The Group presents right-of-use assets that do not meet the definition of investment property in separate line as Leasehold Right to Bare Land of JEDB/SLSPC Estates and Immovable Leased Assets of JEDB/SLSPC Estates (Other than Bare Land) lease liabilities within Net Obligation to Lessor of JEDB/SLSPC in the Statement of Financial Position

Short term leases and leases of low-value assets

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

3.3.4 Property Plant and Equipment

3.3.4.1 Recognition and Measurement

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

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

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

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

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

Subsequent Costs/ Replacement of Parts.

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

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

Derecognition

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

When revalued assets are disposed, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

3.3.4.2 Depreciation and Amortisation

Depreciation

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

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

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

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

3.3.4.3 Leased Assets

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

3.3.4.3.1 Assets Held for Sale

Non-current assets, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are measured at lower of their carrying amount and fair value less cost to sell.

Impairment losses on initial classification as held for sale and subsequent gain or losses on re-measurement are recognised in profit and loss. Gains are not recognised in excess of any cumulative impairment loss.

3.3.4.3.2 Permanent Land Development Costs

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

3.3.4.3.3 Capital work-in-progress

The cost of capital work-in-progress is the cost of purchase or construction together with any related expenses thereon. Capital work-in-progress is transferred to the respective asset accounts at the time of first utilisation or at the time the asset is commissioned.

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

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

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

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

3.3.4.3.5 Infilling Cost

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

3.3.5 Intangible Assets

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses.

3.3.5.1 Subsequent Expenditure

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

3.3.5.2 Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available-for- use since this most closely reflects the expected pattern of consumption of the future.

3.3.6 Biological Assets

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

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

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

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

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

The managed timber is measured on initial recognition and at the end of each reporting periods at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the Impact on biological transformation of such plants to price during this period is immaterial. Timber trees are measured at fair value at date of reporting by the management or by an independent professionally qualified valuer if the board of directors determines necessary. All details of the valuation and the assumptions are given in note 15.1.3 to the financial statements.

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

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

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

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

3.3.7 Inventories

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

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

3.3.8 Impairment of Non-Financial Assets

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

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

3.4 Revenue and Expenditure Recognition

3.4.1 Revenue Recognition

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

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

Disaggregation of Revenue

The entity disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. The Group's revenue comprises of sale of tea, rubber and other agricultural produce and no disaggregation is required.

The following specific criteria are used for recognition of revenue:

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

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

c) Interest income is recognised on accrual basis.

d) Other income is recognised on accrual basis.

3.4.2 Expenditure Recognition

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

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

3.4.2.1 Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

3.4.2.1.1 Current Tax

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

3.4.2.1.2Deferred Tax

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

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

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

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

3.4.2.2 Borrowing Cost

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the specific asset. Borrowing Costs that are not capitalised are recognised as expenses in the period in which they are incurred and charged to the Statement of Comprehensive Income. Borrowing costs incurred in respect of loans that are utilised for field development activities have been capitalised as a part of the cost of the relevant Immature Plantation. The capitalisation will cease when the crops are ready for commercial harvest. The amount so capitalised and the capitalisation rates are disclosed in the notes to the financial statements.

3.4.2.3 Earnings/ (Loss) Per Share (EPS)

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

3.5 Liabilities and Provision

3.5.1 Retirement Benefits to Employees

3.5.1.1 Defined Benefit Plans

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

Retiring Gratuity

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

Provision for Gratuity on the employees of the Group is on an actuarial basis using the Projected Unit Credit Method (PUC Method) as recommended by Sri Lanka Accounting Standard 16 (Revised 2006), “Employee Benefits” which became effective from the financial year commencing after 1st July 2007. The Company continues to use actuarial method under Sri Lanka Accounting Standard 19, “Employee Benefits” effective from the financial year commencing on 1st January 2012.

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

The Company adopted LKAS 19 “Employee Benefits”(Revised in 2013) with effect from 1st January 2013 in accordance with the transitional provisions in the standard and changed its basis for determining the income or expense related to defined benefit plans; The Company recognises all the re-measurements of the net defined benefit liability in other comprehensive income. Re measurements of the net defined benefit liability comprise an actuarial gain or loss.

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

The Board of Directors of the Group confirm that, only the following number of permanent employees are entitled for retiring gratuity as at 31st March 2022 as per the provisions set out in the Payment of Gratuity Act No. 12 of 1983.

Description	Nos
Staff	460
Workers	5,276
Total	5,736

Defined Contribution Plans – EPF, ESPS, CPPS, ETF

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

3.5.2 Provisions

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

3.5.3 Capital Commitments and Contingencies

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

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

NOTES TO THE FINANCIAL STATEMENTS

3.5.4 Non-derivative Financial Liabilities

3.5.4.1 Classification, Subsequent measurement and gain and Losses

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

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

3.5.4.2 Derecognition

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

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

3.5.4.3 Other Liabilities

Other Liabilities are stated at their cost

3.5.5 Deferred Income

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

3.6 Segmental reporting

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

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

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

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

3.7 Statement of Cash Flows

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

3.8 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether or not a price is being charged. A detailed Related Party Transaction analysis is presented in Note 33.

3.9 Comparative Information

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

3.10 Events Occurring After the Reporting Period

Events after the reporting period are those events, favourable and unfavourable, occurring between the end of the reporting period and the date when the Financial Statements are authorised for issue. The materiality of the events occurring after the reporting period is considered and appropriate adjustments or disclosures are made in the Financial Statements, where necessary.

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

A number of new standards and amendments to standards are effective for annual periods beginning after 1st January 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases. The amendments apply for annual reporting periods beginning on or after 1 January 2023.

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

Annual Improvements to SLFRS Standards 2018–2020. The amendments are effective for annual reporting periods beginning on or after 1 January 2022

As part of its process to make non-urgent but necessary amendments to accounting Standards, the IASB International Accounting Standards Board (the Board) has issued the Annual Improvements to SLFRS Standards 2018–2020. Key Aspects covered is as follows.

- SLFRS 1 First-time Adoption of International Financial Reporting Standards

This amendment simplifies the application of SLFRS 1 for a subsidiary that becomes a first-time adopter of SLFRS Standards later than its parent. The Company does not anticipate this amended to have a significant impact.

- SLFRS 9 Financial Instruments

This amendment clarifies that – for the purpose of performing the ''10 percent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Company does not anticipate this amended to have a significant impact.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to LKAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The Company does not anticipate this amended to have a significant impact.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to LKAS 16). The amendment applies to annual reporting periods beginning on or after 1 January 2022

This amendment prohibits 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 recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The Company does not anticipate this amended to have a significant impact.

Definition of Accounting Estimates (Amendments to LKAS 8)

The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. Additionally, the amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendment applies to annual reporting periods beginning on or after 1 January 2023.

Classification of Liabilities as Current or Non-current (Amendments to LKAS 1). The amendment applies to annual reporting periods beginning on or after 1 January 2023

The amendments in Classification of Liabilities as Current or Non-current (Amendments to LKAS 1) affect only the presentation of liabilities in the statement of financial position not the amount or\ timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those item

The Key amendments are as follows:

- the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The standard also clarifies that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Company does not anticipate this amended to have a significant impact.

Disclosure of Accounting Policies (Amendments to LKAS 1). The amendment applies to annual reporting period beginning on or after 1 January 2023

The key amendments include,

- requiring companies to disclose their material accounting policies rather than their significant accounting policies.
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements. The Company does not anticipate this amended to have a significant impact.

COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to SFRS 16).

In May 2020, the International Accounting Standards Board issued COVID-19-Related Rent Concessions (the 2020 amendments), which amended IFRS 16 Leases. The 2020 amendments introduced an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. Under that practical expedient, a lessee is not required to assess whether eligible rent concessions are lease modifications, instead accounting for them in accordance with other applicable guidance.

SLFRS 17 – Insurance contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

A specific adaptation for contracts with direct participation features (the variable fee approach)

A simplified approach (the premium allocation approach) mainly for short duration contracts

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 Group.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences

- e.g. leases. The amendments apply for annual reporting periods beginning on or after 1 January 2023.

Reference to Conceptual Framework (Amendments to SLFRS 3). The amendment applies to annual reporting periods beginning on or after 1 January 2022

Key amendments are as follow,

- add to SLFRS 03 a requirement that, for transactions and other events within the scope of LKAS 37, or IFRIC 21, an acquirer applies LKAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination. The company does not anticipate this amendment to have a significant impact.
- add to SLFRS 03 an explicit statement that an acquirer does not recognise contingent asset acquired in a business combination. The company does not anticipate this amended to have a significant impact.

The Interest Rate Benchmark reform - Phase 2 amendment

Apply only to changes required by the reform to financial instruments and hedging relationships. The amendments address the effects of the reform on a company’s financial statements that arise when, for example, an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark rate.

For the year ended 31st March	Group 2022 Rs. `000	Group 2021 Rs. `000	Company 2022 Rs. `000	Company 2021 Rs. `000
5 REVENUE				
Revenue from Contracts with customers				
Tea	**2,389,302**	2,425,964	**2,389,302**	2,425,964
Rubber	**799,789**	658,207	**775,025**	607,741
Oil Palm	**307,693**	122,785	**307,693**	122,785
	3,496,784	3,206,956	**3,472,020**	3,156,490

5.1 Performance Obligations

Type of product	Nature and timing of satisfaction of performance obligation	Revenue recognition under SLFRS 15
Tea/Rubber	The Company is selling made tea and rubber to customers through brokers at the Colombo Tea Auction.	Revenue from tea and rubber is recognised at the time of confirmation of sale at the auction.
Other agricultural produce	The Company is selling Tea (local sales), rubber latex and Oil Palm to customers at the plantation.	Revenue from sale of other crops is recognised at the point in time when the control of the goods has been transferred to the customer, generally at the Estates.

5.2 Segmental analysis of principal crops

5.2.1 Operating segments - Group

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

The following summary describes the operations of each reportable segment.

Reportable segments	Operations
Tea	Cultivation, Manufacture and sale of tea
Rubber	Cultivation, Manufacture and sale of rubber
Oil Palm	Cultivation, and sale of oil palm

For the year ended 31st March	Tea 2022 Rs. `000	Tea 2021 Rs. `000	Rubber 2022 Rs. `000	Rubber 2021 Rs. `000	Oil Palm 2022 Rs. `000	Oil Palm 2021 Rs. `000	Total 2022 Rs. `000	Total 2021 Rs. `000
a) Segmental Result								
Revenue	**2,389,302**	2,425,964	**799,789**	658,207	**307,693**	122,785	**3,496,784**	3,206,956
Less: Cost of Sales	**(2,272,529)**	(2,162,325)	**(750,763)**	(755,061)	**(97,327)**	(78,117)	**(3,120,619)**	(2,995,503)
Gross Profit	**116,774**	263,639	**49,026**	(96,854)	**210,367**	44,668	**376,165**	211,453
Less: Unallocated Expenses							**(516,137)**	(655,627)
Add: Other Income							**207,897**	296,269
Share of Loss from Associate Company							**(53,384)**	(66,533)
Profit/(Loss) before Income Tax Expenses							**14,541**	(214,438)
Income Tax Expenses							**83,937**	(11,954)
Profit/(loss)for the year							**98,478**	(226,392)
Other Comprehensive Income							**307,756**	81,516
Total Comprehensive Income/ (Expense) for the year							**406,234**	(144,876)
b) Segmental Assets								
Non current assets	**1,905,983**	1,974,232	**2,656,484**	2,717,635	**415,581**	443,969	**4,978,048**	5,135,836
Current assets	**353,671**	306,211	**119,987**	92,424	**2,146**	2,218	**475,804**	400,853
	2,259,654	2,280,443	**2,776,471**	2,810,059	**417,727**	446,187	**5,453,852**	5,536,689
Unallocated							**2,505,922**	2,365,049
Total Assets							**7,959,774**	7,901,738
c) Segmental Liabilities								
Non current liabilities	**552,591**	670,791	**321,745**	475,455	**-**	-	**874,336**	1,146,246
Current liabilities	**857,290**	857,290	**(355,379)**	424,689	**7,056**	7,056	**508,967**	1,289,035
	1,409,881	1,528,081	**(33,634)**	900,144	**7,056**	7,056	**1,383,303**	2,435,281
Unallocated							**4,973,797**	5,059,878
Total Liabilities							**6,357,100**	7,495,159

For the year ended 31st March	Tea 2022 Rs. `000	Tea 2021 Rs. `000	Rubber 2022 Rs. `000	Rubber 2021 Rs. `000	Oil Palm 2022 Rs. `000	Oil Palm 2021 Rs. `000	Total 2022 Rs. `000	Total 2021 Rs. `000
d) Segmental Capital Expenditure								
Capital Expenditure	**15,233**	42,466	**45,203**	20,911	**-**	2,194	**60,436**	65,571
Unallocated							**31,204**	18,620
Total Capital Expenditure	**15,233**	42,466	**45,203**	20,911	**-**	2,194	**91,640**	84,191
e) Segmental Depreciation								
Depreciation	**100,603**	114,640	**158,728**	145,510	**28,389**	26,636	**287,720**	286,786
Unallocated							**2,770**	2,352
Total Depreciation	**100,603**	114,640	**158,728**	145,510	28,389	26,636	**290,490**	289,138

5.2.2. Operating segments - Company

For the year ended 31st March	Tea 2022 Rs. `000	Tea 2021 Rs. `000	Rubber 2022 Rs. `000	Rubber 2021 Rs. `000	Oil Palm 2022 Rs. `000	Oil Palm 2021 Rs. `000	Total 2022 Rs. `000	Total 2021 Rs. `000
a) Segmental Result								
Revenue	**2,389,302**	2,425,964	**775,025**	607,741	**307,693**	122,785	**3,472,020**	3,156,490
Less: Cost of Sales	**(2,272,529)**	(2,162,325)	**(733,839)**	(717,211)	**(97,327)**	(78,117)	**(3,103,695)**	(2,957,653)
Gross Profit	**116,774**	263,639	**41,186**	(109,470)	**210,367**	44,668	**368,325**	198,837
Less: Unallocated Expenses							**(473,370)**	(686,808)
Add: Other Income							**209,204**	297,457
Profit/(Loss) before Income Tax Expense							**104,159**	(190,514)
Income Tax Expenses							**83,937**	(11,954)
Profit/(Loss) for the year							**188,096**	(202,468)
Other Comprehensive Income from continued operation							**264,712**	75,162
Total Comprehensive Income/ (expense) for the year							**452,808**	(127,306)
b) Segmental Assets								
Non current assets	**1,905,983**	1,974,232	**2,658,283**	2,717,197	**415,581**	443,969	**4,979,847**	5,135,398
Current assets	**353,671**	306,211	**116,955**	99,664	**2,146**	2,218	**472,772**	408,093
	2,259,654	2,280,443	**2,775,238**	2,816,861	**417,727**	446,187	**5,452,619**	5,543,491
Unallocated							**2,535,066**	2,339,591
Total Assets							**7,987,685**	7,883,082
c) Segmental Liabilities								
Non current liabilities	**551,603**	670,791	**413,540**	474,695	**-**	-	**965,143**	1,145,486
Current liabilities	**1,049,477**	857,290	**436,915**	420,846	**5,862**	7,056	**1,492,253**	1,285,192
	1,601,080	1,528,081	**850,455**	895,541	**5,862**	7,056	**2,457,396**	2,430,678
Unallocated							**3,895,096**	5,059,880
Total Liabilities							**6,352,492**	7,490,558
d) Segmental Capital Expenditure								
Capital Expenditure	**15,233**	42,466	**45,203**	20,911	**-**	2,194	**60,436**	65,571
Unallocated							**31,204**	18,620
Total Capital Expenditure	**15,233**	42,466	**45,203**	20,911	**-**	2,194	**91,640**	84,191
e) Segmental Depreciation								
Depreciation	**100,603**	114,640	**156,364**	145,396	**28,389**	26,636	**285,358**	286,672
Unallocated							**2,770**	2,352
Total Depreciation	**100,603**	114,640	**156,364**	145,396	28,389	26,636	**288,128**	289,024

For the year ended 31st March	Group 2022 Rs. `000	Group 2021 Rs. `000	Company 2022 Rs. `000	Company 2021 Rs. `000
6. NET OTHER OPERATING INCOME				
Amortisation of Capital Grants	**14,337**	13,178	**14,337**	13,178
Profit on Disposal of Property, Plant and Equipment	**2,900**	3,731	**2,900**	3,731
Sale of Rubber and Other Trees	**91,687**	22,680	**91,687**	22,680
Rent Income	**11,944**	14,097	**13,251**	15,285
Sale of Refuse Tea	**37,869**	40,507	**37,869**	40,507
Sundry Income	**13,811**	3,946	**13,811**	3,946
	172,548	98,139	**173,855**	99,327

For the year ended 31st March	Group 2022 Rs. `000	Group 2021 Rs. `000	Company 2022 Rs. `000	Company 2021 Rs. `000
7. PROFIT/ (LOSS) BEFORE INCOME TAX				
Is stated after charging all expenses including the following;				
Directors' Emoluments	**7,800**	7,800	**7,800**	7,800
Auditor's Remuneration - Statutory Audit fees	**6,200**	5,213	**5,870**	5,100
- Audit related services	**-**	-	**-**	-
- Non Audit Related Services	**200**	239	**200**	200
Provision for impairment on investment in subsidiaries	**-**	-	**970**	-
Provision for impairment on Investment in Associate	**-**	36,745	**9,772**	51,772
Reversal of impairment on other receivables	**-**	(3,388)	**-**	(3,388)
Provision for impairment on amounts due from related parties	**3,345**	790	**3,739**	790
Reversal of impairment on amounts due from related parties	**(871)**	-	**(44,984)**	-
Depreciation/Amortisation;				
- Leasehold rights to Bare Land	**26,188**	25,298	**26,188**	25,298
- Immovable Leased Assets	**8,417**	8,416	**8,417**	8,416
- Tangible Property, Plant and Equipment	**84,429**	88,514	**82,067**	88,400
- Mature Plantations	**171,456**	166,910	**171,456**	166,910
Personnel Cost Includes;				
- Salaries and Wages	**1,452,981**	1,865,672	**1,449,656**	1,862,731
- Defined Benefit Plan Cost - Retiring Gratuity	**106,610**	146,716	**106,481**	146,466
- Defined Contribution Plans - EPF, ETF,CPPS and ESPS	**224,333**	223,719	**223,883**	223,238

For the year ended 31st March	Group 2022 Rs. `000	Group 2021 Rs. `000	Company 2022 Rs. `000	Company 2021 Rs. `000
8. NET FINANCING COSTS				
Finance Income				
Interest Income	**4,874**	424	**4,874**	424
	4,874	424	**4,874**	424
Finance Cost				
Bank Overdraft	**(50,643)**	(42,887)	**(50,643)**	(42,887)
Finance Leases	-	(1,429)	-	(1,429)
Net Obligation to Lessor	**(95,430)**	(92,767)	**(95,430)**	(92,767)
Debentures	**(25,628)**	(29,344)	**(25,628)**	(29,344)
Bank Loans	**(61,100)**	(111,065)	**(61,100)**	(111,065)
Broker Advances	**(30,505)**	(31,284)	**(30,505)**	(31,284)
Related Company Loans	**(17,736)**	(40,794)	**(17,736)**	(40,794)
Exchange Loss	**(31,875)**	(2,690)	**(31,875)**	(2,690)
Other interest	**(5,672)**	(22,080)	**(5,672)**	(22,080)
	(318,589)	(374,340)	**(318,589)**	(374,340)
Net finance cost	**(313,715)**	(373,916)	**(313,715)**	(373,916)

9. INCOME TAX EXPENSE

9.1 Current Taxation

For the year ended 31st March	Group 2022 Rs. `000	Group 2021 Rs. `000	Company 2022 Rs. `000	Company 2021 Rs. `000
Recognised in the Profit or Loss				
Income tax on Profits for the Year **(Note 9.2)**	**7,664**	4,717	**7,664**	4,717
Provision for Deferred Taxation **(Note 25)**	**(91,601)**	7,237	**(91,601)**	7,237
	(83,937)	11,954	**(83,937)**	11,954
Recognised in the Other Comprehensive Income				
Provision for Deferred Taxation	**30,494**	8,968	**30,494**	8,968
	30,494	8,968	**30,494**	8,968

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

For the year ended 31st March	Group 2022 Rs. `000	Group 2021 Rs. `000	Company 2022 Rs. `000	Company 2021 Rs. `000
9.2 Reconciliation between accounting profit and Income tax				
Accounting Profit/(loss) before Income Tax Expense	**14,541**	(214,438)	**104,159**	(190,514)
Non Business Income	**(31,933)**	(19,655)	**(31,933)**	(19,655)
Aggregate disallowable items	**550,087**	461,808	**459,162**	437,884
Aggregate allowable expenses	**(519,480)**	(75,167)	**(518,173)**	(75,167)
Statutory Income /(Loss) from Business	**13,215**	152,548	**13,215**	152,548
Other Sources of Income	**31,933**	19,655	**31,933**	19,655
Total Statutory Income / (Loss)	**45,148**	172,203	**45,148**	172,203
Tax Losses set off during the Year (Note 9.3)	**(13,215)**	(152,548)	**(13,215)**	(152,548)
Total Assessable / Taxable Income or Loss	**31,933**	19,655	**31,933**	19,655
Total Statutory/Taxable income-Agro farming (exempted)	**(213,468)**	(129,870)	**(213,468)**	(129,870)
Total Statutory/Taxable Income-Agro processing	**13,215**	152,548	**13,215**	152,548
Income Tax at the rate of 14%	**-**	-	**-**	-
Income Tax at the rate of 24%	**7,664**	4,717	**7,664**	4,717
Current Income Tax Expense	**7,664**	4,717	**7,664**	4,717

For the year ended 31st March	Group 2022 Rs. `000	Group 2021 Rs. `000	Company 2022 Rs. `000	Company 2021 Rs. `000
9.3 Accumulated Tax Losses				
Tax Loss Brought Forward	**3,714,334**	4,110,390	**3,714,334**	4,082,190
Adjustment in respect of prior years	**4,690**	(243,508)	**4,690**	(215,308)
Business loss for the year	**768**	-	**-**	-
Tax Losses set off during the year	**(13,215)**	(152,548)	**(13,215)**	(152,548)
Tax Loss Carried Forward	**3,706,577**	3,714,334	**3,705,809**	3,714,334

10. EARNINGS / (LOSS) PER SHARE

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

For the year ended 31st March	Group 2022 Rs. `000	Group 2021 Rs. `000	Company 2022 Rs. `000	Company 2021 Rs. `000
Amount used as the Numerator				
Profit/(Loss) attributable to Ordinary Shareholders (Rs.'000)	**98,478**	(226,392)	**188,096**	(202,468)
Amount used as the Denominator				
Weighted average number of Ordinary Shares ('000)	**337,453**	99,963	**337,453**	99,963
Earnings/(Loss) per Share (Rs.)	**0.29**	(2.26)	**0.56**	(2.03)

10.1 Diluted Earnings/(Loss) per Share

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

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

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

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

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

Company / Group	Life of the Asset Rs. `000	As at 22.06.1992 Rs. `000	Balance as at 31.03.2022 Rs. `000	Balance as at 31.03.2021 Rs. `000
Capitalised value	53 years	358,928	**830,828**	816,596
Remeasurement During the Year		-	**21,580**	14,232
		358,928	**852,408**	830,828

Amortisation	Balance as at 01.04.2021 Rs. `000	Charge for the year Rs. `000	Balance as at 31.03.2022 Rs. `000
	217,355	26,188	243,543

Carrying Value	As at 31.03.2022 Rs. `000	As at 31.03.2021 Rs. `000
	608,865	613,473

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

The leases of all the 23 estates have been executed and will be retroactive from 22nd June 1992. The leasehold rights to land on all these estates have been taken into the books of the Company as at 22nd June 1992 immediately after formation of the Company,in terms of the ruling obtained from the Urgent Issue Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka based on then existing accounting standards. For this purpose, the Board decided at its meeting held on 8th March 1995 that these bare lands would be revalued, at the value established for these lands , by the valuation Specialist Mr. D R Wickramasinghe , just prior to the formation of the Company. The value taken into 22nd June, 1992, statement of Financial Position and the amortisation of leasehold rights up to 31st March 2022 are as follows,

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

Company / Group Cost	Life of the Asset Rs. `000	As at 22.06.1992 Rs. `000	Balance as at 31.03.2022 Rs. `000	Balance as at 31.03.2021 Rs. `000
Land Development Cost	30 years	6,712	**6,360**	6,360
Buildings other than worker housing	25 years	26,519	**25,174**	25,174
Plant & Machinery	15 years	8,757	**8,757**	8,757
Water Projects and Sanitations	30 years	8,688	**8,688**	8,688
Mature Plantations				
- Tea	30 years	69,767	**227,655**	227,655
- Rubber	30 years	61,138	**163,548**	163,548
- Others	25 years	-	**8,140**	8,140
Immature Plantations				
- Tea		158,960	**-**	-
- Rubber		126,898	**-**	-
- Others		8,140	**-**	-
		475,579	**448,322**	448,322

Amortisation	Balance as at 01.04.2021 Rs`000	Charge for the year Rs. `000	Balance as at 31.03.2022 Rs. `000	Carrying Value As at 31.03.2022 Rs. `000	Carrying Value As at 31.03.2021 Rs. `000
Land Development Cost	6,106	212	6,318	**42**	254
Buildings other than Worker Housing	25,174		25,174	**-**	-
Plant & Machinery	8,757		8,757	**-**	-
Water Projects and Sanitations	8,333	290	8,623	**65**	355
Mature Plantations					
- Tea	207,283	7,589	214,872	**12,783**	20,372
- Rubber	163,548		163,548	**-**	-
- Others	6,513	326	6,839	**1,301**	1,627
Immature Plantations					
- Tea			-	**-**	-
- Rubber			-	**-**	-
- Others			-	**-**	-
	425,714	8,417	434,131	**14,191**	22,608

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

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

13.1 Group

Description	Buildings and Land Improvements	Water Projects and Sanitations	Plant and Machinery		Motor Vehicles		Equipment	Furniture and Fittings	Work-in Progress	Total
			Freehold	Leasehold	Freehold	Leasehold				
	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000
Cost										
As at 1st April 2020	1,132,307	60,937	621,817	69,177	239,171	12,100	82,292	9,798	30,712	2,258,311
Additions/Transfer in during the year	13,676	-	8,800	-	-	-	7,468	-	9,101	39,045
Disposals during the year	-	-	-	-	(3,967)	-	-	-	-	(3,967)
Transfer out during the year	-	-	-	-	-	-	-	-	(1,913)	(1,913)
As at 31st March 2021	1,145,983	60,937	630,617	69,177	235,204	12,100	89,760	9,798	37,900	2,291,476
As at 1st April 2021	1,145,983	60,937	630,617	69,177	235,205	12,100	89,760	9,798	37,900	2,291,477
Additions/Transfer in during the year	6,172	-	-	-	-	-	4,259	-	2,732	13,163
Disposals during the year	-	-	-	-	(1,249)	-	-	-	-	(1,249)
Transfer out during the year	-	-	69,177	(69,177)	12,100	(12,100)	-	-	-	-
As at 31st March 2022	1,152,155	60,937	699,794	-	246,056	-	94,019	9,798	40,632	2,303,391
Depreciation										
As at 1st April 2020	21,792	44,925	467,093	37,315	234,382	11,506	75,166	9,502	-	901,681
Charge for the year	44,224	2,196	31,624	4,625	2,814	594	2,322	115	-	88,514
Disposals during the year	-	-	-	-	(3,967)	-	-	-	-	(3,967)
As at 31st March 2021	66,016	47,121	498,717	41,940	233,229	12,100	77,488	9,617	-	986,228
As at 1st April 2021	66,016	47,121	498,717	41,940	233,229	12,100	77,488	9,617	-	986,228
Charge for the year	44,788	2,113	28,814	4,625	1,026	-	2,999	64	-	84,429
Disposals during the year	-	-	-	-	(1,249)	-	-	-	-	(1,249)
Transfer Out during the year	-	-	46,565	(46,565)	12,100	(12,100)	-	-	-	-
As at 31st March 2022	110,804	49,234	574,096	-	245,106	-	80,487	9,681	-	1,069,408
Net Carrying Value										
As at 31st March 2022	**1,041,351**	**11,703**	**125,698**	**-**	**950**	**-**	**13,532**	**117**	**40,632**	**1,233,983**
As at 31st March 2021	1,079,967	13,816	131,900	27,237	1,975	-	12,272	181	37,900	1,305,248

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

13.2 Company

	Buildings and Land Improvements	Water Projects and Sanitations	Plant and Machinery		Motor Vehicles		Equipment	Furniture and Fittings	Work-in Progress	Total
			Freehold	Leasehold	Freehold	Leasehold				
	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000
Cost										
As at 1st April 2020	1,132,307	60,937	621,426	69,177	239,172	12,100	81,613	9,798	30,712	2,257,242
Additions/Transfer in during the year	13,676	-	8,800	-	-	-	7,468	-	9,101	39,045
Disposals during the year	-	-	-	-	(3,967)	-	-	-	-	(3,967)
Transfer out	-	-	-	-	-	-	-	-	(1,913)	(1,913)
As at 31st March 2021	1,145,983	60,937	630,226	69,177	235,205	12,100	89,081	9,798	37,900	2,290,407
As at 1st April 2021	1,145,983	60,937	630,226	69,177	235,205	12,100	89,081	9,798	37,900	2,290,407
During the year	6,172	-	-	-	-	-	4,259	-	2,732	13,163
Disposals during the year	-	-	-	-	(1,249)	-	-	-	-	(1,249)
Transfer out during the year	-	-	69,177	(69,177)	12,100	(12,100)	-	-	-	-
As at 31st March 2022	1,152,155	60,937	699,403	-	246,056	-	93,340	9,798	40,632	2,302,321
Depreciation										
As at 1st April 2020	21,792	44,925	466,932	37,315	234,382	11,506	74,777	9,502	-	901,131
Charge for the year	44,224	2,196	31,595	4,625	2,814	594	2,237	115	-	88,400
Disposals/Transfer out during the year	-	-	-	-	(3,967)	-	-	-	-	(3,967)
As at 31st March 2021	66,016	47,121	498,527	41,940	233,229	12,100	77,014	9,617	-	985,564
As at 1st April 2021	66,016	47,121	498,527	41,940	233,229	12,100	77,014	9,617	-	985,564
Charge for the year	44,788	2,113	26,744	4,625	1,026	-	2,707	64	-	82,067
Disposals during the year	-	-	-	-	(1,249)	-	-	-	-	(1,249)
Transfer Out during the year	-	-	46,565	(46,565)	12,100	(12,100)	-	-	-	-
As at 31st March 2022	110,804	49,234	571,836	-	245,106	-	79,721	9,681	-	1,066,382
Net Carrying Value										
As at 31st March 2022	**1,041,351**	**11,703**	**127,567**	**-**	**950**	**-**	**13,619**	**117**	**40,632**	**1,235,939**
As at 31st March 2021	1,079,967	13,816	131,699	27,237	1,976	-	12,067	181	37,900	1,304,843

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

Asset Category	2022 Rs. `000	2021 Rs. `000
Water Projects and Sanitations	**21,795**	18,672
Plant and Machinery	**315,303**	234,805
Motor Vehicles	**240,946**	242,194
Equipment	**71,012**	69,546
Furniture and Fittings	**9,330**	8,976
	658,386	574,193

13.3 Capital Work-in-Progress

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

13.4 Property, plant and equipment pledged as security for liabilities

The Property, Plant and Equipment which are pledged as securities as at 31st March 2022 disclosed under note 22.4.1.

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

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

Property, plant and equipment category	Method of revaluation	Carrying value of revalued assets if carried at historical cost as at 31st March 2022 Rs'000	Carrying value of assets under Revaluation Model Rs'000
Buildings and Land Improvements	Gross replacement cost	413,331	1,041,351

Fair Value Hierarchy

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

Valuation technique and significant unobservable techniques

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

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

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

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

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

13.6 Impairment

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

14. BIOLOGICAL ASSETS

14.1 Group/ Company

AS AT 31ST MARCH 2022	2022 Rs. `000	2021 Rs. `000
Bearer Biological assets **(Note 14.1.1)**	**3,192,054**	3,235,110
Consumable Biological assets **(Note 14.1.3)**	**1,694,185**	1,660,151
Total Biological Assets - Non Current Assets	**4,886,239**	4,895,261
Fair value of growing produce bearer biological assets - Current Assets **(Note 14.1.2)**	**7,841**	6,526
Total Biological Assets	**4,894,080**	4,901,787

14.1.1 Bearer Biological assets

	Mature Plantations			Immature Plantations				Total
	Tea Rs. `000	Rubber Rs. `000	Oil palm Rs. `000	Tea Rs. `000	Rubber Rs. `000	Oil Palm Rs. `000	Other Rs. `000	Rs. `000
Cost								
As at 1st April 2021	1,221,705	2,182,208	532,622	167,157	539,352	35,147	39,271	4,717,462
Additions during the year	-	61,912	35,147	7,410	90,233	-	30,757	225,459
Transfer out during the year	-	-	-	-	(61,912)	(35,147)	-	(97,059)
As at 31st March 2022	1,221,705	2,244,120	567,769	174,567	567,673	-	70,028	4,845,862
Depreciation								
As at 1st April 2021	422,930	935,622	123,800	-	-	-	-	1,482,352
Charge for the year	38,666	104,401	28,389	-	-	-	-	171,456
As at 31st March 2022	461,596	1,040,023	152,189	-	-	-	-	1,653,808
Carrying Value as at 31st March 2022	**760,109**	**1,204,097**	**415,580**	**174,567**	**567,673**	**-**	**70,028**	**3,192,054**
Carrying Value as at 31st March 2021	798,775	1,246,586	408,822	167,157	539,352	35,147	39,271	3,235,110

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

b) Borrowing costs amounting Rs. 4.9million (2020/21 - 9.1 million) on Tea, and Rs. 45.0million (2020/21 - 60.0 million) on Rubber incurred on term loans and overdrafts utilised to finance replanting expenditure of tea and rubber have been capitalised. The average rate of interest for capitalisation was 11.98% (2020/21 - 11.79%) The capitalisation will cease when crops are ready for harvest.

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

14.1.2 Produce on bearer Biological Assets

	2022 Rs. `000	2021 Rs. `000
Balances as at 1st April	**6,526**	937
Change in fair value less cost to sell	**1,315**	5,589
As at 31st March	**7,841**	6,526

14.1.3 Consumable Biological Assets

	2021 Rs. `000	2020 Rs. `000
Consumable Biological assets - Mature		
Balance as at 1st April	**1,660,151**	1,467,610
Transfer from consumable biological assets - immature	**-**	-
Fair value gain for the year	**34,034**	192,541
Balance as at 31st March	**1,694,185**	1,660,151
Consumable Biological assets - Immature		
Balance as at 1st April	**-**	-
Additions during the year	**-**	-
Transfer to consumable biological assets - mature	**-**	-
Balance as at 31st March	**-**	-
Total Consumable Biological Assets	**1,694,185**	1,660,151

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

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

Key assumptions used in valuation are as follows,

Timber Content	Estimated based on the girth,height and considering the growth and present age of the trees of each species in different geographical regions, factoring all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company approved by the Forestry Department. Timber trees that have not come up to a harvestable size are valued working out the period that would take for those trees to grow up to a harvestable size.
Economic Useful Life	Estimated based on normal life span of each species by factoring the forestry plan of the Company approved by the Forestry Department.
Selling Price	Estimated based on prevailing Sri Lankan market prices factoring all the conditions to be fulfilled in bringing the trees in to saleable condition. (Price Range per cu.ft. is Rs 351 - Rs1,080)
Discount rate	Future cash flows are discounted at the rate of 18%, 19% & 20% (2020/21 - 10.5%. 11.5% & 12.5%)

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

During the year ended 31st March 2020, a physical verification of timber was carried out by the management covering all the estates and the actual number of trees available in the estates was ascertained. The actual number of commercially cultivated managed timber trees available as per the physical verification is included within the fair value of timber (consumable biological assets) for the year ended 31st March 2022.

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

Regulatory and environmental risks

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

Supply and demand risk

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

Climate and other risks

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

14.2.2 Measurement of Fair Value

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

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

As as 31st March	Group/Company	
	2022	2021
	Rs. `000	Rs. `000
Change in fair value of consumable biological assets **(Note 14.1.3)**	**34,034**	192,541
Change in fair value of growing produce of bearer biological assets **(Note 14.1.2)**	**1,315**	5,589
Total Gain for the year	**35,349**	198,130

b) Valuation techniques and significant unobservable inputs

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

Type	Valuation techniques used	Significant unobservable Inputs	Inter relationship between key unobservable inputs and fair value measurements
Mature Timber	**Discounted Cash flows**	**Determination of Timber Content**	
Mature timber older than 5 years	The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree-per tree basis.	Species planted in separate blocks as at the reporting date have been identified by a qualified forestry officer of the company and the timber content has been estimated based on the age and current cubic content. Timber trees that have not come up to a harvestable size are valued working out the period that would take for those trees to grow up to a harvestable size.	The estimated fair value at the time of harvesting each specific species is sensitive to the following variables, - The estimated timber content -The estimated timber prices per cubic meter - The estimated selling related costs - The estimated maturity age - The risk adjusted discount rate
	Expected cash flows are discounted using a high risk adjusted rates of ; 18% - Trees age to harvest 5 years or below 19% - Trees age to harvest 6 -14 years 20% - Trees age to harvest 15 years or above comprising a risk free rate of 11.5%	**Determination of Price of Timber** (Price Range per cu.ft. is Rs 351 - Rs1,080) Trees have been valued as per the current timber prices per cubic meter which is the recent selling price of a cubic meter of the specific species.	

14.2.3 Sensitivity Analysis

Sensitivity Variation on Sales Price and Discount Rate

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

Increase/(Decrease) in the Discount Rate	Increase/(Decrease) in the Selling price of specific species	Sensitivity effect on the carrying value of Biological Assets As at 31st Match 2022 Rs.000	Sensitivity effect on the carrying value of Biological Assets As at 31st Match 2021 Rs.000
1%		(48,579)	(71,833)
-1%		48,579	78,129
	10%	169,391	166,367
	-10%	(169,391)	(166,367)

	As at 31st March		Group 2022 Rs. `000	Group 2021 Rs. `000	Company 2022 Rs. `000	Company 2021 Rs. `000
15.	**INVESTMENTS**					
15.1	**Investments in Subsidiaries**	Holding %				
	Consolidated Rubber Plantations PTE Ltd	100%	**-**	-	**115**	115
	Cambodia Rubber Plantation Industries PTE Ltd	100%	**-**	-	**115**	115
	Lanka Agro Plantations PTE Ltd	100%	**-**	-	**115**	115
	Rubber & Allied Products (Colombo) Ltd	100%	**-**	-	**30,060**	60
			-	-	**30,405**	405
	Provision for impairment of Investments in Subsidiaries (**Note 15.1.1**)				**(1,375)**	(405)
			-	-	**29,030**	-
15.1.1	**Provision for impairment of Investments in Subsidiaries**					
	Balance as at 1st April		**-**	-	**(405)**	(405)
	Charge for the year		**-**	-	**(970)**	-
	Balance as at 31st March		**-**	-	**(1,375)**	(405)

Name of the Company	Nature of Business	Location	Ownership Percentage Rs.000	Carrying value Rs.000
Rubber & Allied Products (Colombo) Ltd	Manufacturing Centrifuged Latex	Colombo/Horana	100%	29,030
Consolidated Rubber Plantations PTE Ltd	Cultivation of Rubber	Cambodia	100%	-
Cambodia Rubber Plantation Industries PTE Ltd	Cultivation of Rubber	Cambodia	100%	-
Lanka Agro Plantations PTE Ltd	Cultivation of Rubber	Cambodia	100%	-
Total				29,030

15.1.2 Summarised financial information for Subsidiary Companies of the Group

Summary of the Statement of Comprehensive income of Subsidiary Companies

	Rubber & Allied Products (Colombo) Ltd Rs. `000	Consolidated Rubber Plantations PTE Ltd. Rs. `000	Cambodia Rubber Plantation Industries PTE Ltd. Rs.000	Lanka Agro Plantations PTE Ltd. Rs.000
Revenue	65,601	-	-	-
Profit /(Loss) after tax	(3,354)	-	-	-
Other comprehensive Income	-	160,338	(42,572)	(118,344)
Total Comprehensive Income /(Expense)	(3,354)	160,338	(42,572)	(118,344)
Summary of the Statement of financial position of Subsidiary Companies				
Non Current Assets	29,496	-	-	-
Current Assets	17,492	29,751	480,454	-
Total Assets	46,988	29,751	480,454	-
Non Current Liabilities	4,028	-	-	-
Current Liabilities	50,398	863	157,088	353,980
Total Liabilities	54,426	863	157,088	353,980
Net Assets - Attributable to Non Controlling interests	-	-	-	-
Attributable to the Group	(7,438)	28,888	(323,366)	(353,980)
Summary of the Statement of Cash flows of Subsidiary Companies				
Net Cash inflow/(outflow) from Operating Activities	(32,996)	-	-	-
Net Cash inflow/(outflow) from Investing Activities	30,000	-	-	-
Net Cash inflow/(outflow) from Financing Activities	(1,307)	-	-	-
Net increase /(decrease) of cash and cash equivalents	(4,303)	-	-	-

	As at 31st March		Group 2022 Rs. `000	Group 2021 Rs. `000	Company 2022 Rs. `000	Company 2021 Rs. `000
15.2	**Investments in Associates**	Holding %				
	Union Commodities (Private) Limited **(15.2.1)**	15%	**-**	10,992	**-**	10,992
	Imperial Hotels Limited **(15.2.2)**	31.15%	**91,484**	90,254	**91,442**	90,222
			91,484	101,246	**91,442**	101,214
15.2.1	**Investment in Union commodities (Pvt) Ltd**					
	Balance as at beginning of the year		**47,737**	107,898	**236,250**	236,250
	Share of Loss for the year		**(54,614)**	(66,575)	**-**	-
	Share of OCI for the year		**43,622**	6,414	**-**	-
	Equity accounted investee before impairment		**36,745**	47,737	**236,250**	236,250
	Provision for Impairment of Investments in Associates **(Note 15.2.1.1)**		**(36,745)**	(36,745)	**(236,250)**	(225,258)
	Balance at the end of the year		**-**	10,992	**-**	10,992
15.2.1.1	Provision for impairment of investment in Union commodities (Pvt) Ltd					
	Balance as at 1st April		**36,745**	-	**225,258**	173,245
	Charge for the year		**-**	36,745	**10,992**	52,013
	Balance as at 31st March		**36,745**	36,745	**236,250**	225,258
15.2.2	**Investments in Imperial Hotels Limited**					
	Balance as at beginning of the year		**90,254**	90,212	**94,753**	94,753
	Share of Profit for the year		**1,230**	42	**-**	-
	(Provision)/Reversal for Impairment of Investments in Associates **(Note 15.2.2.1)**		**-**	-	**(3,311)**	(4,531)
	Balance at the end of the year		**91,484**	90,254	**91,442**	90,222
15.2.2.1	***Provision for impairment of investment in Imperial Hotels Limited***					
	Balance as at 1st April		-	**-**	**4,531**	4,772
	Charge /(reversal)		-	**-**	**(1,220)**	(241)
	Balance as at 31st March		-	**-**	**3,311**	4,531

Name of the Company	Nature of Business	Location	Ownership Percentage Rs.000	Carrying value Rs.000
Union Commodities (Private) Limited	Tea Exports	Kelaniya	15%	-
Imperial Hotels Limited	Hospitality	Kandy	31.15%	91,484

As at 31st March	2022		2021	
	Union Commodities (Private) Limited Rs. `000	Imperial Hotels Limited Rs. `000	Union Commodities (Private) Limited Rs. `000	Imperial Hotels Limited Rs. `000
15.2.3 Summarised financial information of Associate Company				
Summary of the statement of Profit or Loss and Comprehensive Income of the Associate Company				
Percentage of Ownership interest	**15%**	**31.15%**	15%	31.15%
Revenue	**5,146,019**	**-**	4,293,129	231
Profit/ (Loss) After Tax	**(884,740)**	**3,916**	(443,834)	134
Other Comprehensive Income	**290,812**	**-**	42,759	-
Total Comprehensive Income / (expense)	**(593,928)**	**3,916**	(401,075)	134
Group's share of Profit and Total Other Comprehensive income /(expense)	**(89,089)**	**1,220**	(60,161)	42
Non Current Assets	**2,861,734**	**158,040**	2,641,779	157,940
Current Assets	**2,241,842**	**154,761**	1,737,949	150,449
Total Assets	**5,103,576**	**312,801**	4,379,728	308,389
Non Current Liabilities	**(2,439,404)**	**-**	(1,833,774)	-
Current Liabilities	**(3,184,823)**	**(19,247)**	(2,472,675)	(18,783)
Total Liabilities	**(5,624,227)**	**(19,247)**	(4,306,449)	(18,783)
Net assets (100%)	**(520,651)**	**293,554**	73,279	289,606
Group share of Net assets	**(78,098)**	**91,442**	10,992	90,212
Goodwill	**-**	**42**	-	42
Unallocated share of loss	**78,098**	**-**	-	-
Carrying Amount of Interest in Associate	**-**	**91,484**	10,992	90,254

As at 31st March		Group		Company	
		2022	2021	2022	2021
		Rs. `000	Rs. `000	Rs. `000	Rs. `000
15.3	Fair value through OCI Investment				
	Investments in unquoted securities **(Note 15.3.1)**	**105,856**	83,952	**105,856**	83,952
	Investments in Unit Trusts **(Note 15.3.2)**	**221,586**	221,586	**221,586**	221,586
		327,442	305,538	**327,442**	305,538

The Group designated the investments shown above as equity securities at FVOCI because these equity securities represent investments that the Group intends to hold for long term strategic purposes No strategic investments were disposed of during 2021/22, and there were no transfer of any cumulative gain or loss within equity relating to these investments.

		Group 2022	Group 2021	Company 2022	Company 2021
15.3.1	**Investments in Unquoted Securities**				
	Agarapatana Plantations Limited	**83,952**	68,727	**83,952**	68,727
	Investment made during the year	**17,117**	-	**17,117**	-
	Change in fair value of Investment in unquoted securities during the year	**4,787**	15,225	**4,787**	15,225
		105,856	83,952	**105,856**	83,952

			Group 2022	Group 2021	Company 2022	Company 2021
15.3.1.1	***Investments in Unquoted Securities- Agarapatana Plantations Limited***					
	No of Shares	Nos`000	**20,757**	17,333	**20,757**	17,333
	% Holding	%	**4.98%**	7.38%	**4.98%**	7.38%
	Carrying Value as at 1 April	Rs. `000	**83,952**	68,727	**83,952**	68,727
	Equity Value Per Share as at 31 March	Rs.	**5.10**	4.84	**5.10**	4.84
	Gain/(Loss) on FVTOCI Financial Asset	Rs. `000	**4,787**	15,225	**4,787**	15,225
	Carrying Value as at 31 March	Rs. `000	**105,856**	83,952	**105,856**	83,952

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

Financial Asset	Valuation Methodology	Observable Inputs	Range of Observable Inputs 2022
Investment in unquoted Ordinary Shares of Agarapathana Plantations Limited	Market Multiplier methodology	Price to Sales (P/S Ratio)	Price to Sales (P/S) ratio range of 0.144 - 1.093

Key assumptions used in valuation;

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

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

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

As at 31st March		Group		Company	
		2022	2021	2022	2021
		Rs. `000	Rs. `000	Rs. `000	Rs. `000
15.3.2	**Investment in Unit trusts**				
	NSBO /A Cey Bank Savings Plus Money Market Fund	**221,586**	216,737	**221,586**	216,737
	Change in fair value of Investment in Unit Trusts	**-**	4,849	**-**	4,849
		221,586	221,586	**221,586**	221,586

As at 31st March	Group 2022 Rs. `000	Group 2021 Rs. `000	Company 2022 Rs. `000	Company 2021 Rs. `000
16. INVENTORIES				
Input Materials	**108,174**	27,460	**107,554**	27,179
Growing Crop Nurseries	**6,854**	2,753	**6,854**	2,753
Produce Stock (Tea and Rubber)	**168,612**	212,173	**168,612**	212,173
Spares and Consumables	**14,978**	22,448	**10,862**	17,004
Provision for impairment	**(3,008)**	(4,018)	**(3,008)**	(4,018)
	295,610	260,816	**290,874**	255,091
17. TRADE & OTHER RECEIVABLES				
Trade Receivables	**101,402**	69,199	**91,858**	60,864
Other Receivables				
Advances, Deposits, Prepayments & Other Receivables	**182,739**	223,156	**180,404**	221,134
Employee Advances	**41,053**	45,132	**41,053**	45,072
Provision for bad and doubtful receivables **(Note 17.1)**	**(4,685)**	(42,372)	**(4,685)**	(42,372)
Total Other Receivables	**219,107**	225,916	**216,772**	223,834
Total Trade and Other Receivables	**320,509**	295,115	**308,630**	284,698
17.1 Provision for bad and doubtful receivables				
Balance as at 1st April	**(42,372)**	(45,760)	**(42,372)**	(45,760)
Write-off during the year **(Note 17.1.1)**	**37,687**	3,388	**37,687**	3,388
Charge for the year	**-**	-	**-**	-
Balance as at 31st March	**(4,685)**	(42,372)	**(4,685)**	(42,372)

17.1.1 Trade receivable balances written off during the year 2022 are not subjected to any enforcement activity

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

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

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

As at 31st March	Relationship	Group 2022 Rs. `000	Group 2021 Rs. `000	Company 2022 Rs. `000	Company 2021 Rs. `000
18. AMOUNTS DUE FROM RELATED PARTIES					
Lankem Tea & Rubber Plantations (Private) Limited	Sub Subsidiary	**694**	694	**694**	694
Agarapatana Plantations Ltd	Sub Subsidiary	**-**	22,303	**-**	22,303
Sherwood Holidays Limited	Sub Subsidiary	**7,700**	7,869	**7,700**	7,869
Lankem Ceylon PLC	Intermediate Parent	**44,927**	-	**44,927**	-
Horton Plains Resorts & Spa Limited	Sub Subsidiary	**107**	107	**107**	107
Colombo Fort Group Services (Pvt) Ltd	Sub Subsidiary	**1,698**	584	**1,698**	584
Rubber & Allied Products (Colombo) Ltd	Subsidiary	**-**	-	**11,750**	44,113
Far Eastern Extports (Colombo) Ltd	Sub Subsidiary	**378**	363	**378**	363
Lanka Agro Plantations Pte Ltd	Subsidiary	**-**	-	**122**	122
The Colombo Fort Land & Building PLC	Ultimate Parent	**-**	3,202	**-**	3,202
Lankem Plantations Services Ltd	Sub Subsidiary	**11**	-	**11**	-
		55,515	35,122	**67,387**	79,357
Less - Provision for impairment of amounts due from related parties **(Note 18.1)**		**(14,636)**	(12,162)	**(12,049)**	(53,294)
		40,879	22,960	**55,338**	26,063
18.1 Provision for Impairment of amounts Due from Related Parties					
Balance as at 1st April		**(12,162)**	(11,372)	**(53,294)**	(460,960)
Reversal during the year		**871**	-	**44,984**	-
Write off during the year		**-**	-	**-**	408,456
Charge for the year		**(3,345)**	(790)	**(3,739)**	(790)
Balance as at 31st March		**(14,636)**	(12,162)	**(12,049)**	(53,294)
19. CASH AND CASH EQUIVALENTS					
Cash at Bank and Cash in Hand		**132,731**	72,947	**131,854**	67,767
Bank Overdraft **(Note 19.1)**		**(615,303)**	(566,642)	**(615,303)**	(566,642)
Cash and cash equivalents for the purpose of the Cash Flow Statement		**(482,572)**	(493,695)	**(483,449)**	(498,875)

19.1 Bank Overdraft

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

20. STATED CAPITAL

As at 31st March	2022 Rs.	2021 Rs.
Issued and Fully Paid		
75,225,000 Ordinary Shares	**781,500,000**	781,500,000
Rights Issue **(Note 20.1)**	**789,862,500**	-
01 Golden Share **(Note 20.2)**	**10**	10
	1,571,362,510	781,500,010

As at 31st March	No. of Shares 2022	No. of Shares 2021
Balance Ordinary Shares as at beginning of the year	**75,225,000**	75,225,000
Rights Issue During the year	**263,287,500**	**-**
Golden Share as at the end of the year	**1**	1
Balance Ordinary Shares as at End of the year	**338,512,501**	75,225,001

20.1 RIGHT ISSUE

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

Subsequent to the Rights Issue of shares the Company's Stated Capital amounts to Rs.1,571,362,510/- represented by 338,512,500 Ordinary Shares and One Golden Share **(Note 20.2).**

20.2 Golden Shareholder

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

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

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

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

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

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

20.3 General Reserve

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

As at 31st March	Group		Company	
	2022 Rs. `000	2021 Rs. `000	2022 Rs. `000	2021 Rs. `000
Balance as at 1st April	**240,000**	240,000	**240,000**	240,000
Balance as at 31st March	**240,000**	240,000	**240,000**	240,000

20.4 Foreign Currency Translation Reserve

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

As at 31st March	Group		Company	
	2022	2021	2022	2021
	Rs. `000	Rs. `000	Rs. `000	Rs. `000
Balance as at 1st April	**(10,799)**	(10,739)	**-**	-
Translation differences arising on Foreign operations	**(578)**	(60)	**-**	
Balance as at 31st March	**(11,377)**	(10,799)	**-**	-

20.5 Fair Value Through Other Comprehensive Income Reserve

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

As at 31st March	Group		Company	
	2022	2021	2022	2021
	Rs. `000	Rs. `000	Rs. `000	Rs. `000
Balance as at 1st April	**46,834**	20,528	**46,583**	26,509
Share of other comprehensive income of equity accounted investees	**(3,165)**	6,232	**-**	-
Fair value through OCI Investments - Net Change in Fair Value	**4,787**	20,074	**4,787**	20,074
Balance as at 31st March	**48,455**	46,834	**51,369**	46,583

20.6 Revaluation Reserve

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

As at 31st March	Group		Company	
	2022	2021	2022	2021
	Rs. `000	Rs. `000	Rs. `000	Rs. `000
Balance as at 1st April	**594,443**	594,443	**594,443**	594,443
Revaluation Gain net of tax	**47,247**	-	**-**	-
Balance as at 31st March	**641,690**	594,443	**594,443**	594,443

21. DEFERRED INCOME

Grants and Subsidies

Group/ Company

As at 31st March	ADB-PRP	PDSP	PHDT	Others	2022	2021
	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000
As at 31st March	29,991	138,050	7,956	147,406	**323,403**	330,309
Received during the year	-	-	-	19,066	**19,066**	6,272
Amortisation for the year	(1,175)	(5,826)	(722)	(6,614)	**(14,337)**	(13,178)
As at 31st March	28,816	132,224	7,234	159,858	**328,132**	323,403

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

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

(ii) Plantation Development Support Programme (PDSP)

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

(iii) Plantation Human Development Trust (PHDT)

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

(iv) Others

a) Ministry of Livestock Development and Estate Infrastructure
The funds received are utilised for construction of Community Centres, Agency Post Offices and Upgrading Farm Roads and Creches.

b) Sri Lanka Tea Board
Funds received are utilised for the construction of the CTC Tea Factory at Mount Vernon Estate.

c) Rubber Development Department
Funds received are utilised for replanting.

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

	As at 31st March	Note	Group 2022 Rs. `000	Group 2021 Rs. `000	Company 2022 Rs. `000	Company 2021 Rs. `000
22.	**INTEREST BEARING BORROWINGS**					
22.1	**Payable after one year**					
	Debentures	22.3	**333,133**	407,128	**333,133**	407,128
	Term Loans	22.4	**621,280**	638,802	**621,280**	638,802
	Finance Leases	22.5	**-**	-	**-**	-
			954,413	1,045,930	**954,413**	1,045,930
22.2	**Payable within one year**					
	Debentures	22.3	**73,996**	73,996	**73,996**	73,996
	Term Loans	22.4	**528,800**	669,396	**528,800**	669,396
	Finance Leases	22.5	**-**	13,229	**-**	13,229
			602,796	756,620	**602,796**	756,620
	Total		**1,557,209**	1,802,550	**1,557,209**	1,802,550

22.3 Rated Secured Redeemable Listed Debentures

Debenture Type	Year of Issue	Original Year of Redemption	Restructured Period (Capital Repayment)	Colombo Stock Exchange Listing	Issued Value	Interest Payable Frequency	Interest Rate %	Outstanding Balance as at 31st March 31/03/2022 Rs`000	Outstanding Balance as at 31st March 31/03/2021 Rs`000
C	2014	2020	From 2020 to 2025	Unlisted	Rs.250Mn	Monthly	7.50%	**198,764**	231,123
D1-D6	2014	2021	From 2021 to 2026	Listed	Rs.250Mn	Annually	7.50%	**208,365**	250,000
								407,129	481,123

22.3.1 Trading at Colombo Stock Exchange

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

22.3.2 Comparable Interest Rate on Government Securities

1 years - 12.28%

2 years - 14.41%

5 years - 14.70%

22.3.3 The rating of listed debentures - C (lka) by Fitch Ratings

22.4 Group /Company

Term Loans	NDB	Sampath Bank	Peoples Bank	Peoples Bank Interest Loan (39 Mn)	Standard Chartered	Tea Board Loan	Seylan Bank	Seylan Bank Moratorium Loan Capital 6 Mn	Seylan Bank Moratorium Loan Capital 4 Mn	Seylan Bank Moratorium Loan Capital 5.5 Mn	AEN	F & W	John Keels	CeyBank Commercial Papers	Total 31.03.2022	Total 31.03.2021
	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000
At the beginning of the year	143,007	388,801	250,001	39,000	85,107	47,995	82,000	6,000	-	-	-	30,000	5,654	230,633	1,308,198	1,330,146
Loans Obtained during the year	-	-	-	-	-	-	-	-	-	-	30,000	15,000	47,500	-	92,500	78,524
Transfer to Moratorium Loan	-	-	-	-	-	-	(9,500)	-	4,000	5,500	-	-	-	-	-	-
Exchange loss	33,932	-	-	-	-	-	-	-	-	-	-	-	-	-	33,932	2,780
Capitalised Interest	-	45,256	-	-	-	-	-	-	-	-	-	-	-	-	45,256	5,712
Repayments made during the year	(12,500)	(99,937)	-	(32,864)	(13,766)	(47,995)	(4,000)	(3,122)	(1,000)	-	(26,667)	(40,800)	(47,155)	-	(329,806)	(108,964)
At the end of the year	**164,439**	**334,120**	**250,001**	**6,136**	**71,341**	**-**	**68,500**	**2,878**	**3,000**	**5,500**	**3,333**	**4,200**	**5,999**	**230,633**	**1,150,080**	**1,308,198**
Payable within one year	(24,000)	(146,868)	(6,875)	(6,136)	(61,000)	-	(29,378)	(2,878)	(2,000)	(5,500)	(3,333)	(4,200)	(5,999)	(230,633)	(528,800)	(669,396)
Payable after one year	140,439	187,252	243,126	-	10,341	-	39,122	-	1,000	-	-	-	-	-	621,280	638,802

Accrued interest for Interest Bearing Borrowing Loans amounting to Rs. 91 Mn (2020/21: Rs. 99 Mn)

22.4.1 Term Loans

	Bank	Amount Obtained Rs.'000	Balance 31.03.2022 Rs.'000	Balance 31.03.2021 Rs.000	Rate of Interest %	Terms of Repayment	Securities Pledged
a)	**NDB**						
	Term Loan						
	Tranch 01	500,000	**19,418**	23,584	AWPR + 5% if delayed AWPR+ 8%	Payable in 63 equal monthly instalments of Rs. 2,030,000/- with a first instalment of Rs. 2,110,000/-.	Primary Mortgage over the lease hold right, building &machinery of estates already mortgaged to NDB namely Stonycliff, Vogan, Gikiyanakande & Dalkieth.
	Tranch 02		**19,418**	23,584			
	Tranch 03		**26,151**	30,319			
	USD Loan						
	Tranch 01	204,470	**33,150**	21,840	LIBOR + 8% if delayed LIBOR+ 11%	Payable in 56 equal monthly instalments of $8,000/- with a first instalment of $7,000/-.	Primary Mortgage over the lease hold right, building &machinery of estates already mortgaged to NDB namely Stonycliff, Vogan, Gikiyanakande & Dalkieth.
	Tranch 02		**33,150**	21,840		Payable in 56 equal monthly instalments of $8,000/- with a first instalment of $7,000/-.	
	Tranch 03		**33,152**	21,840		Payable in 56 equal monthly instalments of $7,306/- with a first instalment of $7,318.98/-.	
	Total	704,470	**164,439**	143,007			
b)	**Sampath Bank**						
	Term Loan	500,000	**334,120**	388,801	AWPLR+3.5%	Payable in 71 equal monthly instalments of Rs.6,950,000 and final instalment of Rs.6,550,000 with a capital grace period of 12 months.	Primary Mortgage Bond for Rs.500Mn over leasehold rights of Drayton and Kelliewatte Estates in Nuwara Eliyatogether together with factory building therein.
	Total	500,000	**334,120**	388,801			
c)	**Peoples Bank**						
	Term Loan	196,000	**177,000**	177,000	8.5%	Repayable within 60 instalments of Rs.3,157,777/- each and monthly interest on outstanding balance.	Mortgage over leasehold right of Mount Vernon Estate situated at Dimbulla & Ukutule villages in Kotagala with in the Nuwara Eliya Pradeshiya Sabha District of Nuwara Eliya in Central Province.
	Term Loan	300,000	**73,001**	73,001	8.5%	Repayable within 60 instalments of Rs.1,725,000/- each and monthly interest on outstanding balance.	Mortgage over leasehold right of Mayfield Estate situated at Dimbulla village in Kotagala with in the Nuwara Eliya Pradeshiya Sabha limit in the District of Nuwara Eliya in Central Province.
	Interest Loan	39,000	**6,136**	39,000	TB+1%		
	Total	535,000	**256,137**	289,001			

	Bank	Amount Obtained Rs.'000	Balance 31.03.2022 Rs.'000	Balance 31.03.2021 Rs.000	Rate of Interest %	Terms of Repayment	Securities Pledged
d)	**Standard Charted Bank**						
	Term Loan	250,000	-	13,766	SLIBOR+3.5%	Payable within 2 years and 10 months.	Primary Mortgage Bond over leasehold rights of Hedigalle and Eduragala Estates together with factory building therein.
	Packing credit		**71,341**	71,341			
	Total	250,000	**71,341**	85,107			
e)	**Cey Bank Asset Management Ltd**						
	Commercial Paper	172,700	**230,633**	230,633	16.50%	Repayable as per the commercial paper maturity date	
	Total	172,700	**230,633**	230,633			
f)	**Sri Lanka Tea board Loan**						
	Term Loan	43,416	-	10,556	5%	Repayable within 36 instalments of Rs.1,301,221.2/- each.	
	Term Loan	45,000	-	9,990	AWPLR +1%	Repayable within 36 monthly instalments of Rs.1,250,000/- each (12 months grace period)	
	Term Loan	30,000	-	27,449			
	Total	118,416	-	47,995			
g)	**Forbes & Walker Ltd**						
	Term Loan	90,000	**4,200**	30,000	16.00%	Repayable within 30 monthly instalments of Rs.5,000,000/- each.	The realised and unrealised values of the stock of the teas catalogued and to be catalogued with broker.
	Total	90,000	**4,200**	30,000			
h)	**Seylan Bank Loan**						
	Term Loan	84,500	**68,500**	88,000	16%	Repayable within 72 months with following instalments	Primary mortgage over leasehold rights of the estate lands and buildings, fixed and floating assets of Yuilliefield Estate.
	Moratorium Loan 1	6,500	**2,878**		TB+1%	12 instalment of Rs.400,000 + Interest	
	Moratorium Loan 2	4,000	**3,000**		TB+1%	12 instalment of Rs.600,000 + Interest	Primary mortgage over leasehold rights of the estate lands and buildings Sorana Estates.
	Moratorium Loan 3	5,000	**5,500**		TB+1%	12 instalment of Rs.1,000,000 + Interest	
						12 instalment of Rs.1,500,000 + Interest	
						12 instalment of Rs.2,250,000 + Interest	
						11 instalment of Rs.2,500,000 + Interest and final instalment of Rs. 3,500,000	
	Total	100,000	**79,878**	88,000			

	Bank	Amount Obtained Rs.'000	Balance 31.03.2022 Rs.'000	Balance 31.03.2021 Rs.000	Rate of Interest %	Terms of Repayment	Securities Pledged
i)	**AEN Oil Palm**						
	Term Loan	30,000	**3,333**	-	AWPLR + 2%	Within 10 months	-
j)	**John Keells PLC**						
	Term Loan	79,024	**5,999**	5,654	16%	Repayable within 30 monthly instalments of Rs.5,000,000/- each.	The realised and unrealised values of the stock of the teas catalogued and to be catalogued with broker.
	Grand Total	2,579,610	**1,150,080**	1,308,198			

22.5 Finance Leases

As at 31st March	Group 2022 Rs. `000	Group 2021 Rs. `000	Company 2022 Rs. `000	Company 2021 Rs. `000
Finance Leases				
Gross Lease Obligation	-	13,229	-	13,229
Less: Finance cost applicable for future periods	-	-	-	-
Net Lease Obligation	-	13,229	-	13,229
Payable within one year (Transferred to Current Liabilities)				
Gross Lease Obligation	-	13,229		13,229
Less: Finance cost applicable for future periods	-	-	-	-
Net Lease Obligation	-	13,229	-	13,229
Total Net Lease Obligation	-	13,229	-	13,229

	As at 31st March	Group 2022 Rs. `000	Group 2021 Rs. `000	Company 2022 Rs. `000	Company 2021 Rs. `000
23.	**RETIREMENT BENEFIT OBLIGATIONS**				
	Balance at the beginning of the year	**887,373**	874,322	**886,613**	873,812
	Provision made during the year **(Note 23.1)**	**(183,809)**	82,660	**(183,938)**	82,410
		703,564	956,982	**702,675**	956,222
	Payments made during the year	**(44,383)**	(69,609)	**(44,204)**	(69,609)
	Balance at the end of the year	**659,181**	887,373	**658,471**	886,613
23.1	**Provision for the year consists of the following**				
	Recognised in Profit & Loss				
	Interest cost	**66,497**	87,381	**66,497**	87,381
	Current service cost	**40,113**	59,335	**39,984**	59,085
	Recognised in Other Comprehensive Income				
	Actuarial (Gain)/Loss	**(290,419)**	(64,056)	**(290,419)**	(64,056)
	Present value of obligation as at 31st March	**(183,809)**	82,660	**(183,938)**	82,410

The actuarial valuation had been carried out by M/S Actuarial & Management Consultants (Pvt) Ltd. According to the valuation the gratuity liability on employees of the Company as at 31st March 2022 is Rs.658,470,176/-

The Key assumptions used by the Actuary include the following,

		2022 Rs. `000	2021 Rs. `000
1	Rate of Interest	**15.00%**	7.50%
2	Rate of Salary Increase		
	Workers	**8% per annum**	5.68% per annum
	For other categories of staff	**10% per annum**	10% per annum
3	Retirement age		
	Workers	**60 years**	60 years
	For other categories of staff	**60 years**	60 years
4	The Staff Turnover Rate	**2% - 7%**	2% - 7%
	The Company will continue in business as a going concern		

The sensitivity analysis on the total comprehensive expense an financial position based on the assumed rates for salary increment and discount rate as at 31st March 2022 is given below,

Discount Rate	Salary escalation rate	Present value of defined benefit obligation (Rs.)	
		Staff	Workers
One percentage point increase	As stated above	(87,291,080)	(532,292,124)
One percentage point decrease	As stated above	100,466,564	601,652,432
As stated above	One percentage point increase	101,138,629	606,370,527
As stated above	One percentage point decrease	(86,625,411)	(527,723,932)

Weighted average duration of Defined Benefit Obligation

Staff 8.02 years (2020/21 - 11.53 years)
Workers 6.98 years(2020/21 - 9.02 years)

Distribution of defined benefit obligation over future working life time

Future working life Time	Defined benefit obligation (Rs.) Staff	Workers
Within the next 12 Months	12,750,800	94,892,145
Between 2- 5 years	20,997,511	167,314,538
Beyond 5 years	59,723,855	302,792,327
Total	93,472,166	564,999,010
Grand Total	658,471,176	

	As at 31st March	Group 2022 Rs. `000	Group 2021 Rs. `000	Company 2022 Rs. `000	Company 2021 Rs. `000
24.	**NET OBLIGATION TO LESSOR (JEDB/SLSPC ESTATES)**				
	At the beginning of the year	**658,095**	646,906	**658,095**	646,906
	Interim remeasurement of ROU	**21,579**	14,232	**21,580**	14,232
		679,675	661,138	**679,675**	661,138
	Interest Charge for the year	**95,430**	92,766	**95,430**	92,766
	Lease rental for the year	**(98,253)**	(95,809)	**(98,253)**	(95,809)
	Net Lease Obligation	**676,851**	658,095	**676,851**	658,095
24.1	**Lease rentals in arrears**				
	Balance as at 1st April	**310,592**	214,783	**310,592**	214,783
	Rentals accrued during the year	**98,253**	95,809	**98,253**	95,809
	Repayments during the year	**-**	-	**-**	-
	Balance as at 31st March	**408,845**	310,592	**408,845**	310,592
24.2	**Leasehold rights can be analysed as follows**				
	Payable within one year	**4,162**	3,500	**4,162**	3,500
	Payable within two to five years	**16,270**	19,761	**16,270**	19,761
	Payable after five years	**656,419**	634,834	**656,419**	634,834
	Total Net Liability	**676,851**	658,095	**676,851**	658,095
	Net lease obligations payable after one year	**672,689**	654,595	**672,689**	654,595
	Amount recognised in Profit or Loss				
	Interest on lease liabilities	**95,430**	92,767	**95,430**	92,767
	Depreciation charged for Right of Use Asset	**26,188**	25,298	**26,188**	25,298
		121,617	118,065	**121,617**	118,065
	Amount recognised in Statement of Cash Flows				
	Total cash outflow for leases	**-**	-	**-**	-
	Maturity analysis of contractual undiscounted cash flows				
	Within One Year	**99,068**	95,810	**99,068**	95,810
	2-5 years	**297,203**	383,241	**297,203**	383,241
	More than 5 years	**1,907,055**	1,844,347	**1,907,055**	1,844,347
	Total undiscounted lease liabilities	**2,303,326**	2,323,398	**2,303,326**	2,323,398

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

The lease rentals in arrears amounting to Rs.408.8Mn (2020/21: Rs. 310 Mn) includes in Trade and Other Payables. **(Note 26)**

25. DEFERRED TAXATION

As at 31st March	Group 2022 Rs. `000	Group 2021 Rs. `000	Company 2022 Rs. `000	Company 2021 Rs. `000
Balance at the beginning of the year	**419,209**	403,004	**419,209**	403,004
Charged in the profit & loss under income tax	**(91,601)**	7,237	**(91,601)**	7,237
Charged in the other comprehensive income	**30,494**	8,968	**30,494**	8,968
Balance at the end of the year	**358,102**	419,209	**358,102**	419,209

25.1 The average tax rate used to calculate deferred tax liability/asset as at 31st March 2022 is 10.5% (31st March 2021 - 14%).

25.2 The closing deferred tax liability arises as follows,

	Group / Company			
	2022		2021	
	Temporary Difference Rs. `000	Tax Effect Rs. `000	Temporary Difference Rs. `000	Tax Effect Rs. `000
Temporary differences on;				
Property plant and equipment (Excluding Revaluation gain on buildings)	**309,062**	**32,452**	367,783	51,490
Revaluation gain on buildings	**691,213**	**72,577**	691,212	96,770
Consumable biological assets	**1,496,454**	**157,128**	1,377,073	192,790
Bearer Biological Assets	**2,847,404**	**298,977**	2,734,379	382,813
Net Lease liability	**(67,986)**	**(7,139)**	(44,622)	(6,247)
Provision for doubtful debt	**(4,685)**	**(492)**	(42,372)	(5,932)
Retirement benefit obligation	**(658,471)**	**(69,139)**	(886,613)	(124,126)
CF Tax Losses	**(1,202,496)**	**(126,262)**	(1,202,496)	(168,349)
	3,410,495	**358,102**	2,994,344	419,209

25.3 Unrecognised Deferred Tax Asset

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

Group / Company

As at 31st March	Temporary Difference Rs. `000	Tax Effect Rs. `000
Tax loss carried forward	**2,503,313**	262,848
Provision for Related party impairment	**12,049**	1,687

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

25.4 Assessment of Recoverability on carried forward tax losses

The Company recognised a Deferred Tax asset consequent to the changes in the Inland Revenue Act No. 24 of 2017. As per the said Act, which was effective from 1st April 2018, 100% of taxable income is allowed to be deducted against the tax losses incurred. According to the transitional provisions of the new act, the brought forward tax loss can be claimed against taxable income for a period of 6 years commencing from the year of assessment 2018/19 and ending in year of assessment 2025/26.

The Management carefully analysed the availability of the future taxable profits against which the unused tax losses can be utilised. In this assessment the Company estimated the profitability using the internal budgets and plans in a conservative manner. In this assessment, directors noted the composition of the carried forward tax loss as given in the note 9.3 Current estimated duration of recoverability of deferred tax asset is 5 years until March 2025.

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

26. TRADE & OTHER PAYABLES

		Group		Company	
	As at 31st March	2022	2021	2022	2021
		Rs. `000	Rs. `000	Rs. `000	Rs. `000
	Trade Payables	**137,577**	137,897	**136,874**	136,710
	Other Payables **(Note 26.1)**	**1,828,987**	1,898,994	**1,825,792**	1,896,340
	Payable to Employees	**110,521**	134,644	**110,521**	134,644
	Unclaimed Dividends	**7,225**	7,225	**7,225**	7,225
		2,084,310	2,178,760	**2,080,412**	2,174,919
26.1	**Other Payables**				
	Government Departments and Statutory Bodies	**1,044,875**	1,077,648	**1,044,875**	1,077,648
	Refundable Deposits Received	**37,667**	45,123	**37,667**	45,111
	Others including Provisions and Accrued Charges	**746,445**	776,223	**743,250**	773,581
		1,828,987	1,898,994	**1,825,792**	1,896,340

Accrued interest for Interest Bearing Borrowing Loans amounting to Rs. 91 Mn (2020/21: Rs. 99 Mn) includes in 'Others including Provisions and Accrued Charges'.

The lease rentals in arrears amounting to Rs.408.8 Mn (Rs.310 Mn- 2020/21) includes in 'Government Departments and Statutory Bodies' under Other Payables.

27. AMOUNTS DUE TO RELATED PARTIES

		Group		Company	
As at 31st March	Relationship	2022	2021	2022	2021
		Rs. `000	Rs. `000	Rs. `000	Rs. `000
The Colombo Fort Land and Building PLC	Ultimate Parent Co.	**4,257**	-	**4,257**	-
Ceylon Tea Brokers PLC	Sub Subsidiary	**58,696**	65,830	**58,696**	65,830
Union Commodities Pvt Ltd	Associate	**-**	163	**-**	163
Lankem Ceylon PLC	Intermediate Parent	**-**	6,983	**-**	6,983
Agarapatana Plantations Ltd	Associate	**7,395**	-	**7,395**	-
E B Creasy & Co., PLC	Sub Subsidiary	**-**	5,902	**-**	5,902
Consolidated Tea Plantation Ltd	Sub Subsidiary	**-**	575,532	**-**	575,532
		70,348	654,410	**70,348**	654,410

28. CAPITAL COMMITMENTS

There were no material commitments as at the Reporting date.

29. CONTINGENT LIABILITIES

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

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

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

29.2 Gazette Notification on Cultivation of Oil Palm

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

The Management is of the view that further direction and guidance are required from the respective authorities in order to comply with the requirement of the said gazette. Hence no adjustments have been incorporated to the financial statements for the year ended 31st March 2022 in this regard due to unavailability of further guidance issued by respective industry associations and authorities to comply with the instructions given by the gazette notification.

29.3 Gazetted Increase in Daily Wage Rate

A "Writ Application" was instituted by the RPC's in the Court of Appeal seeking an interim order, staying and /or suspending the operation of the Gazette issued on 5 th March 2021 by the Wages Board declaring the wage rate of Tea / Rubber workers as Rs. 1,000/- per day.

As at the date of the Statement of financial position, this matter was under the purview of the Court of Appeal. The estimated retirement benefit obligation liability considering the gazetted daily wage rate would increase by Rs. 90 Mn of which Rs. 5 Mn may be charged to Profit or Loss and Rs. 85 Mn may be charged to Other Comprehensive Income for the year ended 31 st March 2022.

Subsequent to the date of the statement of financial position on, 9 th August 2022 the Court of Appeal has declined to issue the interim order prayed for above. Consequent to this decision, RPCs at its meeting held on 29 th August 2022 in consultation with lawyers decided to appeal against the judgement of the Court of Appeal. Accordingly, the Board of Directors of Kotagala Plantations PLC has resolved to appeal against the judgement.

30. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

31 IMPACT FROM RAPID CHANGE IN MACRO ECONOMIC FACTOR

Sri Lanka has been facing foreign exchange crisis due to the economic impacts of the Covid-19 pandemic. These impacts have grown during the financial year ended 31st March 2022. Accordingly, the Government of Sri Lanka is taking various measures to control the outflow of foreign exchange reserves of the Country including restrictions on several imports and outward remittances. Despite the Government's measures to control foreign exchange outflows, continual weakening of foreign reserves is putting pressure on exchange rate to depreciate in the market. Due to the decrease in foreign reserves of Sri Lanka, Central bank of Sri Lanka decided to float the rupee from 10th March 2022. The Sri Lankan Rupee (LKR) has depreciated against USD, bringing the exchange rate to the highest ever, Rs. 299/- per USD by 31st March 2022 and Rs 361/- per USD by 29th August 2022. As at 31st March 2022 inflation rate was 21.50%. However, it has been escalated up to 58.90%. A shortage of foreign currency has challenged Government of Sri Lanka to finance essential imports, including fuel, foods, gas, and medicine. The Monetary Board of the Central Bank of Sri Lanka (CBSL) has decided to increase the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR). The depletion of foreign reserves has put restrictions on imports and affected supplies

Throughout this sequence of events, the ability of the Sri Lankan government and the banking sector in Sri Lanka to borrow funds from international markets was significantly affected. Banks have imposed unofficial capital controls, restricted transfers of foreign currencies outside Sri Lanka, significantly reduced credit lines to companies and withdrawals of cash to private depositors, all of which added to the disruption the country's economic activity, as the economic model of Sri Lanka relies mainly on imports and consumption. Businesses are downsizing, closing or going bankrupt, and unemployment and poverty are rising fast and have reached unprecedented levels.

This has resulted in an uncontrolled rise in prices and the drastic depreciation of the Sri Lankan Rupee, impacting intensely the purchasing power of the Sri Lankan citizens, driving a currency crisis, high inflation and rise in the consumer price index.

Impact on Internal Operations & Business Continuity

Since March 2022, the impact on cash flow considerably improved with the higher tea prices and rubber prices gained in auctions due to depreciation of rupee and demand exceeding the supply resulted from relatively lower tea crop in first quarter in 2022 with similar trend is envisaged during the short term period of future inflation. Prices of Inputs such as fertilizer, packing materials, fuel etc. resulted increase in cost of production to some extent. However, increase in sale prices exceeding the increase in running costs mainly arose from outsourced material and with brought forward buffer stock of fertilizer, fuel, and packing material prior to price hikes shielding the company to control the cost escalations to a limited extent , survive logistics and supply chain challenges to a certain extent during market shortages. These net gains were used to strengthen the working capital . The GOSL decision of Reversal of chemical fertilizer ban, possible re-introduction of fertilizer subsidy and low interest loans scheme for fertilizer purchase & replanting will further reduce the impact in future.

Impact on Assets & Impairments

As a result of the steps taken by company, Company could maintain the standard operations without causing disturbance to performance of the company and its assets. Therefore, no requirement arose on impairment of Financial and Non-Financial Assets of the company.

Company's responses on the impact on the future operations and the financial condition of the Company

The Management closely monitor and develop mitigating factors for potential downside risks to the business that can arise due to rapid changes in macro-economic factors and will continue to strengthen the working capital ,humanitarian sustainability initiative and cost mitigating factors to continue the business operations without any disruption, while timely addressing the new opportunities and threats arising from the situation.

32 GOING CONCERN

Further to the reference on Note 2.8, The Group/ the Company has, accumulated losses amounted to LKR 887 million and LKR 822 Million respectively. Further the Group/ the Company's current liabilities exceeded its current assets by LKR 2,587 million and LKR 2,586 Million respectively as at the reporting date. and the Group and the Company has loans and borrowings of LKR 1,218 million due within 12 months from 31st March 2022.The Group and the Company has also incurred negative operational cash flows of Rs. 371 Mn and Rs. 340 Mn respectively for the year ended 31st March 2022.

Management have made an assessment of the Company's ability to continue as a going concern. The Financial Statements have been prepared on the going concern basis because the management have assessed the sources of funding available and consolidation of core business and growth plans. In assessing the appropriateness of the use of going concern basis of accounting in the preparation of financial statements the Board of Directors conducted a comprehensive review of the Company's affairs including, but not limited to:

• The cash flow forecast of the Company for the period up to next 12 months.

• The Company's ability of settling the outstanding bank loans, lease rental, statutory payables and other liabilities when they fall due.

• Revenue and profitability forecasts for the Company not limited to next financial year, but having an outlook beyond 31st March 2022

• The continued support of the ultimate parent company.

• Impact of rapid change in macroeconomic factors have been considered as in note 31

Company' rigorous strategies aimed at increase in capacity and quality by timely investing in new machineries, upgrading- factories intend to decrease the losses and therefore the accumulated losses.

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

33. RELATED PARTY DISCLOSURES

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

No	Related Party	Name of Director	Details of Transaction	Amount (paid)/ received		Balance as at 31 March	
				2022	2021	2022	2021
				Rs. `000	Rs. `000	Rs. `000	Rs. `000
1)	**Transactions with Ultimate Parent Company**	S D R Arudparagaam	Office Rental	**(13,519)**	(9,255)		
	The Colombo Fort Land & Building PLC	A M De S Jayaratne	Office Expenses	**-**	-		
		C P R Perera	Settment of Office Rental and Expenses	**6,060**	360		
		Anushman Rajaratnam	Advance Received	**-**	(44,000)		
			Loan Interest	**-**	(7,089)		
			Debit Assigned to CTPL	**-**	134,464		
						(4,257)	3,202
2)	**Transactions with Intermediate Parent Company**						
	Lankem Ceylon PLC	S D R Arudpragasam	Management expense	**(15,000)**	(15,000)		
		Anushman Rajaratnam	Debit Assigned to CTPL	**-**	272,632		
			Advance Given	**62,548**	-		
			Interesrt Charged 200Mn Loan	**-**	(23,059)		
			Settlement of expenses	**4,362**	3,200		
						44,927	(6,983)
3)	**Transactions with Other Related Companies**						
a.	Lankem Tea & Rubber Plantations (Pvt) Limited	S D R Arudpragasam					
		C P R Perera		**-**	-		
		M S Madugalle		**-**	-		
		S S Poholiyadde		**-**	-		
		Anushman Rajaratnam		**-**	-		
						694	694
b.	Agarapatana Plantations Limited	S D R Arudpragasam					
		C P R Perera	Settlement of advance	**85,581**	96,180		
		S S Poholiyadde	Advance Received	**(115,279)**	(131,508)		
		Anushman Rajaratnam					
						(7,395)	**22,303**

NOTES TO THE FINANCIAL STATEMENTS

No	Related Party	Name of Director	Details of Transaction	Amount (paid)/ received		Balance as at 31 March	
				2022	2021	2022	2021
				Rs. `000	Rs. `000	Rs. `000	Rs. `000
c.	Lankem Plantation Services Limited	S D R Arudpragasam					
			Advance given	11	-		
						11	-
d.	Sherwood Holidays Limited	S D R Arudpragasam	Settlements of Advances	(169)	-		
						7,700	7,869
e.	Ceylon Tea Brokers PLC	C P R Perera	Interest charged	(12,420)	(11,216)		
			Loan Granted	(19,000)	(13,000)		
			Advance Taken	(578,877)	(528,366)		
			Settment of Loan	15,250	8,333		
			Sale of Tea	602,181	531,615		
						(58,696)	(65,830)
f.	Consolidated Rubber Plantations PTE Ltd	Anushman Rajaratnam					
		M S Madugalle					
			Written-off the balance	-	(408,456)		
						-	-
g.	Lanka Agro Plantations Pte Ltd	Anushman Rajaratnam		-	-		
		M S Madugalle					
						122	122
h.	Rubber & Allied Products (Colombo) Limited	S D R Arudpragasam	Sale of Rubber	40,837	63,616		
		Anushman Rajaratnam	Rubber Sale Proceed	(44,700)	(62,200)		
			Share issue	(30,000)	-		
			Advance Given	1,500	1, 688	11,750	44,113
i.	Far Eastern Exports (Colombo) Limited	S D R Arudpragasam					
		Anushman Rajaratnam	Advance given	15	150		
						378	363
j.	Horton Plains Resorts & Spa Limited	Anushman Rajaratnam	Company Registration Fee	-	-		
						107	107
k.	Darley Butler & Company Ltd						
		S D R Arudpragasam	Advance Received		(30,000)		
		A M de S Jayaratne	Debit Assigned to CTPL		45,670		
						-	-
l.	Union Commodities (Pvt) Ltd						
		S D R Arudpragasam	Interest charged on loans	(9)	(1,882)		
		Anushman Rajaratnam	Debit Assigned to CTPL	-	32,079		
			Settlement	172			
						-	(163)

No	Related Party	Name of Director	Details of Transaction	Amount (paid)/ received		Balance as at 31 March	
				2022	2021	2022	2021
				Rs. `000	Rs. `000	Rs. `000	Rs. `000
m.	Colombo Fort Group Services (Pvt)Ltd		IT Consultancy Fee	**(3,004)**	(3,242)		
		S D R Arudparagaam	Settlement	**4,118**	2,372		
		Anushman Rajaratnam	Advance Received	-	(23,139)		
			Debit Assigned to CTPL	-	29,120		
						1,698	584
n.	Sigiriya Village Hotels PLC						
		S D R Arudparagaam	Debit Assigned to CTPL	-	678		
		C P R Perera					
		Anushman Rajaratnam				-	-
o.	Lanka Special Steels Ltd	S D R Arudpragasam	Loan Granted	-	(401)		
			Balance Transfer To APL	-	15,495		
						-	-
p.	E B Creasy & Company PLC	S D R Arudpragasam	Advance Received		(51,000)		
		A M de S Jayaratne	Advance given		220		
			Debit Assigned to CTPL		45,000		
			Interest charged on loans	**(328)**	(122)		
			Balance transfer to APL	**6,230**	-		
						-	(5,902)
q.	Consolidated Tea Plantations Limited	C P R Perera	Take over of debt from inter companies		(564,370)		
		S D R Arudpragasam	Interest charged	**(15,391)**	(11,162)		
		S S Poholiyadde	Settlement	**590,923**			
		A M de S Jayaratne					
		Anushman Rajaratnam					
						-	(575,532)

Except for the following transactions, there were no non-recurrent related party transactions entered into by the Company during the financial year, the value of which exceeded 10% of shareholders equity or 5% of the total assets of the group or recurrent related party transactions the value of which exceeded 10% of gross revenue of the group during the year ended 31st March 2022.

4) Non Recurrent Related Party Transactions

*There were no Transactions During the year.

5) Recurrent Related Party Transactions

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of Related Party Transaction s entered into during the financial year (Rs'000)	Value of Related Party Transactions as a % of Net Revenue	Terms & Conditions of the Related Party Transactions
Ceylon Tea Brokers PLC	Sub Subsidiary	Advance taken	575,126	17% of Net Revenue	Advances taken at 14% interest and to be set off against the sales proceeds
		Sale of Tea	602,181	17% of Net Revenue	Sales are taking place based on tea auction averages

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

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

Compensation of Key Management Personnel of the Group

As at 31st March	Group 2022 Rs. `000	Group 2021 Rs. `000
Short term employment benefits paid to Key Management Personnel	**7,800**	7,800
Post employment benefits paid to Key Management Personnel	-	-

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

There were no other related party transactions and balances other than those disclosed in notes 18, 27 & 33 to the Financial Statements.

34. FINANCIAL RISK MANAGEMENT

(i) **Overview**

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

- Credit risk
- Liquidity risk
- Market risk

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

(ii) **Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The groups audit committee oversees how management monitors compliance with the groups risk management policies and procedures , and reviews and adequacy of the risk management in framework in relation to the risks faced the Group.

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

(iii) **Credit Risk**

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

Exposure to Credit Risk

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

As at 31st March,	Group		Company	
	Carrying Amount		Carrying Amount	
	2022	2021	2022	2021
	Rs. `000	Rs. `000	Rs. `000	Rs. `000
Trade receivables	**101,402**	69,199	**91,858**	60,864
Advances, prepayments and other receivables	**182,739**	223,156	**180,404**	221,134
Employee advances	**41,053**	45,132	**41,053**	45,072
Amount due from related companies	**40,879**	22,960	**55,338**	26,063
Cash at Bank	**132,731**	72,947	**131,854**	67,767
	498,804	433,394	**500,507**	420,900

(a) Trade and Other Receivables

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

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

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

	Balance as at 1st April 2021	Amount recognised in profit/ loss	Write off / Reversal during the year	Balance as at 31st March 2022
	Rs. `000	Rs. `000		Rs. `000
Group				
Other receivables	42,372	-	(37,687)	4,685
Amounts Due from Related Parties	12,162	3,345	(871)	14,636
	57,534	3,345	38,558	19,321
Company				
Other receivables	42,372	-	(37,687)	4,685
Amounts Due from Related Parties	53,294	3,739	(44,984)	12,049
	95,666	3,739	(82,671)	16,734

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

As at 31st March	Group		Company	
	Carrying Amount as at		Carrying Amount as at	
	2022	2021	2022	2021
Domestic (Rs'000) (within 3 months)	**101,402**	69,199	**91,858**	60,864
	101,402	69,199	**91,858**	60,864

Cash and Cash Equivalents

The Group held cash and cash equivalents of Rs. 132,731,000/- as at 31st March 2022 (Rs. 72,947,000/- as at 31st March 2021)

Invested in - Deutche Bank - (A- by Fitch Rating)

(iv) Liquidity Risk

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

The following are the contractual maturities of financial liabilities. .

Group	Carrying Amount Rs. `000	Less than 1 year Rs. `000	More than 1 year Rs. `000	Contractual cash flows Rs. `000
31st March 2022				
Non-derivative financial liabilities				
Interest bearing borrowings	**1,557,209**	**602,796**	**954,413**	**2,082,005**
Trade and other payables	**2,084,310**	**2,084,310**	**-**	**2,084,310**
Amounts due to related companies	**70,348**	**70,348**	**-**	**70,348**
Lease liability to SLSPC and JEDB	**676,851**	**4,162**	**672,689**	**2,303,326**
Bank overdraft	**615,303**	**615,303**	**-**	**615,303**
	5,004,021	**3,376,919**	**1,627,102**	**7,155,292**
31st March 2021				
Non-derivative financial liabilities				
Interest bearing borrowings	1,802,550	756,620	1,045,930	2,620,900
Trade and other payables	2,178,762	2,178,762	-	2,178,762
Amounts due to related companies	654,410	654,410	-	654,410
Lease liability to SLSPC and JEDB	658,095	3,500	654,595	2,323,398
Bank overdraft	566,642	566,642	-	566,642
	5,860,459	4,159,754	1,700,525	8,344,112

Company	Carrying Amount Rs. `000	Less than 1 year Rs. `000	More than 1 year Rs. `000	Contractual cash flows Rs. `000
31st March 2022				
Non-derivative financial liabilities				
Interest bearing borrowings	**1,557,209**	**602,796**	**954,413**	**2,082,005**
Trade and other payables	**2,080,412**	**2,080,412**	**-**	**2,080,412**
Amounts due to related companies	**70,348**	**70,348**	**-**	**70,348**
Lease liability to SLSPC and JEDB	**676,851**	**4,162**	**672,689**	**2,303,326**
Bank overdraft	**615,303**	**615,303**	**-**	**615,303**
	5,000,123	**3,373,021**	**1,627,102**	**7,151,394**
31st March 2021				
Non-derivative financial liabilities				
Interest bearing borrowings	1,802,550	756,620	1,045,930	2,620,900
Trade and other payables	2,174,919	2,174,919	-	2,174,919
Amounts due to related companies	654,410	654,410	-	654,410
Lease liability to SLSPC and JEDB	658,095	3,500	654,595	2,323,398
Bank overdraft	566,642	566,642	-	566,642
	5,856,616	4,156,091	1,700,525	8,340,269

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

(v) Market risk

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

(a) Currency risk

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

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

Exposure to currency risk

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

As at 31st March	2022		2021	
Group	USD	Euro	USD	Euro
Cash and Cash Equivalent	**51,979**	**1,866**	1,700	1,866
Interest bearing loans & borrowings	**(332,600)**	**-**	(332,600)	-
Trade and other Payables	**-**	**-**	(5,769)	-
Gross Statement of Financial Position exposure	**280,622**	**1,866**	(336,669)	1,866

As at 31st March Company	2022 USD	2022 Euro	2021 USD	2021 Euro
Cash and Cash Equivalent	**51,979**	**1,866**	1,700	1,866
Interest bearing loans & borrowings	**(332,600)**	**-**	(332,600)	-
Gross Statement of Financial Position exposure	**280,622**	**1,866**	(330,900)	1,866

	Average Rate		Reporting Date Spot Rate	
As at 31st March	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
USD	**293.87**	196.98	**299.00**	198.86
Euro	**331.41**	234.59	**334.03**	236.55

Sensitivity Analysis

A strengthening of the LKR, as indicated below, against the USD at 31st March 2022 would have increased/ (decreased) the equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Group			
	Strengthening		Weakening	
As at 31st March,	Profit/(Loss)	Equity	Profit/(Loss)	Equity
	Rs. `000	Rs. `000	Rs. `000	Rs. `000
As at 31st March 2022				
USD (15% movement)	**12,585**	**12,585**	**(12,585)**	**(12,585)**
Euro (15% movement)	**95**	**95**	**(95)**	**(95)**
As at 31st March 2021				
USD (15% movement)	10,043	10,043	(10,043)	(10,043)
Euro (15% movement)	66	66	(66)	(66)

	Company			
	Strengthening		Weakening	
As at 31st March,	Profit/(Loss)	Equity	Profit/(Loss)	Equity
	Rs. `000	Rs. `000	Rs. `000	Rs. `000
As at 31st March 2022				
USD (15% movement)	**12,585**	**12,585**	**(12,585)**	**(12,585)**
Euro (15% movement)	**95**	**95**	**(95)**	**(95)**
As at 31st March 2021				
USD (15% movement)	9,870	9,870	(9,870)	(9,870)
Euro (15% movement)	66	66	(66)	(66)

(b) Interest rate risk

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

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

	Group		Company	
	Carrying Amount		Carrying Amount	
As at 31st March,	2022	2021	2022	2021
	Rs. `000	Rs. `000	Rs. `000	Rs. `000
Fixed Rate Instruments				
Financial Liabilities				
Bank Overdrafts	**615,303**	566,642	**615,303**	566,642
Interest bearing loans and borrowings	**806,967**	848,639	**806,967**	848,639
	1,422,270	1,415,281	**1,422,270**	1,415,281
Variable Rate Instruments				
Financial Liabilities				
Interest bearing loans and borrowings	**750,242**	953,911	**750,242**	953,911
	750,242	953,911	**750,242**	953,911

Cash flow sensitivity analysis for variable rate instruments

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

Group	Profit or Loss		Equity	
	800 bp increase Rs. `000	800 bp decrease Rs. `000	800 bp increase Rs. `000	800 bp decrease Rs. `000
31st March 2022				
Variable rate instruments	**(66,080)**	**66,080**	**(66,080)**	**66,080**
	(66,080)	**66,080**	**(66,080)**	**66,080**
31st March 2021				
Variable rate instruments	(76,312)	76,312	(76,312)	76,312
	(76,312)	76,312	(76,312)	76,312

Company	Profit or Loss		Equity	
	100 bp increase Rs. `000	100 bp decrease Rs. `000	100 bp increase Rs. `000	100 bp decrease Rs. `000
31st March 2022				
Variable rate instruments	**(66,080)**	**66,080**	**(66,080)**	**66,080**
	(66,080)	**66,080**	**(66,080)**	**66,080**
31st March 2021				
Variable rate instruments	(76,312)	76,312	(76,312)	76,312
	(76,312)	76,312	(76,312)	76,312

(vi) Capital management

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

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

As at 31st March	Group		Company	
	2022	2021	2022	2021
	Rs. `000	Rs. `000	Rs. `000	Rs. `000
Total Liabilities	**6,357,100**	7,495,159	**6,352,492**	7,490,558
Less: Cash and Cash Equivalents	**(132,731)**	(72,947)	**(131,854)**	(67,767)
Net Debt	**6,224,369**	7,422,214	**6,220,638**	7,422,791
Total Equity	**1,602,674**	406,579	**1,635,193**	392,524
Net Debt to Equity Ratio	**388%**	1,826%	**380%**	1,891%

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

(vii) Fair values

Level 1 : Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: 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 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

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

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

Fair values versus the Carrying amounts

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

As at 31st March,	Group 31st March 2022		Company 31st March 2022		Group 31st March 2021		Company 31st March 2021	
	Carrying Amount Rs'000	Fair Value Rs'000	Carrying Amount Rs'000	Fair Value Rs'000	Carrying Amount Rs'000	Fair Value Rs'000	Carrying Amount Rs'000	Fair Value Rs'000
Assets carried at amortised cost								
Trade and Other Receivable	**320,509**	**320,509**	**308,630**	**308,630**	295,115	295,115	284,698	284,698
Amounts Due from Related Parties	**40,879**	**40,879**	**55,338**	**55,338**	22,960	22,960	26,063	26,063
Cash and Cash Equivalents	**132,731**	**132,731**	**131,854**	**131,854**	72,947	72,947	67,767	67,767
	494,119	**494,119**	**495,822**	**495,822**	391,022	391,022	378,528	378,528
Liabilities carried at amortised cost								
Trade and Other Payables	**2,084,310**	**2,084,310**	**2,080,412**	**2,080,412**	2,178,762	2,178,762	2,174,919	2,174,919
Interest Bearing Borrowings	**1,557,209**	**1,557,209**	**1,557,209**	**1,557,209**	1,802,550	1,802,550	1,802,550	1,802,550
Net Obligation to lessor of JEDB/SLSP	**676,851**	**676,851**	**676,851**	**676,851**	658,095	658,095	658,095	658,095
Amounts Due to Related Company	**70,348**	**70,348**	**70,348**	**70,348**	654,410	654,410	654,410	654,410
Bank Overdraft	**615,303**	**615,303**	**615,303**	**615,303**	566,642	566,642	566,642	566,642
	5,004,021	**5,004,021**	**5,000,123**	**5,000,123**	5,860,459	5,860,459	5,856,616	5,856,616

Financial Instruments Carried at Fair Value and Valuation Bases

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

As at 31st March 2022	Group / Company			
	Level I Rs. `000	Level II Rs. `000	Level III Rs. `000	Total Rs. `000
Fair value through OCI Investments	**221,586**	**105,856**	**-**	**327,442**
	221,586	**105,856**	**-**	**327,442**

As at 31st March 2021	Company			
	Level I Rs. `000	Level II Rs. `000	Level III Rs. `000	Total Rs. `000
Fair value through OCI Investments	221,586	83,952	-	305,538
	221,586	83,952	-	305,538

The Company has valued the investment in Agarapathana Plantations Limited, which has been coming under Level II of the fair value hierarchy, using revenue multiples of comparable listed Companies. The Company has discounted the fair value by 15% to reflect the non marketability between the unquoted equity held by the Company and the equity instruments of comparable peers. One percentage volatility of the sector performance will have an impact of LKR 0.7 million to the valuation.

Financial Instruments not carried at Fair Value and Valuation Bases

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

As at 31st March 2022	Group				Company			
	Level I Rs'000	Level II Rs'000	Level III Rs'000	Total Rs'000	Level I Rs'000	Level II Rs'000	Level III Rs'000	Total Rs'000
Financial Assets Carried at amortised Cost								
Trade & Other Receivables	-	-	320,509	320,509	-	-	308,630	308,630
Amounts due from Related Parties	-	-	40,879	40,879	-	-	55,338	55,338
Cash and cash equivalents	-	132,731	-	132,731	-	131,854	-	131,854
	-	132,731	361,388	494,119	-	131,854	363,968	495,822
Other Financial Liabilities								
Net obligation to Lessor of JEDB/ SLSPC	-	676,851	-	676,851	-	676,851	-	676,851
Interest bearing Borrowings	-	1,557,209	-	1,557,209	-	1,557,209	-	1,557,209
Trade & Other Payables	-	-	2,084,310	2,084,310	-	-	2,080,412	2,080,412
Amounts due to Related Parties	-	-	70,348	70,348	-	-	70,348	70,348
Bank Overdraft	-	615,303	-	615,303	-	615,303	-	615,303
	-	2,849,363	2,154,658	5,004,021	-	2,849,363	2,150,760	5,000,123

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

Cash and Cash Equivalents

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

Trade and Other Receivables

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

Amounts Due to/Due From Related Parties

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

Trade and Other Payables

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

Interest Bearing Borrowings

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

GLOSSARY OF FINANCIAL AND NON FINANCIAL TERMS

Financial Terms

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

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

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

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

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

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

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

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

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

EBITDA
Earnings before Interest, Tax, Depreciation and Amortisation.

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

Gearing
Proportion of borrowings to capital employed.

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

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

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

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

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

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

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

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

Non Financial Terms

COP
Cost of producing a kilo of Tea/Rubber.

CTC
Crush, Tear & Curl. A manufacturing method.

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

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

ISO
International Standard Organisation.

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

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

RRI
Rubber Research Institute.

Seedling Tea
Tea grown from a seed.

TRI
Tea Research Institute.

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

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

NOTICE OF MEETING

Notice is hereby given that the Twenty Ninth Annual General Meeting of Kotagala Plantations PLC will be held on 27th September 2022, at 11.00 a.m. and conducted as a Virtual Meeting from 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, for the following purposes, namely :

1. To receive and consider the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March, 2022 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. Anushman Rajaratnam who retires in accordance with Articles 92 & 93 of the Articles of Association.
3. To reappoint Mr. A.M. de S. Jayaratne who is over seventy years of age as a Director.

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

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

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

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

Colombo
29th August,2022

Notes:

1. A member of the Company who is entitled to attend and vote may appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed for this purpose.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Private) Limited, No.8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not less than forty eight hours before the time fixed for the meeting.
4. Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to represent them and vote on their behalf. Members are advised to complete the Form of Proxy and their voting preferences on the specified resolutions to be taken up at the meeting and submit the same to the Company in accordance with the instructions given on the reverse of the Form of Proxy.
5. Please refer the "Circular to Shareholders" dated 29th August 2022 for further instructions relating to the Annual General Meeting and for joining the Meeting virtually.
6. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

Resolved –

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

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

Resolved –

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

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

Resolved –

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

NOTE

FORM OF PROXY

I/We* .... of

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

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

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

as my/our *proxy to represent me/us*,and to vote as indicated hereunder for me/us* and on my/our* behalf at the Twenty Ninth Annual General Meeting of the Company to be held on 27th September 2022 at 11.00 a.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof

		For	Against
1.	To receive & consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2022 with the Report of the Auditors thereon.		
2.	To re-elect Mr. Anushman Rajaratnam as a Director.		
3.	To re-appoint Mr. A.M. de S. Jayaratne as a Director.		
4.	To re-appoint Mr. C.P.R. Perera as a Director.		
5.	To re-appoint Mr.S.D.R. Arudpragasam as a Director.		
6.	To authorise the Directors to determine contributions to charities		
7.	To re-appoint as Auditors, KPMG, Chartered Accountants and authorise the Directors to determine their remuneration		

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

As witness, my/our* hands this .... day of .... 2022.

....
Signature

Note: *Please delete the inappropriate words.

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

Form of Proxy

Instructions as to completion

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

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

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

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

CORPORATE INFORMATION

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

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