

Pinnacle of Leadership

Talawakelle Tea Estates PLC
Integrated Annual Report 2021/22



Pinnacle of Leadership

It may have been a slow ascent for the world and the economy during these challenging times but we are proud to state that we continue to celebrate the high points of our year. From our most precious resource, our people, to our processes and in securing the future of the environment and the larger community, we have sustained our momentum and achieved immense success yet again. In a year that sorely tested us on every aspect of the business, we remained true to our goals of creating a sustainable business. This was recognised and rewarded through the many awards and acclamations that were bestowed upon us and therefore we celebrate the multiple factors that contributed to our unmatched performance, exemplified at the pinnacle of leadership.

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Furthering our efforts to ensure minimal negative environmental impact of our operations, Talawakelle Tea Estates PLC's Annual Report for the financial year 2021/22 is presented to you as a carbon neutral publication.

Through a Product Life Cycle Assessment conducted for each copy of the report and CDs, an identified total carbon footprint of 18.76 tCO₂e pertinent to the entire preparation and publication process has been offset by purchasing 19 carbon credits from the United Nations Certified Emission Reductions (CERs) from the project activity registered under (VC23676/2022) the UN Clean Development Mechanism.

With this initiative, we hope to create awareness on the urgency of corporate action in addressing the climate emergency.

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- 1. Best Work Places in Sri Lanka 2021™ (One of the best 40)
- 2. Asia's Best Work Places 2021™ (2nd Best Workplace in Asia)

- 3. Best Work Places in Sri Lanka for Women 2021™
- 4. Best Public Limited Company in Sri Lanka 2021
- 5. Extra Large Enterprise Category in Sri Lanka 2021 – GOLD.
- 6. 10 Best Workplaces in the Manufacturing and Production Industry in Sri Lanka.



Tea Industry Sector (Manufacturing Large)

- 1. Somerset Estate – Platinum
- 2. Bearwell Estate – Gold
- 3. Holyrood Estate – Joint Silver
- 4. Mattakelle Estate – Joint Silver
- 5. Great Western Estate – Joint Silver
- 6. Dessford Estate – Bronze
- 7. Wategoda Estate – Joint Merit

Tea Industry Sector (Manufacturing Small)

- 8. Calsay Estate – Silver

Tea Plantation Sector (Without Factory Operation)

- 9. Palmerston Estate – Silver



No. **1** GSA Ranking in High Grown, Low Grown & Overall



1. JOINT WINNERCA 56th Annual Report Awards 2021 Plantation Companies Category
2. MERIT CMA Excellence in Integrated Reporting 2021
3. WINNER ACCA Sri Lanka Sustainability Reporting Awards 2021 (Retail & Trading)
4. FINALIST FOR – Asia's Best Integrated Report (Large Company)
5. GOLD - Asia's Best Integrated Report (Governance)
6. GOLD -Asia's Best Integrated Report (Integrated Thinking)
7. GOLD - Asia's Best Integrated Report (Value Creation).
8. Hallbars Sustainability Report Awards 2021 NATIONAL WINNER for 2nd consecutive year. World Best Sustainability Report
9. Hallbars Sustainability Report Awards 2021 2ND BEST IN THE WORLD- Integrated Annual Report 2020/21 (under category of Asia without China, India & Japan).

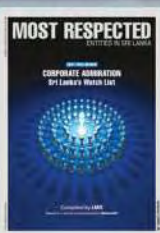


National Productivity Awards 2021
SPECIAL COMMENDATION – Radella Estate
COMMENDATION –
 Dessford, Somerset,
 Palmerston, Great Western,
 Holyrood, Mattakelle, Logie,
 & Bearwell Estates.

One of Pioneering Members of

GRI SOUTH ASIA CHARTER
 ON SUSTAINABILITY IMPERATIVES
 We are proud to be one of only two companies to receive this honor

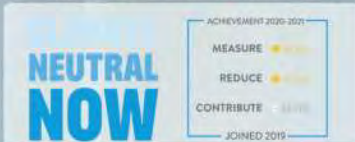
Talawakelle Tea Estates PLC achieves the Approved Science Based Target An initiative by CDP, UN Global Compact, World Resources Institute & WWF. (Talawakelle is the World's first plantation company & Sri Lanka's first organization which recognized as Science Based Target Approved Company).



LMD's Most Respected Entities in Plantations Sector, awarded for 2nd Consecutive Year.

Talawakelle Tea Estates PLC achieves the Climate Neutrality & Gold Status for the Measure, Reduce and Contribute stages of the UN Climate Neutral Now (CNN) initiative under the United Nations Framework Convention on Climate Change. (UNFCCC).

Measure : Gold
 Reduce : Gold
 Contribute : Gold



About this report

GRI: 2-2,3,4,5 ▶

The 8th Integrated Annual Report of Talawakelle Tea Estates PLC for the financial year 01/04/2021 to 31/03/2022 provides a balanced and objective review of the Group's value creation process, strategy and performance. It seeks to reflect the Group's commitment to integrated thinking which takes a holistic view of the financial, economic, environmental, social and governance aspects in formulating strategy and allocating resources. It builds on the previous Integrated Annual Report for the financial year ending 31st March 2021 which can be found at www.talawakelleteas.com.

Guiding Principles of Our Corporate Reporting Process

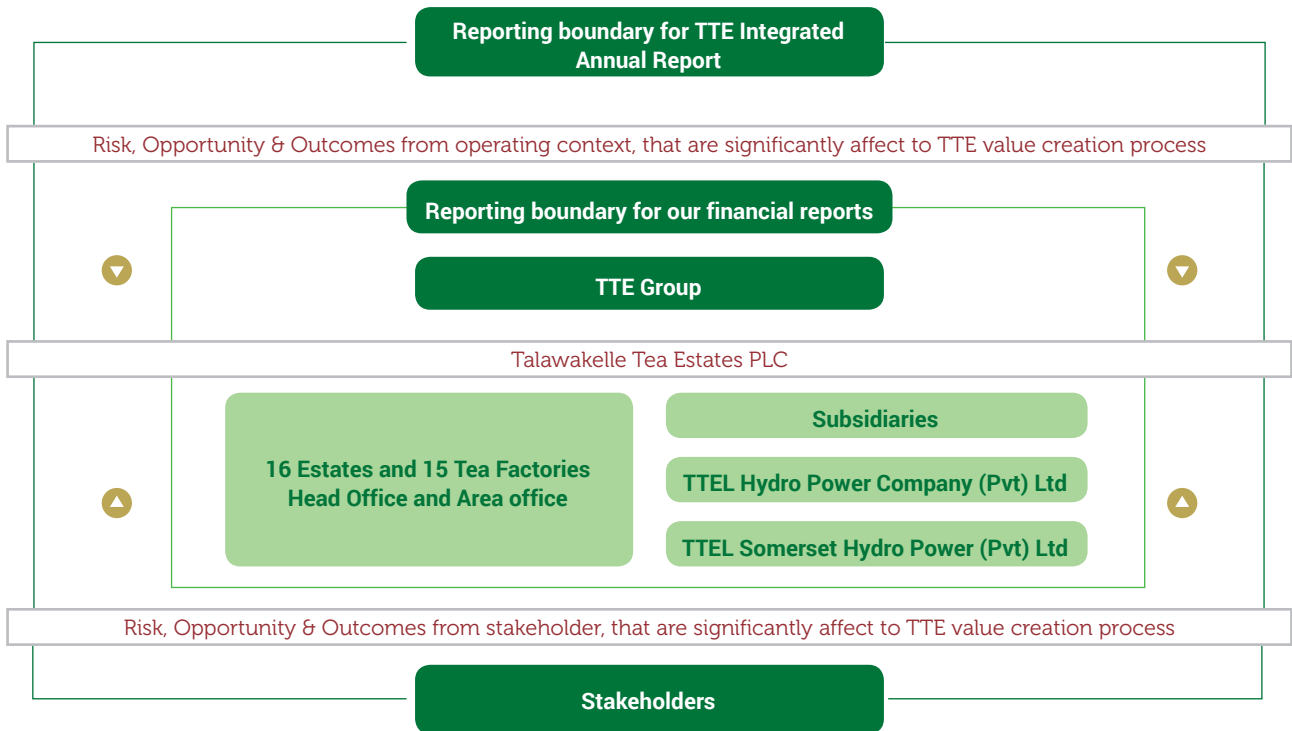
Type of Reporting	Standard and Frameworks	Reports	
Overall Reporting	The International Integrated Reporting <IR> Framework	IAR	
Sustainability Reporting	Global Reporting Initiative (GRI)	IAR	
	Sustainability Accounting Standards Board (SASB)	IAR, TCFDR	
	Integrating the SDGs into corporate reporting Guideline	IAR, SDGR	
Climate Reporting	Task Force on Climate-related Financial Disclosure (TCFD)	IAR, TCFDR	
	ISO 14064-1:2018	IAR, GHGR	
	Science Based Target Initiatives	IAR, TCFDR	
Financial/Operational	International Financial Reporting Standards (IFRS)	IAR	
	Company's Act No. 07 of 2007	IAR	
	Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 Institute of Chartered Accountants	IAR	
Corporate Governance	Code of Best Practice on Corporate Governance 2017 Issued by CA Sri Lanka	IAR	
	SEC Regulations	IAR	
	Continuous Listing Rules, Colombo Stock Exchange	IAR	
Reports			
Integrated Annual Report	IAR	TCFD Report	TCFDR
SDG Report	SDGR	GHG Report	GHGR

Sources of Information

Financial and non-financial information relating to the Group are obtained from the Group's management information systems which are reviewed for reliability and accuracy by Group Internal Audit. External information provided for comparison within the report is sourced from reliable sources such as the Central Bank of Sri Lanka, the Department of Census and Statistics and the International Monetary Fund as deemed appropriate.

Reporting Boundary

The scope and boundaries for financial information comprised with Talawakelle Tea Estates PLC and its two subsidiaries TTEL Hydro Power Company (Pvt) Ltd., and TTEL Somerset Hydro Power (Pvt) Ltd. Where as non financial information given only for Talawakelle Tea Estates PLC.



Assurance

Assurance on sustainability and integrated reporting, and opinion on the financial statements are provided by Messrs Ernst & Young, Chartered Accountants as set out on pages 268 to 269, 270 to 271 and 176 to 179 respectively.

Restatements of Information

The presentation and classification of the financial statements of the previous year have been amended, where relevant for the better presentation and to be comparable with those of the current year.

Precautionary Principle

The TTE Group is committed to taking cost effective measures to prevent environmental degradation where there are threats of serious or irreversible damage despite lack of full scientific certainty in compliance with Principle 15 of The Rio Declaration on Environment and Development.

Forward Looking Statements

The forward looking statements of our report discuss the possible future financial position and results of TTE's operations. However, such statements involve an element of risk and uncertainty. We are not under obligation and do not undertake responsibility to publicly update our forward looking statements in response to the changes in our business backdrop after the date of publication.

About this report

Navigating Our Report

The Capitals		Our Stakeholders		Strategy	
	Financial Capital		Investors		Winning with the Customer
	Manufactured Capital		Customers		Nurturing Our People
	Intellectual Capital		Employees		Operational Excellence
	Relationship Capital		Suppliers		Environmental Stewardship & Climate Action
	Human & Social Capital		Community and Environment		Business Diversification
	Natural Capital		Government and Regulatory		

Statement of Responsibility

The senior management of Talawakelle Tea Estates PLC is responsible for the preparation of the annual report. This report has been reviewed by the Audit Committee who have relied on internal and external assurance processes in place in discharging their duty.

The Annual Report of the Board of Directors includes an acknowledgement of the Directors' responsibilities with regard to the Annual Report. The Board of Directors acknowledge their responsibility to ensure the integrity of the Integrated Report and are of the opinion that the Integrated Annual Report of Talawakelle Tea Estates PLC for the financial year ending 31st March 2022 is presented in accordance with the <IR> Framework 2021.



Chairman
Board of Directors



Chairman
Audit Committee



Chief Executive Officer

This report is available in printed form and online at www.talawakelleteas.com



Feedback

We welcome feedback on our Annual Report as it enables us to continuously improve our integrated reporting. Kindly address your comments and

Suggestions to;

General Manager -Finance
Talawakelle Tea Estates PLC
400, Deans Road, Colombo 10
Tel : +94 11 2627785
Email : tpl.tea@ttel.hayleys.com



Online Feedback Form:

A Remarkable Milestone

Through our analysis of best practices & trends in the local and global reporting landscape, supplemented by revisions made to the various frameworks that guide us, this year, we have made significant improvements to our report. As such, Talawakelle Tea Estates PLC's Annual Report for the Financial Year 2021/22 marks a remarkable milestone in our corporate reporting journey.



Digitalization

As a trailblazer in the local corporate reporting environment, we strive to increase the level of digital integration of our report. Following this ethos, in Financial Year 2021/22, comprising of the below features, we publish our most Transformative & Digitalized Annual Report.

- ▶ Video of Annual Report Summary
- ▶ Video Version for the Business Model
- ▶ Audio Versions of Chairman's & Managing Director's Reviews
- ▶ An Online survey in place of the conventional Feedback



IR Assurance

Building upon the practice of verifying our sustainability reporting externally, this year we have obtained 3rd party assurance for the Integrated Report according to the <IR> standard, thereby ensuring its integrity.



Trilingual Financial & Non Financial Summary

To ensure that all parties within our diverse portfolio of stakeholders have equal access & understanding about the company's overall performance, we provide the financial and non financial summary of the report in English, Sinhala & Tamil.



Better Navigation with Fold Out Icons Index

In order to ensure easy navigation and improved readability of the report, we have included a fold-out page indicating the full list of navigation icons.



Advancing the materiality

Our materiality determination process has been revised to include the concept of double materiality which considers the impact of factors on the company and the impact the company generates on factors. We are also early adopters of GRI Disclosures 2021 which will be in effect from 1st January 2023.

We have undertaken this venture as we have identified the importance of clear and timely communication of impacts arisen from our activities that have a potential material bearing on sustainability criteria, in a transparent manner.



External Reports

In our perpetual journey to better deliver on our stakeholders' necessity for more transparent, accurate & comprehensive reporting, this year in tandem with our main report, we also produce the following additional reports.

- ▶ Our commitment towards SDGs
- ▶ TCFD Report
- ▶ 3rd Party Verified GHG Report



Annual Report Web Portal

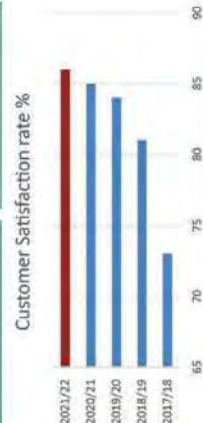
Highlights

Highest Ever Profit

Rs.819Mn

Highest Ever Revenue

Rs.4,663Mn

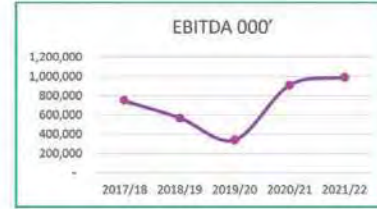
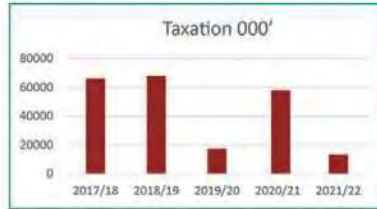


Community Development
Rs.107.4Mn

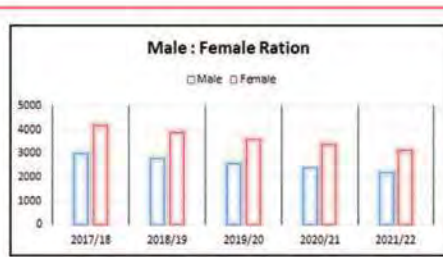


Environment Investment
Rs.48.6Mn





Great Place to Work Certified



We're growing the world's
finest teas, and sharing the
great taste of Sri Lanka.

1

Best of
the Best



Chairman's Message



"All our 8 estates are amongst the 15 best estates rankings whilst 6 of them clinched top 10 rankings for high grown tea prices reflecting the quality of our teas and value delivered to customers."

Dear Stakeholders,
Years of commitment to integrating sustainability coupled with digitalisation of critical workflows enabled Talawakelle Tea Estates PLC to record an exceptional performance in 2021/22 with Group post tax earnings of Rs. 817 Mn, the highest profits since inception. All our 8 estates are amongst the 15 best estates rankings whilst 6 of them clinched top 10 rankings for high grown tea prices reflecting the quality of our teas and value delivered to customers. The scores received for the Great Place to Work certification were equally important affirming the holistic nature of the Group's achievement as we increased the value delivered to our employees at the same time, upholding their rights and uplifting their lives through continuous structured programmes. These milestones were achieved during a grim period for the plantation sector in the country as they needed to manage the impacts of a prolonged pandemic for a largely residential workforce and their families while also overcoming the ill-advised ban on fertilizer and agrochemicals. The results speak volumes about the capabilities and dedication of the team and the inspired leadership of the Managing Director.

Socioeconomic relevance of Tea

Tea was the second highest export for Sri Lanka in 2021 with earnings of US\$ 1.3 Bn. The estate sector accounts for over 418,000 jobs of which the major part is in tea estates. Moreover, it is a product that showcases Sri Lanka's commitment to quality and is served at the most prestigious venues in the world as

the best of the best. Additionally, the panoramic views of the lush green plantations that are a popular stop on most tours.

Over the last decade, extensive work has been undertaken to integrate sustainability principles and drive progress on meeting targets of the sustainability development goals by this sector which are benchmarked to global standards as affirmed by international social and environmental certifications. Over 83% of its employees reside on the estates which were taken over by regional plantation companies in 1992. The colonial legacy housing is being gradually upgraded in regional plantation companies in partnership with state and the Plantation Housing Development Authority. The ranking of TTE by GPTW as the 2nd in Asia affirms the progress made to uplift the lives of our employees who are resident on the estate. Considerable work has also been done to preserve the biodiversity, minimise the impact on rivers that run through the plantations, reduce emissions, improve the soil structure and minimise our environment footprint in other ways.

The collective agreements in place were scrapped by the trade unions as they wanted to align with the Wages Board structures. Employees have better benefits under the present scheme as the money goes directly to the associates who are able to earn significantly more. However, the national unions are now requesting to revert to the collective agreements and the outcome of this will have a key impact on both the associates and the plantations with workers

likely to be the losers of the proposed arrangements.

Steering through the rapids

Tea prices which were stable throughout the first three quarters edged upwards in the fourth quarter to an all time high of Rs.848 per Kg. The steep climb commencing in the latter part of March into April 2022 reaching Rs.1,333.61 per kg reflects both the increased demand as well as the devaluation of the rupee. Our long standing commitment to quality continues to be a critical factor for benefitting from this trend as evinced by the performance of our estate marks at the tea auctions. Favourable weather patterns were also a key factor for the improved yields and quality thus obtaining better prices at auctions.

The year commenced with a wave of the pandemic followed by another wave in the third quarter which were significant challenges for the estate community. Listening to and engaging with employees were key and corporate management initiated several measures to ensure that employee health, safety and wellbeing were given priority. We strengthened the COVID protocols implemented in 2020 and was one of the first company to get their employees vaccinated working together with health authorities. Care packages were put together for employees who were affected and we are happy to say that we had no deaths due to COVID on our estates.

Government policy on agriculture had a significant adverse impact on the agriculture sector with the ban on imports of fertilizer and

Chairman's Message

agrochemicals that are necessary to drive yields and productivity and we were compelled to use manual labour to compensate for weedicides. Accordingly, employees were paid for uprooting of weeds which were weighed and used to make "Vermicompost" although the efficacy was insufficient to optimise yields.

While policy interest rates of the central bank increased by 7% in April 2022, the impact is minimal due to the low level of borrowing by the Group as we adopt a cautious approach to debt financing due to the volatility in the sector and the need to build financial resilience. However, the industry as a whole will be impacted and this could be detrimental to the dynamics of the industry at a time of elevated uncertainties.

People Driven

Listening to our people and addressing their concerns was critical to delivering performance. Corporate management conducted meetings with field officers throughout the year, communicating a single clear message. This enabled us to pick up on issues early and build up stock to ensure there was sufficient for our operations. Importantly, employees shared the increased value added as the amount distributed to employees increased from Rs.2,410 Mn to Rs. 2,715 Mn with increased incentives and bonuses.

TTE PLC has been at the forefront of driving change with its programme 'A Home for Every Plantation Worker'. This programme encompasses housing, water, sanitation, maternal and child health, child care, nutrition, education for resident children, financial literacy and women empowerment amongst others that are yielding results.

We have continuously invested in training of our employees. This year our training programmes were certified under the National Vocational Qualification framework and awarded 11 employees with certificates. This allows employees to obtain certification for the training undertaken with the Group, facilitating lifelong learning and mobility in the plantation sector.

Maintaining Momentum

Tea, rubber and hydro power segments delivered revenue growth of 5% to record Rs.4.7 Bn supported by favourable weather patterns and a coordinated response to the pandemic. This was commendable as productivity was around 40-60% due to the agrochemicals ban and the business disruptions. Cost awareness supported lean cost profiles and finance costs remained more or less in line with the previous year. Accordingly, Group net profits increased by 15% to Rs.817 Mn during the year which was largely attributable to the improved revenue and margins as well as a positive change in the fair value of biological assets.

Total Group assets increased by 11% during the year to Rs.6,551 Mn due to continued investments in the plantations and the relocation of the Kiruwanaganga factory which will be once completed a state of the art factory. Growth was funded through equity maintaining a conservative approach to financing to remain stable through volatility. Group Return on equity declined marginally as equity increased due to Revenue reserves increasing by 24% to Rs.3.9 Bn. Debt to equity also improved rounding up a stellar performance by TTE.

The performance during the year enabled us to declare a dividend of Rs.0.65 per share to shareholders. The Board recommends a further dividend of Rs. 5/- per share as a final dividend. The share price in the Colombo Stock Exchange moved up/down during the year reaching a high of Rs.79 and a low of Rs. 37.50 to close the year at Rs.42.60

Outlook

Since the year end, the economic outlook for the country has dimmed significantly. However, it is necessary to remember the resilience of the country and its people as we recovered from many challenges in recent history from the tsunami to civil war. We are optimistic that the country will be set on a path to recovery, even if the timing remains uncertain at present.

Talawakelle Tea Estates will continue to focus on growth Agribusiness through 7 key Strategies namely Revenue maximization, Optimum Yield, Cost efficiency, Quality focus, SMART precision agribusiness management, Regenerative Agriculture and leadership engagement. "The Great Estate to Work" initiative has identified 10 areas for improvement and we are in the process of implementing them. Tea has been there for 150 years and will continue for another 100+. We will continue our strategy of mechanization of the Plantation but will not mechanize the harvesting of tea as it impacts quality. We will also continue to use out-growers to increase the production quantity. Hydro power will be a key area of focus. Tea prices are expected to stay around current levels, perhaps stabilizing over the next three months.

Appreciations

Delivering a holistic performance as set out above is indeed an achievement and I congratulate Dr. Roshan Rajadurai and his team for their hard work amidst unprecedented challenges both personally and at work. I thank our brokers for their insights and the effective marketing of our teas. I place on record my appreciation of the cooperation of the government of Sri Lanka on numerous occasions,

I conclude by thanking all the shareholders who have shared our journey and look forward to their support in the year ahead as well.



Mohan Pandithage

Chairman

Talawakelle Tea Estates PLC

12 May 2022

Managing Director's Review



“TTE became the first plantation company to be certified as a Great Place to Work from the GPTW organisation which was an outstanding success and the second best in Asia and we were also ranked amongst the 10 Best Places to Work for Women”.

Dear Stakeholder,
Talawakelle Tea Estates PLC Group (TTE Group) recorded earning before tax of Rs. 837 Mn for 2021/22 financial year, a fitting encore to the performance last year as we delivered the highest profits in the history of the Company for the second consecutive year. This is a testimony to the resolve of our teams who produced the finest teas that commanded the highest prices at the Colombo Tea Auctions, driving top line growth. Disciplined routines, commitment to people and the planet combined with technology helped us rise above the multiple challenges that arose during the year to record our best performance to date.

Continuing our quest for excellence

A passion for quality pervades the entire organisation – the fields, the factories and all our support functions. A quick review of the moments we celebrated serves to show the holistic nature of this year's performance and how excellence is an ingrained habit at TTE.

Our teas have performed extremely well occupying 06 of the 10 top slots for price. All 08 of TTE estates marks among the top 15 prices for high grown teas. In the low grown RPC rankings, TTE estates occupy the positions 1,3 and 4. This achievement is significant as most processes are aligned to delivering high quality teas, maintaining our position as the market leader which enables us to enhance the value created to our stakeholders.

TTE became the first plantation company to be certified as a "Great Place to Work" from the GPTW organisation which was an outstanding success and the second

best in Asia and we were also ranked amongst the "10 Best Places to Work for Women". Based on a survey of over 1,000 employees randomly picked by GPTW, the scores serve to benchmark the plantation sector with other industries and countries and reflect the years of work done to shed the stigma that was part of the plantation sector legacy from colonial times.

We are also proud to be one of the founding members of the GRI South Asia Charter alongside Hayleys PLC who are the only companies in Sri Lanka to be part of this. This follows a thorough review of the alignment between the sustainability practices of these companies and the principles of the Charter.

TTE's Annual Report also won the most number of awards for a single company at the Asia Integrated Reporting Awards with Gold awards for Governance, Integrated Thinking and Value Creation, and Hallbars Sustainability Reporting Award from the Alfred Nobel Institute awarded 2nd Best Integrated Annual Report in the World (Asia). It also won the Plantation sector Gold Award at the CA Sri Lanka Annual Report Awards for 7 consecutive years, Plantation sector Merit Award winner for CMA Integrated reporting, Winner of ACCA Sri Lanka Sustainability Reporting Award in the Retail & Trading Category. These reflect the holistic nature of the progress made on Environment, Social and Governance aspects of our operations.

Flexible Strategies for Uncertain Times

The year commenced with a new wave of the COVID-19 pandemic and a ban on chemical fertilizer and other agrochemicals which was

a double blow. We anticipated a difficult year prior to this as there were supply chain issues with long lead times which added to the stress, a weakening economy and rupee as well as global inflation and increased freight rates which were already posing challenges. Effective risk management processes both within TTE and at the parent company enabled us to identify the risks early on and take steps to mitigate them.

Our mission was clear and understood by all and the principles underlying it well integrated into our decision-making processes and culture. This supported the flexibility in strategy as the year became more challenging with inflation and supply shortages becoming critical issues in the second half of the year. Clearly, our strategies needed to be flexible to work around these impediments.

COVID safety protocols were in place and we worked with local health authorities to vaccinate the staff to facilitate business continuity. Management of the pandemic was perhaps the most difficult task as 83% of our employees are resident on the estates. We also needed to review our cost profiles to further rationalize our costs in view of the upward trend in inflation.

Diversification was a key strategy but finding suitable arable land was a challenge. We have now cultivated 40 hectares each of coconut and cinnamon. Our target is to increase this to 100 hectares each, diversifying our revenue streams. We have also installed solar PV systems on 5 of our factories, supporting clean energy generation and also generating additional revenue.

Managing Director's Review

We needed win-win solutions in which employees would be willing participants in line with our commitment to drive sustainable growth.

People focused solutions

Our teas thrive when climate and soil are complemented by the people and processes in synchronized harmony. Knowing this enabled us to drive meaningful solutions to the challenges. Communication of our plans was key to success and all estate teams were briefed every 10 days and monthly on plans, performance and potential challenges to ensure alignment to overall strategy.

Management of the pandemic was perhaps the most difficult task. COVID safety protocols were in place from the previous year and considerable work had been done to raise awareness of the need for safety protocols. We worked with local health authorities to vaccinate the staff to facilitate business continuity by achieving 100% vaccination rates for the second dose.

We provided incentives to employees providing opportunities to increase their earnings through contract work and target driven benchmarks. Our flagship project, "A Home for Every Plantation Worker" continues to invest in housing in partnership with the Plantation Human Development Trust. Estate employees own their houses through the Estate Worker Cooperative Housing Society in each estate and many have received their own cottages, uplifting their lives although a few remain in the legacy barracks. Several programmes are implemented to engage employees and uplift their lives through capacity

building programmes in addition to the regular training and development programmes. Estate employees participate in a percentage of the Company's realised profits, aligning personal and organisational objectives.

As most of the employees are female, we have a comprehensive programme for maternal and child care which are administered by teams on each estate. All employees have healthcare from cradle to grave and the maternal care programme ensures that 100% births are in hospitals. Additionally, Child Development Officers operate pre-schools which enable mothers to work while ensuring that children are provided the necessary stimuli for their development in a safe and caring environment.

We have also implemented an awards scheme to recognise the best plucker every month and there is an annual awards ceremony to recognise their achievement which is unique to Hayleys Plantation. This programme has served to inspire and motivate them to enhance their productivity.

The out-grower scheme in operation enables employee family members and pensioners on the estate to earn a livelihood in a flexible manner based on a contract. We are pursuing a strategy of allocating blocks of tea to these "block managers" who will be provided inputs and training by TTE and they will be paid a higher rate for the harvest.

Nurturing the environment

Earning our living off the land, we are acutely conscious of the need to preserve and regenerate our natural heritage of which we are temporary custodians. Accordingly, we are committed to promulgating

good agricultural practices as well as to upholding principles of sound environment management. Certifications affirm the company's commitment to systematic management of its natural resources which play a key part in the country's water resources and animal corridors.

The weedicide ban was handled with buy back of weeds programme involving payment for the weight of weeds collected providing opportunities for employees to increase their earnings. These were used for composting yards which were used to fertilise and improve the soil structure.

TTE commitment to the successful completion of Phase I of Hayleys flagship biodiversity conservation initiative 'KIRULU', focused on restoring biological ecosystems and preserving natural habitats within High Conservation Value Areas (HCVAs). The initiative was undertaken to support Sri Lanka's commitment to the global Bonn Challenge to restore 200,000 hectares of degraded and deforested land as part of a global 2030 target of 350 Mn hectares. Formulated with Mahaweli Authority to support project as technical partner, the University of Wayamba is responsible for conducting an annual assessment of conservation areas. The initial tree-planting programme of 1,000 indigenous saplings has been completed and TTE will use GPS mapping to analyze ecosystems and ecological behavior at identified sites, and ensure the sustenance of plant nurseries and field projects while monitoring progress through frequent biodiversity assessments. The second phase of the project is set to expand biodiversity conservation to adjacent areas of importance,

including rainforest reservations and waterfall ecosystems for which sister companies within the Hayleys Group will join to drive momentum around conservation efforts.

The St. Clair's reforestation projects is another initiative undertaken by TTE, rainforest with native plants around the waterfalls, The project commenced 2 years ago and continues to expand the planted area. We have our own native plant nurseries for the project in the Dessford Estate in Nanu Oya facilitating continuity of the project.

Modernising

The Colombo Tea Auctions took 150 years and a pandemic to move to a digital platform reflecting the legacy practices and systems that remain within this industry. TTE was a pioneer in digitalising the 150 year old estate weighing system which, until then, was a manual process with significant potential for error. Now the tea leaves are weighed on digital scales which are recorded instantly and every tea plucker is able to see how much they have earned immediately, eliminating errors and strengthening controls. Assistant Managers at the estates have tabs which provide all the information required to manage performance through connectivity to the corporate information systems.

We are also relocating the Kiruwanaganga factory to a new site as the existing factory was under threat from landslides. The new factory will have a higher degree of automation supporting production efficiencies and is expected to become operation in Dec 2022. This is the #1 rank RPC Estate in the low country and this will further improve its quality and efficiency. Selective

estates have introduced plucking shears for harvesting depending on the Season.

Resilience and uncertainty

Various reports estimate the growth of the global tea industry between 4% – 6% as industry players increase awareness of the variety and health benefits, playing to the new trend of self care. However, manufacturers will need to pay attention to the social aspects of the business which will come under increasing scrutiny by consumers. Plantation companies that invest in ESG through a holistic review of their operations and invest in certifications that affirm their commitment will have a strategic advantage as consumers are expected to be more responsible about their consumption.

Sri Lanka is renowned for the quality of its teas and is also acquiring a reputation for social and environmental compliance which provides an advantage. However, tea is a commoditized product and auction prices fluctuate with global supply and demand dynamics which are dependent on a number of factors.

The country's socio-economic woes are likely to impact on the performance of the plantation companies. The shortage of labour has been an issue as the next generation of employees don't aspire to the roles. The fuel crisis also needs urgent resolution as it is disrupting the operations of factories and the transportation. Rising interest rates will have an impact on the finance costs as well, further dampening profit margins. While the devaluation resulted in a positive impact on prices; the positive gain may

normalize with the costs escalating as they are not highly correlated.

TTE has built resiliency with prudent risk management enabling it to identify early warnings signs and proactively managing risks. The tea industry has survived 150 years and is likely to survive another 100 or more.

Acknowledgements

I place on record my appreciation of the efforts of each employee who made this performance possible and count on their co-operation in a year that looks more challenging than the previous three years. I thank the Board of TTE for their vigilance and advice. I also wish to thank our brokers and other business partners who have worked alongside us in driving the growth of this industry. I close by thanking our investors for their confidence and look forward to delivering increased returns in the coming year.



Dr. Roshan Rajadurai
Managing Director

Talawakelle Tea Estates PLC

12 May 2022

About Us

Our Company, Talawakelle Tea Estates PLC was incorporated in June 1992. We produce high quality tea in sixteen tea gardens situated in the best tea growing lands of the country.

Our tea plantations, spread across 6,491 hectares in the picturesque High Grown and Low Grown regions of the country, produce 5.93 Mn kilograms of premium quality tea and account for over 2.1% of national tea production. Our gardens produce some of the finest teas in Sri Lanka, achieving 214 Top Price Rankings during the year. The industry leader in premium tea prices amongst the Regional Plantation Companies by strong holding overall rank Number 01 position for past 04 years. Nevertheless, we contributed 7.7 Mn KWh to national grid, which generated by two hydro power plants and solar projects.

Our Sustainable Growth

TTE has a deep-rooted legacy in sustainability. Constantly raising the bar on sustainable growth, we are passionate about leading industry conversations and business action on sustainable agricultural practices, environmental conservation and human welfare.

Our People

We employed workforce of 4,832 and support the socio-economic progress of over 42,000 people living on our estates.

Our Recognitions and awards

In 2022, we were recognized as the LMD's most respected Entities in the planting sector for second consecutive year. Also proud to be the plantation company to certified as Great Place to Work in Sri Lanka.



15
Factories



5.9Mn Kgs
Tea



5,279
Employees



16
Estates



6,491Ha
Extent



3,928Ha
Tea



211Ha
Rubber



40Ha
Coconut



47Ha
Cinnamon



720 Ha
Timber



Where we want to go...

Our Vision

To be the most admired Plantation Company in Sri Lanka.



What we need to do...

Our Mission

Manage the plantations to enhance Quality of life of all employees. Produce and market quality teas that delight our customers. Drive sustainable growth. Enhance shareholder value

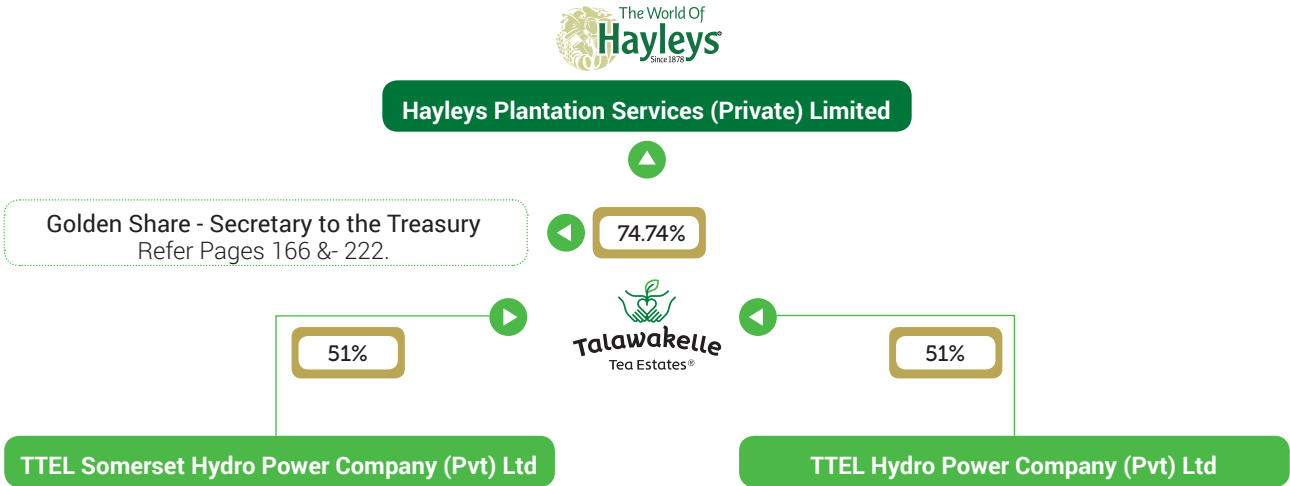


We Believe in...

Business Philosophy

Manufacturing Quality Tea that fetch Premium Prices
 Increasing Shareholder Value
 The Spirit of Entrepreneurship
 Making Profit without loss of Honour
 Motivating and Training our people to reach their full potential
 Rewarding Performance
 Being a Learning Organisation and continuously improving
 Building mutually beneficial long term relationships with our Customers and Suppliers
 Positively contributing to the conservation of the environment.

Organisation Structure



Our Position within the Value Chain GRI: 2-6

What Differentiates TTE

Finest Quality Teas

We are passionate about producing the highest quality teas, from developing high yielding and specialty cultivars at our research and development centers and implementing best agricultural practices in our fields with the deep technical experience of our employees.

Compliance

Stringent quality checks spanning the entire value chain from field to factory ensure strict compliance with food safety standards.

Responsible Production

From pursuing sustainable practices in all agriculture and factory operations, provide safe and ethical working conditions for our employees. We are committed to create shared value through strategies and competitiveness in all aspects of environment and society.

Changing Lives

Through our dedicated programs on social responsibility, we invest to uplift and empower our estate workers and communities living in our estates by addressing community needs, wellbeing and standards of living.



How we drive Value

Winning with customers

We are devoted to growing every customer and delighting every consumer

Nurturing our people

We believe in our people, and nurture passionate and empowered teams

Business Diversification

We expand business portfolio to unlock the unique opportunities

Operational Excellence

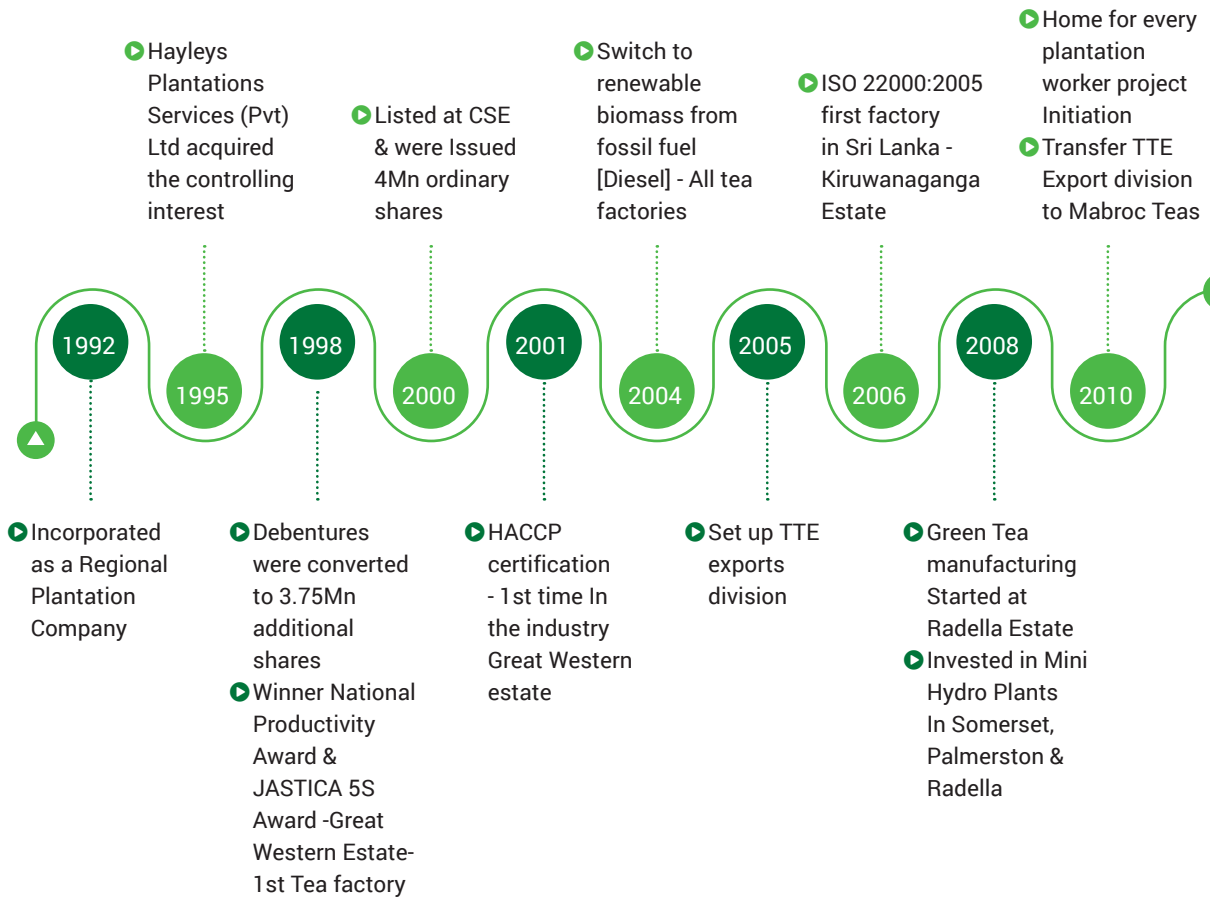
We strive for unparalleled performance

Environmental stewardship & climate action

Encouraging environment friendly business solutions

About Us

Milestone



Our Product Portfolio

Our Products

Black Tea Orthodox Rotorvane



Black Tea Orthodox Leafy



Green Tea Steam & Pan Fired

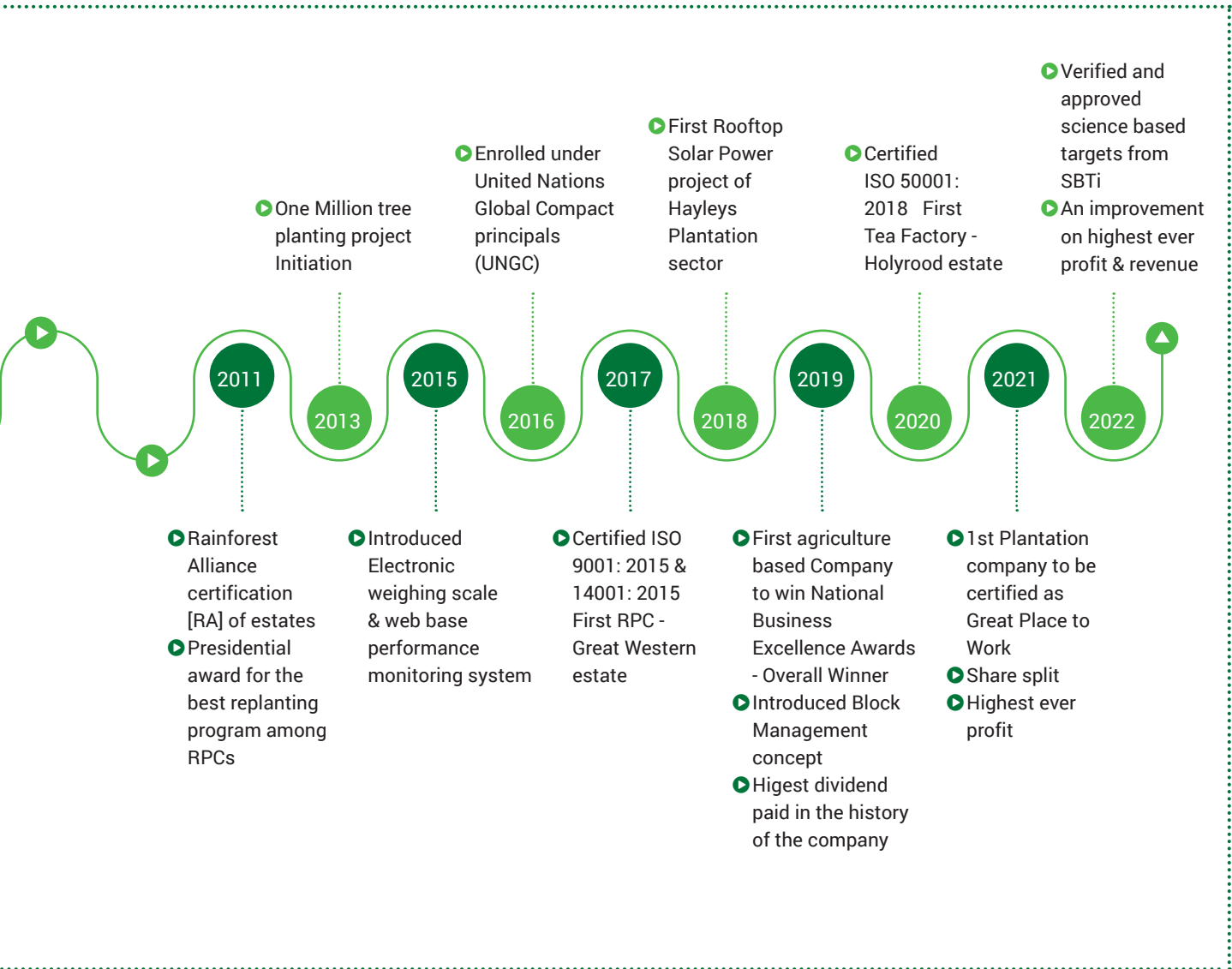


Specialty & Innovative Tea



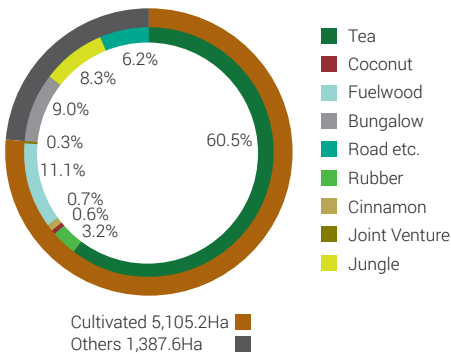
Value Additions



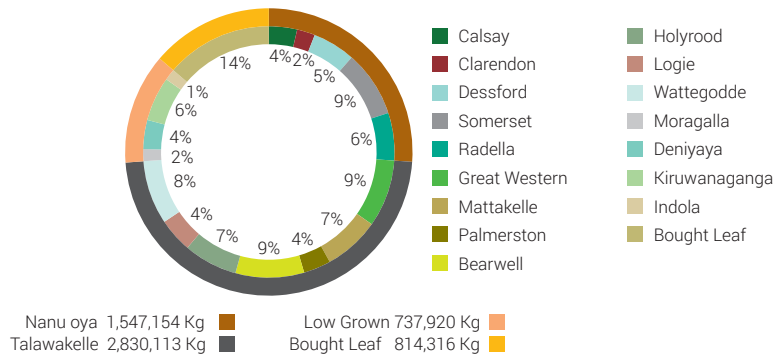


Our Estate and Factories

Land Distribution



Production



About Us

Our Estate and Factories

Estate & Factories	Total Extent Ha	Area in Ha			Total Cultivated Ha	No. of Workers Nos	Crop with B/L Kg	Factory Elevation m	Agro Climatic District
		Area in Tea	Area in Rubber	Others					
Bearwell	423.41	317.14	54.32	371.46	330	522,997	1,230	●	
Great Western	628.48	401.60	84.52	486.12	457	512,621	1,337	●	
Holyrood	465.96	322.10	84.40	406.50	362	411,224	1,262	●	
Logie	329.88	212.76	44.62	257.38	222	261,204	1,222	●	
Mattakelle	361.96	252.14	47.13	299.27	508	427,244	1,412	●	
Palmerston	203.11	149.61	23.75	173.36	194	208,633	-	●	
Wattegoda	529.89	310.15	104.15	414.30	407	486,190	1,245	●	
Clarendon	191.42	149.28	21.66	170.94	118	138,055	1,548	●	
Dessford	431.99	314.38	33.33	347.71	392	325,854	1,459	●	
Somerset	456.64	331.40	48.47	379.87	519	505,601	1,377	●	
Radella	458.76	253.64	118.83	372.47	309	362,574	1,399	●	
Calsay	282.25	185.23	38.86	224.09	208	215,070	1,500	●	
Wangi Oya					30		1,316	●	
Moragalla	384.78	95.42	114.84	296.35	139	230,236	40	●	
Deniyaya	578.15	217.01	13.35	335.96	187	565,548	387	●	
Indola	282.16	80.89	83.14	223.46	120	86,438	-	●	
Kiruwanaganga	482.71	335.15	10.77	345.92	321	670,014	408	●	
Pitiyagoda					9		49	●	

Orthodox / Rotorvane Orthodox / Leafy Orthodox & Green Tea Reprocessing

- Talawakelle Agro Climatic District
- Nanu Oya Agro Climatic District
- Galle Agro Climatic District
- Deniyaya/Urubokka Agro Climatic District

Our 30 Years of Excellence

As we celebrate 30 years of existence, we look back on a journey of remarkable growth. Our focus on quality, coupled with progressive corporate culture, good governance practices and respected leadership, has paved the way for sustainable economic value creation and an ethical partnership between our people, their livelihood and their environment. We strongly believe economic sustainability cannot exist without society, and social sustainability cannot exist without an environment. Our effort is to ensure equitable enforcement of all three pillars in sustainable business, enhance stakeholder value and produce the best quality teas.

Our Strategic Focus on Sustainability Developments GRI: 2-22 ▶

Environment



Our focus is to minimize total environment footprint of business operations

- ▶ Ensure healthy, aquatic and terrestrial ecosystems
- ▶ Responsible resource consumption
- ▶ Expedient climate actions

Social



Our focus is to unlock new values by linking social and business result

- ▶ Enhance quality of life and decent work
- ▶ Ensure the right competency level of workforce
- ▶ Equitable value sharing among value chain
- ▶ Confirm health and well-being, safety and security

Economic



Our focus is to create continuous growth of economic contribution with equitable value sharing

- ▶ Healthy financial growth
- ▶ Strategic value addition and innovation
- ▶ Productive capital management

Our 30 Years of Growth

Revenue and PBT



REVENUE - Rs. Mn

1992 - 240
2012 - 3,259
2021/22 - 4,663

PBT- Rs. Mn

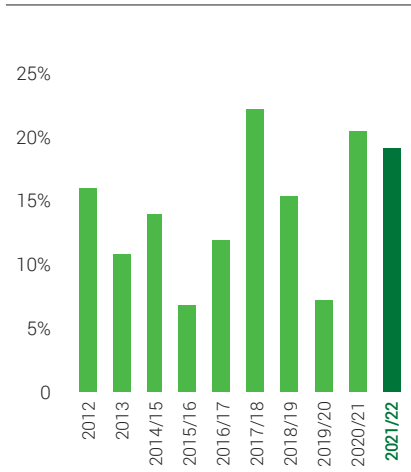
1992 - (105)
2012 - 241
2021/22 - 833

NET ASSETS - Rs. Mn

1992 - (99)
2012 - 1.3
2021/22 - 4.3

About Us

Return on Equity



ROE is a financial ratio that shows how well we are managing the capital that our shareholders have invested.

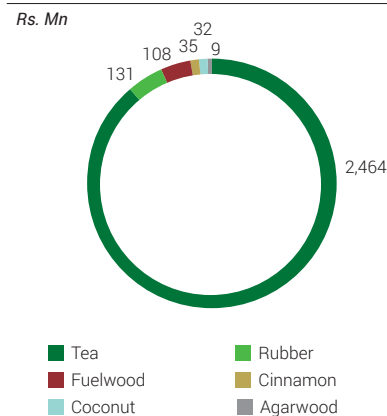
Year	ROE (%)
1992	- (105.00%)
2012	- 15.41%
2021/22	- 19.12%

Certifications

Certifications awarded confirm our commitment to preservation of human rights and the environment and our processes; and procedures pertaining to the quality of our produce. These also serve to benchmark our policies, agricultural practices, processes and procedures with international best practice.



Our 30 Years Investment in Replanting



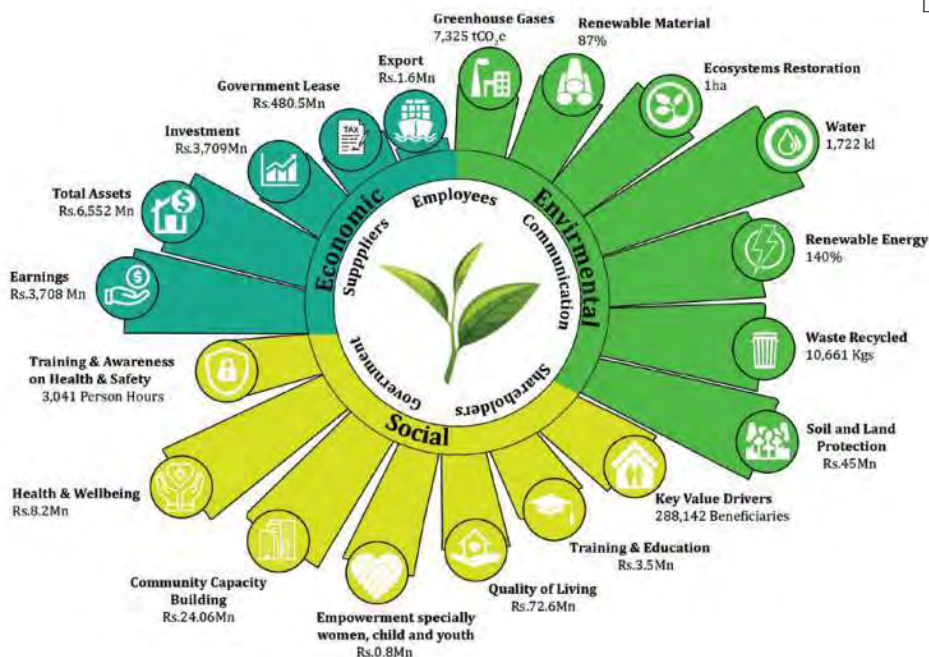
Since 1992, the Company has invested over **Rs. 2.8 Bn**

Growth Compare to Last Year **21%**

Year	Yield (Kgs/Hec.)
1992	- 984
2012	- 1,585
2021/22	- 1,360



Our Impact



- 📌 Economic impact values presented on growth of 30 years
- 📌 Social & Environmental impact values presented on basis of annual average of the company



Board of Directors





Board of Directors

1 Mr. A M Pandithage *Chairman - Executive Director*

Joined the Hayleys Group in 1969.

Appointed to the Board of Hayleys PLC in 1998 and as the Chairman and Chief Executive of Hayleys PLC in July 2009.

Appointed to the Board of Talawakelle Tea Estates PLC in July 2009.

Fellow of the Chartered Institute of Logistics and Transport (UK). Serves as Honorary Consul of the United Mexican States (Mexico) to Sri Lanka. Council Member of the Employers' Federation of Ceylon. Member of the Advisory Council of the Ceylon Association of Shipping Agents (CASA).

Leadership Excellence Recognition by the Institute of Chartered Accountants of Sri Lanka. Recipient of the 'Best Shipping Personality' Award by the Institute of Chartered Shipbrokers. Honoured with a Lifetime Achievement Award by Seatrade - Sri Lanka Ports, Trade and Logistics (SLPTL) and the first-ever Sri Lanka Pinnacle Lifetime Award by the Chartered Institute of Logistics and Transport (CILT). Inducted as Legend of Logistics by the Sri Lanka Logistics and Freight Forwarding Association in recognition of services rendered to Sri Lanka's logistics industry.

2 Dr. W G Roshan Rajadurai *Managing Director-Executive Director*

Appointed to the Board in 2013.

Dr Roshan Rajadurai is the Managing Director of Hayleys Plantation Sector comprising of Talawakelle Tea Estates PLC, Kelani Valley Plantations

PLC and Horana Plantations PLC. A member of the Hayleys Group Management Committee. Since 1993 - 2001 held Senior Plantation Management position in Kelani Valley Plantations PLC and from 2002 – 2012 joined Kahawatte Plantations of Dilmah and was Director/CEO 2008 – 2012.

He holds a B.Sc Honours in Plantation Management, an MBA and an MSc. in Agriculture and Plantation Crops from the Post Graduate Institute of Agriculture, University of Peradeniya. He has a Ph.D. in Management and a D.Sc. in Agriculture.

He had been the Chairman of The Planters' Association of Ceylon, Board Member of the Sri Lanka Tea Board, Tea Research Institute, Rubber Research Board, Tea Small Holdings Development Authority and the Tea Council of Sri Lanka. He is the Chairman of the Sustainability Working Group and the Co-Chairman of the Sri Lanka Tea Road Map Strategy 2030. He serves in the Standing Committee on Agriculture of University Grants Commission.

3 Mr. Merrill J Fernando *Non-Executive Director*

Appointed to the Board in 1998.

He is the Chairman of MJF Holdings Limited and one of Sri Lanka's first tea tasters in the then British-dominated trade. He is the founder of "DILMAH TEA" brand name which re-launched, redefined and re-established the quality of Ceylon tea. DILMAH is now, a much respected global name, renowned for its quality and the philosophy of caring and sharing behind the brand. Having established the brand on the unique philosophy of

making business a matter of human service, the Merrill J Fernando's 'MJF Charitable Foundation' and Dilmah Conservation fulfill this pledge by diverting a minimum of 15% of pre-tax profits from the sale of Dilmah Tea towards direct humanitarian and environmental interventions.

4 Mr. Malik J Fernando *Non-Executive Director*

Appointed to the Board in 1998.

Mr Fernando is a Director of Dilmah Tea. Established by Mr Merrill J. Fernando; Dilmah, named after his two sons Dilhan and Malik, was the first producer owned tea brand, offering tea 'picked, perfected and packed' at origin. Dilmah is founded on a passionate commitment to quality and authenticity in tea, it is also a part of a philosophy that goes beyond commerce in seeing business as a matter of human service. 15% of earnings are directed to social justice and the environment.

He is also the Managing Director of Resplendent Ceylon, the first Sri Lankan luxury resort brand. Resplendent Ceylon is developing a collection of small, luxury resorts offer discriminating travellers a remarkable circuit across Sri Lanka, with a range of authentic experiences, while contributing towards local communities & the environment through the MJF Foundation & Dilmah Conservation. After the Easter Sunday outrage, Mr Fernando spearheaded the Sri Lanka Tourism Alliance to mobilize the private tourism sector to act swiftly and strategically, with one voice under the Love Sri Lanka banner.

He has a B.Sc.in Business Management from Babson College in the US.

5 Ms. Minette D A Perera
Non-Executive Director

Appointed to the Board in 2012.

She was the Group Finance Director of the MJF Group, which comprises several tea growing and tea packing/exporting companies, supplying the 'Dilmah Tea' brand around the world.

Ms. Perera is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, the Chartered Institute of Management Accountants of UK and the Association of Chartered Certified Accountants of UK. She has over 40 years working experience as a Finance Professional having worked in leading local and international companies as an Executive Director.

Ms Perera currently serves on the Boards and Audit Committees of a number of Public Quoted Companies.

6 Dr. N T Bogahalande
Independent Non-Executive Director

Appointed to the Board in 2013.

Dr Bogahalande counts over 30 years of Managerial experience in Plantation, Manufacturing, Trading and Financial sectors.

Member of the Institute of Certified Management Accountants Australia and the Chartered Institute of Personnel Management (Inc) Sri Lanka and received his Ph.D. from Management and Science University, Malaysia. During his illustrious career, has won many national and international accolades including the most prestigious 'Pride of HR Profession' award by the World HRD Congress in 2010 and the 'Lifetime Gold Medal' awarded by the Chartered Institute of Personnel Management (Inc) in 2019.

As a researcher and author, he published many scholarly articles in international refereed journals and conference proceedings in addition to being appointed as reviewer of leading scholarly journals. Currently, he also functions as a member of the "Happiness Planet Research Team" of Hitachi Corporation Ltd., Japan.

Having received the approval of the "Committee for High Posts" by the Parliament of Sri Lanka, Dr. Bogahalande has functioned as the Chairman and Board Director of many state and private sector organizations.

7 Mr. D C Fernando
Non-Executive Director
(Alternate to Mr Malik J Fernando)

Appointed as Alternate Director to Mr. Malik J Fernando in 1998.

Mr Dilhan C. Fernando is the younger son of Dilmah Founder Mr Merrill J. Fernando. A graduate of the London School of Economics and CEO of Dilmah Tea, as Trustee of the Merrill J. Fernando Foundation, and Director of Dilmah Conservation he directs the fulfillment of his father's unique commitment to serving humanity and environment through business.

His efforts have focused on bringing tea to a new generation with innovations like tea gastronomy, t- Lounges and by enhancing knowledge in tea through the Dilmah School of Tea.

Mr Fernando serves as Chair of UN Global Compact Network Sri Lanka and Biodiversity Sri Lanka, a pioneering environmental collaboration amongst the Ceylon Chamber of Commerce, IUCN and Dilmah Conservation.

8 Mr. S L Athukorala
Independent Non-Executive Director

Appointed to the Board in 2016.

Mr Athukorala is a Fellow of the Institute of Chartered Accountants (FCA), Fellow of Chartered Institute of Management Accountants (FCMA, UK). Master of Business Administration (MBA), University of Warwickshire, UK; Certified Management Accountant (CMA, Australia).

He counts over forty years' experience in the fields of Management, Human Resources, Accountancy, Auditing, Consultancy and Finance. Retired international staff member of the Asian Development Bank, Manila, Philippines. Worked in a number of countries mainly in the Asian region.

Mr Athukorala currently serves as the Chair of Audit Committee and as an Independent Director of a Number of Leading Companies. He also serves as the Chair of the Audit Committee of the United Nations Industrial Development Organization.

9 Mr. M H Jamaldeen
Independent Non-Executive Director

Appointed to the Board in 2017.

He has extensive experience in relation to accounting, corporate finance, acquisition and disposals, restructuring, strategic business development & partnerships and business planning. His experience spans across a range of industries including real estate, retail, leisure, manufacturing, agriculture, industrial solutions, power & energy, plantations, transportation and logistics. Given his deep level

Board of Directors

expertise in multiple industries, he is recognized as a sector specialist in a multitude of industries and provides vital support towards Board level decision making.

Mr Jamaldeen brings forth both local and global expertise having worked as the Finance Director at Newbridge Capital Investments Limited, a property investment and development company, transacting directly into UK commercial and London residential property. He has been extensively involved in all aspects of property investment especially in transactional analysis, financing, refinancing debt structures and tax assemblies. He was instrumental in transactions involving real estate assets exceeding USD 1.6 billion during his career. His international exposure and real estate experience was gained whilst at Freeman & Partners accountancy practice (UK) and subsequently at Barclays Capital (a British multinational investment Bank).

He has the distinction of being the founder Managing Director of Steradian Capital Investments, an exclusive real estate advisory and consultancy firm with both global and local clientele who seek exposure and asset management services for real estate investment into Sri Lanka. His key responsibilities include acquisitions, structuring debt financing, and corporate structures. Mr Jamaldeen is the key contact point for all existing foreign investors spread across Europe, East Asia and South East Asia. He has been instrumental in growing the Assets under Management to over Rs. 18 Bn within a short span of time. In 2020, Mr Jamaldeen was recognised by Echelon as a trail blazer and disruptor

in the investments sector for his contribution towards the sector.

He further serves as the Executive Director of Lanka Realty Investments PLC, Managing Director of On'ally Holdings PLC, and functions as the Non-Executive Director of Hayleys PLC, Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC and Regnis (Lanka) PLC. He was a former Director of People's Bank.

He is a Fellow of the Association of Certified Chartered Accountants, UK and holds a degree in Engineering and Business from the University of Warwick, UK.

10 Mr. S B Alawattegama *Executive Director*

Appointed to the Board in 2020.

Mr. Alawattegama has 37 years of experience in the Plantation Sector. He joined Sri Lanka State Plantations Corporation as an Assistant Superintendent and after privatisation of the Estates, has been with Talawakelle Tea Estates PLC from its inception. He has held the positions of Group Manager, Visiting Agent, Deputy General Manager, Senior Regional General Manager, General Manager - Plantations in the company and was the Director - Plantations prior to taking over as Director/CEO, in February 2020.

He holds a MBA from the London Metropolitan University, UK.

He serves as the Deputy Chairman of The Planters' Association of Ceylon, Deputy Chairman of the Colombo Tea Traders Association, and a Committee Member of the Committee of Management of Estate Staffs' Provident Society.

11 Mr. J M Kariapperuma *Independent Non-Executive Director*

Appointed to the Board in 2020.

He was in continuous service for 36 years in the Plantation Industry of which 30 years in the Senior Management capacity in the Corporate Sector till his retirement in 2020. He was the Director/ Chief Executive Officer of Horana Plantations PLC since December 2013 to March 2020. He had functioned as the Head of Produce/ Marketing at Hapugastenna Plantations PLC and Udapussellawa Plantations PLC managed by Finlays Tea Estates Lanka Ltd., as well as the Manufacturing Advisor of Balangoda Plantations PLC.

Served in the Board of Directors of Vallibel Plantation Management Ltd., Uni-Dil Packaging Ltd and Plantation Human Development Trust.

He currently serves as a Consultant at Sri Lanka Cricket for National Women's Cricket Development, Operations - International & Domestic. He is commissioned as Lieutenant Colonel in the Sri Lanka Army Volunteer Force as a Professional Officer.

He has successfully completed a course in General Management Programme conducted by the Business School of National University of Singapore.

Corporate Management



1 Mr. N P Abeysinghe
Director - Plantations

2 Mr. M T D Rodrigo
*Director - Strategic
Performance Management*

3 Mrs. V A Perera
General Manager - Finance

4 Mr. L A E A Perera
Deputy General Manager - Marketing

5 Mr. M E Suraweera
*Senior Manager - Management
Information Systems*

6 Ms. S K Dharmasekara
Senior Manager - Human Resource

7 Mr. Krishna Ranagala
*Manager - Sustainability &
Quality Systems Development*

Estate Management



8

Mr. S Ramar
Manager -
Human Resource
Development

6

Mr. V P Pelpola
Manager -
Calsay Estate

2

Mr. D M G B
Dassanayake
Senior Manager -
Agro Forestry and
Projects

9

Mr. I S I Mohamed
Deputy Manager (In-charge) -
Clarendon Estate

1

Mr. G K Wijesekera
Regional General
Manager -
Somerset Estate

4

Mr. M M Kapila Bandara
Senior Manager - Sustainability &
Quality Systems Development

5

Mr. W D Jayasinghe
Manager -
Wangi oya
Processing Centre

3

Mr. K G M N Gamage
Senior Manager -
Dessford Estate

7

Mr. K D Manohar
Manager -
Radella Estate



4

Mr. S G N N Kumara
*Senior Manager -
Wattegoda Estate*

7

Mr. D M A S Dissanayake
*Senior Manager -
Holyrood Estate*

2

Mr. T H D Hulangamuwa
*Deputy Manager (In-charge) -
Palmerston Estate*

6

Mr. U B Udawatte
*Manager -
Logie Estate*

1

Mr. E S B A Egodawela
*Deputy General Manager -
Bearwell Estate*

3

Mr. A G R M S Ranaweera
*Senior Manager -
Great Western Estate*

5

Mr. D W A Jayathilaka
*Senior Manager -
Mattakelle Estate*

Estate Management



3
Mr. K M N Prasan
*Manager -
Indola Estate*

5
Mr. J S Vajiranath
*Deputy Manager -
Pitiyagoda Processing
Centre*

1
Mr. P G G Jayathilake
*Regional General Manager -
Kiruwanaganga Estate*

2
Mr. A C M Bandaranayake
*Senior Deputy General Manager -
Deniyaya Estate*

4
Mr. W K R De Silva
*Deputy Manager (In-charge) -
Moragalla Estate*

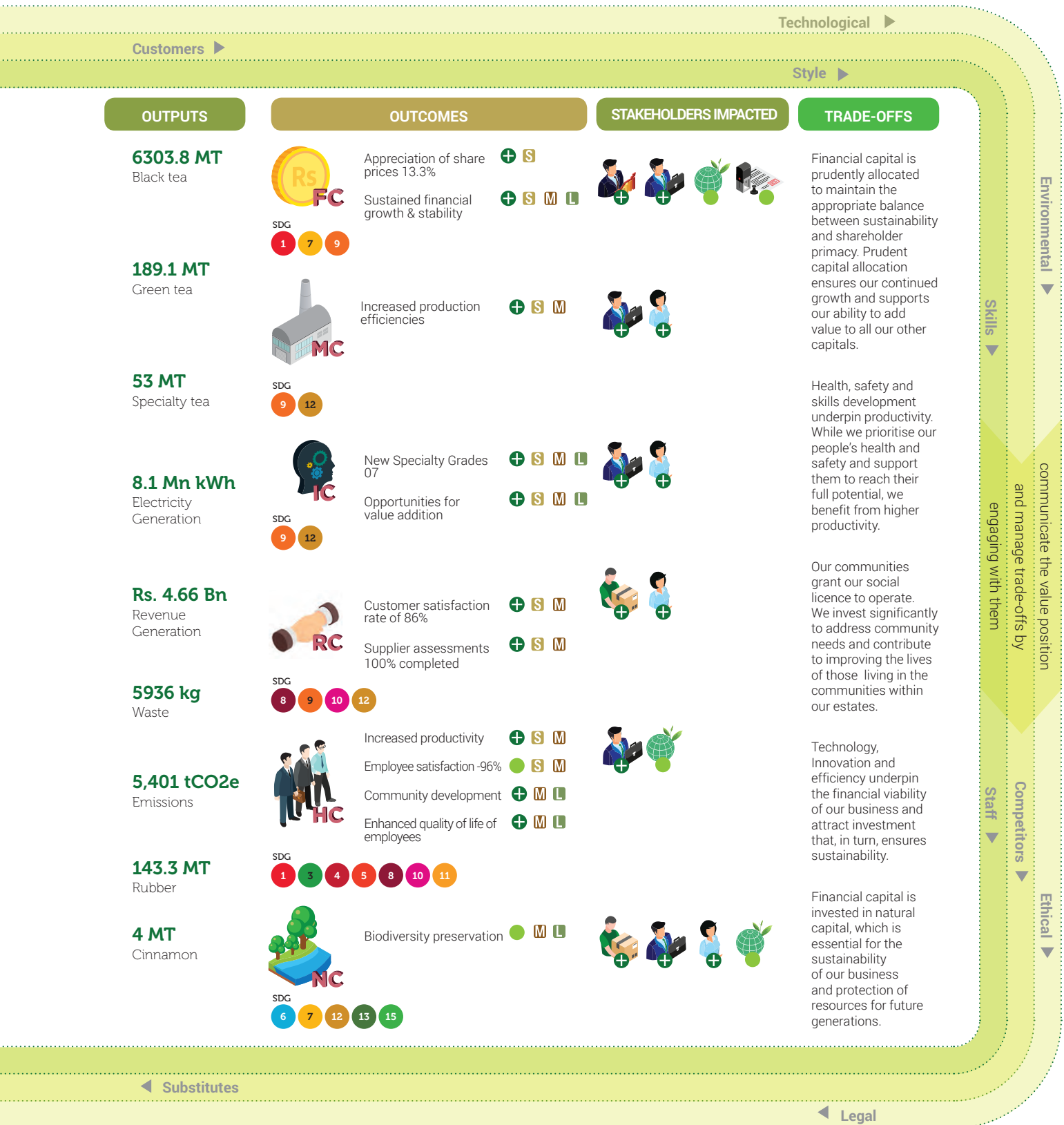
Our Performance

Objectives	Unit	Target	Goal	Achievement				
		2022/23	2021/22	2021/22	2020/21	2019/20	2018/19	2017/18
Financial Capital								
Revenue	Rs.Mn	4,505	4,251	4,663	4,460	3,834	3,958	4,009
Gross Profit	Rs.Mn	345	(0.321)	892	815	279	563	740
Return on equity (ROE)	%	3.66	(7.5)	19.12	20.41	7.18	15.32	22.15
Debt to equity	%	7.16	15.38	6.55	8.39	10.75	9.77	13.93
Manufactured Capital								
New Machinery Acquisitions	Rs.Mn	3.6	10.6	29.3	33.7	16.4	27.34	24.97
Production	kgs.Mn	5.9	6.2	5.9	6.7	5.9	5.8	6
Made Tea Outturn	%	21.5	21.5	23.9	23.4	22.5	22.13	22.77
Intellectual Capital								
Recognitions & Awards	Number of main awards	20	20	37	15	27	24	27
Certification Coverage								
ISO 22000:2005 –FSMS	Number of Factories	15	15	15	15	15	12	12
Rainforest Alliance	Number of Estates	14	16	14	14	14	14	14
Great Place to Work	%	-	100	100	100	-	-	-
ISO 14064-1:2018 GHG	%	100	100	100	100	100	-	-
ISO 14001:2015-EMS	Number of Factories	5	5	5	5	3	2	-
ISO 9001:2015-QMS	Number of Factories	1	1	1	1	1	1	-
ISO 50001:2018 EnMS	Number of Factories	1	1	1	1	1	-	-
Reputation and Brand Value	RPC GSA Ranking	1	1	1	1	1	1	2
Relationship Capital								
Customer Complaints	Nos	0	0	14	5	7	37	7
Customer Satisfaction Index	%	100	100	86	85	84	81	73
Total Local Supplier	%	100	100	100	100	100	99	99
Tea Smallholder Supplies Quantity	kgs	845,000	999,000	814,317	960,277	754,697	763,012	689,027
Price Earnings Ratio	Times		8.37	2.47	2.5	4.84	2.86	2.36
Human & Social Capital								
Investment on Employee Training	Rs. Mn	1.5	1.5	1.4	0.64	8.3	4.2	2.98
Worker Turnover	%	7	7	9.3	5.8	7.9	6.8	4.5
New Housing	Units	25	50	30	70	95	30	66
New sanitary Facilities	Units	25	25	31	-	23	113	118
Investment on Social Infrastructure Development	Rs. Mn	50	70	65.5	56.8	85.3	54.9	100.6
Investment on Social Activities and Community Development	Rs.Mn	50	50	41.9	40.2	21.3	35.9	26.35
Natural Capital								
Yield Per Hectare	kg/Hec/Annum	1,370	1,635	1,360	1,422	1,373	1,335	1,407
Renewable Energy Generation	kWh-Mn	10	10	7.7	6.8	6.6	8.1	6.8
Energy Consumption	TJ	175	175	208	196.1	188.7	187.9	186.6
Energy Intensity	MJ/ kg of Made tea	27	27	33.3	29.5	29.5	29.9	28.9
GHG emissions-carbon Footprint	tCO2e	8,000	8,500	5,401	8,579	8,923	8,866	4,858
GHG emissions Intensity	tCO2e/Tonne of Made Tea	1.2	1.25	0.86	1.29	1.39	1.41	-
Investment on environmental Initiatives and Field Development	Rs.Mn	45	45	40	43.9	46.7	40.8	43.3

Business Model for Sustainable Value Creation



Video Version:



OUTPUTS	OUTCOMES	STAKEHOLDERS IMPACTED	TRADE-OFFS
6303.8 MT Black tea FC SDG 1, 7, 9	Appreciation of share prices 13.3% Sustained financial growth & stability	+ S + S M L	Financial capital is prudently allocated to maintain the appropriate balance between sustainability and shareholder primacy. Prudent capital allocation ensures our continued growth and supports our ability to add value to all our other capitals.
189.1 MT Green tea MC SDG 9, 12	Increased production efficiencies	+ S M +	Health, safety and skills development underpin productivity. While we prioritise our people's health and safety and support them to reach their full potential, we benefit from higher productivity.
53 MT Specialty tea IC SDG 9, 12	New Specialty Grades 07 Opportunities for value addition	+ S M L + S M L	Our communities grant our social licence to operate. We invest significantly to address community needs and contribute to improving the lives of those living in the communities within our estates.
Rs. 4.66 Bn Revenue Generation RC SDG 8, 9, 10, 12	Customer satisfaction rate of 86% Supplier assessments 100% completed	+ S M + S M	Technology, Innovation and efficiency underpin the financial viability of our business and attract investment that, in turn, ensures sustainability.
5936 kg Waste HC SDG 1, 3, 4, 5, 8, 10, 11	Increased productivity Employee satisfaction -96% Community development Enhanced quality of life of employees	+ S M S M + M L + M L	Financial capital is invested in natural capital, which is essential for the sustainability of our business and protection of resources for future generations.
5,401 tCO2e Emissions NC SDG 6, 7, 12, 13, 15	Biodiversity preservation	+ M L +	

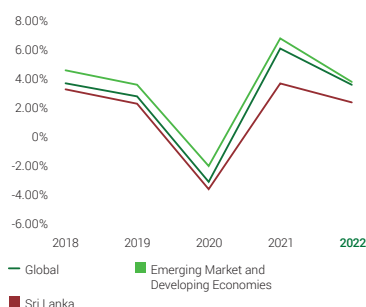


Operating Environment

The operating environment remained challenging during the year, amidst the lingering impact of the COVID-19 pandemic, rising economic and social pressures due to the ongoing economic crisis in the country and a volatile geopolitical global environment.

Context

Economic Growth

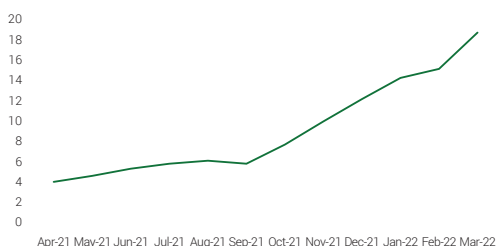


Source; World Economic Outlook April 2021

Annual Summary

- ▶ The global economy witnessed a strong rebound in 2021 with a GDP growth of 6.1% in 2021 compared to a contraction of 3.1% in 2020.
- ▶ Meanwhile, the Sri Lankan economy recovered from a contraction of 3.6% in 2020 to report a growth of 3.7% in 2021. The industrial sector grew by 5.3% while the agriculture sector recorded a growth of 2.0% and services sector 3%, during year.

Inflation



Source: CBSL

Annual Summary

- ▶ Headline inflation, as measured by the year-on-year (Y-o-Y) change in the Colombo Consumer Price Index surged to 18.7% in March 2022 as compared to a 4.1%, the previous year.
- ▶ Inflation has steadily risen since early 2021, mainly on account of Sri Lanka's economic crisis and shortfall in foreign currency leading to domestic supply disruptions and build-up of aggregate demand. Exchange rate depreciation and increases in administered fuel and food prices owing to global price increases have also contributed to the rise.

Impact on TTE

- ▶ TTE benefited from increased demand conditions for tea, although supply dynamics such as rising raw material prices continued to challenge competitiveness and growth prospects.

Relevant Risks/ Opportunities

R1, R2, R5, R6

Outlook for 2022-2023

- ▶ Global growth is projected to slow significantly in 2022 to 3.6%, largely as a consequence of the economic costs of war in Ukraine and amidst rise in inflation, debt and income inequality and fresh threats from COVID-19 variants.
- ▶ IMF projects Sri Lanka's economic growth to slow down to 2.6% in 2022 affected considerably by the ongoing supply shortages, energy-related issues and social tensions. The Government of Sri Lanka is currently in talks with the IMF and other external stakeholders to reach an agreement on a programme for economic recovery.

- ▶ Although, inflationary pressures continued to impact cost of production efficient cost management strategies followed across TTE served to mitigate the adverse impact on performance.

Relevant Risks/ Opportunities

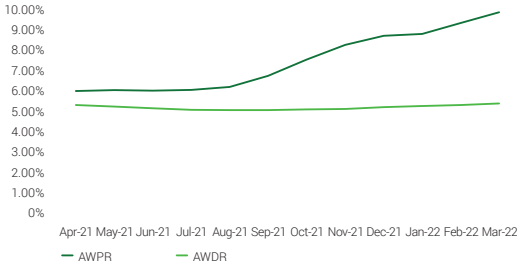
R1, R2, R5, O4

Outlook for 2022-2023

- ▶ Inflation is projected to remain elevated in the short term before moderating thereafter, supported by the realisation of substantial policy measures being taken by the CBSL.

Context

Interest rates

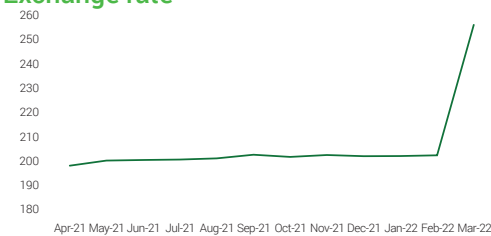


Source: CBSL

Annual Summary

- Reversing the accommodative monetary stance adopted since early 2020, the Central Bank of Sri Lanka (CBSL) commenced tightening its monetary policy stance since August 2021 to contain the buildup of inflationary pressures and address the imbalances on the external front. Accordingly, interest rates that had declined to historical lows by mid-2021, started gradually increasing towards the end of 2021.

Exchange rate



Source: CBSL

Annual Summary

- The Sri Lankan Rupee remained broadly stable in 2021 due to CBSL effectively fixing the official exchange rate at LKR 200-203 per U.S. Dollar since April 2021.
- Inadequate inflows to the domestic foreign exchange market amidst large outflows including debt repayments continued to put pressure on the exchange rate.
- CBSL allowed a measured adjustment in the exchange rate since early March 2022
- However, notable pressures witnessed in the domestic foreign exchange market caused a significant depreciation of the Rupee. Consequently, the Sri Lanka rupee which depreciated by 7.0% in 2021, depreciated significantly by 33% by end March 2022.

Impact on TTE

- While interest costs of TTE remained low due to the relatively low interest environment, interest income of LKR financial investments were negatively impacted.

Relevant Risks/ Opportunities

R1, R2, R6, R10, R12

Outlook for 2022-2023

- Market interest rates notably adjusted upwards reflecting the significant monetary policy tightening measures taken by the Central Bank in April 2022
- The rates are expected to remain at elevated levels in 2022 following monetary and fiscal consolidation measures being adopted to support restoration of economic stability.

- An expected rise in Tea prices on account of the depreciation of the LKR did not materialize, largely due to the sharp increase in freight rates and to a lesser extent other input costs such as packing materials
- However, the depreciation resulted in higher import cost of fertilizer and agro-chemicals, driving increase in cost of production.

Relevant Risks/ Opportunities

R1, R2, R5, R6, R10

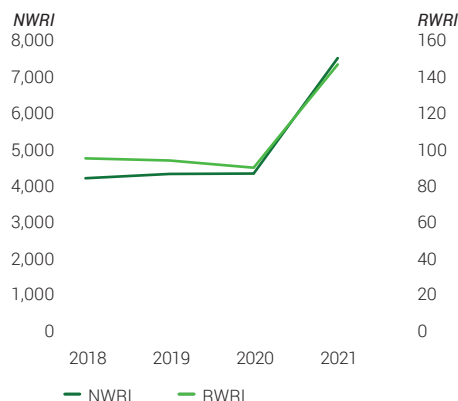
Outlook for 2022-2023

- The current mismatches in demand and supply are unlikely to be rectified in the short-term resulting in continued pressure on the Rupee.
- The country is seeking an effective engagement with the IMF and other external stakeholders to restore macroeconomic stability. the LKR is likely to make a gradual recovery upon implementation of such structural programmes.

Operating Environment

Context

Wages



Source: CBSL

Annual Summary

- ▶ Nominal and real wages of the formal and informal private sector increased significantly in 2021 compared to 2020, on the back of several wage revisions.
- ▶ The tea and rubber plantation workers' wages model was revised by the Wages Board in February 2021 and the minimum daily wage increased to Rs 1000/- with effect from March 2021. Although the matter is being addressed in the Court of Appeal, wages are being paid at the higher rate pending a ruling.
- ▶ The RPCs advocate a productivity-based wages model that ensures fair earnings for both stakeholders. as a mutually rewarding solution for both stakeholders.

Government policy



Annual Summary

- ▶ A sudden ban on the import of all chemical fertilizers was imposed by the Government in April 2021 to promote a policy of organics fertilizer only. Following an outcry from industry stakeholders the decision was reversed in August 2021.
- ▶ Consequent to the ban, a fall in yields and quality of output was experienced by many agriculture and tea producers during the year, Further impact is expected until end of 2nd quarter 2022.
- ▶ The Central Bank of Sri Lanka has moved towards a tighter monetary policy stance. Import controls and FOREX controls in place may cause disruption to supply chain activities on import or agro chemicals and fertilizers.
- ▶ The Government is seeking an effective engagement with the IMF and other external stakeholders in order to ensure the sustainability of the country's external debt as a means for restoring macroeconomic stability.
- ▶ Most relief measures and large-scale policy stimuli provided by the Government to support business impacted by the COVID-19 pandemic had concluded by the end of the financial year.

Impact on TTE

- ▶ The wage revision in the plantation sector had a significant impact on the wage bill of TTE.
- ▶ TTE's Revenue Share Model supports workers to supplement earnings, while increasing revenue per acre for the Group.

Relevant Risks/ Opportunities

R1, R3, R6, R8, O4, O5

Outlook for 2022-2023

- ▶ Inflationary pressures are expected to continue to impact wages in 2022.

- ▶ The availability of excess stocks of chemical fertilizer with suppliers including Hayleys Group Companies, during the period the ban was effective and thereafter, supported TTE to minimise any adverse impact.
- ▶ Policy uncertainty is a key deterrent for strategic investments.

Relevant Risks/ Opportunities

R1, R2, R6, R7, O4

Outlook for 2022-2023

- ▶ Import controls and FOREX controls are likely to continue to manage the balance of payments crisis until the IMF program is finalized.
- ▶ Austerity measures and tax increases are likely to materialize to overcome the current economic crisis.

Context

Geopolitical developments



Annual Summary

- ▶ The war against Ukraine and sanctions on Russia are impacting economies around the globe, with emerging market and developing countries in the Europe and Central Asia region expected to bear the brunt due to supply chain disruptions.

Developments in the local arena



Annual Summary

- ▶ The ongoing economic and political crisis in Sri Lanka has led to social unrest across the country.

Impact on TTE

- ▶ Russian demand for Sri Lankan tea declined by 8% to 27.3 Mn kg during the year, although the country continued to remain the 3rd largest tea export market in 2021.

Relevant Risks/ Opportunities

R1, R2, R6, R9

Outlook for 2022-2023

- ▶ A prolonged war could further impact demand for tea from the region.
- ▶ Meanwhile spillover effects on the global economy could potentially impact other key export markets and disrupt global supply chains.

- ▶ Widespread protests, imposition of curfews to maintain order and other disruptions continue to have a significant impact on labour productivity. The Group continues to make an extra effort to ensure the physical and mental well-being of staff during these volatile times.

Relevant Risks/ Opportunities

R2, R6

Outlook for 2022-2023

- ▶ Political stability is a critical precursor for economic recovery, and we remain hopeful that all relevant parties would come together for a collective approach to address the challenges ahead.

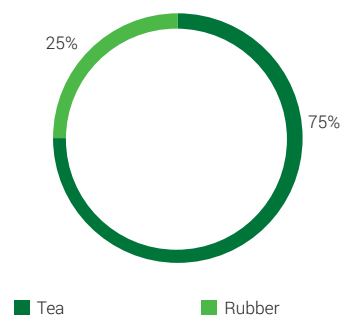
Industry Outlook

Currently, Sri Lanka ranks as the third largest tea exporter in the world. However, the tea industry faces many challenges that is threatening productivity and its ability to remain globally competitive.

Industry Highlights

- ▶ Contributed 0.7% to Sri Lanka's GDP in 2021
- ▶ Single largest employer in the agricultural sector
- ▶ Sri Lanka's 2nd largest export commodity earning USD 1324.4 Mn in 2021

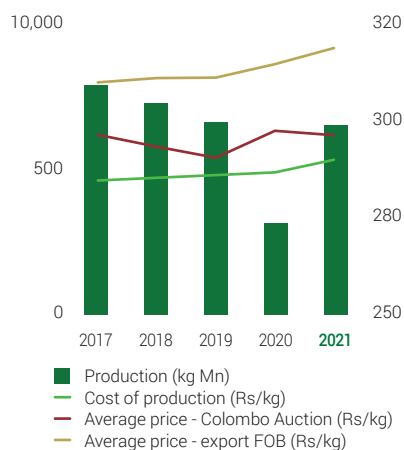
National Tea Production



Operating Environment

Context

Production Volumes



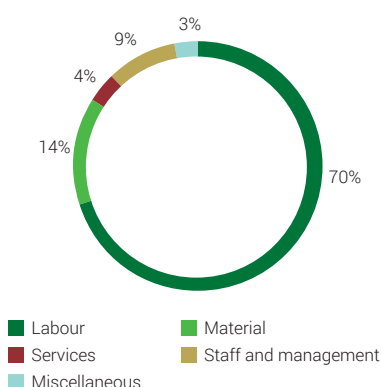
Annual Summary

Tea production 2021	High Grown	Medium Grown	Low Grown	Overall
Average increase	+5.0%	+9.1%	+7.8%	+7.4%

Source : Central Bank of Sri Lanka , Annual Report 2021

- ▶ National tea production increased by approx. 7.4% to 299.5 Mn kg, YoY, attributed mainly to a lower base in 2020 induced by the onset of the COVID-19 pandemic and disruption to production activities. Relatively favourable weather conditions persisted during the year.
- ▶ Although, output recovered to fall marginally short of that produced in 2019 (300.1 Mn kg), production volumes were reported to have been affected by the chemical fertiliser ban in 2021.

Cost of Production



Annual Summary

- ▶ Cost of Production continued its upward trend, rising 8.2% to Rs 533.13 /kg.
- ▶ Rise in input cost of imported fertiliser and agrochemicals and increase in wages since March 2021, were key contributors during the year.
- ▶ Ageing tea bushes and low productivity levels continue to be a challenge.

Impact on TTE

- ▶ Steadfast commitment to adopting and maintaining good agricultural practices drove increased production levels in 2021/22.
- ▶ Ability to source chemical fertilisers through ex-stock held by fertiliser suppliers, during the ban, mitigated impact.

Relevant Risks/ Opportunities

R1, R2, R6, O4, O5

Outlook for 2022-2023

- ▶ Production volumes have fallen in Q1 of 2022, given disruptions to business activities, including
 - ▶ on-going power interruptions and shortage of fuel,
 - ▶ Lack of weedicide imports and the stalled application of fertilizer.
- ▶ Ill-effects of the fertilizer ban are expected to impact production in Q1 of 2022, Following the reversal of the ban in August 2021, some degree of recovery is anticipated from Q2 subject to extreme weather conditions

(Source - Sri Lanka Tea Production - March 2022 - Forbes & Walker Tea Brokers (Pvt) Ltd)

- ▶ Rising cost of production is minimized by driving land and labour productivity and through prudent cost management.

Relevant Risks/ Opportunities

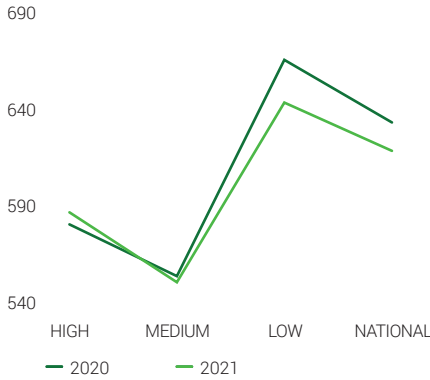
R6, R7, O4, O5

Outlook for 2022-2023

- ▶ Exchange rate pressures, elevated levels of inflation and high interest rates pending the set in of fiscal and monetary policy measures being adopted, are expected to drive higher costs of production in the near term.

Context

Tea Prices



Annual Summary

Tea price 2021	High Grown	Medium Grown	Low Grown	Overall
Average increase	+0.6%	-1.0%	-3.5%	-2.3%

Sri Lanka’s prices for black tea remained the highest in the world in 2021. A premium price is commanded for its unique mix of tastes, orthodox style and other attributes.

- Tea prices at the Colombo Tea Auction (CTA) remained elevated in 2021 compared to pre pandemic levels but were yet lower than those observed in 2020.
- The average price of tea decreased by 2.3 % to Rs. 619.15 /kg at December end, from Rs. 633.85 /kg recorded in 2020.

Global Tea Market



(Source: International Tea Market: Market Situation, Prospects and Emerging Issues, May 2022 : www.fao.org)

- Another growing trend is the shift in consumer demand for ethically produced teas supported by increased transparency in supply chains

Annual Summary

- World tea consumption increased by 3.5% over the last decade.
- The market demand is driven by a combination of higher incomes in emerging markets, growing popularity amongst health-conscious millennials, and diversification into other market segments, such as organic and specialty teas.

Impact on TTE

- TTE’s strategic focus on producing premium quality teas underpins their ability to, continue to attract some of the most remunerative prices at the Colombo Tea Auction.

Relevant Risks/ Opportunities

01, 02, 03, 04

Outlook for 2022-2023

- Tea prices are expected to strengthen in the first half 2022, attributed to ;
 - Further devaluation of the Sri Lankan Rupee in early 2022
 - Improved demand from Iran following the Sri Lanka tea for oil payment deal
 - Higher oil prices and greater demand from oil-rich Middle Eastern countries
 - Continued demand for good quality teas
- Pricing prospects will also largely weigh on the recovery of tea production in competitor countries, uncertainties following instability in key export markets (ie Russia) and climate change.

- Increase in TTE’s Tea Revenue by 5% in FY 2021/22
- Growth in production of Green Tea and specialty teas including chemical free premium teas
- 09 nos of accreditations and certifications covering all estates

Relevant Risks/ Opportunities

R2, R5, R14, 01, 02, 03, 04

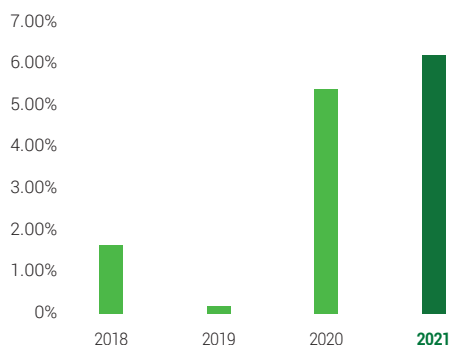
Outlook for 2022-2023

- Global black tea consumption is projected to grow by 2.0 % over the next decade
- Innovation and product diversification expected to drive future market expansion. For example, the Ready to Drink (RTD) tea market has witnessed tremendous growth in recent years.

Operating Environment

Context

Sri Lanka Tea Exports



Change in FOB rate - YoY

Annual Summary

- Tea exports grew 6.7% to USD 1324.4 Mn during the year, accounting for 10.6% of total exports. The average export price (FOB) of tea increased by 6.2% to Rs. 920.76 /kg by end December 2021.
- The Middle East and the Commonwealth of Independent States (CIS) led by Russia were the main export destinations for tea, jointly contributing to approx. 58% of tea exports.

Technology and Digitisation



Annual Summary

- Smart agriculture technology is driving the precision required in plantation management, such as using cameras and drones for spraying and irrigation, moisture sensors, soil testing data to pinpoint requirements, and digital maps.
- Digitization of tea farming activities to drive efficiencies.

Labour shortage



Annual Summary

Rapid urbanization and changes in lifestyles, attitudes and perceptions has led to out-migration of labour from tea estates, particularly, the younger workforce.

Tea plantations are highly labour intensive. Labour migration adversely impacts the industry's sustenance in the long term.

Source; World Economic Outlook April 2021

Impact on TTE

TTE will benefit from higher auction prices driven by increased demand.

Relevant Risks/ Opportunities

R5, O1, O2

Outlook for 2022-2023

- Several measures have been undertaken by the Government to strengthen the tea industry in 2021.
- The Five Year Strategic and Action Plan for the Tea Sector in Sri Lanka (2021-2025) was finalised in 2021 and actions expected to be executed going forward.

TTE has benefited from Improved yields, labour productivity and leaf quality by investing in smart agriculture technology while digitizing key processes to integrate financial and field level records of complete plantation activity and supply chain management.

Relevant Risks/ Opportunities

R9, R10, R12, O4

Outlook for 2022-2023

- New technology is expected to be a game-changer for the tea industry.

TTE committed to the socio-economic development of workers and the communities' resident within our estates. Decrease in the labour retention rate from 94.2 to 91.4 of is a testament to our untiring efforts to economically empower and improve the quality of life of our workers.

Relevant Risks/ Opportunities

R6, R7, O4, O5

Risk and Opportunity Management

Effective management of risks that arise from the external environment is only one side of the coin. Ensuring long-term success of the company by strategically positioning ourselves to exploit the opportunities presented to us by the same, is the other. It is as a result of identifying this need that we subject our opportunities to a strategic assessment as provided below. The risks that were identified through our analysis of the operating environment are discussed within the Risk Management report given on pages 138 to 144.

Principal Opportunities

Opportunity ID	Opportunity	Potential Gains	How we utilise	Further information
01	<p>High growth in consumption of black tea</p> <p>With the spread of COVID-19, there has been an increased demand for foods and beverages that help protect the body against infections. Black tea, with its proven ability to help boost immunity and combat against disease causing viruses has gained considerable popularity in this context.</p> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-top: 10px;"> Impact High </div>	<ul style="list-style-type: none"> ▶ TTEs strong market positioning as a premium black tea brand, augurs well for growth 	<ul style="list-style-type: none"> ▶ Expedite production to cater to the growing demand. ▶ Develop new cultivars by combining ones that are known to have distinct health benefits. 	Financial capital - page 79
02	<p>Increased demand for specialty teas</p> <p>Fruit/ flower and herb infused teas, and green tea are seen as healthier and offering a wide array of health benefits in addition to their unique flavours. Younger generations are also seen to consume tea as more of a trend.</p> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-top: 10px;"> Impact Medium </div>	<ul style="list-style-type: none"> ▶ Potential for growth in specialty teas that attract premium prices 	<ul style="list-style-type: none"> ▶ Leveraging on our key collaborations with partner universities and the TRI, we continue to invest in developing specialty teas. ▶ The practice of innovating into such products have been integrated into the culture of the organization 	Operational Review - page 70

Risk and Opportunity Management

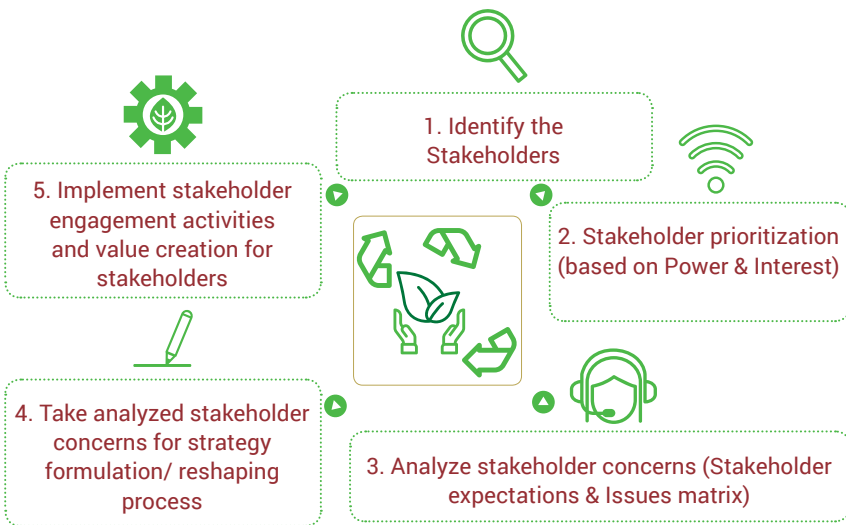
Opportunity ID	Opportunity	Potential Gains	How we utilise	Further information
03	<p>Consumer shift towards higher consciousness over environmental sustainability and ethical practices</p> <p>Organic and sustainably/ethically sourced teas are also increasing in popularity as consumers are becoming more and more conscious about the injustices that are built into our food systems.</p> <div style="display: flex; border: 1px solid black; padding: 2px;"> Impact High </div>	<ul style="list-style-type: none"> ▶ TTE’s accreditations and certifications reflect a strong track record that certifies that we are truly committed to sustainability, thereby inducing customers to purchase our teas. 	<ul style="list-style-type: none"> ▶ Through industry relationships, marketing tactics, and other means of communication, spreading the message of our best practices. ▶ Work with our certification and accreditation partners to ensure that our practices never come short of their standards. ▶ Collaborate with new partners so that the story of our teas gets better and better. 	Human and Social Capital - page 111
04	<p>Rapid digitalization of the Sri Lankan Tea industry</p> <p>The Sri Lankan tea industry, regarded as one of the most change-resistant and traditional sectors in the country, as a result of the operational challenges brought on by the COVID-19 pandemic, has finally started to move towards the digital age. The e-auction system is leads this movement. Machinery, product innovation,</p> <div style="display: flex; border: 1px solid black; padding: 2px;"> Impact Medium </div>	<ul style="list-style-type: none"> ▶ Major increases in process efficiencies ▶ Resilience of systems against future unforeseen events ▶ Improvements in yield, labour productivity and quality of tea, thereby returning a high price. ▶ Occurrence of economies of scale, thereby reducing costs of production. 	<ul style="list-style-type: none"> ▶ Digitalization of field, factory and office operations. ▶ Utilisation of IoT systems across business functions for supervision to improve the productivity. 	Operational Review on page 67
05	<p>Increased revenue through the Non-wage model</p> <p>The non-wage model is our strategic response to the labour outmigration our industry is currently facing. We have identified that the model, while addressing the shortage of labour, will also be able to generate increased earnings as workers feel more empowered and take better care of the blocks they have taken up.</p> <div style="display: flex; border: 1px solid black; padding: 2px;"> Impact Medium </div>	<ul style="list-style-type: none"> ▶ Revenue maximisation ▶ Better quality leaf coming into the factories ▶ Major cost savings 	<ul style="list-style-type: none"> ▶ We advocate the non-wage model at all our estates and motivate existing workers to engage with the model to increase their earnings. 	Operational Review on page 70

Responding to Our Stakeholders

GRI: 2-29 ▶

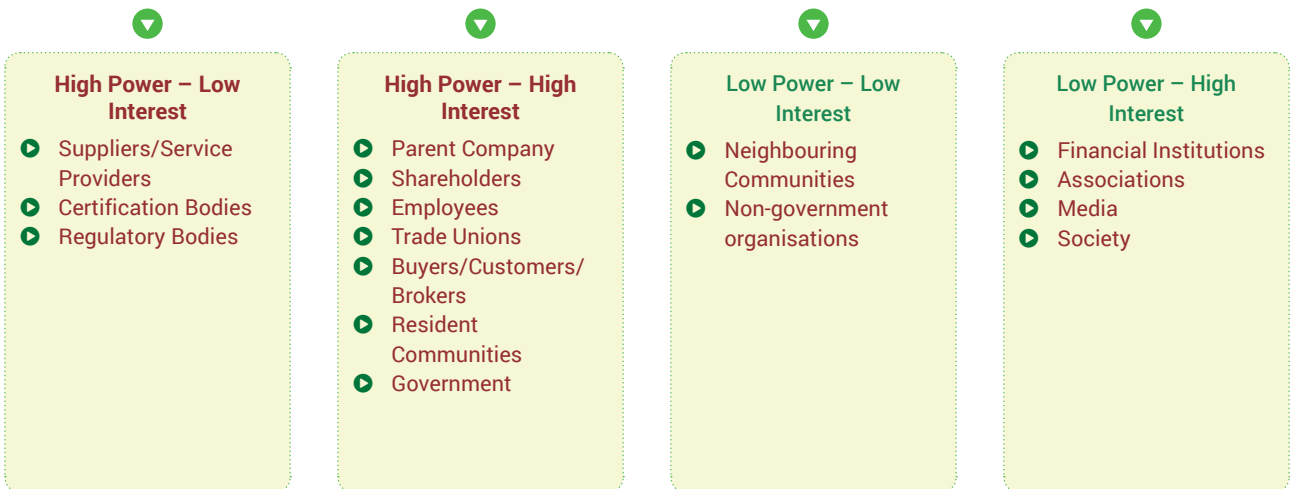
We engage with a broad range of stakeholders and are cognisant of their priorities and expectations when formulating strategy or taking business decisions to deliver shared sustainable value. Engaging with our stakeholders is a shared responsibility across the organization with both formal and informal feedback playing a key role in responding to stakeholder needs.

Stakeholder Engagement Process











Following GRI standard and <IR> guiding principle, key stakeholders are identified and prioritized systematically relying on a standard stakeholder mapping tool. Accordingly, stakeholders are mapped on a two-tier basis – level of power that stakeholders exert and their level of interest in the organisation. Based on the findings, we prioritise and closely engage with those stakeholders identified under the high-power high-interest category.

Stakeholder Mapping









Responding to Our Stakeholders

Stakeholder Group	Parent Company: Hayleys PLC 14, 390 Shareholders, Investors  SDG: 8, 9,12	5,279 Employees  17 Trade Unions SDG: 1, 2, 3, 4, 5, 8, 10
Relevance	Shareholders and financial Institutions provide capital to finance our growth. <div style="border: 1px solid green; padding: 5px; width: fit-content;"> Priority of Engagement: High Engagement Strategy Closely engage and manage </div> R1, R2, R5, R10, R11, R12, R14, O4	Since 90% of our employees reside on our estates, our role extends to the provision of a range of welfare services. <div style="border: 1px solid green; padding: 5px; width: fit-content;"> Priority of Engagement: High Engagement Strategy Closely engage and manage </div> R2, R3, R6, R8, O4, O5
Method of Engagement	<ul style="list-style-type: none"> ▶ Quarterly financial statements ▶ Annual report ▶ Annual General Meeting ▶ Press releases ▶ CSE announcements ▶ Regular meetings with bankers 	<ul style="list-style-type: none"> ▶ Regular dialogue with the management ▶ Weekly HR cluster meetings and initiatives ▶ Monthly meetings with union r ▶ Monthly Health and safety committees ▶ Complaint registers maintained at estates ▶ 'Home for every plantation worker'
Issues Raised	<ul style="list-style-type: none"> ▶ Profit and growth ▶ Stable returns ▶ Climate change and crop production ▶ Sustainability considerations ▶ Responsible corporate management ▶ Regulatory and legal compliance 	<ul style="list-style-type: none"> ▶ Commensurate remuneration ▶ Responsible corporate management ▶ Estate infrastructure ▶ Occupational health and safety ▶ Employee social and welfare care ▶ Employee development opportunities
Our Response	<ul style="list-style-type: none"> ▶ Implement a pragmatic strategy & closely monitor KPI ▶ Invest in sustainable agriculture and manufacturing practices. ▶ Disciplined financial management and good corporate governance. ▶ Social and environmentally responsible corporate practices. ▶ Timely disclosures of information ▶ Meeting our financial obligations in a timely manner. 	<ul style="list-style-type: none"> ▶ Uphold good labour practices and nurture a progressive workplace culture ▶ Regular dialogue with trade unions at company and industry level ▶ Industry aligned compensation & benefits. ▶ Comprehensive health and safety programme with staff representation in committees. ▶ Extend training opportunities to all staff ▶ Rewards and recognition based on performance.
Value shared	<ul style="list-style-type: none"> ▶ Revenue : Rs. 4,663 Mn ▶ ROE : 19.12% ▶ Dividends paid : Rs. 102.1 Mn ▶ Earnings per share: Rs. 17.26 	<ul style="list-style-type: none"> ▶ >96% Record high satisfaction rating by over 1,171 including estate workers ▶ Salaries & benefits: Rs. 2, 717 Mn ▶ Training investment: Rs. 1.4 Mn
Page Reference		

Stakeholder Group	5 Brokers 253 Buyers & Customers SDG: 8, 9, 10, 12 	Resident community of 42,000 SDG: 1, 2, 3, 4, 5, 8,10, 11 
Relevance	<p>Approximately 90% of our tea is sold at the Colombo Tea Auctions through brokers while the rest is sold directly to buyers.</p> <div style="border: 1px solid green; padding: 5px; width: fit-content;"> Priority of Engagement: High Engagement Strategy Closely engage and manage </div> <p>R2, R5, R6, R7, O1, O2, O3, O4</p>	<p>We work with the government to facilitate the socio-economic progress of residents on our estates.</p> <div style="border: 1px solid green; padding: 5px; width: fit-content;"> Priority of Engagement: High Engagement Strategy Closely engage and manage </div> <p>R1, R4, R8, R14, O3, O5</p>
Method of Engagement	<ul style="list-style-type: none"> ▶ Regular meetings ▶ Visits to Estates ▶ International trade fairs and road shows ▶ Trade association meetings 	<ul style="list-style-type: none"> ▶ Weekly community meetings ▶ ‘Home for every plantation worker’ programme ▶ Estate events and festivals ▶ Sports and recreational activities ▶ Training and awareness building programmes
Issues Raised	<ul style="list-style-type: none"> ▶ Product quality & food safety ▶ Compliance with standards & regulations ▶ Green & ethical products ▶ Competitive price ▶ Climate change & crop production 	<ul style="list-style-type: none"> ▶ Housing and estate infrastructure ▶ Water and sanitation facilities ▶ Health and nutrition ▶ Capacity building and education ▶ Employment opportunities
Our Response	<ul style="list-style-type: none"> ▶ Good agricultural, practices to maintain quality standards. ▶ Maintain internationally accepted certification guidelines & standards. ▶ Organised buyer familiarization tours ▶ Invested in research and development for value addition and product innovation. 	<ul style="list-style-type: none"> ▶ ‘Home for every Plantation Worker’ – a comprehensive community development and wellbeing programme.
Value shared	<ul style="list-style-type: none"> ▶ Customer satisfaction rate: 86% ▶ 14 Customer Rejection & Complaints 	<ul style="list-style-type: none"> ▶ Investment on living environment development: Rs. 65.4 Mn ▶ Investment on health & nutrition: Rs. 7.1 Mn ▶ Investment on community capacity building: Rs. 33.8 Mn ▶ Investment on youth empowerment: Rs. 1 Mn
Page Reference		

Responding to Our Stakeholders

Stakeholder Group Suppliers	Bought leaf suppliers & others SDG: 8, 9, 11, 12 	Certification Bodies 03 SDG: 5, 8, 12, 13, 15 	Government, Regulatory Bodies, Society SDG: 8, 9, 10, 11 
Relevance	<p>Approximately 30% of tea leaves processed in our factories are purchased from small scale plantations and home gardeners.</p> <div data-bbox="363 719 600 904" style="border: 1px solid green; padding: 5px;"> Priority of Engagement: Medium Engagement Strategy Keep satisfied and meet their need </div> <p>R5, R6, R7, R14, O1, O2, O4</p>	<p>Our Certifications ensure high standards of competence and quality.</p> <div data-bbox="724 651 960 837" style="border: 1px solid green; padding: 5px;"> Priority of Engagement: Medium Engagement Strategy Keep satisfied and meet their need </div> <p>R4, R7, R14, O3, O5</p>	<p>The government is the Golden Shareholder of the company, the lessor of the estates we manage and the regulator of markets and the environment.</p> <div data-bbox="1083 719 1319 904" style="border: 1px solid green; padding: 5px;"> Priority of Engagement: Low Engagement Strategy Keep Informed </div> <p>R1, R3, R4, R7, R10, R13, R14, O3, O4</p>
Method of Engagement	<ul style="list-style-type: none"> ▶ Visits to ensure standards of raw material are maintained and compliance levels ▶ Regular dialogue 	<ul style="list-style-type: none"> ▶ Annual estate and factory audits ▶ Training ▶ Meetings 	<ul style="list-style-type: none"> ▶ Meetings when required ▶ Published accounts ▶ Annual report ▶ Press Releases
Issues Raised	<ul style="list-style-type: none"> ▶ Price and profitability ▶ Credit period ▶ Sustainability of the company ▶ Availability of raw materials ▶ Climate change 	<ul style="list-style-type: none"> ▶ Sustainability considerations. ▶ Responsible corporate management ▶ Compliance with Certification standards 	<ul style="list-style-type: none"> ▶ Reliability and reputation ▶ Responsible corporate management ▶ Climate change and crop management
Our Response	<ul style="list-style-type: none"> ▶ Maintain good supplier relationships with regular dialogue and fair pricing. ▶ Advocate best practices in social and environmental responsibility. ▶ Closely monitor supplier businesses to ensure compliance 	<ul style="list-style-type: none"> ▶ Uphold sustainable agriculture and manufacturing practices. ▶ Comply with certification requirements and standards. ▶ Ensure timely reporting 	<ul style="list-style-type: none"> ▶ Uphold sustainable operations and disciplined financial management ▶ Timely disclosures of corporate information ▶ Lobby for progressive plantation sector policies
Value shared	<ul style="list-style-type: none"> ▶ Payments to suppliers: Rs. 959 Mn 	<ul style="list-style-type: none"> ▶ Promotion of their standards 	<ul style="list-style-type: none"> ▶ Taxes paid: Rs. 61.9 Mn ▶ Collaborative investments in Research & Development ▶ Sharing expert knowledge
Page Reference			

Materiality Assessment

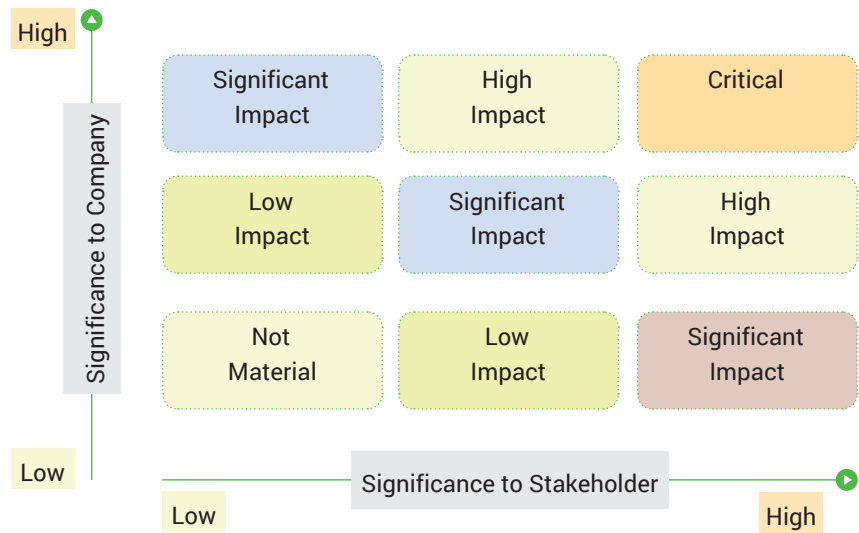
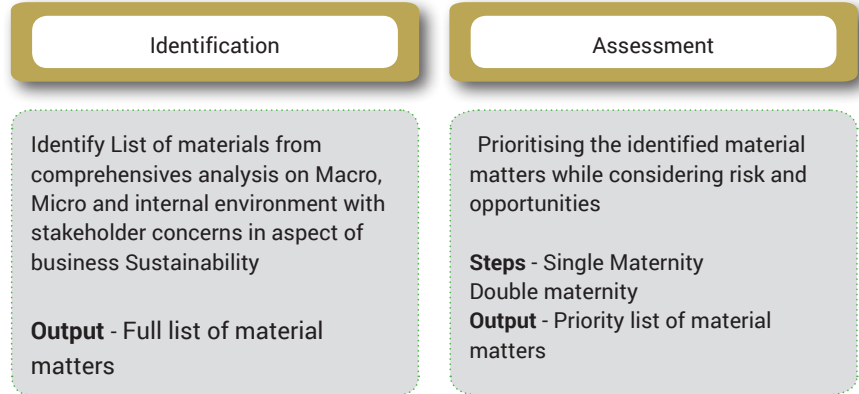
GRI: 3-1 & 2 ▶

Materiality

We take an integrated approach to identify matters that could influence our ability to create value in the short, medium, and long term. These matters inform our strategy to manage the risks and maximise the opportunities that present themselves, in creating sustainable value.

Our materiality process – defining what matters most

A comprehensive materiality assessment is conducted annually and when necessary, facilitating review and update of topics material to our stakeholders, in view of changes in the internal and external operating environment. The assessment is aligned to the parent, Hayleys Group, materiality assessment matrix, to facilitate aggregation at Group level and At TTE, assessing materiality is a dynamic process, where economic, social and environmental impacts are regularly assessed and integrated into risk management and strategy, to ensure sustainable value creation. This has been particularly true over the past two years, where the volatile operating environment affected by the onset of an unprecedented pandemic, prolonged worker wage negotiations and sudden chemical fertiliser bans amongst other major events have led to considerable shifts in TTE’s material topics requiring a recalibration of strategy, to meet stakeholder needs.



Reflecting changes in 2021/22

The heat map was reviewed to reflect the company’s current business operations and the impact from industry trends discussed under Operating Environment - page 42.

Factor	Shifted From	Shifted to	Reason
Socio economic compliance	Critical	No longer assessed for its level of materiality	In tandem with the GRI Standards integrating this standard into the Universal Standards, we too have identified that this topic has far more significance and therefore integrated it into our business model as a sustainability pillar.
Environmental compliance	Critical	No longer assessed for its level of materiality	

There were no major changes to the reporting boundary compared to the previous year. Refer page 073 for reporting boundary.

Materiality Assessment

Material Matter	Risk & Opportunity		Materiality			UNSDG	Reference/GRI
			Impact	Financial	Double		
Economic performance	R1, R11, R12	O4, O2, O1, O5				SDG 1,8	FC/GRI 201
Emissions	R4, R14	O3				SDG 12,13,15	HC/GRI 305
Employment	R3, R8	O5				SDG 1,2,5,8	RC/GRI 401
Customer health and safety	R7	O1				SDG 3,9	HC/GRI 416
Occupational health & safety	R8, R14	O4				SDG 3	HC/GRI 403
Labour/Management relations	R8					SDG 8	NC/GRI 402
Biodiversity	R4	O4				SDG 15	NC / MC/GRI 304
Energy	R4	O4				SDG 7,12,13	NC/GRI 302
Environmental Compliance	R14	O3				SDG 6,13,15	RC/GRI 2-27
Marketing and labelling	R7	O4, O2				SDG 12	HC/GRI 417
Training and education	R8					SDG 5,10	IC/GRI 404
Tax	R1, R14					SDG 8,9,11	FC/GRI 207
Waste	R4, R14	O3				SDG 6,15	NC/GRI 306
Water and Effluents	R8					SDG 6	NC/GRI 303
Indirect economic impacts	R1					SDG 1,8	FC/ HC/GRI 203
Materials	R6	O3				SDG 12	NC/GRI 301
Child labour	R8					SDG 10	HC/GRI 408
Local communities	R8	O4				SDG 1,2,3,4,5,6,10	HC/GRI 413
Socio economic compliance	R11, R14					SDG 8	HC/GRI 2-27
Procurement practices	R5, R12					SDG 12	RC / MC/GRI 204
Non-discrimination	R8, R14					SDG 8	HC/GRI 406
Diversity and equal opportunity	R8					SDG 5,8	HC/GRI 405
Freedom of association and collective bargaining	R8, R14					SDG 10	HC/GRI 407
Forced or compulsory labour	R8, R14					SDG 10	HC/GRI 409
Supplier social assessment	R3					SDG 12	RCI/GRI 414
Supplier Env. Assessment	R3					SDG 8,12	RC/GRI 308
Market presence	R1	O5				SDG 1,8	RC/GRI 202
Public policy	R1, R14					SDG 12	HC/GRI 415
Human rights assessment	R14					Non Material	Not Reporting
Customer privacy	R7					Non Material	Not Reporting
Anti-competitive behaviour	R2					Non Material	Not Reporting
Anti-corruption	R8					Non Material	Not Reporting
Rights of indigenous people						Non Material	Not Reporting
Security practices	R14					Non Material	Not Reporting

Materiality Level High Medium Low

Strategic Imperatives

Strategy and resource allocation

In order to realise our long-term vision, “To Be the Most Admired Plantation Company in Sri Lanka”, we adopt key strategic imperatives that guide us in allocating our resources towards achieving our short-, medium- and long-term goals. Whereas our general strategic direction remains unvarying, in the face of unprecedented challenges, we are compelled to reevaluate our stated strategies.

Key Strategic Priorities

Strategic Imperative: Winning with the customer

We are devoted to growing every customer and delighting every consumer

Impact



Short-term Strategy:

Produce quality teas in line with sustainable, ethical and best food safety business practices and in conformance with international certification bodies and Focus on value added teas and secure synergies with sister organisation, Mabroc Teas (Pvt) Ltd to market new products

Medium -term Strategy:

Invest in sustainable field practices and in automated solutions to improve factory processes.in addition further investment in research and development to increase the value-added product range

Strategic Action

- ▶ Continued to invest in mechanising field operations and introducing greater automation to factory processes
- ▶ ISO 22000:2018 food safety management audits & certification were completed in 14 factories
- ▶ ISO 9001:2015 Quality Management System audit & certification were completed in 1 factory
- ▶ Further invested in research and development (R&D) to produce better quality cultivar and to add value to product range including speciality teas.
- ▶ Continual and proactive engagement for customer delighting

KPI

- ▶ Increase in NSA + Rs. 44.83/per kg
- ▶ High reputation of Selling marks
- ▶ New buyers + 67
- ▶ Revenue from speciality teas – Rs. 100.62 Mn

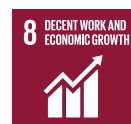
Resource allocation

- ▶ Produced a selection of specialty teas in four of our estates.
- ▶ Chemical free fields for growing premium tea in 3 estates
- ▶ Dedicated team for ensure quality and food safety management system
- ▶ Training and capacity building for product quality improvement

Future focus

Quality focus and customer delighting strategic focus will drive with market dynamic and global tea consumption pattern

- ▶ Draw up long-term marketing plans with Mabroc Teas (Pvt) Ltd
- ▶ Positive feedback and confirmed orders for speciality teas received from key markets including China
- ▶ Moving to chemical free tea products



Strategic Imperatives

Strategic Imperative: Nurturing Our People

We believe in our people, and nurture passionate and empowered teams

Impact



Short-term Strategy:

Create a performance-oriented workplace, invest in learning and development and employee wellbeing. Community empowerment actions.

Medium-term Strategy:

Build an empowered workforce enhancing their quality of life and change the mind-set to be a stakeholder rather than a worker. Ensure equitable value sharing and community livelihood development

Strategic Action

- ▶ Took proactive action to mitigate the risk of a spread of COVID-19, in compliance with the guidelines and regulations stipulated by the health authorities.
- ▶ Enhanced efficacy of HR function through launch of new fully integrated, digital HRIS system documenting all functional areas from employee On-Boarding to Performance Management
- ▶ Organised best plucker competition across estates and recognised and rewarded the winners.
- ▶ Organised staff awards ceremony at the estate levels to recognise and reward high achievers.
- ▶ Carried out community development initiatives including providing infrastructure facilities, capacity building and welfare under the 'Home for Every Plantation Worker' programmes.

KPI

- ▶ Training hours 2.05/ per employee
- ▶ Plucking average 18.54 per day
- ▶ Retention ratio –90.7%
- ▶ Employee attendance 86%
- ▶ Social Development spend – Rs. 107.4 Mn, increase of 11%
- ▶ 30 new Houses built

Resource allocation

- ▶ Allocated 184.66 hectares of land for block plucking under the Revenue Share Model programme in 01 estates.
- ▶ Community initiatives in preventive healthcare, antenatal and post-natal care, nutrition, early childhood development and vocational training for youth reached out to 302,266 beneficiaries.
- ▶ Extended 3,041 hours of training on occupational health and safety aspects across estates
- ▶ Extended 4,237 hours of training to staff in all grades across estates.
- ▶ Extended 23,326 hours of training to the manual grade staff under the key value driver programme to boost productivity

Future focus

Expansion of Revenue Share Model and continual commitment to uplifting quality of living with social integration will be the main strategic direction to address risk of labour outmigration

- ▶ Increase Labour retention ratio By 20% within 5 years period
- ▶ Ensure right competence level for all workers
- ▶ Equitable values sharing and social integration of value creation model



Strategic Imperative: Operational Excellence

We strive for unparalleled performance

Impact



Short-term Strategy:

Mechanise harvesting, intensify management control at the estate level, closely monitor productivity and incentivise on performance and Continue with timely soil management practices including weeding and fertiliser applications to prevent soil degradation. Control production costs through productivity based incentives, adoption of energy efficient technologies and maintain a lean overhead cost structure.

Medium -term Strategy:

Closely engage the workforce, trade unions and other relevant stakeholders to educate and support the transition to a revenue-share business model where productivity is linked to remuneration and benefits. Continue with replanting and rationalise the land use by planting fuelwood in uneconomical land

Strategic Action:

- ▶ Strengthen agronomy practices. Continued to take precautionary measures in terms of soil management and conservation at estates. Continued adoption of 4R Nutrient Stewardship Framework for application of fertiliser.
- ▶ Invest in R & D to enhance quality of cultivars. Collaborate with experts i.e., TRI
- ▶ Continued wage negotiations to come to a consensus on a realistic minimum wage.
- ▶ Continued to advocate and educate workforce of the necessity to transition into a productivity-based wage model.
- ▶ Invested in 5 roof-tops solar energy projects to reduce energy costs and the dependence on non-renewable fossil fuels.
- ▶ Cost management of overheads and monitor field and factory productivity drivers

KPI

- ▶ Investment in PPE- Rs. 282.14 Mn. (2020/21 – Rs. 77.1 Mn)
- ▶ Decreased in production - 05%
- ▶ Decreased in yield per Hectare Kg - 62Kg
- ▶ Increase in renewable energy sources 20%
- ▶ Outturn 23.9%
- ▶ Labour productivity Ratio – 3.02%
- ▶ ROE – 19.12%
- ▶ Energy intensity - 33.3 MJ/Kg Made Tea

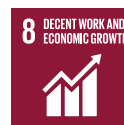
Resource allocation

- ▶ Replanted 88.19 hectares of tea (524%)
- ▶ Installed variable speed drives in electrical equipment in 7 factories as an electricity saving measure.
- ▶ Stated construction Kiruwanaganga New tea factory, cost Rs.146.3 Mn

Future focus

Productive Land utilization, Efficiency improvement of factories with new technological and managerial implication for the increasing trend of cost and adapting to dynamic business industry challenges

- ▶ Allocate Rs. 146.3 Mn to Proposed Kiruwanaganga New factory and expected production capacity - made tea 1.2 Mn kg per year.
- ▶ Continuously improving of factory automated system to reduce cost incurred to production



Strategic Imperatives

Strategic Imperative: Environmental stewardship & climate action

Encouraging environment friendly business solutions

Impact



Short-term Strategy:

Maintain environmental-friendly business practices, focus on reducing greenhouse gas emissions and protect biodiversity and water sources.

Medium-term Strategy:

Take forward the tree planting programme, switch to renewable energy sources and work towards carbon neutrality

Strategic Action:

- ▶ First Plantation Company to adopt Science Based Target Initiative. Established a 50% GHG emissions on Scope1 &2 and 30% reduction target on Scope 3 emission
- ▶ Commissioned roof-top solar at 5 factories in line with the national renewable energy policy
- ▶ Continued renewable energy generation from 3 Mini hydro power
- ▶ Initiated forestry management programme and planted 2,078 native fruits and other plant species to enhance biodiversity across estates.
- ▶ Increasing rain water harvesting capacity and protection of identified natural water sources.
- ▶ 3R concept implemented for integrate waste management system

KPI

- ▶ Generated solar power 347,244 Kwh increased by 26%
- ▶ Fertilizer and Chemical intensity 48% (2020/21 – 24.3%)
- ▶ Contributed 1,379,560 Kwh renewable energy to the national grid through Net plus scheme in 2021/22.

Resource allocation

- ▶ Rs. 48.6 Mn of environment conservation and preservation related best agriculture practices
- ▶ Rs. 39.8 Mn invested for 3 solar rooftop installation
- ▶ 5,840 training head hours on environment management system
- ▶ Conducted periodical management reviews of environment management system

Future focus

Understanding the climate emergency situation and critical environmental matters, our focus to minimize total environment footprint with expedient climate action

- ▶ Increase renewable energy percentage of company energy mix
- ▶ Align with NetZero emission targets as climate action



Strategic Imperative: Business Diversification

We expand business portfolio to unlock the unique opportunities

Impact



Short-term Strategy:

Study feasibilities and secure new market opportunities for new revenue streams and crop diversification and to provide plantation management consultancy services

Medium-term Strategy:

Invest in non-core crop operations including cinnamon, coconut and agar wood. Bring timber and fuelwood planted into commercial use.

Strategic Action:

- ▶ Conducted feasibility studies and market analysis for identify the new revenue streams and markets
- ▶ All estates expanding its extent of fuelwood, timber and other identified crops
- ▶ Formed working teams for plan and execution of new product and services items to business portfolio
- ▶ Working as expert consultant with government and non-government organization to provide the plantation management consultancy services

KPI

- ▶ Minor Crop hectare percentage - 19% from the total cultivated hectares
- ▶ Maintaining 1,500 native trees per hectare

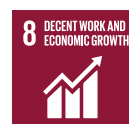
Resource allocation:

- ▶ Planted 965.93 hectares of other crops including cinnamon and Agarwood planting. earnings in 2021/22 - Rs. 2.7 Mn
- ▶ Planted an area of 49.76 hectares of cinnamon, 5 hectares of agar wood as part of the crop diversification programme
- ▶ Expensed Rs.19.1 Mn are on fuel wood and timber
- ▶ Harvesting trees as per approved forestry plan Rs. 31.8 Mn

Future focus

With better understanding of global and national economic condition, our focus to develop diversified business portfolio which easily adopt and survive on dynamic market and economic conditions

- ▶ Increase business portfolio by 50%
- ▶ Convert traditional plantation business model in to the future ready model



Strategic Imperatives

Trade offs

The scarcity and quality of our capital inputs determine our ability to create long term value. In allocating these resources, we have identified that they are interdependent on each other and that strategic trade-offs must be made to balance the short-term creation of value with the longer term. Following are some of the key trade-offs we make in allocating our capitals when pursuing our strategy.

Capitals Trade-off from our Strategy

	<p>Winning with the customer</p> <p>Although harvesting tea can be done by machine easily and at a much faster rate, generating a high-quality product that truly delights our customers requires the green leaf to be hand-picked by the dexterous hands of our pluckers. Given that the existing wages model is attendance based, on top of which various incentives are also paid, salaries account for 70% of COP of the company. This cost is borne by TTE for delivering a high-quality product.</p>	
	<p>Nurturing our people</p> <p>At TTE, we consider our people to be our biggest asset. Therefore, we make significant investments to develop their skills and abilities and increase their earning potential. Employees with better knowledge and competencies supplement the knowledge base of the organisation. However, such initiatives cause major outflows in financial capital. Nevertheless, they ensure increased earnings and growth for the company in the future as employees now contribute better than they did before.</p>	
	<p>Operational excellence</p> <p>Our increased focus on mechanising harvesting, increasing productivity and performance by advocating for productivity-based models and adopting energy efficient technologies, all require short-term outflows of funds. However, these measures put the company on a trajectory towards increased earnings in the future, thereby, causing a growth in financial capital.</p>	
	<p>Environmental stewardship and climate action</p> <p>Cost of green technology and environmentally friendly business practices is still quite high. However, these practices create positive value to the environment by preserving biodiversity or reducing GHG emissions. In the long run, such investments will create major cost savings to the company, thereby enhancing financial capital.</p>	
	<p>Business diversification</p> <p>Our efforts to venture into diverse business channels has unlocked new revenue streams. In a business environment that is highly volatile, this ensures that we remain competitive and continue to generate favourable returns to the company and stakeholders. Short-term financial diminutions, will later be traded for economies of scale and increased revenue.</p>	

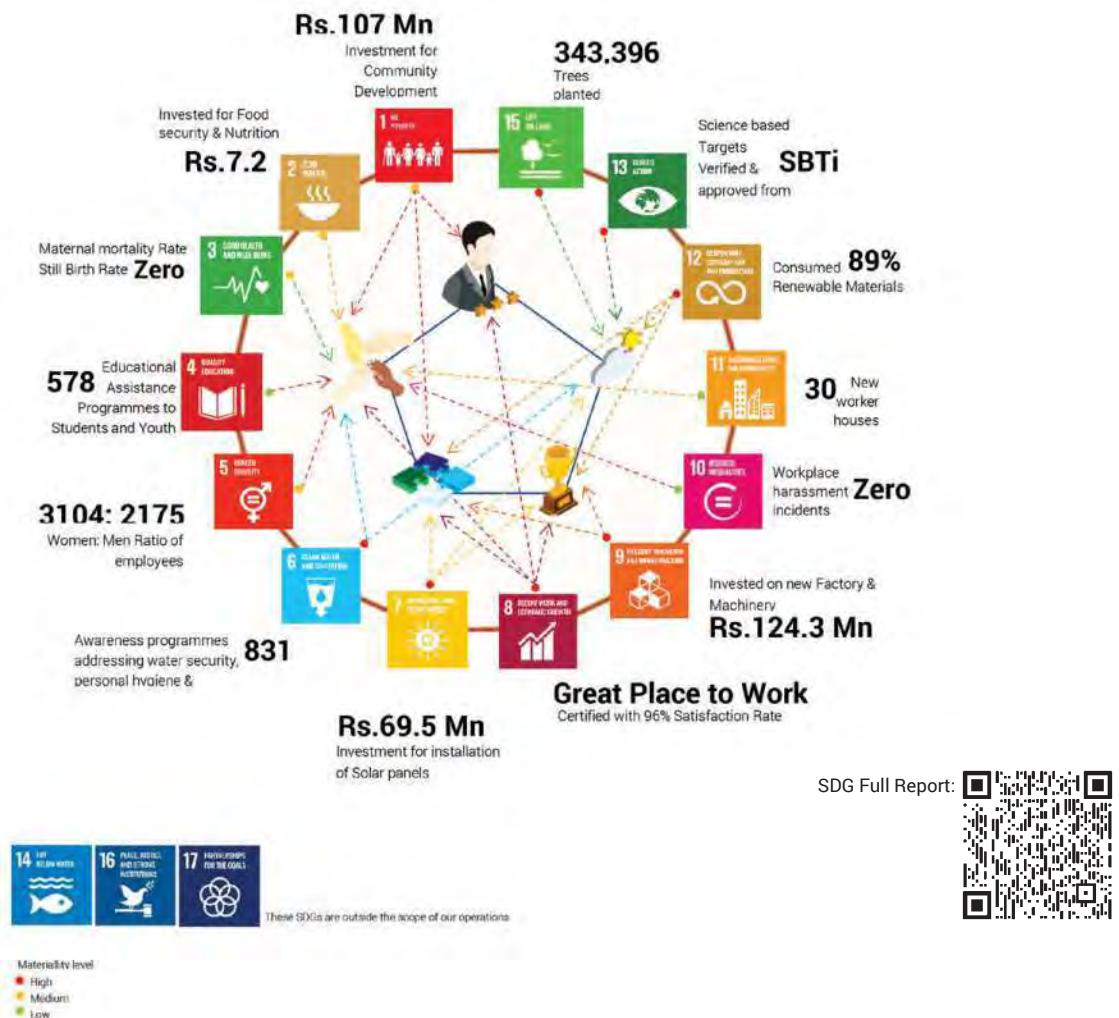
Our commitment to the SDGs

Talawakelle Tea Estates PLC is committed to sustainability. While we are aware that our stakeholders expect us to do business in a manner that ensures our sustenance, and thereby continue to create value for them well in to the long-term, sustainability for us, is a far more crucial consideration in our modus operandi. It is one of the fundamental drivers of our commercial success. As such, Environmental, Social and Governance matters & metrics are firmly embedded into our business model.

In this context, the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) set up in 2015 by the United Nations General Assembly, provide us with the perfect blueprint in guiding, enhancing and strengthening our efforts towards achieving sustainable development.

The deadline set for achieving these goals—2030—is fast approaching. Therefore, ambitious action is required in order to realise them. Next to this exigency for better action, is the demand for more comprehensive, transparent and informative reporting. Identifying this need, this year, we present a separate report on how we have aligned ourselves with the SDGs titled “Our Hope for the Better World

Following is a summary of the SDG report, highlighting the progress we have made during FY 2021/22. We have also indicated how the SDGs align with our strategic imperatives., For the full report, scan the QR code provided below.



We foster the indomitable spirit of teamwork, and ensure that our people are recognised for their efforts




One Team
One Direction



Operations Review

Tea

Profile of estates

High Grown		Region	Low Grown	
				
Talawakelle and Nanu Oya		Location	Deniyaya and Galle	
12		Estates	04	
3,128.95 Ha		Tea Extents	632.94 Ha	
6.02 Mn Kg		Factory Capacity	2.16 Mn Kg	
Orthodox Black and Green Tea		Factory type	Orthodox Black Tea	
4.37 Mn Kg / 74% of total		Tea Production	1.55 Mn Kg/ 26% of total	
4056		No. of Workers	776	
36,393 People		Resident Communities	5,049 People	
ISO 22000:2005 – FSMS	11 Factories	Certification	ISO 22000:2005 – FSMS	03 Factories
Rainforest alliance	12 Estates		Rainforest alliance	02 Estates
ISO 14064-1:2018	12 Estates		ISO 14064-1:2018	04 Estates
ISO 140001:2015-EMS	05 Factories		ISO 140001:2015-EMS	-
ISO 9001:2015 - QMS	01 Factory		ISO 9001:2015 - QMS	-
ISO 50001:2018 EnMS	01 Factory		ISO 50001:2018 EnMS	-
Great Place to Work	All estates		Great Place to Work	All estates
Rs. 3,352.78 Mn		Revenue	Rs. 1,235.04 Mn	
Rs. 515.04 Mn		Gross Profit	Rs. 131.10 Mn	
1399 Kg/hectare		Yield / Hectare	1166 Kg/hectare	
18.32 Kg/day		Plucking Average	21.24Kg/day	
Rs. 703.14		NSA	Rs. 759.80	
6.50 Hectares		Tea Replanting	17.34 Hectares	

Our Art of producing the finest Quality Tea

Our product quality is a competitive differentiator. We have nurtured the art of making premium teas, upholding standards, and best practices across our estates, to consistently deliver a high-quality product



Funding Profile

Our brand is synonymous with quality, and it underlies our ability to attract some of the most remunerative prices at the Colombo Tea Auction.

Our estate marks are ranked at the top in their respective elevations, having won the trust and confidence of our buyers

Driving Ecologically Sustainable Agricultural Practices

- ▶ Adopting and maintaining good agricultural practices is critical for nurturing high-quality leaf, apart from the benefits of driving land productivity and ensuring the conservation of environment.
- ▶ We are passionate in our efforts and invest in developing our agricultural and field operations across all estates. This year we spent Rs. 129 Mn on field development expenditure.
- ▶ Our certification bodies including the Rainforest Alliance and Ethical Tea Partnership give us clear guidelines on adopting and monitoring sustainable practices.

- ▶ We also work closely and collaborate with the Tea Research Institute, the International Plant Nutrition Institute and the faculties of agriculture at the national university level to further our efforts and develop teas that delight our buyers.



Ensuring Food safety and hygiene standards

- ▶ Stringent quality assurance across the value chain to ensure compliance with defined standards.
- ▶ Continuous upgrade of factories and implementation of new processes to comply with ISO and Sri Lanka Tea Board standards.
- ▶ Incurred a sum of Rs. 134.2 Mn on factory process upgrades in the year under review.
- ▶ Conduct of staff training programmes on Hygiene Health & safety.

MAXIMUM RESIDUE LEVEL (MRL) ASSURANCE

Our teas are tested for MRL standards as required by the health and safety regulations of Japan and European Union. MRLs are found to be within the recommended standards.

Operations Review

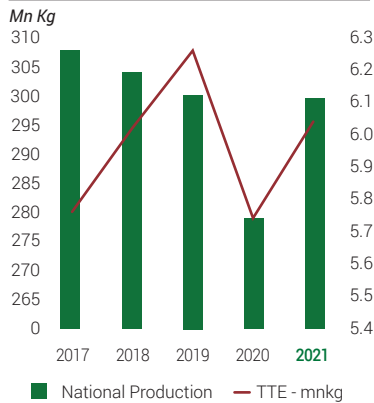
In our approach to agricultural and field development, we focus on six strategic imperatives, as highlighted below.

Agricultural and field development strategic imperatives and strategy

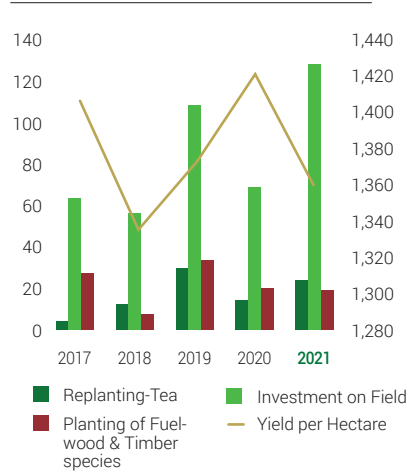
Strategic Imperative	Strategic Actions	Key Highlights
Nursery management	<ul style="list-style-type: none"> ▶ Research and produce tea cultivator that will increase yields, adaptable to climate change and resistant to pest and disease. ▶ Produce cultivar for fuel wood, timber, and native plants to enhance biodiversity and renewable energy and carbon management. 	<ul style="list-style-type: none"> ▶ Overall Production levels stood at 5.9 Mn kg. ▶ Increased mechanisation to drive productivity. Increased the use of shear and machines harvesting to enhance operations across the estates.
Harvesting	<ul style="list-style-type: none"> ▶ Ensure timeliness of operations with 'best-fit' plucking intervals and standards to improve the efficiency in harvesting. ▶ Closely engage with the workforce to boost their work morale. ▶ Mechanize the harvesting process to increase productivity and production levels 	<ul style="list-style-type: none"> ▶ Expanded the Non-Wage/Revenue Share Model estates to cover 40% of Green Leaf Crop from initiation in 19/20. A win-win programme-driving productivity as well as employee earnings. ▶ Deployed the Future Navigator Total Management System, to monitor performance. Driving a hands-on approach to monitoring and managing estates
Soil management	<ul style="list-style-type: none"> ▶ Ensure the soil management process meets the prescribed norms under the Tea Research Institute, Rainforest Alliance, and International Plant Nutrition Institute. ▶ Refer Natural Capital – page 121 for details 	<ul style="list-style-type: none"> ▶ Replanted 24 hectares of tea under the replanting programme. Total area replanted since privatization - 1,102%.
Replanting program	<ul style="list-style-type: none"> ▶ Replant tea and fuelwood under a structured program and maintain capital clearings following best practices 	<ul style="list-style-type: none"> ▶ Planted fuel wood an extent of 19 hectares.
Adapting to climate change	<ul style="list-style-type: none"> ▶ Closely monitor temperature and rainfall patterns in different agro-climatic conditions. ▶ Adopt drought, pest, and disease tolerant cultivars to ensure soil moisture. ▶ Resort to compost and organic manure, planting shady trees and irrigation during dry months. ▶ Follow the 4R Nutrient stewardship programme to minimize nitrogen fertilizer applications to prevent Greenhouse Gas emissions. Refer Natural Capital – page 121 for details 	<ul style="list-style-type: none"> ▶ Field development expenditure stood at Rs. 129 Mn representing an increase of 43% over 20/21. ▶ Produced Green Tea & Specialty Tea of 242 MT in 21/22.
Research and development	<ul style="list-style-type: none"> ▶ Collaborate with agriculture research institutions to develop value-added specialty, innovative tea products and bio fertilizer. 	

Tea Production

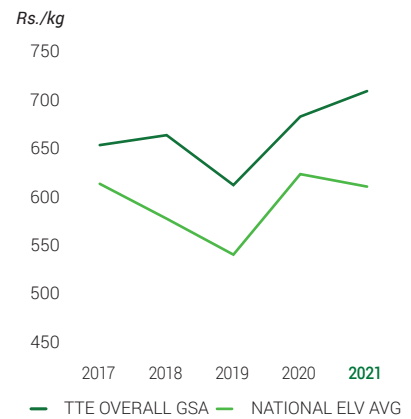
National Production Vs TTE Production



Replanting, Yield and Field Development

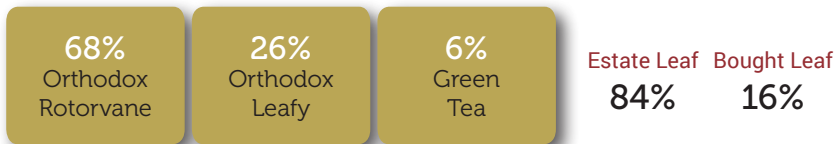


National Elevation Vs TTE Overall GSA



Amids the Government’s ban on chemical fertilizer and unfavorable weather condition, the overall production volumes including estate and bought leaf has decreased by 5% from 6.24 Mn in the previous year to 5.92 Mn Kg this year. The sudden policy change for import of chemical fertilizer in mid-2021, necessitated a prudent application of available fertilizer stock within a scientific and balanced plan. This key policy change, largely impeded the steady growth in yield per hectare witnesses over the recent past from our continuous investments over the years in field development and structured replanting, and our ability to meet budgeted production levels. The impact of the ban is expected to affect tea production till the second quarter of the year.

Despite the challenging environment, TTEL contributes 2% of the National Production as a result of our right strategy and efforts to achieve a higher productivity.



Price Rankings

Our teas continued to attract premium prices at the Colombo Tea Auction, maintaining price rankings synonymous with the TTE brand, renowned for its finest quality and standards and optimizing market potential in a bullish tea market. TTE Gross Sales Average (GSA) increased Rs. 26.48 to Rs. 713.33 against the previous year, to be positioned as the top most ranked GSA amongst all RPCs. The GSA was Rs. 97.89/kg above the National Average. TTE teas retained the Number 1 Rank for both High grown and Low grown elevations amongst all RPCs for the 4th consecutive year and achieved 214 top prices by year end.



High Grown Rank No.01
for the 4th consecutive year amongst
RPCs

Low Grown Rank No. 01
for the 17th consecutive year amongst
RPCs

Overall Rank No. 01
for the 4th consecutive year amongst
RPCs

214 Top Price Rankings

Rs. 26.48
increase in GSA
from previous year

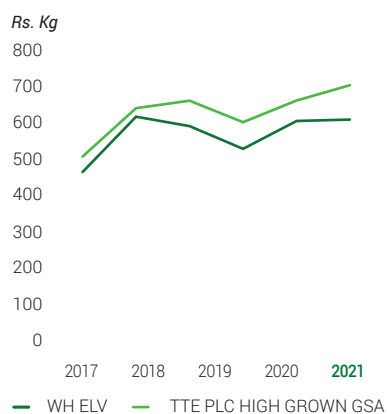
06 Estates amongst First 10 rankings
in the Western High Grown, All 08
estates in Top 15 rankings

Somerset Estate achieved a new All Time
Record price for BOPS

Kiruwanaganga Estate Rank No. 01
in Low Grown Elevation RPC rankings
while Deniyaya 3rd and Moragalla 4th

Operations Review

TTE High Grown GSA Vs WHG Elevation



The Inflationary pressures, rise in global commodity markets and depreciation of the rupee, during the year resulted in the significant increase in input cost, particularly fuel and fertilizer, resulting in an 6% increase in cost of production.

Increase in the minimum daily wage from Rs. 700/- to Rs 1000/, from March 2021 as determined by the Wages Board, also signintly imapcted cost increase, as the hike is not linked to productivity.

As a means to curtail cost, we have in place strict controls on managing expenses and wastage across our estates. We also focus our efforts on improving labour and land productivity. Our Non-Wage/ Revenue Share Model (RSM) is advocated to promote increased earnings for workers through productivity based wages. As a result of the successful implementation of the RSM / Non-Wage model and the increasing acceptance of the model by plantation workers as a means of increasing earnings, the green leaf crop harvested under this model has increased from 30% to 40% in 2021/22.

Specialty Teas

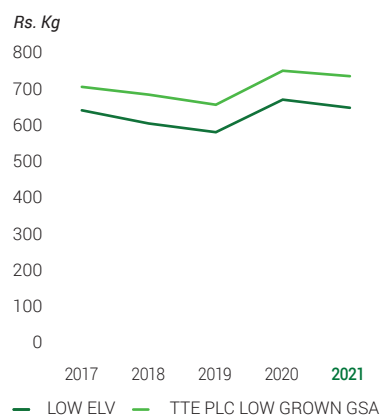
We produce green tea and value-added specialty teas, in limited scale. During the year, green tea production stood at 189,068 Kgs and is grown in the Radella Estate.

Last year, we commenced a pilot project to grow tea in “chemical free fields” in three tea gardens and specialty teas in eight gardens. This trial projects were set up to develop a brand of sustainable tea that has low impact on the environment. Using only organic fertilisers and manual weeding, tea produced from the fields will be sold directly to buyers at a premium price.

Rubber

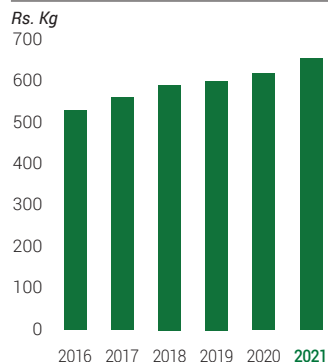
Rubber reflected an improved performance. TTE recorded a Gross Profit of Rs. 14.4 Mn from Rubber for the first time after a lapse of many years. Revenue grew 97% to Rs. 35 Mn. The improved performance is attributed to increase in global commodity prices, increased demand for natural rubber and surge in international prices during the latter part of the year due to unfavoruabel

TTE Low Grown GSA Vs LG Elevation



Cost of Production

Cot of Production/kg



weather conditions in rubber producing nations.

Rs Mn	2021/22	2020/21
Revenue	69.12	35.16
Gross Profit	14.4	(9.8)
Assets	89.4	96.3
Hectares cultivated	198.84	203.84

Commercial Forestry

TTE has cultivated commercial forestry with a total biological assets value of Rs.386 Mn as at the end of FY 2021/22. Profit from sale of trees amounted to Rs. 31 Mn during the year (2020/21 – Rs 34.3Mn) . While enhancing our revenue streams, we invest in cultivation of forestry as part of our drive towards sustainable agricultural practices and land optimization. Trees planted include Eucalyptus, Grevillea robusta and Agarwood.

Crop Diversification

Reducing our dependence on a monocrop business model and driving land optimisation, we continued in the year to look for and invest in alternative crop businesses. Our exposure to cinnamon covered 47.49 hectares of land in Moragalla, Deniyaya and Indola Estates, while coconut covered 36.24 hectares in Kiruwanaganga, Indola, Deniyaya and Moragalla Estates respectively. Cultivation of turmeric and strawberries' were commenced last year.

Solar Energy



Reinforcing our commitment to renewable energy sources, this year we broadened our investments by establishing three more roof top solar power projects to increase the installed capacity to 599.43kwp.

All projects are commissioned under the net metering system.

Total income from solar power amounted to Rs. 7.1 Mn in 2021/22.

Plant	Type	Year Installed	2021/22 – kWh	2020/21 –kWh
Bearwell	Solar Power	2017/18	104,272	96,915
Moragalla	Solar Power	2019/20	148,897	139,311
Deniyaya	Solar Power	2020/21	89,594	-
Calsay	Solar Power	2021/22	10,200	-
Dessford	Solar Power	2021/22	11,523	-
Total Solar Power Generated			364,486	236,226

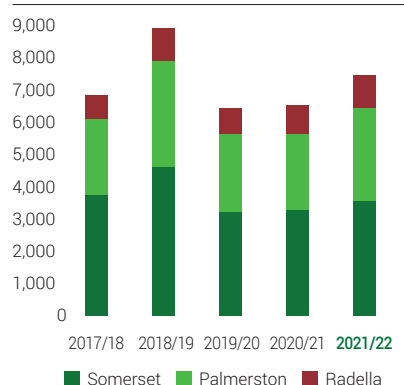
Subsidiary Review

Subsidiary Review

With three mini-hydro plants in Radella, Palmerstone and Somerset, our two subsidiaries recorded a strong performance in the year under review. Total electricity generated and supplied to the national grid increased by 14%, to 7.4 Mn Kilo-watt hours. The increase is attributed to heavy rainfall in catchment areas resulting in water levels in reservoirs remaining above 60 per cent throughout the year, Nationally hydro power generation increased 44.2% in 2021.

Revenue from subsidiaries grew by 15.2% to Rs. 63.9 Mn while PAT was Rs. 6.1 Mn grew 1.4% to the consolidated revenue. Total capacity of the three plants is 2.1 Mega-Watt hours.

Generation (Mwh)



TTEL Hydro Power Company (Pvt) Ltd

- Share Ownership: 51%
- Date of Incorporation: 11th August 2008
- Directors
 - ▶ A M Pandithage -Chairman
 - ▶ Merrill J Fernando
 - ▶ Malik J Fernando
 - ▶ A R De Zilva
 - ▶ W G R Rajadurai
 - ▶ J A W M Jayasekera
- Location - Talawakelle/Nanu Oya
- Plant – Palmerston – Capacity- 0.8MW
- Plant- Radella - Capacity- 0.2MW

TTEL Somerset Hydro Power Company (Pvt) Ltd

- Share Ownership: 51%
- Date of Incorporation: 25th August 2008
- Directors
 - ▶ A M Pandithage -Chairman
 - ▶ Merrill J Fernando
 - ▶ Malik J Fernando
 - ▶ A R De Zilva
 - ▶ W G R Rajadurai
 - ▶ J A W M Jayasekera
- Location Nanu Oya - Capacity – 1.1MW

Rs. '000	TTEL Somerset Hydro Power (Pvt) Ltd		TTEL Hydro Power Company (Pvt) Ltd		Cumulative	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
Revenue	25,397	28,950	30,146	35,011	55,543	63,961
Profit after tax	2,228	3,742	4,258	2,391	6,486	6,133
Total Assets	138,707	137,343	187,282	185,299	325,989	322,642
Total Liabilities	5,617	4,984	6,506	22,451	12,123	27,435



Economic Value Added

GRI: 201-1

Making an Impact

The risk landscape of the Group continues to evolve amidst a weakening domestic economy, rising cost of production, skills shortage and increasing vulnerability to climate change. Effective risk management strategies mitigate exposure and harness available opportunities, in creating sustainable value for our stakeholders.

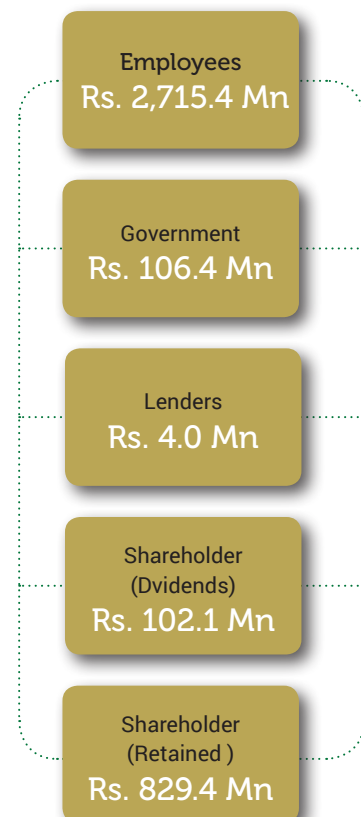
Total value added by TTE Group increased 10.7% in FY 2021/22 driven by growth in revenue and margins. The highest amount of value was distributed amongst its employees accounting for 72% of the total, an increase of 13% compared against the previous year. There is no any direct financial support received by government in 2021/22 Financial Year.

	2020/21		2021/22	
	Rs. Mn	%	Rs. Mn	%
Total Revenue	4,515.7	133	4,727.3	126
Purchase of goods and services	(1,277.5)	(38)	(1,126.0)	(30)
Cost of Production and other OH	3,238.2		3,601.3	
Other income	156.9	5	156.0	4
Value Added by Operating Activities	3,395.1	100	3,757.3	100
Distributed as follows to;				
Employees: Salaries, wages & other benefits	2,410.6	71	2,715.4	72
Government: Income Tax and Other Taxes	108.4	3	106.4	3
Lenders of capital: Interest on Loan Outstanding and Minority Interest	5.3	1	4.0	1
Shareholders: Dividends	160.3	3	102.1	3
Shareholders : Retained for re-investment and future growth	710.5	21	829.4	23
Total Value distributed	3,395.1	100	3,757.3	100

Management Approach

We believe that the only way to create long-term value for all our stakeholders is through our own sustainable growth. We do this by engaging with our stakeholders to understand their requirements better and thereafter adopting a triple bottom line (TBL) approach to creating shared value. This approach involves considering economic, social, and environmental aspects in a holistic manner, underlined by good governance, sound risk management and ethical business practices.

Our certification programmes underscore our operational and management systems, processes and products, thereby, ensuring quality and standards in the value we create.



Economic Value Added

Contribution to National Economy GRI: 201-2 & 4 ▶

What we do

- ▶ A leading plantation company, we produced 5.92 Mn kg of tea in FY 2021/22
- ▶ We paid Income tax of Rs.61.9Mn, and lease rentals and interest of Rs. 36.3Mn

How we add value / Our impact

Tea is the nation's second largest merchandise export, raising USD 1.3 bn from export proceeds during the year. Such foreign exchange revenue generated for the Government has been critical in supporting our fragile economy during this increasingly volatile period.

Our selling marks fetch premium prices, realizing in higher value addition against which we pay income tax, in supporting the Governments fiscal policy.



Great Western Estate

Socio Economic Development of Local Communities GRI: 201-3 & 4 ▶

What we do

- ▶ We employ over 5279 persons, across our 16 estates located in the Central and Southern provinces of the country. We paid Salaries, wages & other benefits of Rs. 2,715.4 Mn, during the year, 13% over the previous.
- Our employees are mainly resident on our estates. Together with their families they account for most of our local communities, totaling over 42,000 persons.
- ▶ We are conscious of our responsibilities and are committed to providing their basic amenities, ensuring their wellbeing and upliftment of living standards.

How we add value / Our impact

- By investing in and providing opportunity for
- ▶ economic independence,
 - ▶ access to education, healthcare and housing
 - ▶ while driving social integration.

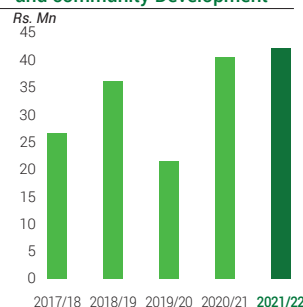
These programs are built into our benefits package offered to our staff and extends to the families that live within the estate.

Refer Social and Human Capital - page 101 for further details.




This year we built 30 new houses under our "Home for Every Plantation Worker" programme.

Investment on Social Activities and community Development




Child Development Centre

Empowerment of Micro and Small and Medium Enterprises (MSME)s GRI: 201-2 ▶

What we do	How we add value / Our impact	
<ul style="list-style-type: none"> ▶ We purchased 4.15 Mn kg of bought leaf from over 1,914 tea smallholders and micro entrepreneurs. Payment for bought leaf amounted to Rs. 492 Mn as at year end. ▶ We also contracted with local village suppliers and contractors whenever possible in sourcing materials and services. <p>In recruitment, we give preference to persons from the local community, whenever possible.</p>	<p>Our demand for bought leaf helps to sustain their businesses, providing a livelihood and contributing to their economic empowerment</p> <p>MSMEs are recognized as the backbone of the Sri Lankan economy, accounting for approximately 90 percent of all businesses and contributing to about 35 percent of total employment.</p> <p>Unfortunately, SMEs were the most affected by the fall-out of the pandemic. They now continue to struggle, severely impacted by the ongoing Forex controls, supply shortages and energy-related issues.</p>	 <p><i>Tea- small holders</i></p>

Commitment to Women Empowerment GRI: 201-2 ▶

What we do	How we add value / Our impact	
<ul style="list-style-type: none"> ▶ Female work force participation at TTE is 59%, well above the national average of 31% due to historical and social factors. <p>(The World Bank: Data)</p> <p>We recognize the many challenges facing our female workers, particularly concerning family responsibilities and encourage their continued employment.</p>	<p>We provide additional facilities and services to support family well-being, apart from complying with all statutory requirements in awarding benefits, health protection and employment protection. These include the provision of child care centres and access to health care at the estates. Our Revenue Share Model supports residents to supplement family income.</p> <p>We are focused on enhancing women financial empowerment and reducing gender inequality.</p> <p>We also conduct programmes to build awareness and provide support on common social issues within the community, including domestic violence, alcoholism, non-communicable and communicable diseases. Refer Social and Human capital – page 157, for more details.</p>	 <p><i>Women Empowerment</i></p>

Economic Value Added

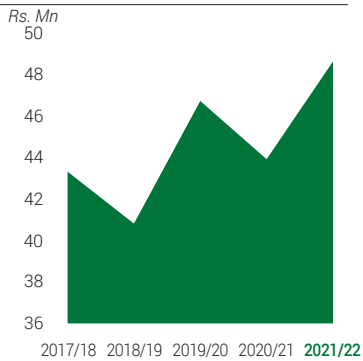
Environmental Management GRI: 201-2 ▶

What we do

As a plantation company, our tea operations are particularly vulnerable to stresses induced by climate change, including rising temperatures, unpredictable weather patterns, and pests. These adverse implications impact on the sustainability of our business.

We continue to pursue our strategic priorities on minimizing our environmental footprint. During the year, we spent RS. 48.6 Mn on environment management initiatives and field development expenses.

Investment on environmental initiatives and Field Development (Rs. Mn)



How we add value / Our impact

Key highlight during the year include

- ▶ Ecologically Sustainable Agricultural Practices Adopting and maintaining good agricultural practices is critical for nurturing high-quality leaf, driving land productivity and ensuring the conservation of environment
- ▶ Driving renewable energy sources
 - ▶ Commissioning three more roof top solar power projects. Total installed capacity increased by 341.39 kWp .
 - ▶ while our renewable energy mix increased by 20.4%
 - ▶ Increased the production of hydro power by 14% kwh, following favourable weather conditions.
- ▶ Protecting the environment
 - ▶ Planting 1,338 trees under the St Claire's Falls project
 - ▶ Initiating a weed buy back programme to manufacture compost, thereby driving a circular economy
- ▶ Renewing Certifications and accreditations that supports adaptation of climate-smart agricultural practices and initiatives.
 - ▶ ie Ranforest Alliance. Educates tea farmers on how to maintain tree cover and reduce synthetic pesticide use
 - ▶ Driving climate action by committing to the UN Neutral Pledge and processing of science-based targets to reduce emissions across our entire value chain

:Respect for the Environment / Natural capital Page 126

Financial Capital



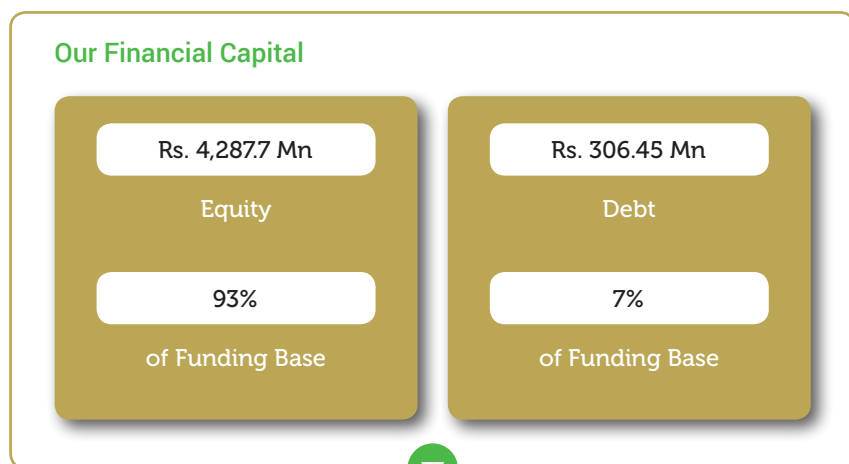
Commitment to producing high quality teas and foresighted strategic leadership by the management, enabled the Company to maintain its growth momentum and deliver exceptional financial performance despite the unprecedented challenges in the operating environment.

Net Asset per share

Rs.
90.27



Financial Capital



Value Created

Revenue

- 5% increase to **Rs. 4.66 Bn**
- Leading price taker among all RPCs in the Colombo Tea Auction

Assets

- Assets expansion of **11%** to **Rs. 6.36 Bn** as at the year-end,

Funding Profile

- 22% expansion in Equity supported by strong profit generation.
- Government long-term lease liability represent the **85%** of the total debts.
- Low gearing ratio of **7%** as at the year end



Gross profits

- 9% Gross profit expansion to **Rs. 892.4 Mn.**
- 19.1% Gross profit margin improving from **18.3%** the previous year.

Profit after tax

- 14% expansion in post-tax profits to **Rs. 819.97 Mn.**
- 17.6% Net profit margin improving from **16.1%** the previous year.

Value to Shareholders

- 13% increase in market capitalization to **Rs. 2,018.75 Mn.**
- 14% increase in Earnings per share to **Rs 17.3** per share.
- Dividends per share of **Rs. 2.15**

Highlights for 2021/22

- Short term Investments **Rs. 1,886.9 Mn**
- Operating cashflow **Rs. 695.2 Mn**
- Return on Assets **13.6%**
- Price earning ratio **2.5 times**

Plans 2022/23

- Rs. 4,505 Mn Revenue
- Rs. 345 Mn Gross Profit
- Rs. 75 Mn Finance Income

GRI: 3-3

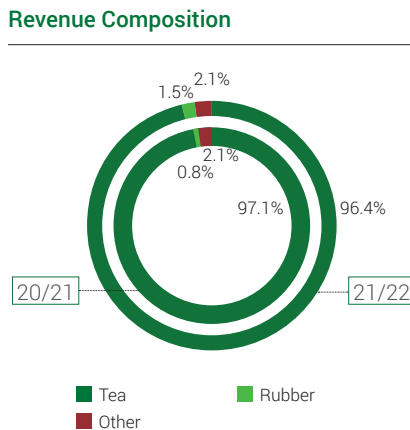
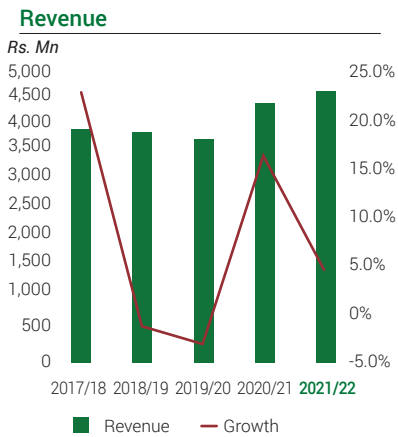
Management Approach

Our strategic approach to managing our financial capital has enabled sustained shareholder value creation and placed us on the path towards attaining our long-term goals. Proactively managing the allocation of financial resources towards shared value creation, adherence to best practices and standards in accounting, auditing and management and strong risk management framework has ensured responsible financial management within the company. Third party assurance of financial statements and financial reporting processes and systems and local and international recognition for excellence in integrated reporting has facilitated continuous improvement ensuring our management practices are aligned with regulatory requirements and best practice.

1. Revenue

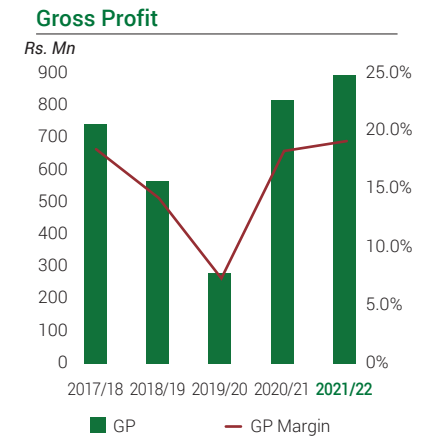
TTE’s revenue increased 5% to Rs. 4.66 Bn underpinned by the strong performance of the Company’s tea business. TTE’s premium quality teas fetched record high prices at the Colombo Tea Auction during the fourth quarter offsetting a 5% drop in volumes to 6.27 Mn kg given inclement weather and lower yields in view of the import ban on chemical-based fertilizer and crop protection products during the year. TTE’s average prices commanded a premium of 16% over the National Sales Average across all elevations retaining its position as the leading price taker among RPCs in the Colombo Tea Auction. Moreover, TTE recorded similar performance in the High-Grown and Low-Grown elevations with TTE’s average prices recording a premium of 15% and 13% respectively above the elevation averages and maintaining its top position for the 4th and 17th consecutive year.

The Company’s rubber business also recorded strong revenue growth expanding 97% to Rs. 69.1 Mn during the year. Growth was driven by a surge in global prices as demand for natural rubber rose given the hike in petroleum-based synthetic rubber and increased industrial activity in advanced economies. Rubber accounted for 1.46% of the Company’s total revenue.



2. Gross profit

TTE’s gross profit expanded 9% to Rs. 892.4 Mn during the year underpinned by revenue growth and prudent cost management. The Company’s cost of sales consists primarily of worker wages which are largely fixed in nature. The shift to a productivity linked wage structure under the Wages Board and proactive management of expenses despite rising costs of inputs such as fuel and packing material augured well for the Company. Consequently, gross profit margin improved to 19.1% during the year from 18.3% the previous year.

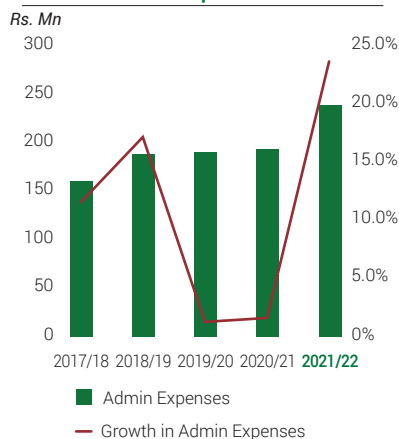


3. Overhead expenses

Administrative costs which comprise primarily head office related expenses increased 24% to Rs. 239.0 Mn during the year.

Financial Capital

Administrative Expenses



4. Other income

Changes in fair value of biological assets increased to Rs. 53.99 Mn from Rs. 23.17 Mn as the Company's timber plantations continued to mature. Other income and gains dipped 6% to Rs. 80.2 Mn during the year and comprised primarily profit on sale of trees and lease rentals received for land leased for vegetable cultivation. Meanwhile, revenue from solar power generation remained relatively unchanged during the year at Rs. 7.18 Mn.

Net finance income

The Company's net finance income declined 4% to Rs. 45.8 Mn during the year. Finance income earned on short-term investments dipped 3% given the low interest rate environment that prevailed during the first half of the year. Finance expenses dipped 1% to Rs. 39.05 Mn as the finance costs on borrowings declined as the Company settled a considerable proportion of its debt. Meanwhile, interest paid to the Government on the plantation lease increased 1% to Rs. 38.05 Mn during the year.

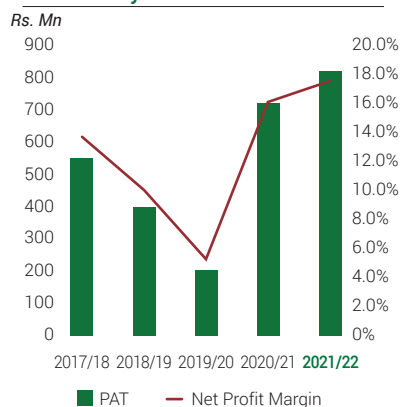
Income tax GRI: 207-1, 2, & 3

TTE's total tax contribution to the Government declined to Rs. 13.49 Mn during the year from Rs. 58.14 Mn the previous year. While the tax charge for the year declined 6% to Rs. 54.08 Mn, reversal of deferred taxation of Rs 52.97 Mn resulted in the decline in total tax payments for the year. Tax related risks of the Company are managed by the Board Audit Committee in consultation with the Hayleys Group Tax Division. In addition, TTE has also appointed external tax consultants to advise on tax related matters and liaise with the tax regulatory authority. TTE complied with all tax-related regulations during the year.

Profitability

Underpinned by exceptional performance at the Tea Auctions and proactive cost management, the Company's pre- and post-tax profits grew 7% and 14% respectively during the year, despite the challenges posed by the operating environment. The Company's pre-tax profits increased to Rs. 833.45 Mn while post-tax profits increased to Rs 819.97 Mn. Consequently, the Company's net profit margin improved to 17.6% during the year from 16.1% the previous year.

Profitability



Cashflow

Cash outflows during the year were driven primarily by the Company's capital expenditure and investments in working capital and the repayment of a significant proportion of its interest-bearing borrowings. Net cashflow from operating activities declined 22% to Rs. 695.22 Mn during the year owing to increased investments in working capital. Net cashflow from investing activities rose to negative Rs. 346.69 Mn from negative Rs. 118.45 Mn driven by investments in field development and the construction of its new factory at Kiruwanaganga. Net cashflow from financing activities declined 10% to negative Rs 173.19 Mn as dividend outflows declined as the Company consciously sought to retain earnings within the business.

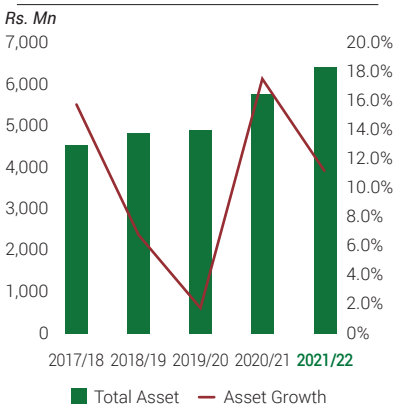
Assets

TTE's consistent manufacture of premium-quality teas is underpinned by its ongoing investments in the plantations and manufacturing process. Company assets expanded 11% to Rs. 6.36 Bn as at the year-end, driven by investments in field development and PPE. Investments in field development increased 21% to Rs. 129.52 Mn as the Company continued to invest in the implementation of agricultural best practices across its estates. Construction of a new tea factory with the latest technology at Kiruwanaganga Estate with other assets drove investments in PPE to Rs. 282.15 Mn as at the year-end from Rs. 77.12 Mn as at end March 2021. Construction of the tea factory is expected to be completed by the end of December 2022.

Investments in working capital increased 24% to Rs. 2,178.72 Mn as the Company consciously sought to increase stocks of essential inputs given supply disruptions. Meanwhile, in contrast to other industry players, TTE has enjoyed healthy cash surpluses over the years which have been invested in short-term investments; short-term investments increased 10% to Rs. 1.89 Bn as at end March 2022.

The Company's asset composition remained relatively unchanged and was dominated by plantation related biological assets which accounted for 35% of the total asset base followed by property, plant and equipment and right of use assets at 19% as at the year end. Meanwhile, the Company's tea business dominated the company asset base accounting for 90% of total assets as at end March 2022.

Asset & Asset Growth

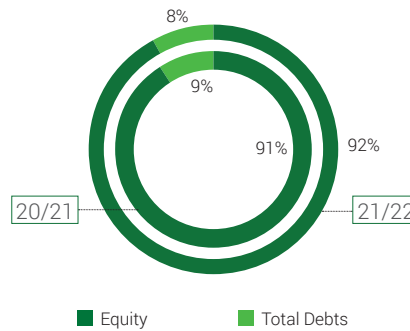


6. Funding profile

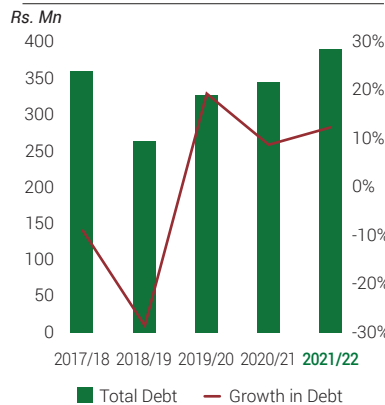
The Company's funding profile remained healthy as it relied primarily on equity to fund its asset base. Equity grew 22% to Rs. 4.3 Bn as at the year-end supported by strong profit generation and funded 67%

of the asset base. The Company's borrowings are represented primarily the Government long-term lease liability which accounted for 85% of total debt increasing from 76% the previous year. The proportion of government of the Government long-term lease increased as the Company sought to settle a considerable portion of its short- and long-term interest bearing debt. The Company's gearing ratio remained low and improved further to 7% as at the year end from 8% as the previous year end.

Funding Composition



Debt Profile



8. Employee benefits

The Company retirement benefit obligation dipped 2% to Rs. 868.07 Mn as at the year-end. The Company's retirement benefit

obligations are determined through actuarial valuation. The Company has also met all statutory employee benefit payments including payments to the Employee Provident Fund and Employee Trust fund.

Value to shareholders

Value to shareholders increased during the year as TTE's market capitalization increased 13% to Rs. 2,018.75 million. Earnings per share increased 14% to Rs 17.3 per share. However, dividends per share declined 36% to Rs. 2.15 per share as the Company consciously retained earnings given the prevailing conditions in the operating environment.

Manufactured Capital



Manufactured capital is a critical component of our value creation process. Our production facilities fortify the tea manufacturing process ensuring our tea is manufactured efficiently and in a hygienic and safe environment while the hydro and solar power plants have advanced our aim of transitioning entirely to renewable energy sources.

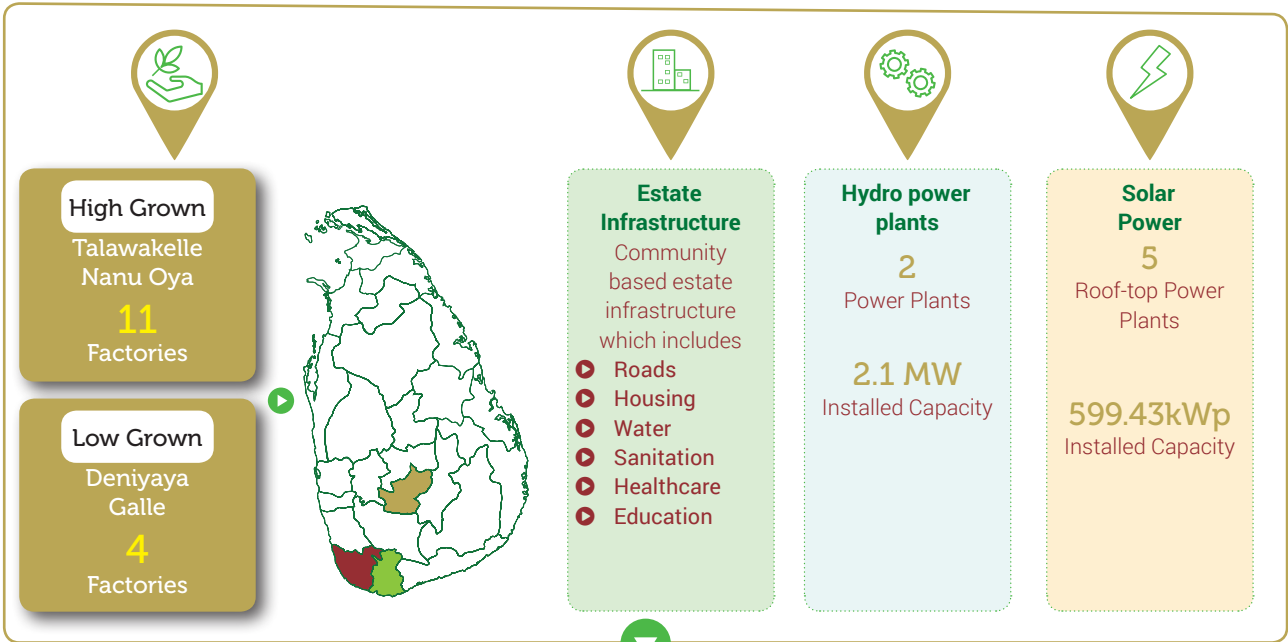
Production

5.9
Mnkg

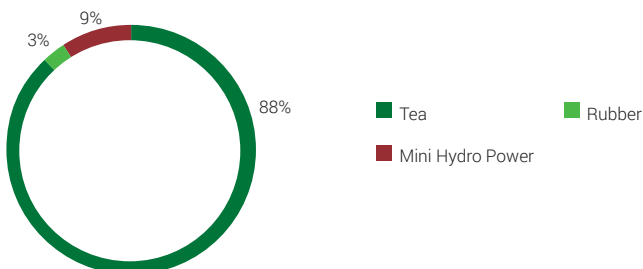


Key Components of Our Manufactured Capital

Factories



Segmental Assets



Highlights for 2021/22



Invested Rs. 39 Mn on Plant, Machinery and Equipments.



Invested Rs. 39.8 Mn in solar power generation



Invested Rs. 129 Mn in Field Development

Plans 2022/23

Equipped with Modern Machinery & New Technology

Expansion of Land Diversification

Increase in Renewable Energy


Manufactured Capital

GRI: 3-3


Management Approach

We adopt a systematic approach to managing our manufactured capital. Our capex plans are aligned with corporate policies and takes into consideration company-wide strategic priorities as well as estate-wise operational requirements.


Strategic Priorities



Invest in fixed assets that will boost operational efficiency and optimize return on investment.




Carry out timely maintenance of factories with due upgrades to streamline operations and lower costs.




Extend technical training to develop the engineering and technical teams.



Develop and up-keep estate infrastructure including community-based infrastructure on a need-based analysis.



Follow best practices in procurement and select suppliers based on cost, quality, and standards.



Enhance capabilities to sharpen customer offering.

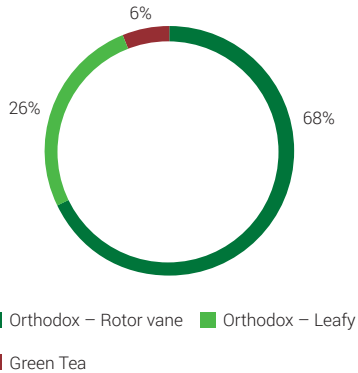
The Group's PPE comprise primarily of its factories, community-based infrastructure, and renewable energy investments.

Factories

TTE operates 15 tea factories across 16 estates with capabilities in producing both Orthodox and CTC teas, and Green teas. We have continuously invested in upgrading our factories with emphasis on innovation and value addition to enhance capacity, product quality and cost efficiency. We lead the industry, setting benchmarks for sustainable processing and operational excellence, improving our competitiveness and bottom line. Details of our production capabilities are given below.

Region	Estates	Number of factories	Capability	Crop Distribution	
<i>High grown</i>					
Talawakelle	7	6	Orthodox – Rotor vane	2,830,112	48%
Nanu Oya	5	5	Orthodox – Rotor vane, Orthodox – Leafy Green Tea	1,547,153	26%
<i>Low Grown</i>					
Galle	1	2	Orthodox – Rotor vane	230,234	4%
Deniyaya	3	2	Orthodox – Rotor vane	1,322,000	22%

Factory Production Capacity



During the year, the relocation of the Kiruwanaganga factory was initiated at a total estimated cost of Rs. 380 Mn as it was at risk of landslides. The new factory which is expected to be completed by December 2022 will have a capacity of 800,000 kg of made tea per year and will be equipped with modern machinery and new technology to increase production efficiencies while maintaining quality.

Procurement of Machinery and Equipment

Procurement of machinery and equipment is carried out according to TTE PLC standard procedures and guidelines with due consideration given to quality and cost. We assess our suppliers based on a range of factors which include quality, social and environmental considerations and adherence to relevant rules and laws with preference given to suppliers with certifications from

recognized bodies for their products and processes. During the year, we invested approximately Rs. 39 Mn on new machinery and equipment. Details of our investments are given below.

Estate	Machinery	Investment (Rs. Mn)
Somerset	Generator	7.15
Radella	Tea Rollers	2.27
Wattegoda	Factory Machinery	2.34
Deniyaya / Moragalla	Solar Power System & Extension	17.61
All estates	Field Equipment	10.17

Maintenance of Factories

Factory machinery and equipment is maintained according to a regular schedule as per the guidelines set by the manufacturers' specifications. Our team of engineers and technical staff are well-trained to carry out periodic servicing of our machinery and equipment.

Estate Infrastructure Development GRI 203-1 ▶

This entails construction and revamping of factory building and processing areas and community-based estate infrastructure which includes roads, housing, water, sanitation, and healthcare and recreation facilities. Reputed building contractors selected through a formal tender process are contracted to carry out infrastructure development while community infrastructure development is carried out in collaboration with plantation sector based governmental and non-governmental organizations.

We invested Rs. 65 Mn on estate infrastructure during the year.

Investments in Renewable Energy

In congruence with our ambitious goal of achieving Net Zero emission levels by 2050 and the national initiative under the Ministry of Power and Renewable Energy we continued to invest in expanding our renewable energy capacity. Details of our energy investments are given below.

Manufactured Capital

Hydro Power

We operate two mini hydro power projects under our subsidiary operations with a total electricity generation capacity of 2.1MW.

Plant	Capacity (MW)
Radella	0.2
Somerset	1.1
Palmerson	0.8
Total	2.1

Solar Power

We operate five roof-top solar power projects at five of our estates with a total electricity generation capacity of 599.43kWp.

Plant	Commissioned in	Capacity (kWp)
Bearwell	2017/18	108.24
Moragalla	2019/20	149.80
Deniyaya	2020/21	117.76
Calsey	2021/22	109.68
Dessford	2021/22	113.95
Total		599.43

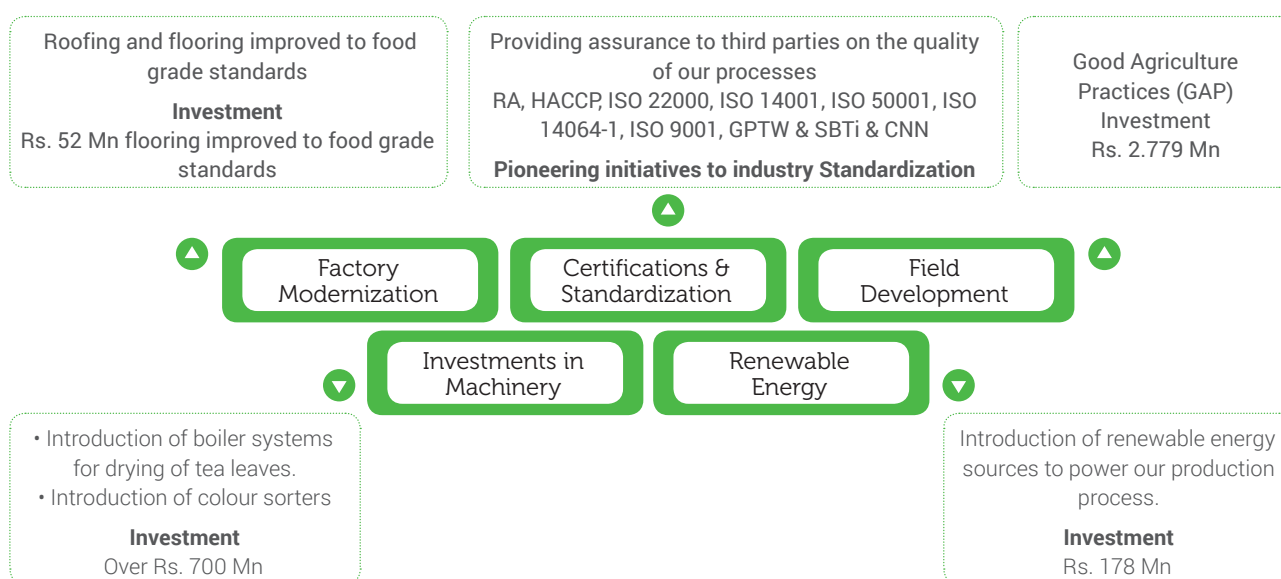
► We expanded our solar energy capacity during the year at an investment of Rs. 39.8 Mn.

Planting Timber & Fuelwood

Continuing with our timber and fuelwood programme, our focus to optimize the land utilization. We mainly planted 'Eucalyptus spp' blocks, taking up almost 90 percent of the extent followed by mixed commercial forestry blocks including 'Calliandra calothyrsus' and 'Acacia decurrens'. High grown estates planted the largest extent.

	New Clearing Planted		Came into Revenue		Coming into Revenue
	2021/22	2020/21	2021/22	2020/21	2021/22
Fuelwood (Hect.)	19.05	20.50	1.00	2.87	15.04

Our contribution to the plantations over the last 30 years



Intellectual Capital



Comprising distinct tea gardens renowned for premium teas, international certifications affirming our passion for quality and conservation of the environment, the agro-crop specific tacit knowledge, investments in digital technology and foresighted strategic leadership of the management, our intellectual capital drives our operational excellence and competitive edge, distinguishing us from industry peers.




Awards & Recognitions

37



Intellectual Capital

Key Components of Our Intellectual Capital

 <p>Sound Reputation and Brand</p> <ul style="list-style-type: none"> ▶ Renowned for high quality tea ▶ Pioneer in the tea plantation industry ▶ Internationally and locally recognized corporate reputation 	 <p>Tea Garden Marks</p> <ul style="list-style-type: none"> ▶ Estate marks that are ranked at the top of their respective agro-climatic regions. 	 <p>Certifications</p> <ul style="list-style-type: none"> ▶ 9 certifications to guide our quality, food safety and environmental practices. ▶ 6 voluntary compliances to guide social upliftment and environment preservation.
<p>Research and Development</p> <ul style="list-style-type: none"> ▶ Process innovation ▶ Product development through value added teas and diversification ▶ Collaborations with Sri Lanka Tea Research Institute and academia to increase productivity and cost efficiency 	<p>Digital Infrastructure</p> <ul style="list-style-type: none"> ▶ Driving transparency in performance management ▶ Data driven Insights to drive performance 	<p>Tacit Knowledge</p> <ul style="list-style-type: none"> ▶ Employees with long tenure of service. ▶ Training and development ▶ Knowledge sharing



Value Created

#1

RPC Ranking – Overall

37

Awards & Recognitions

Rs. 1.46 Mn

Invested in Training and Development

214

Top price rankings – Colombo Tea Auctions

7

New Speciality Tea



Highlights for 2021/22



TTE GSA exceeds National Elevation average by 14%



First plantation company to certified as a "Great Place to Work"



79 Audits Covering all estates

Plans 2022/23

- ▶ Enhance specialty tea portfolio
- ▶ Introduce 3 New value additions

Management Approach GRI 3-3 ▶

Our intellectual capital is a vital component of our value creation process, driving customer confidence, innovation, and performance. Augmenting our intellectual capital is a strategic priority for TTE and involves ongoing investment and structured planning.

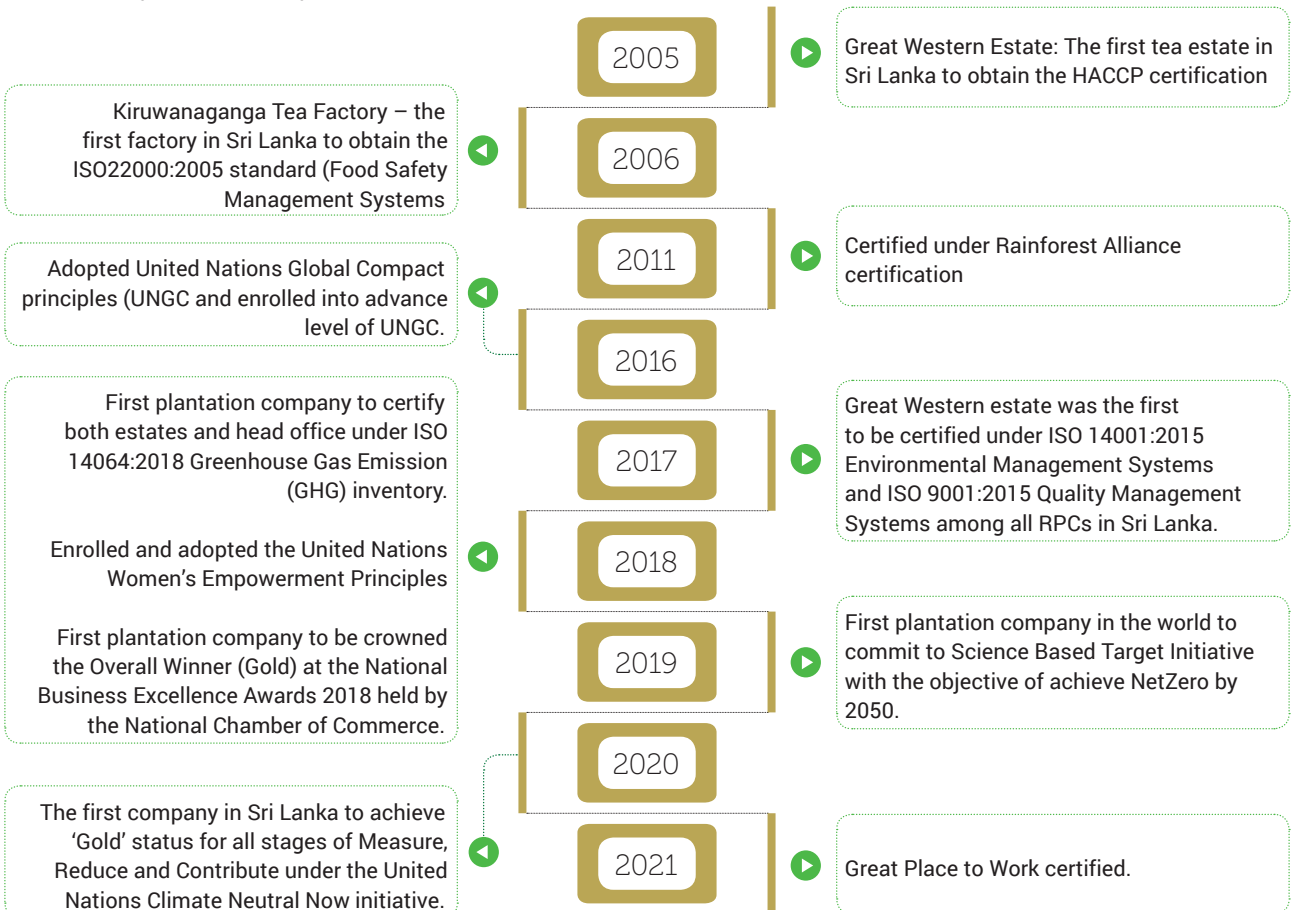
Sound reputation and brand

The Talawakelle Tea Estates' brand is the leading brand in Sri Lanka's tea plantation industry and is renowned for its high-quality teas. The TTE brand has consistently commanded premium prices at tea auctions underpinned by operational excellence achieved through superior agricultural and manufacturing practices.

Achievements

<p>▶ TTE High Grown GSA achieved the Ever highest gap against Western High Grown Elevation</p>	<p>Rs. 94.74 (Previous Highest Rs.74.28 in 2019)</p>
<p>▶ TTE Low Grown GSA achieved the Ever highest gap against Low Grown Elevation</p>	<p>Rs. 86.84 (Previous Highest Rs.79.37 in 2018)</p>
<p>▶ TTE Overall GSA achieved the Ever highest gap against National Elevation</p>	<p>Rs. 97.89 (Previous Highest Rs.85.49 in 2018)</p>

TTE has also pioneered many firsts in the plantation industry with regard to quality, labour practices and sustainability and has set the benchmark for the sustainable manufacture of tea in Sri Lanka. Some of the key pioneering initiatives carried out by TTE over the years are listed below.



Intellectual Capital

Tea Garden Marks

Our estate marks listed on page 26 are renowned for its superior quality and are ranked at the top of their respective agro-climatic regions, attaining premium auction prices. Teas produced under each mark are distinct in taste, quality, character, and appearance influenced by the specific soil and climatic conditions of each tea estate.

TTE RPC Rankings

▶ High Grown	Number 1 for the past 4 years
▶ Low Grown	Number 1 for the past 17 years
▶ National	Number 1 for the past 4 years amongst all RPCs.

Certifications and Voluntary Compliance GRI: 2-23, 24, 25 & 26 ▶

Certifications confirm our compliance with defined criteria that assess our practices against international benchmarks on quality, environment and social responsibility. They also serve to ensure that our sustainable environment and social policies are embedded into our value creation process.

Key Area	Description	Certification
Quality	Addresses quality management	▶ ISO 9001:2015 Quality Management System – Greatwestern Factory certified
Food safety and Hygiene	Addresses food safety management risks across the supply chain	▶ ISO 22000:2018 Food Safety Management Systems – 14 factories certified ▶ HACCP (Hazards Analysis and Critical Control Points systems) – All factories and estates comply ▶ GMP (Good Manufacturing Practices for Biological, Chemical and Physical hazards) – All factories and estates comply
Sustainability	Addresses principles of social and environmental responsibility	▶ Rainforest Alliance Certification - 14 estates certified ▶ Certified on Great Place to Work certification (February 2021 to February 2022) ▶ ISO 14064-1:2018 Green House Gas Emission (GHG) Inventory/ Carbon Footprint Standard - All estates and Head Office certified. ▶ ISO 14001:2015 Environmental Management Systems standard - 5 factories (Holyrood, Great Western, Wattegoda, Somerset and Bearwell) certified. ▶ ISO 50001:2018 Energy Management Systems - Holyrood factory certified. ▶ Sustainable Development Goals under the United Nations - Our operations are aligned to meet the 17 Sustainable Development Goals ▶ Science Based Target Initiatives (SBTI) committed – SBTI to reduce GHG emissions with short-term and long-term targets. ▶ Align with the United Nation Climate Neutral Now Initiative and obtains gold status for steps of Measure & Reduce and Silver status for Commitment step ▶ United Nations Global Compact and United Nations Women’s Empowerment – Principles of UNGC and UNWEP are integrated into Group strategy. ▶ United Nations Climate Neutral Now - Aligned with the criteria of Measure, Reduce and Contribute criteria. ▶ Align with United Nations CEO Water Mandate

Awards and Recognitions

The awards and the recognition we received at industry, national and international levels over the years stand as testament to our good corporate reputation and commitment to excellence.

37 Awards and Accolades



Our awards and recognition during the year are listed on pages 4 to 5.



Influences Our

Policies



Procedures



Standard Working Instructions

Digital Infrastructure

Cognisant of the potential of digital technology in driving efficiency and providing data driven insights that can enhance performance, we have invested in improving our digital infrastructure. Details of our digital infrastructure is given below.

Human Resource Management System – Executive Grade

This system has enabled TTE to digitize the entire HRM process from on-boarding to performance management for executive grade employees. The system has strengthened accessibility to information and better supported TTE’s strategic intents through

- ▶ A more effective roll out of new HR procedures, processes and documentation and facilitated TTE’s transition to a paperless, cost-effective office.
- ▶ Integrated HR related information across all our offices in Colombo, Nanu-Oya, Talawakelle, Deniyaya and Galle facilitating greater transparency and effective management of our Human Capital.
- ▶ Ensured continuity of training and development activities and performance appraisals during the pandemic.

Future Navigator System

Introduced in 2018 for the first time in Sri Lanka, this system digitized the 150-year-old tradition of manually weighing plucked tea leaf. Under this system, the plucked tea leaf is weighed using digital scales with the data uploaded to the system on a real time basis and made available to estate management as well as management at Head Office. The introduction of this system has facilitated greater transparency with regard to worker wages, minimised errors and enabled deeper insights through data analytics and key performance dashboards thereby enhancing management information and decision making.

Digital Infrastructure

Decision Support System (DSS)

This app has strengthened our performance monitoring process by facilitating the tracking, monitoring and assessment of operations across estates and factories from a triple bottom-line perspective and on a real time basis. This software platform facilitates performance analysis, capacity planning and efficiency assessment of our estates and helps us align worker activities with our operational targets.

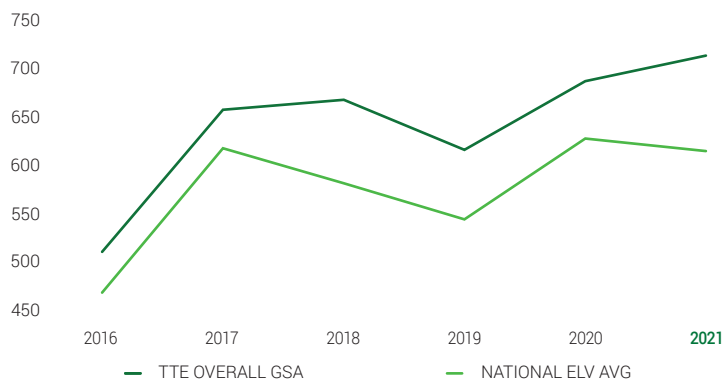
Tabs for Estate Management

The provision of tabs has enabled estate management to track estate specific data such as individual plucker and estate performance data on a real time basis while facilitating strategic insights and knowledge sharing from head office. This has enabled data driven decision making facilitating better performance.

Tacit Knowledge & Learning

Our tacit knowledge stems from experience and insights accrued over three decades of operations in the plantation industry. The tacit knowledge gained over the years has enabled us to hone our agricultural and manufacturing practices resulting in consistently high prices at tea auctions. We continue to nurture our tacit knowledge through systematic training and development which has resulted in the introduction and application of modern agricultural and manufacturing concepts and technologies at our tea gardens and factories.

National Elevation Average Against TTE Overall GSA 2016 to 2021



Intellectual Capital

Process Improvements

We have invested considerably in improving, innovating and optimizing our operations and strengthening our internal systems and processes to create a leaner, flexible and cost-efficient business. Our efforts have been championed by a culture of innovation that has been nurtured across the Group. Managers are empowered in their roles and responsibilities and given the freedom to innovate while employees are encouraged to propose new ideas to senior management that could contribute to the betterment of the organization. Many ideas proposed by our employees have been implemented with due recognition given to the employee, thereby creating a sense of ownership among them.

During the year, we continued to invest in mechanization to drive

efficiency across our agricultural processes. Given our emphasis on quality, the use of plucking shears for tea plucking has been minimised although the use of machinery has been encouraged in other areas such as folio spraying and drilling of holes.

Research and Development

TTE invests in research and development initiatives to drive new product development, improved agricultural practices and process innovation. We collaborate closely with the Tea Research Institute and the national universities to further our research and development projects which include the development of high-yielding and specialty cultivar at the tea nurseries, development of cost effective and alternative solutions to weeding, soil management and product diversification through the development of new specialty teas.

Group linkages

The ability to tap into the high standards of the Hayleys' Group Corporate Governance practices, its highly evolved management systems and expertise across diverse sectors has enabled TTE to improve its own systems and procedures and facilitated responsible corporate practices. Additionally, deep insights on industry trends and developments shared by the Group Strategy Division have enabled timely and perceptive decisions at TTE, allowing the Group to exploit new opportunities while mitigating risk, thereby driving performance and growth.

Way Forward

We will continue to reinforce our brand by focusing on the impeccable quality of our teas and strong compliance with best practices.



Speciality Tea

Membership of Associations GRI: 2-28 ▶

- ▶ Committed to Science Base Target Initiatives
- ▶ Planters Association
- ▶ Ceylon Chamber of Commerce



Relationship Capital - Buyers, Brokers and Suppliers



Our Relationship Capital comprises primarily the deep relationships we have nurtured with our suppliers, buyers, and brokers. Our endeavours to support and share best practices with our supplier base while building trust and confidence among our customers through the consistent delivery of a high-quality product has underpinned mutual value creation across our value chain.

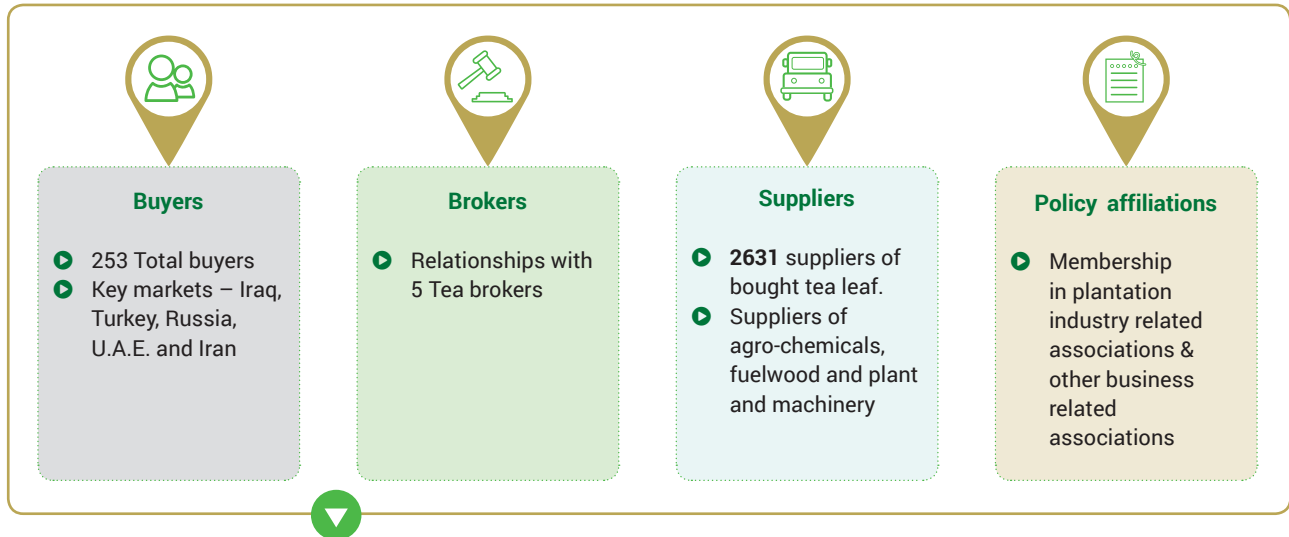
Bought Leaf Suppliers

+2,600



Relationship Capital - Buyers, Brokers and Suppliers

Our Relationship Capital



Value Created

Proactive engagement with buyers and brokers

- 67 new buyers
- Customer satisfaction index improved to 86% (2020/21 : 85%).
- Swift resolution of customer complaints

Associations with industry related organisations

- Active engagement to address industry related issues and challenges

Suppliers

- Rs. 492 Mn in payments to MSME suppliers of bought tea leaf



Maintain food safety and quality standards

- 03 - food safety related certifications
- 43 – internal audits for system compliance
- 36 – external audits for certifications

Highlights for 2021/22



4.14 Mn Kgs Green Leaf intake from bought leaf suppliers



Rs. 1.6 Mn – TTE Exports Revenue



TTE GSA Rs. 854.82 in 4th Quarter

Plans 2022/23

- Increase Low Grown production by 16% by Increasing Kiruwanaganga production to 01 Mn Kg from 0.75 Mn Kg.
- Increase export revenue to Rs. 15 Mn
- Increase bought leaf quantity

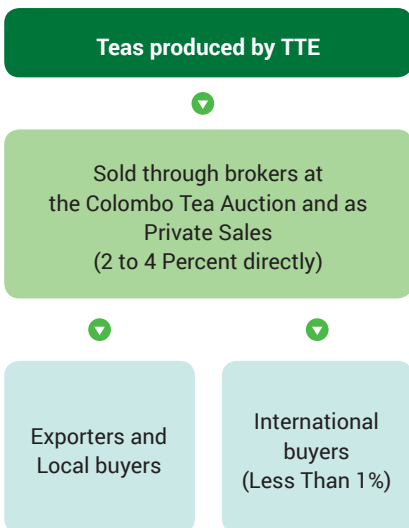
Management Approach GRI 3-3 ▶

Our management approach is relationship centric. Closely engaging, we give strategic priority to build, strengthen and sustain the trust and confidence of our buyers, brokers and suppliers. Product responsibility is key to our management approach which in effect is the premise underlining our ‘Quality and Food Safety Policy’, given below. We practice fair trade and give an assurance on the product with due information, meeting labelling requirements and being responsible in our marketing and brand communications. Evaluation: Certification audits/ internal control/ estate-level and corporate office monitoring.

Managing Customer Relationships

Customer Profile GRI 417-3 ▶

TTE’s customer base comprises local and international buyers. Sales are made to end-buyers primarily through brokers at the Colombo Tea Auction.



We are cognizant of our responsibility towards producing products that do not harm the health and wellbeing of our consumers and the environment. In view of this we have implemented a stringent quality and food safety policy as given below.

Quality and Food Safety Policy

GRI 416-1 & 2 ▶

Our quality and food safety policy entails the following,

- ▶ Agricultural and manufacturing best practices across all our plantations
- ▶ Conformance to stringent global food safety standards across all our production facilities and at every stage of the manufacturing process.
- ▶ Implementation of the Food Safety Management System across the organization.
- ▶ Adherence to all relevant statutory and regulatory requirements.

Additionally, we ensure that our supplier materials, agricultural and production practices conform to

international standards. We have also aligned our processes with local and international certifications to provide assurance to third parties about our sustainable agricultural and manufacturing practices. Our tea estates are certified with Rain Forest Alliance, ISO 22000:2018, ISO 14064-1:2018, ISO 14001:2015-EMS, ISO 9001:2015-QMS, ISO 50001:2018 EnMS and HACCP voluntarily. We comply with the regulatory requirements of Sri Lanka Tea Research Institute (TRI) and Sri Lanka Standards Institution - Sri Lanka Tea Board, which includes regulations on agro-chemical concentrations, gestation period and permitted materials.

We ensure TTE products are free from elements which harmful to consumer health & safety by ISO 22000 & HACCP Certifications. In the year under review, TTE did not report any incidents of non-compliance related to health and safety impacts of products and services.

Customer Value Proposition

<p style="text-align: center; color: #008000;"><i>Sustainable Production</i></p> <p>Environmentally and socially conscious value creation process.</p>	<p style="text-align: center; color: #008000;"><i>Premium quality</i></p> <p>Production of premium teas through the application of agricultural and manufacturing best practice.</p>	<p style="text-align: center; color: #008000;"><i>Technology and Innovation</i></p> <p>Progressive investment in agriculture technology, staying abreast of technical developments, and innovation has facilitated a consistently high-quality product.</p>
<p style="text-align: center; color: #008000;"><i>Traceability</i></p> <p>Complete control of our supply chain and production process assures customers of a socially and environmentally responsible product. Sourcing of green leaf.</p> <ul style="list-style-type: none"> ▶ 84% from our own estates ▶ 16% from small holders and other estates. 	<p style="text-align: center; color: #008000;"><i>Proactive Engagement</i></p> <p>Proactively engage with customers to understand buyer specifications and swift resolution of complaints.</p>	<p style="text-align: center; color: #008000;"><i>Product Responsibility</i></p> <p>Our food safety policy which is aligned to guidelines established by international certifications provides the assurance that our products do not harm the health and well-being of our customers.</p>

Relationship Capital - Buyers, Brokers and Suppliers

Proactive Engagement GRI 417-3 ▶

TTE proactively engages with buyers and brokers nurturing long-standing relationships and building and maintaining trust in its Brand. As the pandemic protracted into its second year, TTE was compelled to engage with customers through virtual mediums which included video conferencing. Prior to the pandemic, we engaged with buyers and brokers primarily through plantation and factory visits where we showcased the socially and environmentally sustainable agricultural practices and production process we have implemented, to produce high quality tea. In the year under review, TTE did not report any incidents of non-compliance with regulations and voluntary codes with regard to marketing communications.

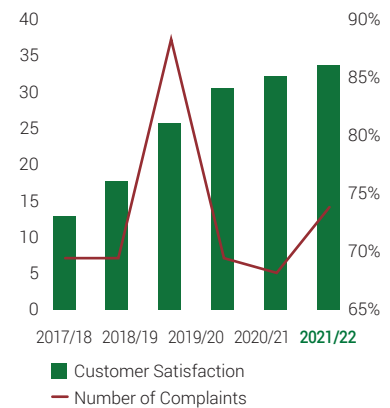
Customer Satisfaction

Customer satisfaction is assessed through customer satisfaction surveys. Customer satisfaction of five key buyers were assessed under a range of topics which included,

- ▶ Positive and negative attributes of our teas
- ▶ Appearance and taste of teas
- ▶ Customer requirements
- ▶ Packaging quality, delivery, and customer services
- ▶ Relevance of certifications

Our satisfaction rating improved to 86% for 2021/22 from 85% in 2020/21 affirming our customer value proposition. No substantiated complaints regarding breaches of customer privacy and losses of customer data were reported during the year.

Customer Satisfaction Vs Customer Complaints



New Buyers
67

▶

Customer Satisfaction Rating
86%

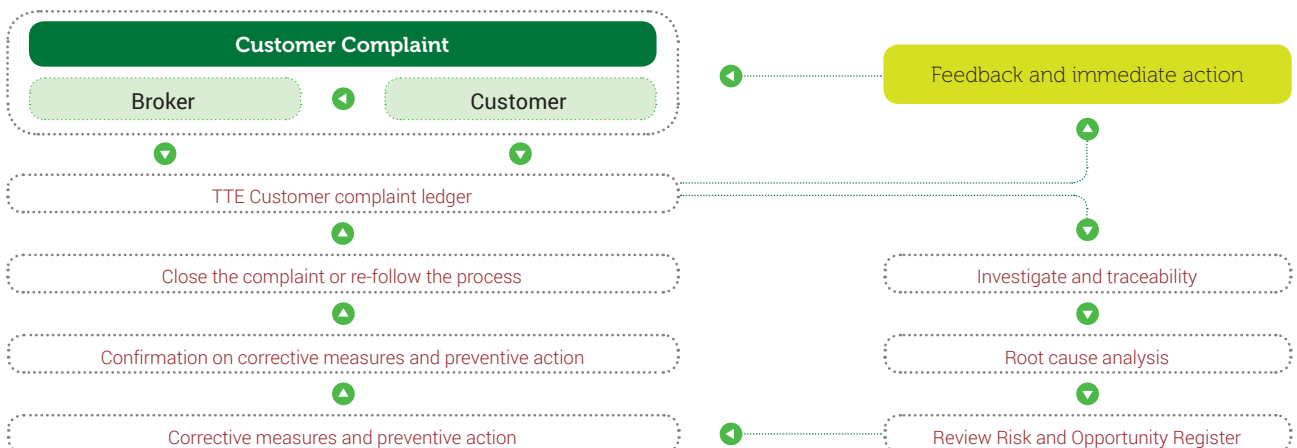
▶

Customer Retention Rate
98%

Customer Complaints

We have a structured customer complaints handling procedure to address and resolve buyer/ broker grievances systematically. While customer complaints recorded an uptick to 14 during the year, TTE took steps to resolve the complaints swiftly through its formal customer complaints handling procedure.

Customer complaint handling process



Product Labelling

GRI 417-1 & 2 ▶

We adhere to all product labelling guidelines and standards established by The Sri Lanka Tea Board and Ceylon Tea Traders Association as well as industry best practice. Our product labelling provides relevant information about the quality of our

tea to our buyers facilitating informed decision making, Which includes; Selling Mark, Grade, Invoice Number, Net Weight, Tare Weight, Gross Weight, Number of packages in the Invoice & Bag Number, Certifications acquired by the paper sack manufacturer, Certifications acquired by the Estate & the Name of the Plantations company.

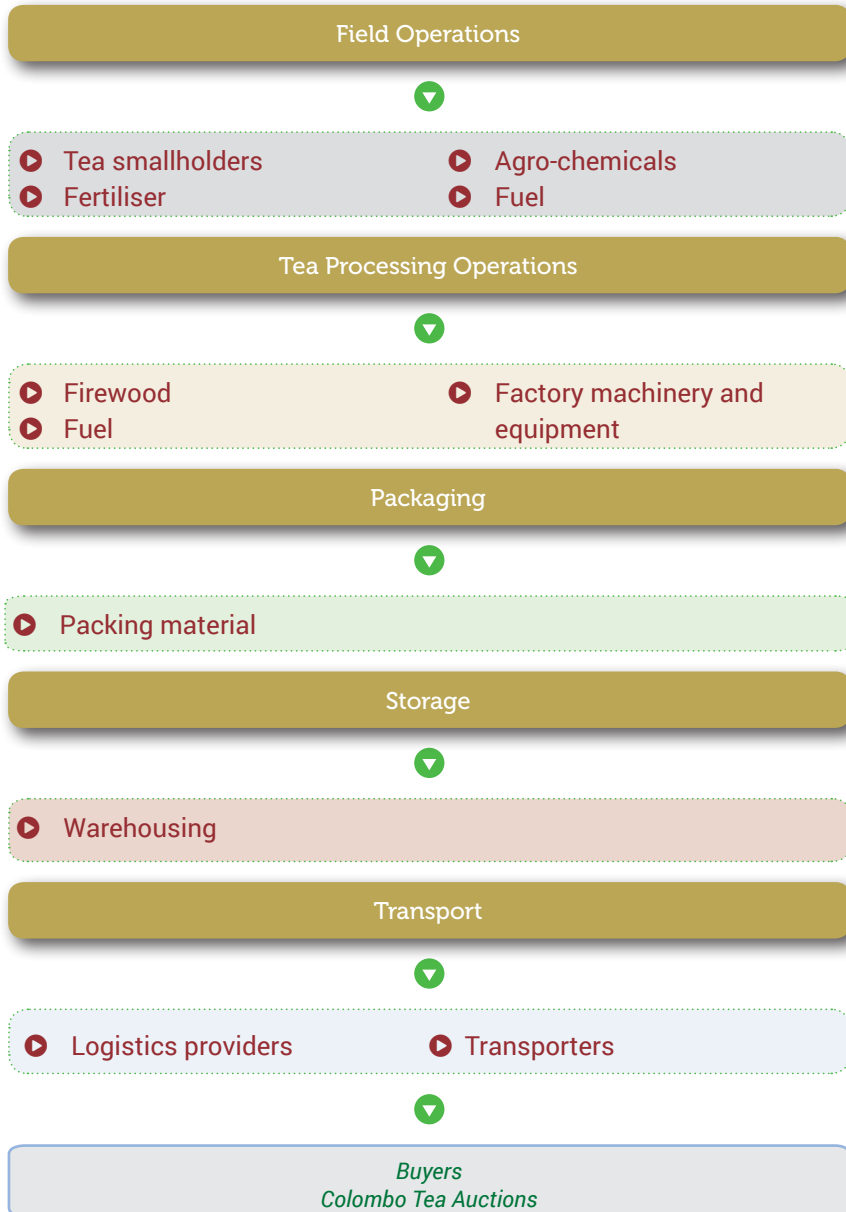
No incidents of non-compliance with regulations concerning product labelling and information were reported during the year.

Compliance

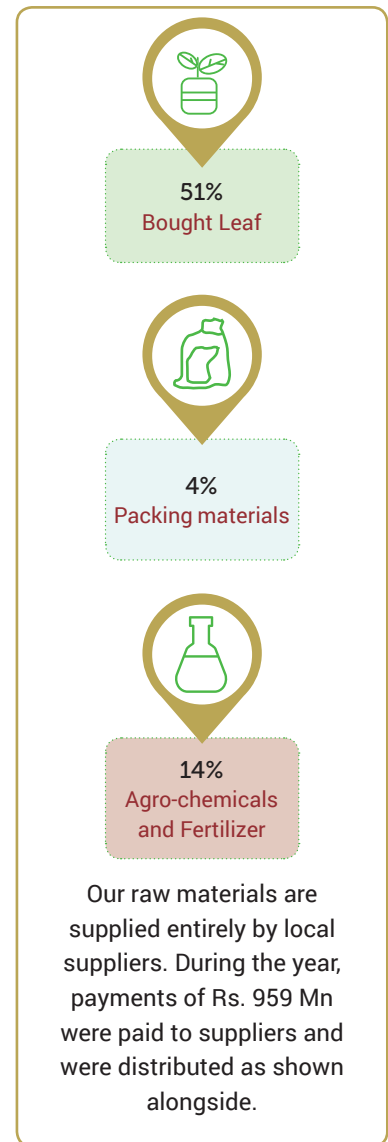
No monetary fines for non-compliance with laws and regulations nor rejections of any of its product categories were reported during the year.

Managing Supplier Relationships GRI 204-1 ▶

Our Supply Chain

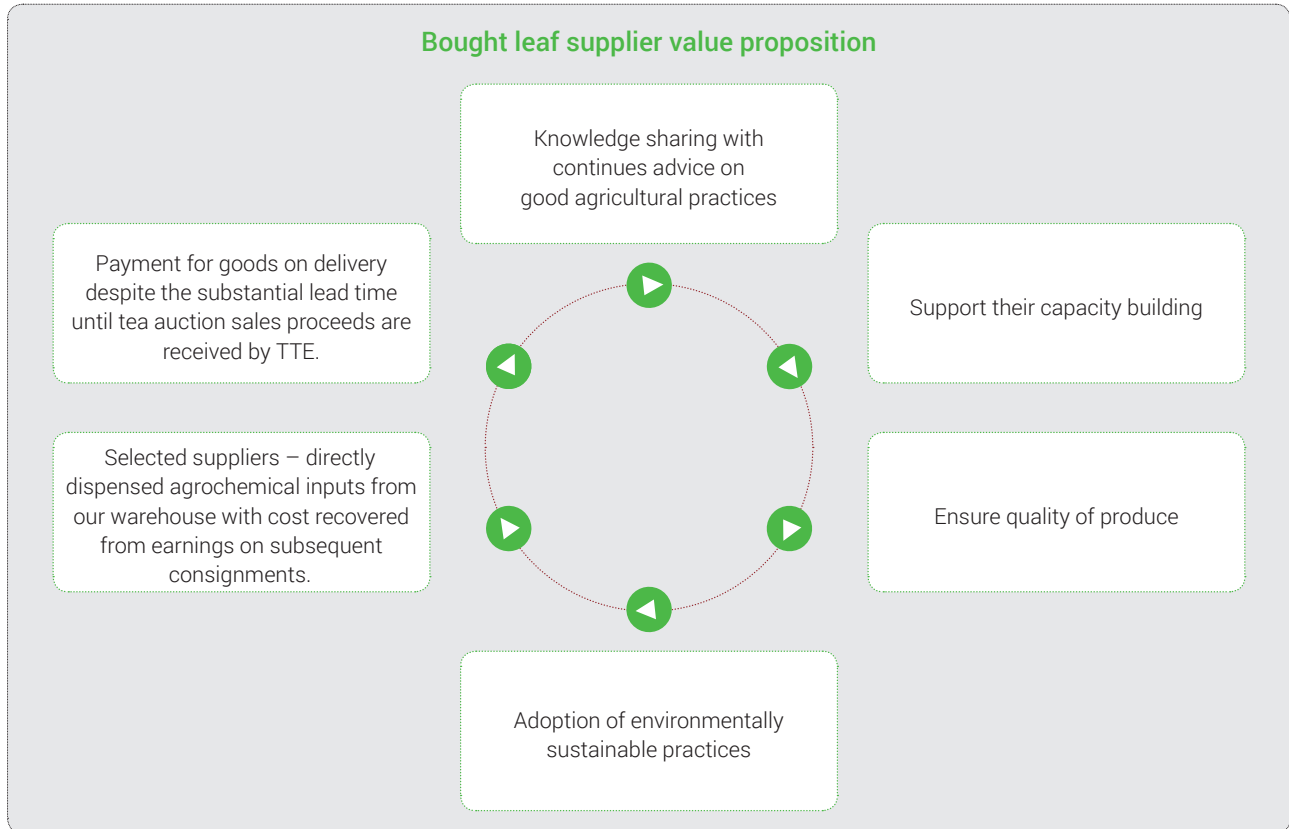


Supply chain partners and payments



Relationship Capital - Buyers, Brokers and Suppliers

Bought leaf supplier value proposition



Bought Leaf Suppliers

- ▶ Bought leaf volumes account for 16% of Greenleaf processed at TTE factories.
- ▶ Our bought leaf supplier base comprises 2,631 suppliers of which 1,914 are regular suppliers.
- ▶ All bought leaf suppliers are Micro, Small and Medium Enterprises (MSME) and are registered with the Tea Commissioners Division or are tea small holders.
- ▶ Micro, Small and Medium Enterprises form a vital part of the economy. Mobility restrictions imposed owing to the pandemic and the ban on fertiliser imposed during the first half of the year negatively impacted this segment given its inherent vulnerabilities, However, our bought leaf supplier value proposition helps strengthen the sector with benefits trickling down to our communities.

Fertiliser Suppliers

Our primary supplier of fertilizer and agrochemicals is a company within the Hayleys Group. The Group company is a licensed importer of fertilizer and is recognized for high quality and reliability of supply. The Group company adheres to all regulations and certification requirements.

A sudden ban on the import of all chemical fertilisers was imposed by the Government in April 2021 which was subsequently reversed. The availability of excess stocks of chemical fertilizer with our suppliers during the period of the ban augured well for TTE as it minimised adverse impacts.

The high cost of fertiliser in the global markets remains a concern for the Group. Resultantly, TTE has also focused on improving the cost-effectiveness of fertiliser application through initiatives such as soil mapping, leaf analysis and the use of organic fertilisers such as compost and bulk manuring.

Other Suppliers

Other suppliers comprise primarily suppliers of packing material, fuel wood and plant and machinery.

Rs. 492 Mn

Payments to Bought Leaf Suppliers

Rs. 129 Mn

Payment on Fertilizer

GRI:415 ▶

Supplier Selection

Our supplier selection process is rigorous and is aligned with all relevant regulatory and quality assurance certification requirements. Suppliers are assessed against a range of criteria which include,

- ▶ Fair pricing
- ▶ After sales service (for plant and machinery)
- ▶ Conformity to quality and standards
- ▶ Compliance with environmental and social criteria
- ▶ Timeliness of delivery

References are obtained whenever possible. Supplier selection is merit based, with only suppliers who meet the assessment criteria being selected. No significant issues were identified during the year.

Supplier Audits

Periodic audits on supplier operations are carried out aligning with RA and ISO 14000 standard requirements at corporate and estate offices. Suppliers are audited to assess their

- ▶ Social and environmental practices
- ▶ Compliance with relevant laws, regulations, and standards
- ▶ Compliance with TTE's own assessment criteria

Fuelwood suppliers are monitored through a structured questionnaire to ensure the validity and relevance of licenses.

No significant issues with regards to suppliers were identified during the year.

Public Policy

We are members of several governmental and non-governmental organisations related to the industry and participate actively in policy making and lobbying to address industry related issues and challenges. Senior management holds key positions in policy making committees.

We hold memberships in the following associations:

- ▶ Ceylon Chamber of Commerce
- ▶ Plantation Human Development Trust
- ▶ Planters' Association of Ceylon
- ▶ Biodiversity Sri Lanka
- ▶ Employers' Federation of Ceylon

Apart from our engagement at policy level, we do not hold any political memberships and do not support any political agendas. No monetary or non-monetary political contributions were made during the year.

Human & Social Capital



Our Human Capital is our most valuable asset and is vital to our value creation process. Since most of our employees reside on our estates along with their families and constitute the local community, we are committed to fostering an environment that nurtures our workforce while parallely driving socio-economic development within our communities.

**2nd Best
Workplace in Asia
(Great Place to Work)**



Our Human Capital

5,279
Employees

83%
of employees
resident on
estates

Highlights for 2021/22

- Empowerment Through Micro-Entrepreneurship
- Mother & Child Friendly Estates
- Promoting Quality Education
- Improving Employee Wellbeing

Our Human Capital comprise our workforce while our communities are represented mainly by the families of our employees residing on our estates. Given the interlinkages that arise between our employee value proposition and community engagement given our large resident workforce we have combined our Human Capital and Social Capital Reports.

Plans 2022/23

- Great Estates to Work
- Learning & Development
- Child Care & Youth Empowerment



Value Created



Great Place to Work Certified with a 96% Satisfaction Rating

- Among the Best Workplaces for Women
- Extra Large Enterprise Category (Gold)

Fair Remuneration

- Rs. 2,717 Mn in payments to employees
- A range of benefits including accommodation and healthcare.

Cordial Labour Relations

- 98% of employees belong to trade unions
- No disputes during the year.

Local Community Development

- Socio-economic development of our resident and local communities.
- Rs. 107.4 Mn invested for "A Home for Every Plantation Worker" Programme.

Training and Development

- Rs. 1.46 Mn invested in training and development during the year.
- 28,634 Training hours

Employee Wellbeing

- Rs. 7.1 Mn invested in employee health and nutrition
- 24 hr ambulance service and other medical facilities
- Zero anemia, maternal malnutrition and underweight children for a healthy life

Human & Social Capital

Management Approach GRI: 2-23, 24, 25 & 26, 3-3

Our comprehensive human resource policy framework has been shaped by the guidelines and principles of the UN Global Compact, UN Women’s Empowerment Principles and our parent entity, the Hayleys Group’s Corporate HR policies.

Guiding Frameworks	Our HR policies
<p>UN Global Compact The 10 Principles of the UN Global Compact</p> <ul style="list-style-type: none"> ▶ Human Rights (2) ▶ Labour (4) ▶ Environment (3) ▶ Anti-corruption (1) <p>UN Women’s Empowerment Principles Provides guidance on promoting gender equality and women’s empowerment in the workplace.</p>	<p>TTE & Hayley’s Group HR Policies</p> <ul style="list-style-type: none"> ▶ Recruitment ▶ Leave & Attendance ▶ Learning & Development ▶ Performance Management ▶ Disciplinary ▶ Grievance Handling ▶ Health & Safety ▶ Whilst blower ▶ Anti-Sexual Harassment

TTE adopts a top-down approach to managing employee relations with policies established at corporate level, communicated, implemented, and monitored by teams at regional and estate levels. Given the labour-intensive nature of our operations, our commitment to continuously develop our HR policies in line with international best practice has created an environment where all employees can thrive. Our labour management approach is graphically depicted below.



Regional & Estate HR Teams

Endorsing our efforts to create a positive work environment, TTE received the 'Great Place to Work' certification with a record high satisfaction score of 96%. Over 1000 employees were surveyed during this process including majority of estate workers.

Asia's Second Best Workplace

96% Satisfaction Rate

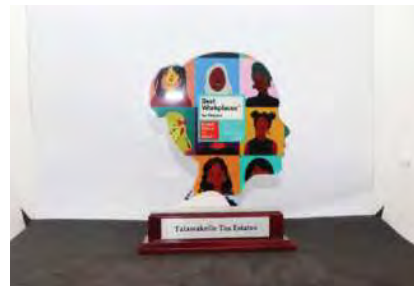


Additionally, we received the following awards in recognition of our strong HR management practices:

- ▶ Ranked among the Best Companies in Sri Lanka in the Top 40 Company list.
- ▶ Ranked 2nd in the Large Category at the Best Workplace in Asia awards
- ▶ Ranked within the '10 Best Workplaces for Women in Sri Lanka' 2021.
- ▶ Best Public Limited Company in Sri Lanka (2021)
- ▶ Extra Large Enterprise Category in Sri Lanka (2021) – Gold
- ▶ 10 Best Workplaces in the Manufacturing and Production Industry in Sri Lanka



Extra Large Enterprise Category (Gold)



10 Best Workplaces for Women



2nd Best Workplace in Asia



10 Best Workplaces in the Manufacturing & Production Industry



Best Public Limited Company (2021)



Among the Best Top 40 Company List

Human & Social Capital

GRI 2-7 & 8, 405-1,406-1, 409-1, 411-1

Team Profile

Team TTE

Team TTE comprises 5,279 employees with 91.5% employed as manual workers on our estates.

	Permanent	Contract
By gender		
Male	2164	11
Female	3098	6

- There were no incidents of violation to rights of indigenous people.
- All employees are employed on a full-time basis. TTE does not employ part-time workers.
- Manual grade employees comprise primarily residents on our estates with ethnicity tilting toward the minority Tamil race.
- There were no incidents of discrimination reported during the year.
- There were no incidents related to forced/compulsory labour within our estates, during the reporting year.
- There were no incidents of violation to rights of indigenous people, during the reporting year.

Regional Distribution of Our Workforce

Approximately 83% of our employees are employed in the high grown region.

	Permanent	Contract
By region		
High Grown	4364	12
Low Grown	869	2
Western	29	3

There are no workers who are not employees & whose work is controlled by TTE.

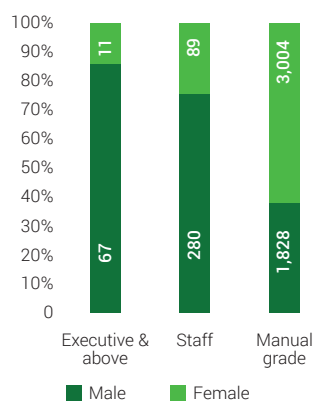
Governance Bodies & Employee Representation

Age Group	Male	Female
< 30 yrs	7%	9%
30-50 yrs	29%	39%
> 50 yrs	6%	10%

Gender Profile of Employees

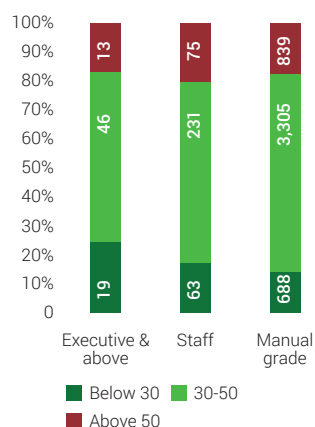
Approximately 57% of our workforce comprises women employed as tea pluckers on our estates.

Gender Profile of Employee Categories

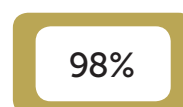


Age Profile of Employees

Gender Profile of Employee Categories



Trade Union Representation



98% of our employees are members of trade unions.

Recruitment and Turnover GRI 401-1, 405-1 ▶

We are an equal opportunity employer, with recruitments taking place based on objective criteria. Stringent non-discriminatory policies ensure that race, age and gender have no bearing on the recruitment process. Internal transfers and promotions are given precedence, ahead of external hiring. 28 employees were promoted during the reporting period. Employment opportunities are offered to residents on our estates fostering a cordial relationship with the Group while driving socio-economic development. Approximately 80% of Senior Management including Head Office Management/ estate management and 98% of staff at the estate supervisory grade is hired from the local community. Given the labour-intensive nature of our operations, a declining workforce continues to pose a challenge to our operations.

During the year 538 persons left our organization. Among these employees most of them are manual grade employees and majorly accounts to the increase in turnover shifting to non wage model. 40 people were recruited during the year.

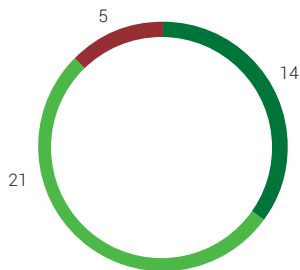
Recruitment

TTE recruited 40 persons during the year.



30 persons : 10 persons
75% : 25%

Recruitment By Age



■ Under 30 (35%) ■ 30-50 (53%)
■ Over 50 (12%)

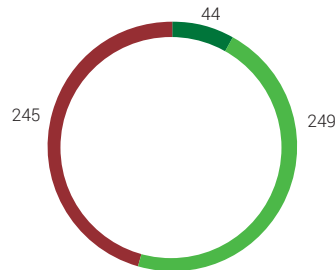
Turnover

A total of 538 persons left the organization during the year.



286 persons : 252 persons
53% : 47%

Turnover By Age



■ Under 30 (8%) ■ 30-50 (46%)
■ Over 50 (46%)

Recruitment by region

Region	Count	Percentage
High grown	32	80%
Low grown	7	17%
Western	1	3%

Recruitment by region

Turnover by region

Region	Count	Percentage
High grown	382	71%
Low grown	154	28%
Western	2	1%

0.7%

Recruitment Rate

8.6%

Turnover Rate

Human & Social Capital

Non Wage Model

TTE introduced the Non-Wage Model to address employee retention related issues and the decline in labour availability. This model attempts to transition the worker management process from the traditional attendance-based, management dependent system to a more productivity driven, entrepreneurial model.

This model involves assigning a plot of land to selected employees along with the designation of 'Block Manager'. As a 'Block Manager' the individual is given the responsibility and independence to manage harvesting and general upkeep of the land. Remuneration is based on productivity along with all other statutory and legal benefits and obligations.

This model not only increases opportunities for workers to enhance their earnings but empowers them to work as self-managed entrepreneurs as opposed to the traditional supervised work environment of an employee.



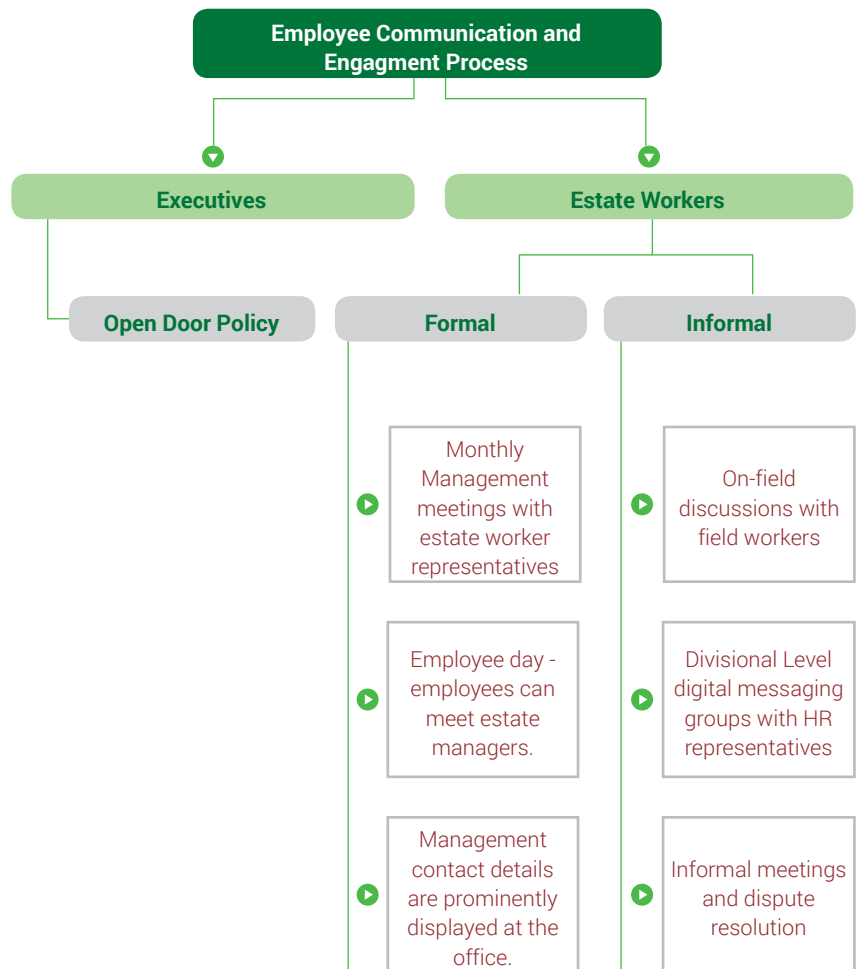
Communication and Engagement

GRI 411-1 ▶

TTE's strong emphasis on open communication with employees fostered healthy labour relations during the year. TTE practices an open workplace culture, engaging with employees both formally and informally on an ongoing basis. Formal communication entails regular staff and team meetings while informal discourse takes place both in-person as well as through digital messaging platforms. Access to management through formal and informal means has enabled TTE

to address worker grievances and concerns in a cordial manner.

Workforce grievances on the estates are addressed by the estate management and the trade union representatives. Our collective agreements and certifications set out the standard labour practices and the procedures to be followed in addressing grievances and disputes. TTE did not record any formal grievances related to labour practices including human rights and the rights of indigenous people within the 12 months ended 31st March 2022.



Fair Remuneration

GRI 2-30, 401-2, 402-1, 407-1

TTE is committed to providing fair remuneration to all its employees in line with performance. We abide by the Staff Collective Bargaining Agreements (7% Employees) in place

for members of trade unions while remuneration of other employees is determined with reference to performance and market rates. The estate workers' wages model continues to be under dispute and is pending determination in the Court of Appeal. TTE presently remunerates

its estate workers through a productivity linked wage model established through the Wages Board which has been acceptable to its estate workers. In addition to wages, employees receive the following benefits:



Estate Welfare Teams also promote estate residents to supplement the family income through a range of methods while providing numerous welfare activities.

Ratio of Basic Salary Female Employees to Male Employees

- ▶ Manager & Executive - Performance Based
- ▶ Manual and Staff Grade - 1:1



Human & Social Capital

TTE maintains positive labour relations with trade unions and upholds the spirit of the collective bargaining process although the wages are set by the 'Wages Boards'. Earlier, the collective agreement stipulates salary increments, industrial dispute resolution, health and safety obligations, minimum notice periods regarding changes to operational conditions and other worker conditions. A reasonable amount of time is provided regarding operational changes. There were no incidents of violation of these agreements during the year.

Leave Entitlement

Leave entitlement at TTE meets the regulatory criteria/collective agreements and is given below.

Employee category	Legal Requirement		Talawakelle		
	Annual	Casual	Annual	Casual	Medical
Executives and above	14	7	14	7	0
Staff	14	7	14	7	21
Manual grade	14	0	14	0	0

Compensation and statutory benefits

Rs. Mn	Basis of contribution	2020/21	2021/22
Defined Contribution Plan Obligation			
Employees' Provident Fund	10%	110.79	158.04
Employees' Trust Fund	3%	33.23	39.5
Defined Benefit Plan Obligations			
Gratuity Provision		150.05	113.8
Gratuity Payments		118.06	91.1

Performance Management GRI 404-3 ▶

We are committed to advocating a performance-based work culture within our organization.

- ▶ **Executive Cadre** – Our performance management system for the executive cadre is well-structured, fair and transparent and follows a 'Balanced Score Card' approach. Employee performance is assessed against a set of pre-agreed performance indicators through clear measurement and evaluation criteria. The system also facilitates systematic monitoring, evaluation and support for all our employees, enabling them to perform at their best while developing their personal career aspirations. The implementation of the Oracle Human Resource Information System has streamlined the performance appraisal process at TTE driving efficiency and transparency in promotions, increments, rewards and recognition. All employees received performance appraisals during the year.



Performance Excellence Awards

- ▶ **Staff Cadre** – Estate staff is entitled to an auto annual increment according to the collective agreement and special performers are given special increments and promotions.
- ▶ **Manual Grade** – Estate worker performance is assessed against a standardized daily expectation of productivity following a 'Colour Card System'. Worker performance is assessed daily against a minimum expected quantity of plucked tea leaves. Performance based incentives have been established with workers entitled to higher pay if the minimum quantity is exceeded. We provide guidance and training to our estate employees to maximise their plucking capacity within an 8-hour day while balancing periods of rest to minimize fatigue. The implementation of the Future Navigator mobile application has facilitated greater transparency and efficacy in the performance appraisal process of estate workers.

TTE recognizes the exceptional performance of our employees at all levels of the organization.

100% of employees were evaluated through the performance monitoring system.



Best Tea Harvester Awards

This scheme is designed to recognize our employees who demonstrate the highest levels of productivity within our estates each month. Field workers who pluck the best quality and highest quantity of Greenleaf tea each month as tracked by the Future Navigator app is recognized by the estate manager as the 'Best Tea Plucker' within the estate for the respective month. At the end of the month, the employee is awarded a certificate of recognition hand-signed by the Managing Director at a special ceremony along with other rewards.



Appreciating Our Women Employees



Staff Awards - Kiruwanaganga Estate



Best Plucker Awards - Somerset Estate



Best Plucker Awards - Calsay Estate



Best Plucker Awards - Mattakelle Estate



Rewarding Employees - Indola Estate

Human & Social Capital

Addressing Absenteeism

TTE's '100% Attendance at Work for Increased Earnings' programme has helped minimize absenteeism and encouraged workers to report to work and increase their remuneration. The following initiatives were implemented during the year under this programme:

- ▶ Raised awareness of the contribution of employees to organisational success
- ▶ Monthly meetings for poor and high performers with the objective of improving divisional output.
- ▶ Internal and external study tours for the employees - factory visits
- ▶ Recognition of high performers through rewards and competitions.
- ▶ Celebrate birthdays, sent thank you cards and condolence letters to employees
- ▶ Home visits to employees with poor attendance to support and encourage them to return to work.
- ▶ Raised awareness about the Non-Wage Model in all divisions and educated the workers on the benefits of being an entrepreneur.

Health and Safety GRI 403:1-10 ▶

TTE has a comprehensive health and safety policy framework in place that ensure a safe and injury-free work environment for all employees. Our health and safety policies are in line with all national regulatory requirements, collective agreement requirements and local and international certification standards. The Senior Manager – Sustainability and Quality Systems Development is responsible for handling all health and safety related matters within the organization.

Our health and safety management process involves an occupational

health and safety risk assessment at the beginning of each year which identifies material risks to the health and safety of our employees. Based on the findings of the risk assessment, an occupational health and safety plan is prepared and implemented across the organization with progress monitored on an ongoing basis.

In addition, health and safety committees, comprising representatives from estate management, staff and manual workers (10-15 people from each division), meet monthly to discuss health and safety issues. Mitigative measures are implemented to address any concerns raised during these meetings.

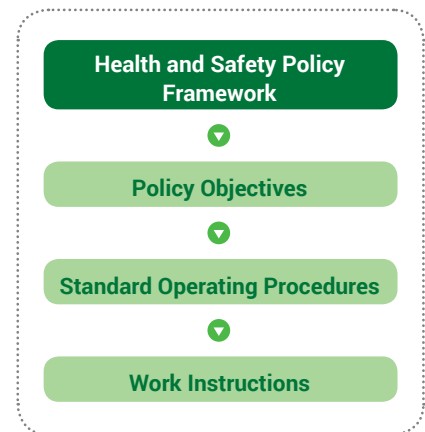
Compliance with health and safety procedures are monitored on an ongoing basis. Records of all health and safety incidents on the estates are maintained and analysed annually to ascertain any health-related trends.

TTE has implemented the following procedures to prevent significant negative occupational health and safety impacts:

- ▶ Pre-employment health screening for all employees engaged in hazardous work by the Medical Officer of Health.
- ▶ Provision of personal protective equipment to employees engaged in hazardous work.
- ▶ Personal safety equipment for employees working at factories and handling chemicals
- ▶ User friendly plucking baskets for tea pluckers
- ▶ Fire drill demonstrations and safety equipment
- ▶ Basic first aid and premedical care

TTE also provides health and safety training to its employees with the following areas addressed during the year:

- ▶ Chemical handling training
- ▶ Fire related training – use of fire extinguishers, fire drills
- ▶ Basic first aid and premedical care training
- ▶ Follow-up training by estate medical assistants.



Awareness on Handling Chemicals



Providing Ergonomic Plucking Baskets - Wattedgodde Estate

TTEs's health and safety record for the year is given below.

Year	No. of injuries	Rate of injury	Occupational diseases	Lost days	Work related fatalities
2020/21	109	0.45	0	120.5	0
2021/22	64	0.9	0	56.5	0

During the year, no work-related ill-health was reported.

753 males and 754 females were trained for 3040 hrs on awareness through training on health, nutrition and to create a safe work environment for workers and handling hazardous agro chemicals.

Since 83% of our employees lives on our estates, we extend our health and safety management approach to include the homes of our community. We provide clean water, healthcare and access to medical clinics to our employees and families and conduct training programmes that address health and nutrition concerns of adults and children. Key programmes conducted in this regard include:

- ▶ Annual health screening for all employees
- ▶ Access to awareness programmes and medical camps pertaining to
 - ▶ Anemia
 - ▶ Nutrition
 - ▶ Health and hygiene
 - ▶ Communicable and non-communicable diseases
- ▶ Medical center facilities with ambulance services at all our estates
- ▶ Free prescription medicines
- ▶ Regular health camps to raise awareness on
 - ▶ Preventive healthcare
 - ▶ Clean, tidy home and workplace
- ▶ Comprehensive immunization programme for our employees and the resident communities
- ▶ Encourage and support female workers to maintain a healthy lifestyle

COVID-19 Related Measures

As the pandemic protracted into its second year, TTE continued to maintain stringent health and safety protocols to minimize the risk of COVID-19 and non-work related health issues.



Posters on COVID Awareness - Bearwell Estate



Providing Dry Rations - Wattegodde Estate



Disinfesting Worker Houses

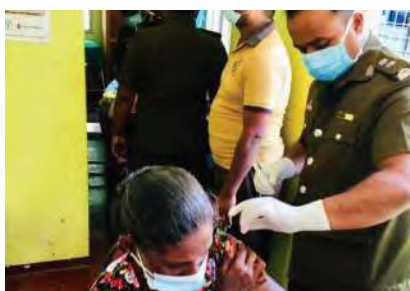
Human & Social Capital

Key actions taken include:

Adaptation Measures	<ul style="list-style-type: none"> ▶ Vaccination programmes for all employees and their families ▶ Provision of immunity boosting herbal drinks and dates for employees in the field. ▶ Provision of iron and vitamin C tablets for all employees
Mitigating economic Impacts	<ul style="list-style-type: none"> ▶ Approached PHDT, small-scale stores and institutions to obtain food rations for the employees ▶ Ensured job security of workers through business continuity despite mobility restrictions across the country. ▶ Timely payment of salary advances ▶ Encouraged all employees and non-estate employees to maintain home gardens on their available land ▶ Allocated buildings to stock food rations for two to three months ▶ Distribution of dry rations to the most vulnerable families on company account
Health and safety protocols	<ul style="list-style-type: none"> ▶ Working committees comprising members from management, community, and relevant authorities for information sharing. ▶ Sanitation facilities provided at offices, plucking fields, factories, CDCs and other common areas ▶ Personal protective equipment was provided to all employees ▶ Temperature monitoring and recording.
Awareness	<ul style="list-style-type: none"> ▶ Prominently displayed posters on the management of COVID-19 at all common places in both Tamil and Sinhala ▶ Regular awareness meetings with workers, estate leaders, youth and non-workers ▶ Special education programmes for Child Development Officers (CDOs) on the role and responsibilities during the pandemic. ▶ Facilitated PHI officer visits to the estates ▶ Maintained stringent records of visits by external parties to the estate/division, number of persons infected and number of persons in quarantine.
Preventing spread of the disease on the estate	<ul style="list-style-type: none"> ▶ Disinfection of all living areas, factories, offices, and child development centers through Red Cross, Sri Lanka and other service providers ▶ Regular meetings and coordination with government health care officers ▶ Regular meetings of emergency teams at all estates/ divisions ▶ Provision of COVID-19 related information to all relevant parties when required. ▶ Regular meetings and coordination with senior officials (MD, CEO, DP) at head office ▶ Formed Zoom and WhatsApp groups in each estate (Worker representatives, staff and management)



Distributing Food - Logie Estate



Vaccination Programme - Deniyaya Estate



Attending to COVID Guidelines

Training and Development GRI 404-1,2 ▶

Training and development is a strategic priority at TTE as it develops the technical skills and competencies required in enhancing land and labour productivity. Therefore, training takes place on an ongoing basis with short, informal training sessions incorporated into the workday on a regular basis.

Individual training plans for employees are developed considering skill gaps identified during the performance appraisal, recommendations of the supervisor and employee preference. Training is delivered through an array of methods as given alongside and cover a range of topics that are important for enhancing organizational performance as well as the personal development of our employees.

We also work closely with many external bodies, including the National Institute of Plantation Management, Tea Research Institute, Rubber Research Institute, National Institute of Business Management and universities to provide well-rounded technical and strategic training to all our employees. TTE invested Rs. 1.46 Mn on training and development during the year. Key training programmes delivered during the year are given below.

Training Delivery Methods

- ▶ On-the-job training
- ▶ In-person and virtual presentations and demonstrations
- ▶ Visual presentations – posters, banners
- ▶ Workshops conducted by internal and external resource personnel
- ▶ Knowledge sharing

Key areas	Training programmes delivered during the year
Leadership and soft skills	<ul style="list-style-type: none"> ▶ Interpersonal Skills ▶ Be an effective leader ▶ Teamwork and collaboration ▶ Employee motivation sessions ▶ Enhancing productivity through leadership, positive thinking and team building for staff and other employees ▶ Community driven leadership training ▶ Enhancing productivity through leadership, teamwork and workers sustainability ▶ Strategic planning training workshop for managers and staff
Inclusive workplace	<ul style="list-style-type: none"> ▶ Promoting gender equality and inclusion through awareness creation on sexual gender-based violence ▶ Women group leaders' motivation trainings ▶ Gender equality training workshops for workers and staff
Technical skills	<ul style="list-style-type: none"> ▶ Revenue share model ▶ Company procedures, policies and development initiatives to enhance the work-life of the employees ▶ Non-negotiable and company standing instructions ▶ Rainforest Alliance, ETP and other certifications ▶ Labor law, negotiation skills, social dialogue and workplace cooperation ▶ Certificate and Diploma courses in childcare for CDC officers ▶ Certificate in Human Resource Management for Estate Welfare Staff ▶ ECCD training workshops for day care center officers and workers ▶ Retirement age and termination of employment

Human & Social Capital

Key areas	Training programmes delivered during the year
Agricultural practices	<ul style="list-style-type: none"> ▶ Training workshops for Field/Factory Officers ▶ Workers' exposure /study visits to factories ▶ Tea Bush Management
Personal development	<ul style="list-style-type: none"> ▶ Household cash management training ▶ Process of obtaining birth certificates, national identity cards for staff ▶ Non-violent communication ▶ Happy and Healthy Family concept ▶ Street drama on Alcohol Harm Reduction and other social issues ▶ Elders Club formation and strengthening ▶ Home Gardening ▶ Low-cost nutrition meal preparation and demonstration in the fields ▶ Micro-enterprises development training ▶ Career development training for un-employed youth

Training Record in 2021/22

Average Training Hours by Category

Employee Category	Total Training Hours (Male)	Average Training Hrs (Male)	Total Training Hours (Female)	Average Training Hrs (Female)
Managerial	825	2.2	55	2.3
Executive	135	2.4	56	1.5
Staff	2232	2.9	2005	3.0
Manual Grade	8247	2.0	15079	1.9
Total	11439	2.2	17195	2.0

Average Training Hours by Gender

	Total Training hours	% of Total Training Hours
Male	11439	40%
Female	17195	60%



Factory Training Programmes



NVQ Graduation Ceremony at BMICH



Team Leaders Programme

Gender Parity GRI 401-3, 405-1, 405-2, 408-1 ▶

Female participation accounts for 59% of our workforce and is well above the national average. In cognizance of this, we have implemented a range of measures at our estates that empower and support the needs of our female employees while striving to create a work environment that attracts and retains female employees at management levels. Key measures we have implemented to create a conducive work environment for our female employees are given below.



Policy Framework

TTE has established the following policies to support our female workforce

- ▶ Flexible Working Policy
- ▶ Policy to Prevent Sexual Harassment at the Workplace
- ▶ Maternity Leave Policy
- ▶ Medical Leave Policy



Responsible Branding

When marketing our products and services, we have been conscious of portraying both women and men proportionately, respectfully, and realistically. We are cognizant of the fact that gender-stereotyped portrayals may limit the aspirations, expectations and participation of girls and women in society, contributing to negative outcomes in health and wellbeing.



Human & Social Capital

Estate-Level Initiatives

Financial Empowerment

We encourage financial empowerment of our female employees through regular training and informal communication focused at improving money management skills, income generation, work-life balance, developing core values and various aspects of health to uplift their lives. TTE implements a non-negotiable policy which require that female pluckers receive their wages themselves, which has facilitated financial independence and encouraged savings.

Supporting Women through Adversity

Welfare teams engage with female workers on an ongoing basis helping them to cope with adversities such as domestic violence, alcoholism, child health and personal health issues. We have also initiated programmes to support the well-being of our female employees including

- ▶ Awareness on alcoholism
- ▶ Awareness on communicable diseases including HIV AIDS
- ▶ Elders days
- ▶ Health camps
- ▶ Womens Day
- ▶ Scholarship schemes

Mother and Child-Friendly Tea Plantations

TTE has implemented a range of initiatives that promote maternal health and protects and develops our workers' children. Our child protection and maternal health initiatives are guided by the public-private partnership agreement with Save the Children, Sri Lanka which was signed in 2019. In accordance with this, key maternal health and child well-being initiatives on our estates are listed below while further details are available on page 119 – Uplifting Our Communities. The ResponsibiliTEA online platform for Accountability and Learning, which was launched this year ,to facilitate effective and efficient data management, monitoring & evaluation of Child Protection within our communities.

Child Protection Focal Points (CPFPPs) and Village Child Development Committees (VDCs) have been appointed for each estate to drive our child protection initiatives. These units receive periodic training conducted by Save the Children personnel on Child Protection Policy. Performance of these units are assessed bi-annually and evaluates their capability of driving intended results within the estate communities while measuring the efficacy of the operationalization of the policy.

Further, we do not sanction child labour within our estates. All employees are required to be over 18 years and therefore no any incidents related to child labour.

Maternal Care

Maternity benefits

Pre-natal and post-natal medical checkups performed through the MOH on the estate.

Awareness program for pregnant and antenatal mothers on breastfeeding and nutrition with MOH and PHDT

Strengthening the mothers' support groups through midwives and other service providers

Child Well-being

53 Early Childhood Development centres located in their respective divisions

Programmes to enhance the health and well-being of children

Supporting the educational aspirations of our estate children.

Monitoring school attendance of children up to 18 and providing counsel and support



Improving Wellbeing of Children



Creating Good Relationships among Mothers & Children - Deniyaya Estate



Supporting Children's Education

Key indicators

Female Participation – 59%

Female representation by category	
Board of Directors	10%
Senior Management	3.8%
Executives	33.3%
Plantation Workers	62.2%

Basic salary ratio for male to female employees for both staff and manual grade is 1:1 while executives and above are remunerated based on performance.

Maternity Leave and Retention

2021/22	Number	% of female workforce
Maternity leave availed	76	2.4%
Returned to work after maternity leave	43	1.4%
Resignations after maternity leave	4	0.13%
Retained within the organisation after 12 months taking maternity leave	86	2.8%
Return to work rate - 46.2%		
Retention rate – 66.3%		

As per the labour laws, we do not have parental leave and male workers are not entitled to paternal leave. All our female employees are entitled to maternity leave.

Socio-economic Development of Our Communities GRI 413-1,2 ▶

We are committed to uplifting the quality of life of our local communities. We have made considerable investments and developed initiatives that provide our resident communities with opportunities to achieve economic independence, provide access to education, healthcare and housing among others. These programmes are embedded in our employee value proposition but extend to include worker families and residents of our estates. There were no incidents of negative impacts on local communities during the year.

A Home for Every Plantation Worker

TTE’s flagship programme, ‘A Home for Every Plantation Worker’ is in its 15 years of operation and is dedicated towards the socio-economic development of its estate communities through the four pillars of ‘Improving the Living Environment’, ‘Community Capacity Building’, ‘Health and Nutrition’ and ‘Youth Empowerment’.



New Houses - Indola Estate



Eye Clinic - Kiruwanaganga Estate



Educating Children - Bearwell Estate

Human & Social Capital

Improving the Living Environment - Investment Rs. 65.5 Mn

Initiatives under this pillar involves, improving the living environment of our estate communities through the development of infrastructure facilities including roads, housing, water and sanitation, recreation and learning facilities within our estates. Since many of our employees live on our estates, we have established collaborations with the Plantation Human Development Trust, Estate Worker Housing Cooperative Societies (EWHCS) and the National Housing Development Authority, to facilitate progressive development of their living environment. Provisions through our social welfare programme include:

- ▶ 7 perch land for eligible workers free of charge.
- ▶ Assistance provided to clear the land and obtain approvals for building a house.
- ▶ Electricity and water supply.
- ▶ Construction of proper drainage systems and issuance of waste management bins.
- ▶ Allocation of plots for growing vegetables.
- ▶ Common facilities for animal husbandry.

Community Capacity Building – Investment Rs. 33.7 Mn, Beneficiaries – 34,694

Initiatives under this pillar involves the provision of financial assistance and strengthening financial management skills of our estate communities. Focal areas include:

- ▶ Provision of housing loans
- ▶ Savings schemes
- ▶ Microfinance
- ▶ Training on household financial management
- ▶ Training on home gardening



Employees Trained on Household Financial Management



Health and Nutrition – Investment Rs. 7.2 Mn, Beneficiaries – 219,287

This programme focuses on raising awareness on nutrition and the prevention of communicable and non-communicable diseases. Key initiatives under this programme are:

- ▶ A comprehensive immunization programme to prevent Tuberculosis, Polio, Hepatitis B, Influenza Type B, Mumps, Measles, Rubella among others.
- ▶ Awareness programmes on health and nutrition
- ▶ Early childhood development programmes
- ▶ Antenatal and postnatal care
- ▶ Provision of medical services.

Youth Empowerment – Investment Rs.1 Mn, Beneficiaries – 48,285

We have implemented a focused youth development programme to build their skills and confidence to achieve their life goals and aspirations. This programme entails,

- ▶ Engaging our youth
- ▶ Creating awareness on significant social issues
- ▶ Extending vocational training opportunities to support the skill development

Uplifting Our Communities

TTE has also implemented many other initiatives to improve the health and wellbeing of our estate communities while driving their socio-economic development. Key initiatives undertaken in this regard are given below.

Child Welfare

Recognising the importance of protecting the well-being of the children living on our estates, TTE provides childcare facilities for resident employees in their divisions. Welfare Officers monitor the attendance of children at these facilities to ensure our resident children benefit from the early childhood development opportunities, nutrition, and other measures available to promote their health and well-being. This has contributed towards the achievement of zero underweight

children under 5 years of age and facilitated their growth and development. As we all know, COVID 19 caused hindrance to the Education of Children. DP Education was launched in 2021/22, to overcome this challenge. The DP Education is a first-of-its-kind platform in the world on which the entire school curriculum is available for students to study online for free. All the children residing within our communities were greatly benefitted by this initiative.

Promoting Quality Education

We believe access to quality education empowers individuals and communities to rise out of poverty and build meaningful lives.

TTE provides an array of benefits to support the educational aspirations of our community children. Despite the mobility restrictions imposed by the pandemic, we continued to operate the T-Field education programme while also providing digital infrastructure to support virtual learning. Key benefits provided by TTE to support education include:

- ▶ Access to virtual learning through e-thaksalwa education site and YouTube education channel
- ▶ Skill development of Child Development Centre Officers.
- ▶ Monitoring school attendance of all children under 14, identifying school drop-outs and supporting their re-entry into the schooling system.
- ▶ Scholarships for students passing the Grade 5 scholarship exam, O/Level exam, A/Level exam and those gaining university admission.
- ▶ Supplied school essentials to school-going children on the estates.

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Child Development Centers on Our Estates



Zero Anemia Programme

Anemia has been prevalent among our employees affecting their health and productivity. We are committed to reducing the incidents of anemia among our employees to zero and implemented the following initiatives through our Healthy Lifestyle Programme:

- ▶ Conducted awareness programmes on health, hygiene, nutrition, anemia, and worm infestation.
- ▶ Provided free iron supplement tablets to those identified as anemic.
- ▶ Periodic analysis of hemoglobin levels of anemic patients

Health and Well-Being

We believe health and well-being is vital to driving sustainable development. Therefore, we operate 11 medical clinics on our estates that provide healthcare to our workers and their families as well as to the local communities. Key facilities provided are

- ▶ Regular health clinics to employees
 - ▶ Minor medical treatment for the estate community under the supervision of a Medical Assistant
 - ▶ 24-hour ambulance service.
- The clinics also play a key role in the implementation of our awareness programmes promoting healthy lifestyles.

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Medical Clinics on Our Estates

Empowerment through Micro-entrepreneurship

Welfare teams engage with workers on an ongoing basis empowering and encouraging them to explore opportunities to improve their financial position through micro-entrepreneurship. Opportunities include home gardening, inland fishing, sewing and the supply of food items. TTE also conducts workshops, fairs and training on financial literacy to support micro-entrepreneurs.

Human & Social Capital

Implementation of Key Value Drivers

The Human Development Key Value Driver is one of the core strategy implemented by TTE, which primarily focuses on improving the quality of work life and the quality of non-work life of the employees. The Human development Key Value Driver comprises of six ideal programs which embraces every aspects of the human living and the community; namely,

1. Zero anemia, maternal malnutrition and underweight children for a healthy life
2. 100% attendance at work for increased earnings
3. Create better future for family and children for a prosperous life
4. Clean, tidy homes & working places
5. Nutritious food and a healthy life style, for a better quality of life
6. Training & development & talent enhancement to maximize the human potential for increasing the earning capacity for employees

The Human Development Key Driver Programs are implemented according to the Annual Action Plan, which is collaboratively developed, by the HR division and the estate level HRD staff. The Annual Action Plan is developed adhering to the concept of SMART and implemented via the concept of Results Based Management.

Overall Achievements	Male H/C	Person Hours	Female H/C	Person Hours
Zero Anemia for Healthy Life - (20 mins)	46924	15641	166191	46799
Zero Maternal Malnutrition and Under Nutrition - (20 mins)	19339	6446	50048	16683
Zero Underweight Children - (20 mins)	4397	1466	14397	4799
100% Attendance at Work for Increased Earnings - (20 mins)	23402	7801	67714	22571
Create Better Future for Your Family and Children for a Prosperous Life - (20 mins)	19498	6499	38178	12726
Clean and Tidy Workplaces - (30 mins)	20513	10257	43730	21865
Nutritious Foods and a Healthy Life Style for a Better Quality of Life - (30 mins)	5682	2841	16479	8240
Training and Development & Talent Enhancing to Maximize the Human Potential for Increased Earnings - (1 hour)	5699	5699	9005	9005
Total	145,454	56,649	405,742	142,688



Enhancing Talents - Holyrood Estate



Distributing Vitamins - Mattakelle Estate



Awareness on Importance of 100% Attendance at work - Bearwell Estate

Natural Capital



As a plantation company, TTE is aware of the footprint it leaves on the environment and constantly strives to reduce these impacts through a structured process of identification, measurement, monitoring and mitigation. We standardize our practices with global certification requirements which has preserved the biodiversity on our estates. We continue to focus on increasing efficient use of inputs and reducing GHG emissions, effluents, and waste and thereby lessen our impact on the environment.



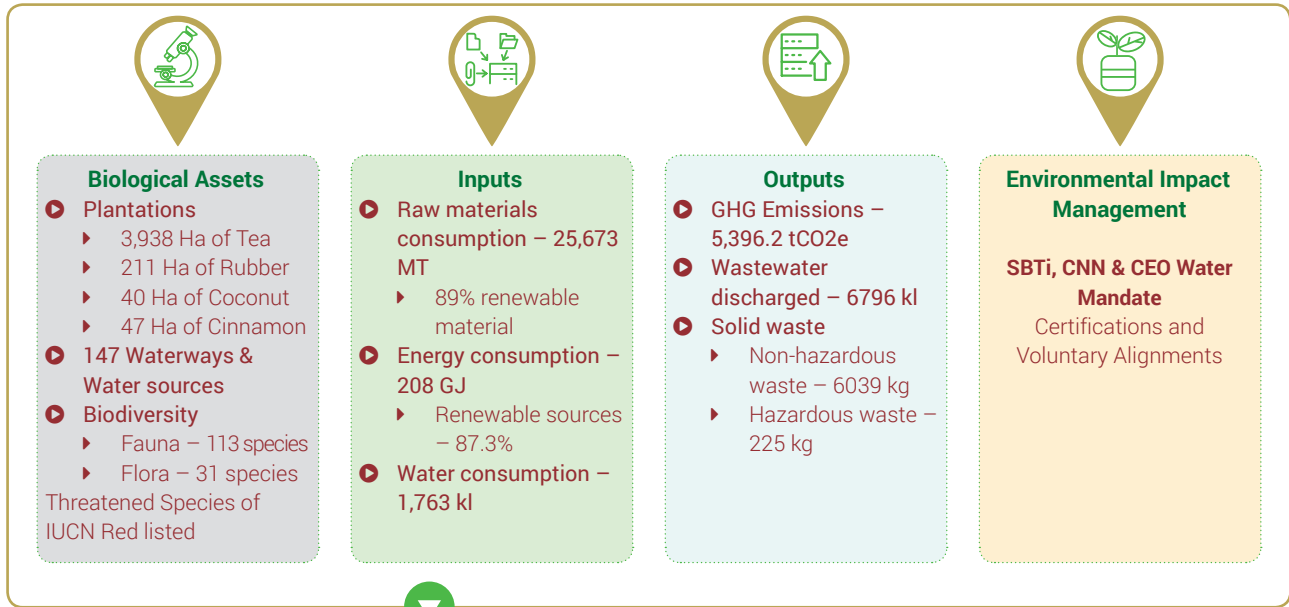
Business Ambition for

1.5 °C & NetZero



Natural Capital

Key Components of Our Natural Capital



Value Created

Material Consumptions Management

- ▶ 40% Increase of organic fertilizer use
- ▶ Decreased 5.8% Green leaf output per hectare

Energy Management

- ▶ 12% energy reduction through VFD installation initiatives

Biodiversity Conservation and Protection

- ▶ 2,078 native tree planted
- ▶ Conservation for IUCN listed 31 flora and 113 fauna species protected



Water Resource Management

- ▶ 7% increment of Rainwater harvesting capacity
- ▶ 97% compliance of wastewater discharged

Solid Waste Management

- ▶ 4,378 kg non-hazardous waste recycled
- ▶ 116 kg hazardous waste recycled

GHG Emissions Management

- ▶ Validation of targets set under the Science Based Targets Initiative
- ▶ 50% GHG emission reduction target by 2030
- ▶ 6,509 tCO₂e emissions reduced through renewable energy projects

Highlights for 2021/22



37% Absolute GHG emission reduction

1.4% Increment of renewable energy composition of energy mix



36% Chemical Fertilizer reduction

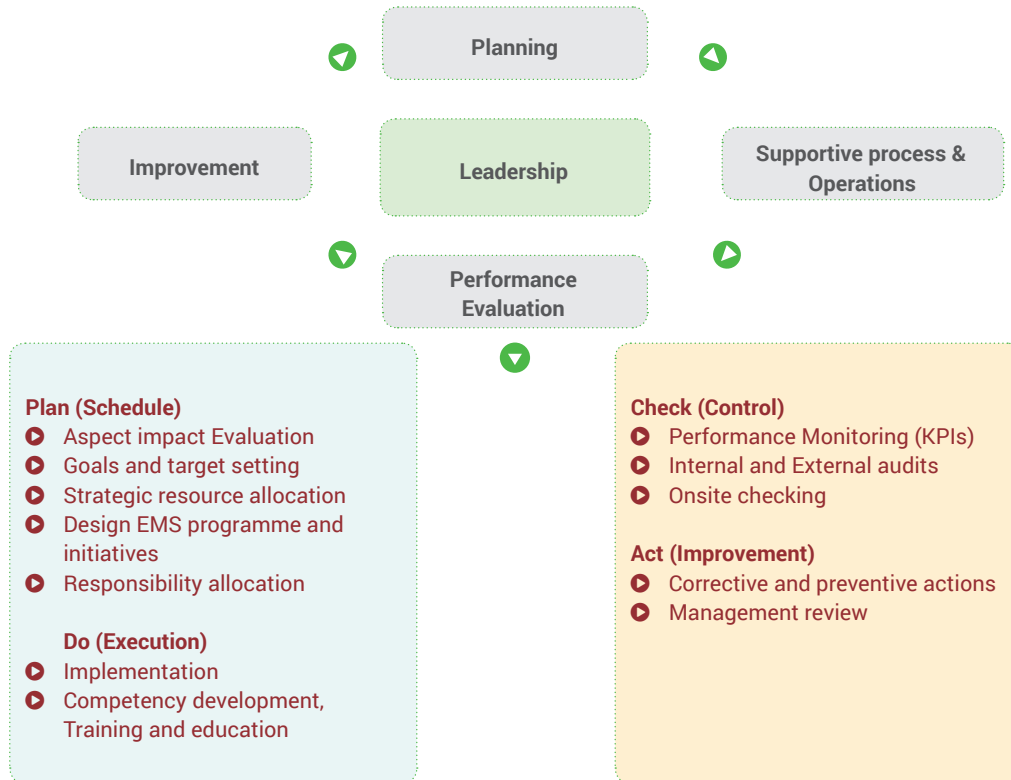
Science Based Targets verified and Approved from SBTi

Plans 2022/23

- ▶ 5.4% Reduction of absolute GHG emission of scope 1 and scope 2
- ▶ 150% Renewable energy generation on total consumption
- ▶ 2,500 Native trees planting under reforestation programme

Management Approach GRI 3-3 ▶

TTE has a strong environment management framework in place which is broadly aligned to the Hayley's Group Environment Agenda and is in compliance with multiple local and international accreditations and certifications. Periodic internal and external audits confirm compliance with licenses, certifications and permits. TTE is compliant with all relevant environmental regulations. TTE's environment related governance structure is given below.



TTE's environment management framework is aligned with the following local and international frameworks

▶ Environment Act of Sri Lanka	▶ Rainforest Alliance
▶ Science Based Targets Initiative	▶ UN Carbon Neutral Now Initiative
▶ ISO 14001:2015 Environment Management System	▶ UN Global Compact
▶ ISO 14064-1:2018 GHG Management System	▶ UN SDGs
▶ ISO 5001:2018 Energy Management System	▶ UN CEO Water Mandate

In recognition of our deep commitment to reducing our environment footprint we received the following award

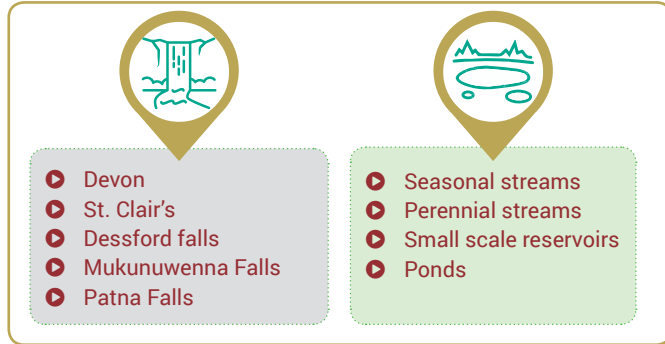
Energy Efficient Award ETP Sri Lanka	National Cleaner Production Awards NCPC Sri Lanka
Presidential Environmental Award CEA Sri Lanka	Green World Award Green Org. UK

Natural Capital

Environmental Grievances

GRI: 307-1

Steering committees have been established to monitor environmental aspects at each of our estates. Surrounding communities can reach out to estate management or corporate management teams to lodge environmental grievances. During the reporting year, there has been no violation of regulatory requirements.



Our Natural Assets

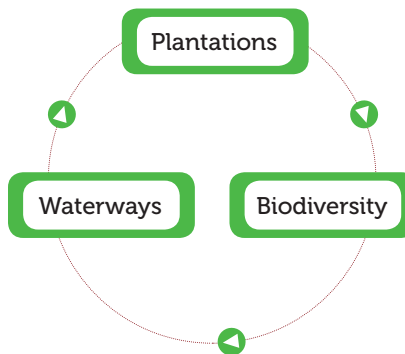
As a tea plantation company, we manage 6,491.55 hectare of plantations of which 78% is cultivated. Of the total cultivated land extent 60.6% and 3.4% comprise tea and rubber estates respectively, while the remainder comprises cinnamon, coconut and timber. Our natural assets accounts for 36% of our balance sheet and comprises the immature and mature plantations and the land on which they grow.



Water Resources

Our estates are in the hill country and the low country wet-zones and therefore, are situated in watershed and catchment areas, feeding the national rivers Nilwala, Gin River, Kotmale Oya and Nanu Oya.

Our Natural Assets



Biodiversity

With many of our estates bordering National Forest Reserves, we are custodians of high value biodiversity areas and its buffer zones.

Region	Bordering National Forest Reserves
Talawakelle	Great Western Natural Forest, Horton Plains, Kikiliyamana Natural Forest, Pidurutalagala Natural Forest, Ambewela Natural Forest, Pattipola Natural Forest
Nanu Oya	
Deniyaya	Sinharaja Forest, Kanneliya Forest, Diyadawa Forest Patna, Ranmale Forest
Galle	Kottawa Forest, Kanneliya Forest, Madolduwa Koggala, Unawatuna Jungle Beach, Rumassala

We carry out periodic biodiversity surveys with environmentalists and environmental institutions enabling the identification and selection of biodiversity rich areas. Identified species according to IUCN Red List

- ▶ **Fauna** – Our estates are home to over 113 faunal species, both vertebrates and invertebrates. Hunting, capturing, and trafficking wild animals and birds and rearing them within the estates are strictly prohibited.
- ▶ **Flora** – The agro-ecosystems on our estates are dominated by tea fields along with low and high shade trees, native and endemic tree species and fruit trees. Approximately 31 floral species have been identified on our estates including endemic species.



scarlet Minivet



Roughside Snake

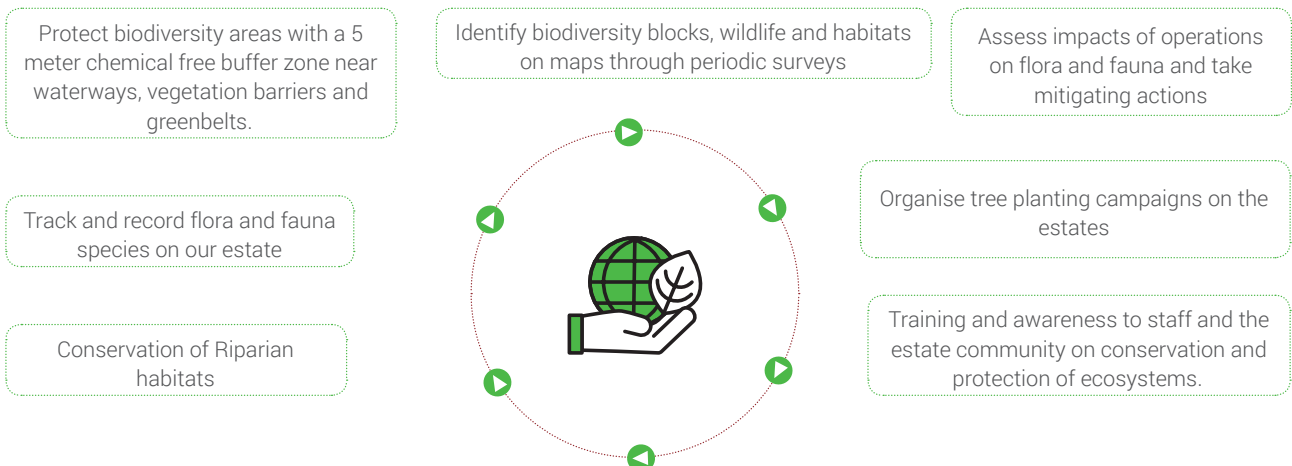


Mountain Reedling

Biodiversity Conservation GRI: 304-1,2,3 & 4 ▶

Guided by the Rainforest Alliance, we have established a well-structured programme to conserve the biodiversity within our estates and minimise the negative impacts of our operations. Key initiatives undertaken are highlighted below.

TTE Key Measures for Biodiversity Conservation



Our Progress

343,396 Trees planted	2 Hectares Ecosystem Restoration	2,078 Native trees planted
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Natural Capital

Ecosystem Restoration of St. Clair Falls

This project is focused on preserving, improving, and restoring the high conservation value area of St. Clair falls catchment area with a self-sustaining business model for forest restoration and ecosystem protection. The project was launched on World Environmental day in 2019.

Project Rationale: As a responsible plantation company, investing in a self-sustaining business model to restore an ailing forest ecosystem is an investment in provision of clean water, improved livelihoods, enhanced biodiversity while combating climate change.

Project Status

The project consists of 8 hectares of land and TTE has established a nursery with 13,775 native plants. The project benefits 20,000 people.

Project phase and year launched	No. of trees planted
Phase 1 (2019/20)	9,630
Phase 2 (2020/21)	6,430
Phase 3 (2021/22)	2,078
Total	18,138

Raw Material Consumption GRI 301-1,2,3 ▶

While our material footprint is substantial given the nature and extent of our operations, we are conscious, careful, and responsible in the way we use materials striving to minimize our material footprint while keeping operational costs in check. Over 80% of our material input is from renewable sources as our primary input is greenleaf. However, we continue to implement strategies that minimize the use of non-renewable materials, progressively moving towards the use of alternative renewable sources and recycled material whenever possible.

Raw materials used in our operations

	Raw Material	2020/21	2021/22
Field Operations ▶ Fertiliser ▶ Agrochemicals ▶ Dolomite	Green leaf (MT)	26,681	25,673
	Packing material (MT)	151	137
	% Renewable materials	84%	89%
Processing Operations ▶ Greenleaf ▶ Firewood and briquette	Fertiliser (MT)	3,336	1,709
	Dolomite (MT)	1,651	1,469
	Agro-chemicals (MT)	11	11
	% Non-Renewable materials	15%	11%
Packing Operations ▶ Multi-wall paper sacks ▶ Food-grade adhesives	All packaging is exported with the products and therefore, there are no reclaimed products.		

Minimising and optimizing the use of agrochemicals and fertilizer

Agrochemicals and fertilizer account for most of our non-renewable material consumption. Through the implementation of the 4R Nutrient Stewardship Framework we have been able to gradually reduce our consumption of these inputs.

4R Nutrient Stewardship Framework



- In addition, we engage in the following practices to optimize sustainable consumption of agrochemicals and fertilizer
- ▶ Procurement of fertilizers and agro-chemicals that have been approved by the regulators and certified according to international health and safety standards.
 - ▶ Adoption of an Integrated Weed Management system to minimize herbicide use. Engaging in manual weeding to half the weeding cycles.
 - ▶ Reliance on biological control measures to manage pest and insect attacks since 2014.

Chemical Free Fields

Established in 2021 at our high grown estates, this project was initiated to develop a brand of sustainable tea that has minimal impact on the environment. This tea is produced batch-wise to prevent cross-contamination with teas from other fields and is branded and sold directly to customers at a premium price. Teas produced through chemical free fields accounted for approximately 1-2% of our total production.

TTE Key Measures for Responsible Consumption

Maximising raw material utilization



Initiatives in 2021/22

- ▶ **Weed Buyback program**
Given the limited availability of agro-chemicals during the year we initiated this programme to improve weed management. Employees were remunerated based on the quantity of weeds removed.
- ▶ **Enriching the soil through organic compost**
Given the limited availability of fertilizer during the year, we initiated several programmes to enhance the fertility of soil organically. This included the application of compost by auguring holes in the soil around the tea bushes and the addition of bulk manure to the soil.

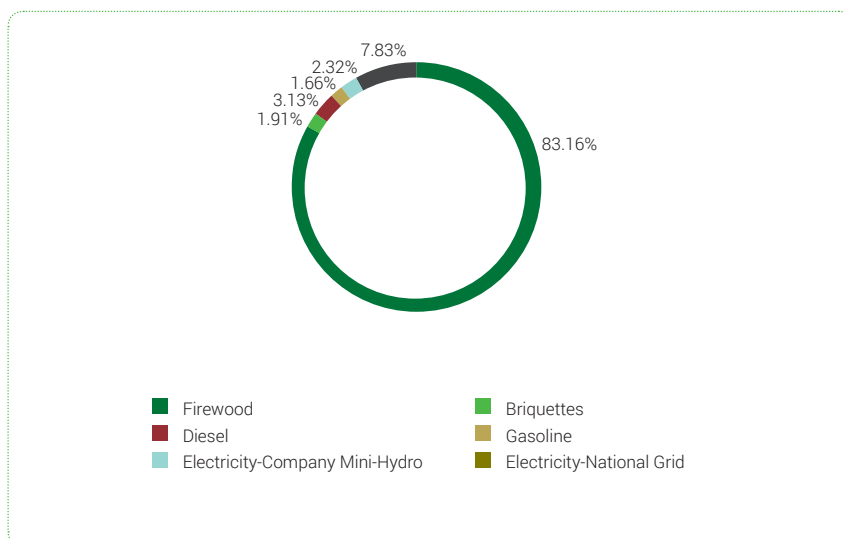
Natural Capital

Energy Management GRI 302-1.2.3.4.5

Energy is a critical input in the manufacture of tea and accounts for a significant portion of the cost of production. The withering and drying processes are the most energy intensive consuming over 45% of the total energy consumed. Thermal energy produced by burning firewood is used for these activities which is a requisite for producing quality tea. Consequently, biomass accounts for 86% of total energy sources as shown in the energy diagram. We ensure sustainable sourcing of our firewood requirement while working towards self-sufficiency by growing 23% of the requirement on our estates.

Category	2020/21	2021/22	Variance(%)
Energy by type			
Renewable Energy	168,865	177,190	↑ 4.9%
Non-renewable energy	27,204	24,999	↓ 8.1%
Energy by source			
Electricity	19,017	21,130	↑ 11.1%
Biomass	167,609	177,190	↑ 5.7%
Diesel	6,260	6,522	↑ 4.2%
Gasoline	3,182	3,460	↑ 8.7%
Energy by scope			
Direct	178,307	196,442	↑ 10.2%
Indirect	17,762	11,861	↓ 33.2%

Above energy table covered overall energy use within the organization and significant activities of upstream and downstream energy consumption.



Energy consumption by type

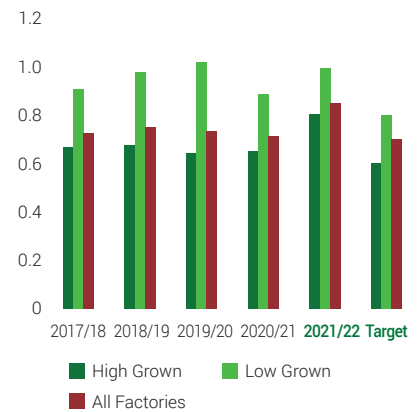
- ▶ Renewable energy – 87%
- ▶ Non-renewable energy – 13%

Energy consumption by scope

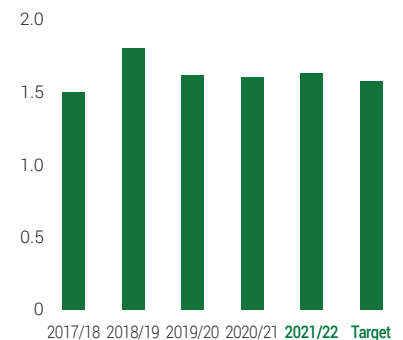
- ▶ Direct – 94%
- ▶ Indirect – 6%

We also strive to improve energy efficiency through investments in technology and process improvements and have been able to manage 0.85 electricity intensity on made tea during 2021/22.

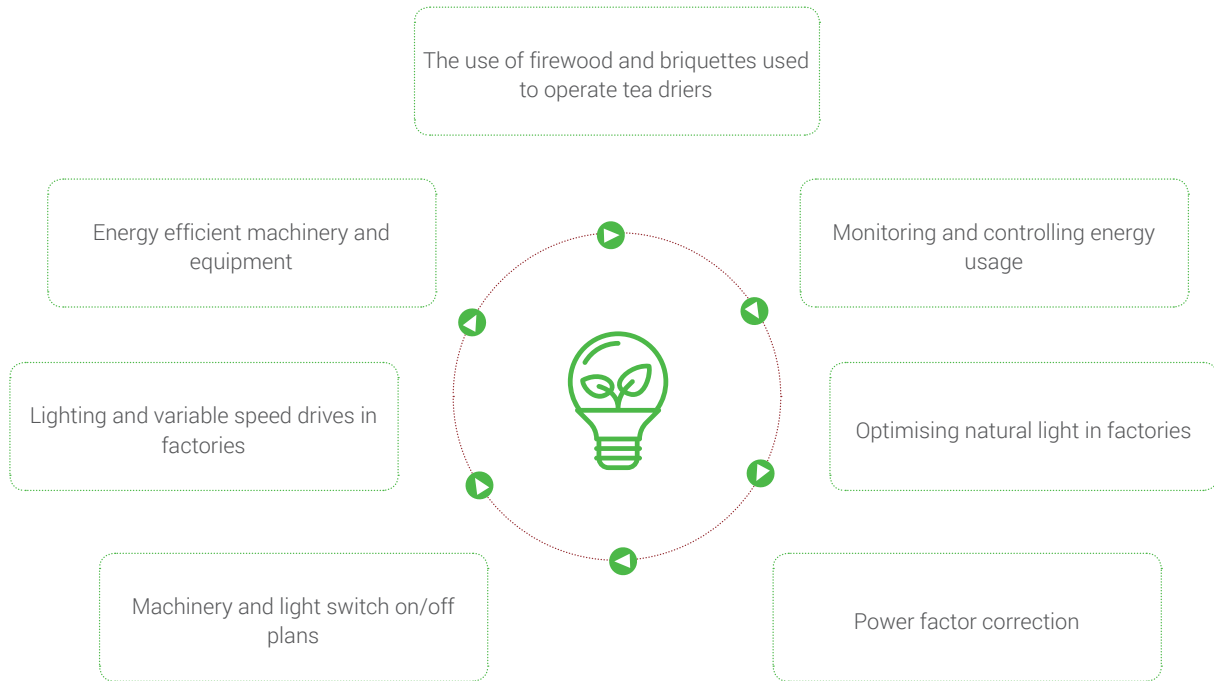
Electricity Intensity in Factories kWh/ Made Tea kg



Firewood Intensity – kgs/Made Tea Kg



TTE Key Measures for Responsible Energy Consumption



Biomass

- Improving fuelwood energy intensity of factory operations by implementing a preheating system

This involves drying the wood to maintain the optimum moisture level, resulting in a more efficient boiler operation and reduced consumption of wood.

The biomass is stored in a chamber next to the boilers and the waste heat is used to carry out the preheating process. Unfavorable weather conditions impacted to increase the fuelwood intensity.

Fuelwood energy intensity/kg of made tea

Previous	1.62 Kg
Forecast	1.54 Kg
Achieved	1.81 Kg

Key initiatives in 2021/22



Actual reduction from these initiatives are not reflected on total energy intensity due to increase of overall energy consumption. The reason we identified of this overall energy increase is the annual rainfall increment for our operating region by 17.4% and number of wet days increases by 3.1%

Electricity

- Installation of Variable Frequency Drivers (VFD) to improve electricity energy intensity

In a pioneering project in Sri Lankan tea estates by the United Nations Development Programme (UNDP), we collaborated to install VFDs to withering fans to optimize the electricity consumption of its motor. 33 VFD units installations have been completed in seven factories. Use of VFDs for energy reduction programme with close supervision continued. Unfavorable weather conditions impacted to increase the electricity intensity.

Electricity energy intensity /kg of made tea

Previous	0.71 kWh
Forecast	0.66 kWh
Achieved	0.85 kWh

- Optimising use of natural light in factories and implementing machinery and light switch on/off plans targeting reduction of electricity and better efficiency.
- Purchase and use of energy efficient machinery and equipment.

Natural Capital

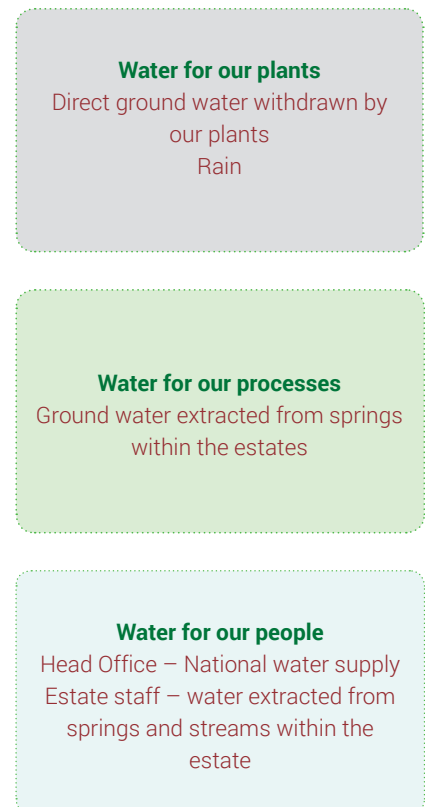
Water Conservation GRI: 303-1,2,3,4,5 ▶

Given the nature of our operations, water is a critical input to our value creation process. Water is consumed primarily to nurture our plants and support the lives of our estate communities with limited usage during the production process for humidification and washing of rolling rooms. Guided by the Group environment policy, the Rainforest Alliance certification and ISO14001:2015 programme, TTE has a well-structured water management process which focuses on the sustainable use of water while preserving all water sources on the estates. We have carried out extensive research on available water sources on our estates and continue to monitor water quality on an annual basis. Regular impact assessments related to our water consumption are carried out and the data collected is used to develop our water conservation and water management strategies.

TTE Key Measures for Water Conservation



Water in our operations



Surface water	2020/21	2021/22	% Change
Total water withdrawn (kl)	8,397.52	9,447.53	12.5%
Total water consumption	1,684.71	1,762.93	4.5%

Water withdrawal

We are committed to the sustainable use of ground water as ground water retention is crucial for our operations. The availability of ground water affects the quality and quantity of tea produced while our resident communities depend on the same ground water sources for consumption. Additionally, some of our estates are located in high value water conservation areas, making our commitment to the sustainable use of water even more important.

Greenhouse Gas Emissions Management GRI: 305-1,2,3,4,5,6,7 ▶

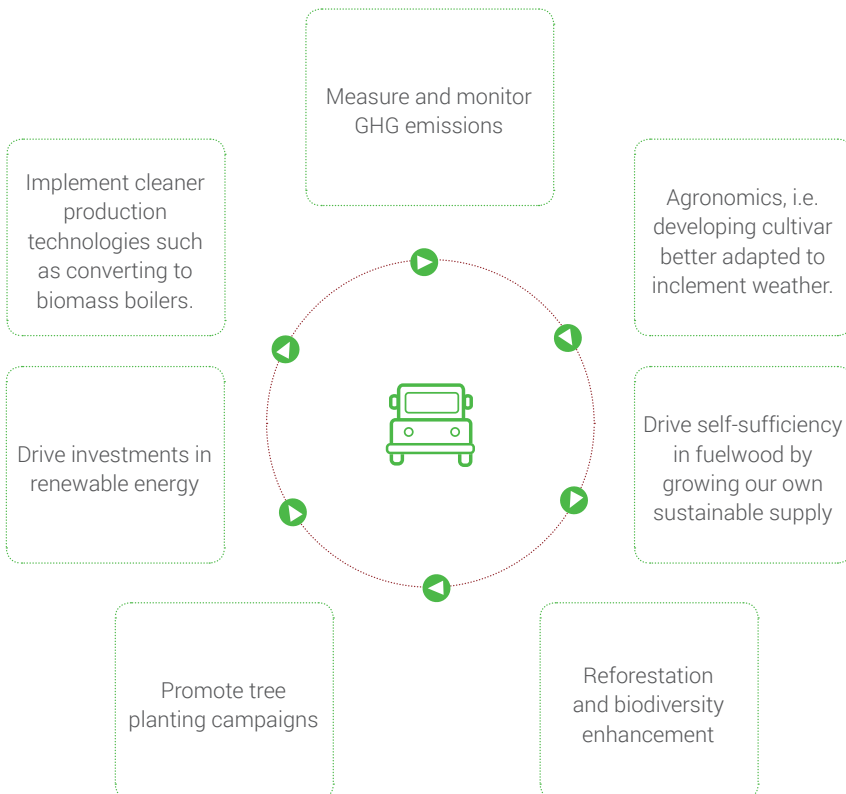
As a tea producer, our business is highly dependent on climate factors; therefore, we consider minimizing our climate impact a strategic business priority and have set an ambitious goal of achieving net zero levels by 2050. To drive achievement of our ambitions, we have aligned our GHG emission management strategies with globally recognized standards through our commitment to the UN Carbon Neutral Now initiative and the Science Based Targets Initiative.

▶ UN Carbon Neutral Now

Launched by the UNFCC, this initiative encourages and supports organisations to take additional voluntary action to achieve a climate neutral world by 2050 as stated in the Paris Agreement in 2015. The three pillars of ‘Measure’, ‘Reduce’ and ‘Contribute’ form the foundation of this initiative.



TTE Key Measures for GHG Emission Management



Science Based Targets Initiative (SBTi)

The Science Based Targets Initiative provides a framework for companies to reduce their GHG emissions by setting goals that are based on what the latest scientific data deems necessary to limit the rise in global temperatures to 1.5C as declared in the Paris Agreement. We are the first company in Sri Lanka to adopt the guidelines set out under this initiative to minimize our GHG emissions. During the year, our goals, given below and alongside, were validated and approved by the SBTi.

Natural Capital

Our progress

		2020/21	2021/22	Variance%
Direct	Scope 1			
	Stationary combustion-Stationary equipment fossil	96	104	8.3%
	Stationary combustion-Stationary equipment biogenic	318	337	6.0%
	Mobile combustion	553	533	3.6%
	Fugitive emissions	3,980	1,465	3.6%
	Subtotal Scope 1	4,947	2439	50.7%
Indirect	Scope-2			
	Indirect GHG emission from imported energy	3,124	2,679	14.2%
	Subtotal Scope 2	3,124	2,679	14.2%
	Scope-3			
	Indirect GHG emission from transportation	436	220	49.5%
	Emission from business travel	0	0	0.0%
	Emission from product used by organization	72	63	12.5%
	Subtotal Scope 3	508	283	44.3%
	Total Scope 1, 2 & 3 (Excluding Biogenic Emission)	8,579	5,401	37.1%
	Scope 1&2	8,071	5,118	37.1%
	Biogenic Emission from Firewood and Briquettes	18,772	19,845	5.7%
	GHG Saving			
	GHG saving from electricity generation (Hydro)	5,256	6,267	19.2%
	GHG saving from electricity generation (Solar)	207	242	16.9%
	Total GHG Saving	5,463	6509	19.1%

All the effort for emission reduction initiatives which are guiding through SBTi and UNCANN, company was able to achieve 33% emission intensity reduction by 2021/22.

Our production facilities and domestic equipment do not generate emissions of ozone depleting substances. NOx and SOx gasses produced through our daily operations and community households too are negligible.

Renewable energy generation

We focus on reducing our greenhouse gas emission by minimising the fossil fuel dependency at our estates and the generation of renewable energy.

► Sustainable biomass and resource management

We are committed to sourcing our fuelwood sustainably and monitor consumption. Our fuelwood is sourced in the following manner,

1. 74% of our requirement is sourced through uprooted rubber, furniture offcuts and other types of fuelwoods obtained from licensed suppliers following a strict screening process by the Group.
2. The remainder is sourced through fuelwood grown in our own estates. In 2021/22, we increased the extent of fuel wood planted to 19 hectares.

► Renewable Energy Generation

TTE produces renewable energy through investments in hydro and solar power generation projects.

Hydro power generated during the year increased by 20.2% to 7,790,668 kWh following inclement weather patterns. The hydro electricity generation was over 139% more than that purchased by TTE annually from the Ceylon Electricity Board.

Meanwhile, total electricity generated from our solar power investments increased 19.5% to x kWh in 2021/22 following the addition of 3 new solar panels at Deniyaya, Calsey and Dessford estates. Electricity generated through these projects are supplied to the National Grid under the Net Plus scheme. Electricity generated from rooftop solar panels accounted for 6.7% of the total electricity consumed by the Group in 2021/22.

Type	2021/22 kWh	% of total consumption	tCO2e saving	% over total emissions
Total hydro power generated	7,790,668	132%	6,267	116%
Total solar power generated	326,330	6%	242	4.5%
Total Renewable Generation	8,116,998	138%	6,509	121%

Climate Action

Our climate action initiatives are broadly categorised under the pillars of ‘Adaptation’, ‘Mitigation’ and ‘Create Value’. Action taken in accordance with each pillar is described below.

Adaptation

- ▶ Use of hardy clones that are resistant to drought, pests, diseases and adaptable to changing climate
- ▶ Improvement and implementation of soil conservation measures to arrest soil erosion and addition of organic matter content to enhance the soil’s physical and chemical properties
- ▶ Proper shade management to provide a better environment and thus minimize stress conditions
- ▶ Expansion of multicropping systems to reduce the risks of monocropping



Mitigation

- ▶ Converted all diesel boilers to biomass boilers
- ▶ Sustainable Fuelwood planting
- ▶ Solar and Hydro electricity generation
- ▶ Reforestation and biodiversity enhancement

Create Value

- ▶ Committed to achieve “NetZero” emission status by 2050 following the framework established by the Science Based Target initiative
- ▶ Adopted a low-carbon business model, in alignment with the UN Climate Neutral Now initiative
- ▶ Investments in decarbonizing to unlock new opportunities across the value chain

Effluents and waste

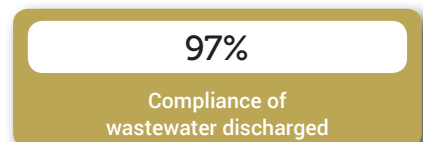
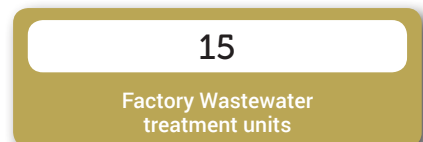
Our water stewardship journey addresses our commitment towards conserving water through responsible utilization, impact assessments, and waste water purification. We also rely on an extensive effluent management system in order to ensure minimum impact on natural water bodies.

▶ Wastewater Management GRI 303-2,4

Wastewater released from domestic and factory usage are treated at waste water purification plants located at all our estates. There were no instances of significant spills or water bodies affected by water discharge during the year.

▶ Solid Waste Management GRI:306-12

At TTE we practice an Integrated Solid Waste Management system underpinned by the ‘3Rs’ of ‘Reduce’, ‘Reuse’ and ‘Recycle’ focused on ensuring both waste management and waste reduction.



Natural Capital

Managing our solid waste

Solid waste generated through the production process and by the communities residing on our estates are managed as described below.

- ▶ Briquettes used as biomass fuel is produced from recycled agricultural waste and accounts for 3.5% of our fuel usage for processing tea.
- ▶ Our biodegradable waste is recycled to produce compost for tea fields and home garden plots.
- ▶ All non-degradable and hazardous waste is collected, segregated and recycled or disposed responsibly through authorized collectors.
- ▶ As majority of our employees live on the plantation Ecosystem, they are both beneficiaries and violators. Therefore, education plays a key role in waste management. We engage in awareness building initiatives and training to educate our employees and communities on responsible disposal of biodegradable and non-biodegradable waste. TTE is guided by certification standards under the Rainforest Alliance and ISO 14001:2015 Environmental Management System.

- ▶ We have taken all precautionary and preventive measures, to ensure that hazardous material storage facilities are well covered. There were no incidents of spills reported during the year.
- ▶ The use of unauthorized landfill sites and open burning of waste are prohibited on our estates

Waste type and disposal method		2020/21	2021/22
<i>Waste diverted from disposal</i>			
<i>Composting</i>			
Biodegradable mix waste	kg	30,082	221,385
<i>Recycling</i>			
Glass	Kg	1,436	468
Plastic	Kg	1,869	1,104
Polythene	Kg	2,001	1,193
Metal/Iron	Kg	4,968	681
Paper	Kg	2,507	2,593
Total Recycling	kg	12,781	6,039
<i>Onsite Storage</i>			
E-waste	Numbers	222	225
Bulbs-used	Numbers	1,294	495
Total onsite storage	Numbers	1,516	720
<i>Waste directed to disposal</i>			
Authorised landfill			
Non-hazardous mix waste	kg	6,099	5,936

Future Outlook

Global Economic Outlook

- ▶ The World Economic Outlook (WEO), in its April 2022 issue has forecast global growth to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022, largely as a consequence of the war in Ukraine. While the Ukrainian and Russian economies are projected to contract sharply, worldwide spillover effects are expected through commodity markets, trade, and financial channels. Rapid rise in fuel and food prices have already added to inflation, impacting vulnerable populations in low-income countries the most.
- ▶ Scarring effects of the pandemic has also dampened economic recovery, with that in emerging markets and developing economies expected to be much larger than in advanced economies. This is attributed to more limited policy support and generally slower vaccination coverage in emerging and developing markets. With a few exceptions, global employment and output will typically remain below pre-pandemic levels through 2026.
- ▶ Recovery in Sri Lanka’s key tea export markets is mixed, as reflected below.

GDP Growth Rate	2021 (Estimated)	2022 (Forecast)	2023 (Forecast)
World	6.1	3.6	3.6
Russia	4.7	-8.5	-2.3
Middle East and North Africa	5.7	4.6	3.7
Turkey	11.0	2.7	3.0

Source: WEO, April 2022

Sri Lanka’s Economic Outlook

- ▶ The International Monetary Fund (IMF) has projected Sri Lanka’s economic growth to slow to 2.6% in 2022 from 3.6% the previous year. The country’s economic outlook is constrained by its unsustainable debt service burden as well as persistently large fiscal and balance-of-payments financing needs. Recovery is further impeded by the forex shortage and impact of the weak macroeconomic elements on local economic activities and business confidence.
- ▶ The Government of Sri Lanka is currently in negotiation with the IMF and other external stakeholders to reach an agreement on a Fund programme for debt restructure and bailout. Meanwhile, tighter monetary policy and an ambitious fiscal consolidation programme based on high-quality revenue measures is urgently proposed to support economic recovery.

Tea Industry Outlook

- ▶ Based on the Forbes and Walker Tea Market Report, released in January 2022, global tea production is expected to revert to 2%, growth, subject to favorable weather conditions. However, Sri Lanka may be an exception following ill-effects of the withdrawal of chemical fertilizer from April 2021.
- ▶ Currently, tea sold is fetching historically high prices at the Colombo Tea Auction, underpinned by lower volumes, improved demand, good quality produce; and buoyed by significant devaluation of the Rupee. Forecast pricing in the 2nd half of 2022 is difficult to predict and will be dependent on demand and supply dynamics. It is noteworthy that Sri Lankan teas are inherently of superior quality, commanding premium prices. Prices at the Colombo Auction are typically the highest amongst all

Tea auctions in the world.

- ▶ Notwithstanding the premium pricing, the industry continues to be challenged by effects of climate change and from rising cost of production. The high cost of production, the highest amongst other tea producing countries, underpinned by a high wages bill, inflationary pressures, steep depreciation of the rupee and ageing tea fields will compromise the competitiveness of Ceylon Tea, further.

Way forward

We expect volatility and increasing uncertainty to remain features of our operating environment in 2022/23 and we are alert to the possible impacts on the TTE group, our employees, our buyers and the communities we serve. Our reputation as a trusted partner is built on the strong foundation of our risk management processes and systems and we will continue to leverage our capabilities to protect the value we create for all our stakeholders. Over the past two years, we have demonstrated that we have the strategic and operational resilience to flourish in a volatile environment. In driving operational excellence, we will continue to invest in sustainable agricultural practices, conserve the environment, implement automation and mechanization of operations and obtain international certifications for quality assurance and ethical practices. We will promote the Revenue Share Model concept of plantation management, which is mutually rewarding to both TTE and our workers. 40% of the green leaf crop is harvested under Non-Wage/ Revenue Share Model, and we will seek to expand our operations further.

We will collaborate with relevant stakeholders to mitigate any risks, harness opportunities, and do our part to re-build our national economy.

We scale the heights of sustainability in order to be an ethical and responsible entity



Our People Our Planet



SOMES

JMERSE

Risk Management

The risk landscape of the Group continues to evolve amidst a weakening domestic economy, rising cost of production, skills shortage and increasing vulnerability to climate change. Effective risk management strategies mitigate exposure and harness available opportunities, in creating sustainable value for our stakeholders.

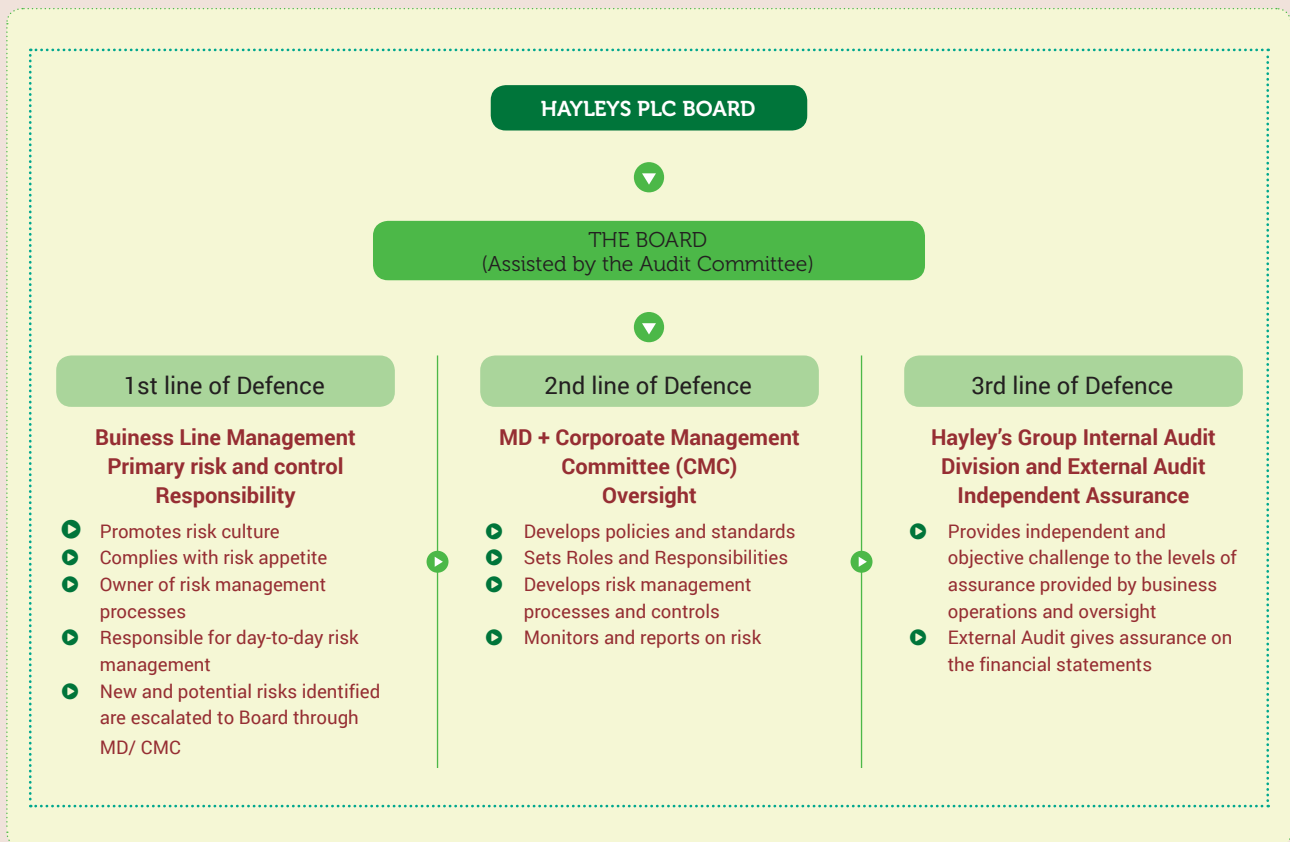
Risk Management Framework

Risk management is inextricably linked to our strategy. Growing complexity and uncertainty have increased the associated risk and the difficulties in risk identification and management. Our effective risk management process have enabled the Board and management to gain access to required insights for strategic and informed decision-making.

Effective and sound risk management has enabled TTEs long-term competitive standing

Risk Governance

A solid risk governance framework that facilitates segregation of responsibilities, objective oversight by the Board and high levels of risk awareness by business owners, ensures that the Group effectively identifies measures and monitors risks across the organization.



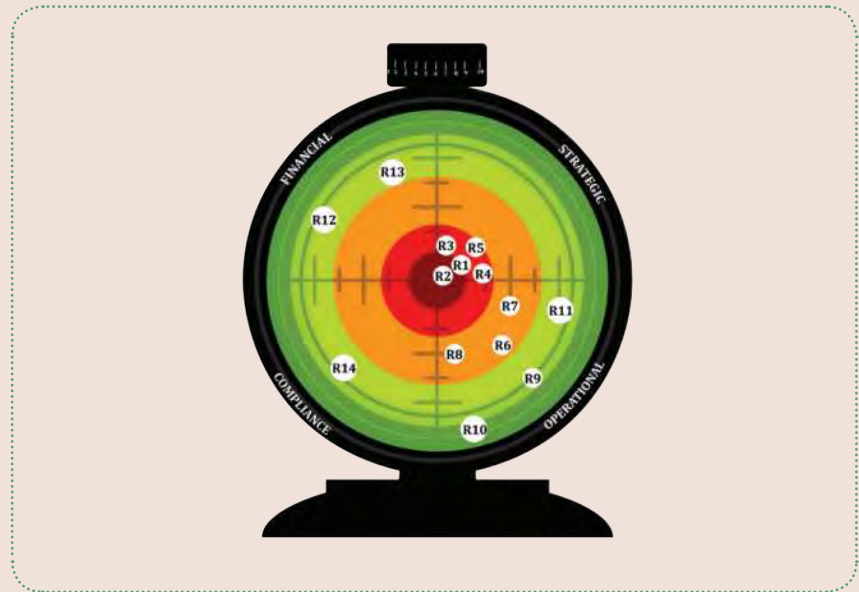
Ultimate responsibility for Risk Management lies with the Board of Directors and the Board has set in place a framework that ensures risks are managed in a consistent way across the company with appropriate oversight and accountability.

The Audit Committee assists the Board in the discharge of duties. The Hayley’s Group Internal Audit Division supports the Audit Committee in performing its assurance role through regular reviews and recommendations on the robustness of the internal control systems in place.

Responsibility for effective execution of risk management lies with the Corporate Management Committee lead by the Managing Director. Risk identification is the responsibility of all employees who form the first line of defense.

Risk Universe

Our risk universe represents the risks that are core to our business. We regularly scan our operating environment for changes to ensure that it remains relevant. In an increasingly challenging business landscape, we constantly monitor, manage and mitigate both current and emerging risks to ensure the sustainability of our business. Our Top 14 principal risks and the risk mitigating strategies adopted are outlined below.



Strategic Risks	Operational Risks	Financial Risks	Compliance Risk
<ul style="list-style-type: none"> ▶ R1. Macroeconomic Risk ▶ R2. Disruption to Business Operations ▶ R3. Wage Hike ▶ R4. Climate Change ▶ R5. Market and Market Rates 	<ul style="list-style-type: none"> ▶ R6. Rising cost of Production ▶ R7. Product Quality ▶ R8. Estate Labour ▶ R9. Information Systems and Cyber Security ▶ R10. Risk of Investments ▶ R11. Risk of Fraud 	<ul style="list-style-type: none"> ▶ R12. Interest Rate risk ▶ R13. Financial Reporting Framework 	<ul style="list-style-type: none"> ▶ R14. Compliance

Risk Management

Principal risks

Net Assessment	High	Medium	Low
	●	●	●

Strategic Risks	Potential Impact	Mitigates & Controls	Further information
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R1. Macroeconomic Risk

Economic fallout from the pandemic exacerbated by ill-advised policy decisions leading to supply shortages, energy-related issues and social tensions.

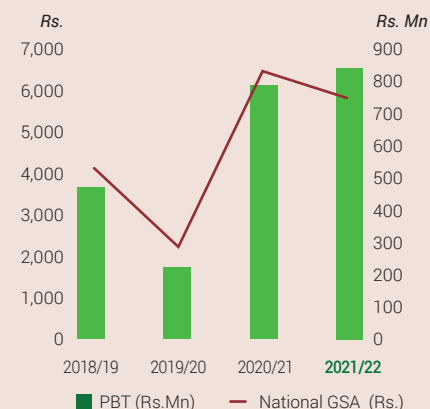
The country is seeking an effective engagement with the IMF and other external stakeholders to restore macroeconomic stability.

The speed and efficiency of such a bailout will be a key consideration on how fast the economy stabilizes.

- ▶ Negative business sentiment

NATIONAL GSA VS PBT

Macro-Economic Risk



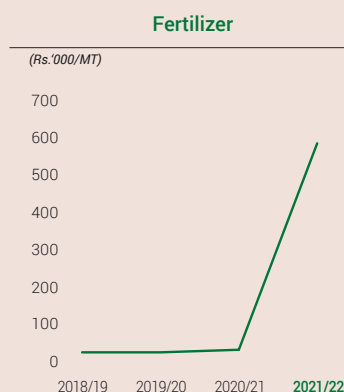
Year	Assessment
2021/22	●
2020/21	●

R2. Disruption to Business Operations

- ▶ on-going power interruptions and shortage of fuel
- ▶ non availability of agro chemical weedicide/ fungicide
- ▶ short supply of fertilizer and unaffordable price
- ▶ spread of Covid 19 pandemic

Year	Assessment
2021/22	●
2020/21	●

- ▶ Lower yields, higher cost of production
- ▶ Impaired quality
- ▶ Loss in reputation
- ▶ Lower revenue



- ▶ 88% of Energy is sourced from biomass
- ▶ Necessitate of prudent application of available fertilizer stock within a scientific and balanced plan
- ▶ Successful inoculation of workers across the estates has mitigated renewed waves and new variant outbreaks

Operational Review - page 69

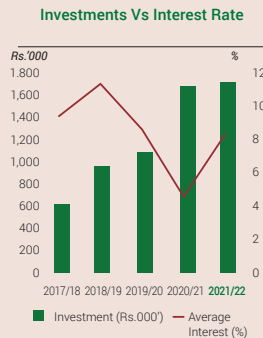
Strategic Risks	Potential Impact	Mitigates & Controls	Further information																										
<p>R3. Wage Hike In February 2021, the Government Wages Board announced the increase in daily wage, to minimum Rs. 1000/-, wef 05.03.21. The hike is not aligned to productivity.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>2021/22</td> <td>●</td> </tr> <tr> <td>2020/21</td> <td>●</td> </tr> </tbody> </table>	Year	Assessment	2021/22	●	2020/21	●	<ul style="list-style-type: none"> ▶ High cost of production ▶ Pressure on liquidity, ▶ Loss of global cost competitiveness ▶ Loss of business viability and impact to going concern of certain estates <p>Increase in Wage Rate</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Total Daily Wage Rate (Rs.)</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>687.50</td> </tr> <tr> <td>2016</td> <td>805.00</td> </tr> <tr> <td>2019</td> <td>855.00</td> </tr> <tr> <td>2021</td> <td>1,150.00</td> </tr> </tbody> </table>	Year	Total Daily Wage Rate (Rs.)	2013	687.50	2016	805.00	2019	855.00	2021	1,150.00	<ul style="list-style-type: none"> ▶ Collective lobbying for a productivity-based wage structure. Court action in progress. ▶ Continued roll-out successful out-grower model to supplement wage earnings ▶ Engage/motivate associates to improve productivity ▶ Better HR practices at estates leading to higher productivity 	<p>Note no. 31 to the Financial Statements. Page 223</p>										
Year	Assessment																												
2021/22	●																												
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Year	Total Daily Wage Rate (Rs.)																												
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<p>R4. Climate Change Unfavorable weather patterns and natural disasters</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>2021/22</td> <td>●</td> </tr> <tr> <td>2020/21</td> <td>●</td> </tr> </tbody> </table>	Year	Assessment	2021/22	●	2020/21	●	<ul style="list-style-type: none"> ▶ Loss of crop, lower yields, higher cost of production ▶ lower revenue ▶ In the case of natural disasters, potential physical damage to employees, estate residents, fields and factories. 	<ul style="list-style-type: none"> ▶ R&D to develop drought tolerant cultivars ▶ Best agricultural practices to retain soil moisture ▶ Adequate Insurance covers ▶ Optimise product portfolio from high and low grown regions ▶ Promote crop diversification to Coconut, cinnamon, timber 	<p>Natural Capital page 131</p>																				
Year	Assessment																												
2021/22	●																												
2020/21	●																												
<p>R5. Market and Market Prices Impact to demand and prices from</p> <ul style="list-style-type: none"> ▶ Changes in customer's buying preferences ▶ Changes in market rules and regulations ▶ Geo-political, economic and pandemic related impacts in key markets <table border="1"> <thead> <tr> <th>Year</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>2021/22</td> <td>●</td> </tr> <tr> <td>2020/21</td> <td>●</td> </tr> </tbody> </table>	Year	Assessment	2021/22	●	2020/21	●	<ul style="list-style-type: none"> ▶ Changes in consumer perspectives and requirements ▶ Lowering of threshold MRL causing regulatory barriers for entry. ▶ Increase competition from global suppliers. ▶ Increase in rejects and claim <p>FOB, National Elevation, Dollar Rate</p> <table border="1"> <thead> <tr> <th>Year</th> <th>FOB Rate (Rs.)</th> <th>National Elevation (Rs.)</th> <th>Dollar Conversion Rate (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Y2018</td> <td>800</td> <td>550</td> <td>150</td> </tr> <tr> <td>Y2019</td> <td>750</td> <td>500</td> <td>160</td> </tr> <tr> <td>Y2020</td> <td>850</td> <td>650</td> <td>170</td> </tr> <tr> <td>Y2021</td> <td>900</td> <td>600</td> <td>180</td> </tr> </tbody> </table>	Year	FOB Rate (Rs.)	National Elevation (Rs.)	Dollar Conversion Rate (Rs.)	Y2018	800	550	150	Y2019	750	500	160	Y2020	850	650	170	Y2021	900	600	180	<ul style="list-style-type: none"> ▶ Regular buyer engagement, satisfaction surveys to understand and meet buyer requirements ▶ Certifications and accreditations to drive brand value ▶ Develop alternate revenue streams from hydro power, timber, fuel-wood 	<p>Relationship Capital page 95</p>
Year	Assessment																												
2021/22	●																												
2020/21	●																												
Year	FOB Rate (Rs.)	National Elevation (Rs.)	Dollar Conversion Rate (Rs.)																										
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Y2021	900	600	180																										

Risk Management

Strategic Risks	Potential Impact	Mitigates & Controls	Further information																
<p>R6. Rising cost of production</p> <ul style="list-style-type: none"> ▶ Weakening macro-economic indicators: - High interest rates, exchange rates, and inflation ▶ Rebound of global commodity markets ▶ Higher wage demands directly impacts profitability <table border="1"> <thead> <tr> <th>Year</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>2021/22</td> <td>●</td> </tr> <tr> <td>2020/21</td> <td>●</td> </tr> </tbody> </table>	Year	Assessment	2021/22	●	2020/21	●	<ul style="list-style-type: none"> ▶ Cost escalations pressures margins and profitability levels. ▶ Impacts global cost competitiveness <table border="1"> <caption>COP</caption> <thead> <tr> <th>Year</th> <th>COP (Rs.)</th> </tr> </thead> <tbody> <tr> <td>2018/19</td> <td>580</td> </tr> <tr> <td>2019/20</td> <td>590</td> </tr> <tr> <td>2020/21</td> <td>610</td> </tr> <tr> <td>2021/22</td> <td>640</td> </tr> </tbody> </table>	Year	COP (Rs.)	2018/19	580	2019/20	590	2020/21	610	2021/22	640	<ul style="list-style-type: none"> ▶ Efficient cost management strategies followed across TTE serves to mitigate rising cost 	Operational Review page 69
Year	Assessment																		
2021/22	●																		
2020/21	●																		
Year	COP (Rs.)																		
2018/19	580																		
2019/20	590																		
2020/21	610																		
2021/22	640																		
<p>R7. Product Quality</p> <p>Below quality teas, lower outturn of products,</p> <ul style="list-style-type: none"> ▶ Includes manufacturing concerns in respect of complying with Minimum Residual Level (MRL) <table border="1"> <thead> <tr> <th>Year</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>2021/22</td> <td>●</td> </tr> <tr> <td>2020/21</td> <td>●</td> </tr> </tbody> </table>	Year	Assessment	2021/22	●	2020/21	●	<ul style="list-style-type: none"> ▶ Lower NSA ▶ Loss of reputation/loss of markets <div style="border: 1px solid black; padding: 5px; text-align: center; width: fit-content; margin: 0 auto;">NSA/GSA</div>	<ul style="list-style-type: none"> ▶ Adhere to a 'Quality Policy' ▶ Field level supervision to get quality leaf ▶ Good agricultural practices to ensure quality leaf ▶ Modern manufacturing facilities ▶ Quality control and assurance in the manufacturing process ▶ Factory certifications such as ISO, HACCP 	Operational Review page 69										
Year	Assessment																		
2021/22	●																		
2020/21	●																		
<p>R8. Estate Labour</p> <p>Concerns relating to Estate labour from</p> <ul style="list-style-type: none"> ▶ Labour unrest ▶ Shortage of skilled/unskilled labour ▶ Lower labour productivity ▶ Out migration <table border="1"> <thead> <tr> <th>Year</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>2021/22</td> <td>●</td> </tr> <tr> <td>2020/21</td> <td>●</td> </tr> </tbody> </table>	Year	Assessment	2021/22	●	2020/21	●	<ul style="list-style-type: none"> ▶ Loss of crop/revenue Low land productivity/high cost of labour ▶ Lower bottom line ▶ Inhibits growth prospects <table border="1"> <caption>Labour</caption> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Workers</td> <td>92%</td> </tr> <tr> <td>Executives</td> <td>7%</td> </tr> <tr> <td>Staff</td> <td>1%</td> </tr> </tbody> </table>	Category	Percentage	Workers	92%	Executives	7%	Staff	1%	<ul style="list-style-type: none"> ▶ Moving towards Block Management Strategy (Revenue Share Model) to improve productivity and resolve labour scarcity ▶ Recognition and rewarding of associates. Productivity incentive schemes. ▶ Maintain healthy working environment through effective two-way communication system. Close contact and engagement. 	Social and Human capital Report page 104		
Year	Assessment																		
2021/22	●																		
2020/21	●																		
Category	Percentage																		
Workers	92%																		
Executives	7%																		
Staff	1%																		

Operational Risks	Potential Impact	Mitigates & Controls	Further information																					
<p>R9. Information Systems and Cyber Security -IT Risk</p> <ul style="list-style-type: none"> ▶ Risk of system failure and loss of data ▶ Ensuring the integrity, confidentiality and availability of information <table border="1"> <thead> <tr> <th>Year</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>2021/22</td> <td>●</td> </tr> <tr> <td>2020/21</td> <td>●</td> </tr> </tbody> </table>	Year	Assessment	2021/22	●	2020/21	●	<ul style="list-style-type: none"> ▶ Absence of reliable information for timely decision making ▶ Discontinuity in financial reporting system ▶ Breach of system security. ▶ Loss of reputation. ▶ Financial damages 	<ul style="list-style-type: none"> ▶ Dedicated IT team to ensure IT security, privacy and confidentiality with adequate systems and controls. ▶ Disaster recovery programme ▶ Use of licensed software and security systems. ▶ Strengthened internal control systems and procedures to avoid frauds and malpractices 	<p>Governance & Cyber security page 158</p>															
Year	Assessment																							
2021/22	●																							
2020/21	●																							
<p>R10. Risk of Investments</p> <p>Investments are tend to use leverage, which can serve to magnify potential losses relative to the expected return</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>2021/22</td> <td>●</td> </tr> <tr> <td>2020/21</td> <td>●</td> </tr> </tbody> </table>	Year	Assessment	2021/22	●	2020/21	●	<ul style="list-style-type: none"> ▶ Investments made without proper feasibility may impact future profitability and sustainability <p style="text-align: center;">Investments of Field and Non field</p> <table border="1"> <caption>Investments of Field and Non field (Rs. Mn)</caption> <thead> <tr> <th>Year</th> <th>Field</th> <th>Non field</th> </tr> </thead> <tbody> <tr> <td>2018/19</td> <td>~110</td> <td>~60</td> </tr> <tr> <td>2019/20</td> <td>~110</td> <td>~70</td> </tr> <tr> <td>2020/21</td> <td>~110</td> <td>~80</td> </tr> <tr> <td>2021/22</td> <td>~280</td> <td>~130</td> </tr> </tbody> </table>	Year	Field	Non field	2018/19	~110	~60	2019/20	~110	~70	2020/21	~110	~80	2021/22	~280	~130	<ul style="list-style-type: none"> ▶ An annual investment plan is formulated and included in the corporate plan. ▶ Subject proposed investments to a rigorous evaluation and feasibility process, which require a minimum return on investment ▶ Seek Board approval prior to embarking on a proposed investment. ▶ Closely monitor the progress to ensure project deliverables are achieved within the given budgets and timelines. 	<p>Operational Review page 71</p>
Year	Assessment																							
2021/22	●																							
2020/21	●																							
Year	Field	Non field																						
2018/19	~110	~60																						
2019/20	~110	~70																						
2020/21	~110	~80																						
2021/22	~280	~130																						
<p>R11. Risk of fraud</p> <p>Theft, misappropriation of assets, misstatements of financial statements</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>2021/22</td> <td>●</td> </tr> <tr> <td>2020/21</td> <td>●</td> </tr> </tbody> </table>	Year	Assessment	2021/22	●	2020/21	●	<ul style="list-style-type: none"> ▶ Loss of revenue/profits ▶ Negative impact on corporate reputation 	<ul style="list-style-type: none"> ▶ Sound internal controls ▶ Pre-employment screening ▶ Effective Internal audit ▶ Sound control environment 	<p>Governance & Internal control page 166</p>															
Year	Assessment																							
2021/22	●																							
2020/21	●																							

Risk Management

Financial Risks	Potential Impact	Mitigates & Controls	Further information						
<p>R12. Interest rate risk Risk from adverse interest rate fluctuations</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>2021/22</td> <td>●</td> </tr> <tr> <td>2020/21</td> <td>●</td> </tr> </tbody> </table>	Year	Assessment	2021/22	●	2020/21	●	<ul style="list-style-type: none"> ▶ Increase in cost of borrowing ▶ Reduction in investment returns ▶ Demotivate business expansions  <p>The chart 'Investments Vs Interest Rate' displays two data series from 2017/18 to 2021/22. The left Y-axis represents Investment in Rs.000 (0 to 1,800), and the right Y-axis represents Average Interest in % (0 to 12). Investment is shown as green bars, and Average Interest is shown as a red line. Investment values are approximately: 2017/18 (600), 2018/19 (1,000), 2019/20 (1,100), 2020/21 (1,600), and 2021/22 (1,700). Average Interest values are approximately: 2017/18 (8%), 2018/19 (10%), 2019/20 (8%), 2020/21 (4%), and 2021/22 (8%).</p>	<ul style="list-style-type: none"> ▶ Negotiate fixed rate debt servicing arrangements with financial institutions ▶ Follow efficient treasury management procedures ▶ Monitor debt levels constantly and maintain a balance between debt and equity 	<p>Finance Capital page 80</p>
Year	Assessment								
2021/22	●								
2020/21	●								
<p>R13. Financial Reporting Framework A proper financial reporting framework provides credible information about the organization to its stakeholders</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>2021/22</td> <td>●</td> </tr> <tr> <td>2020/21</td> <td>●</td> </tr> </tbody> </table>	Year	Assessment	2021/22	●	2020/21	●	<ul style="list-style-type: none"> ▶ Misrepresentation and fraudulent financial reporting will reduce the credibility of the reporting system ▶ Legal and financial implications 	<ul style="list-style-type: none"> ▶ Availability of good structure such as internal and external audits and the Audit committees ▶ Audit committee compliance with regulatory requirements in Sri Lanka ▶ Financial Reporting Standards (SLFRS/LKAS) 	<p>Governance & Compliance-page 146</p>
Year	Assessment								
2021/22	●								
2020/21	●								
<p>R14. Compliance Risks Non-compliance with regulatory and certification requirements</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>2021/22</td> <td>●</td> </tr> <tr> <td>2020/21</td> <td>●</td> </tr> </tbody> </table>	Year	Assessment	2021/22	●	2020/21	●	<ul style="list-style-type: none"> ▶ Fines and charges ▶ Loss of reputation ▶ Adverse impact on the profitability 	<ul style="list-style-type: none"> ▶ Inculcate a culture of compliance ▶ Strong effective monitoring mechanism 	<p>Governance & Compliance page 150</p>
Year	Assessment								
2021/22	●								
2020/21	●								

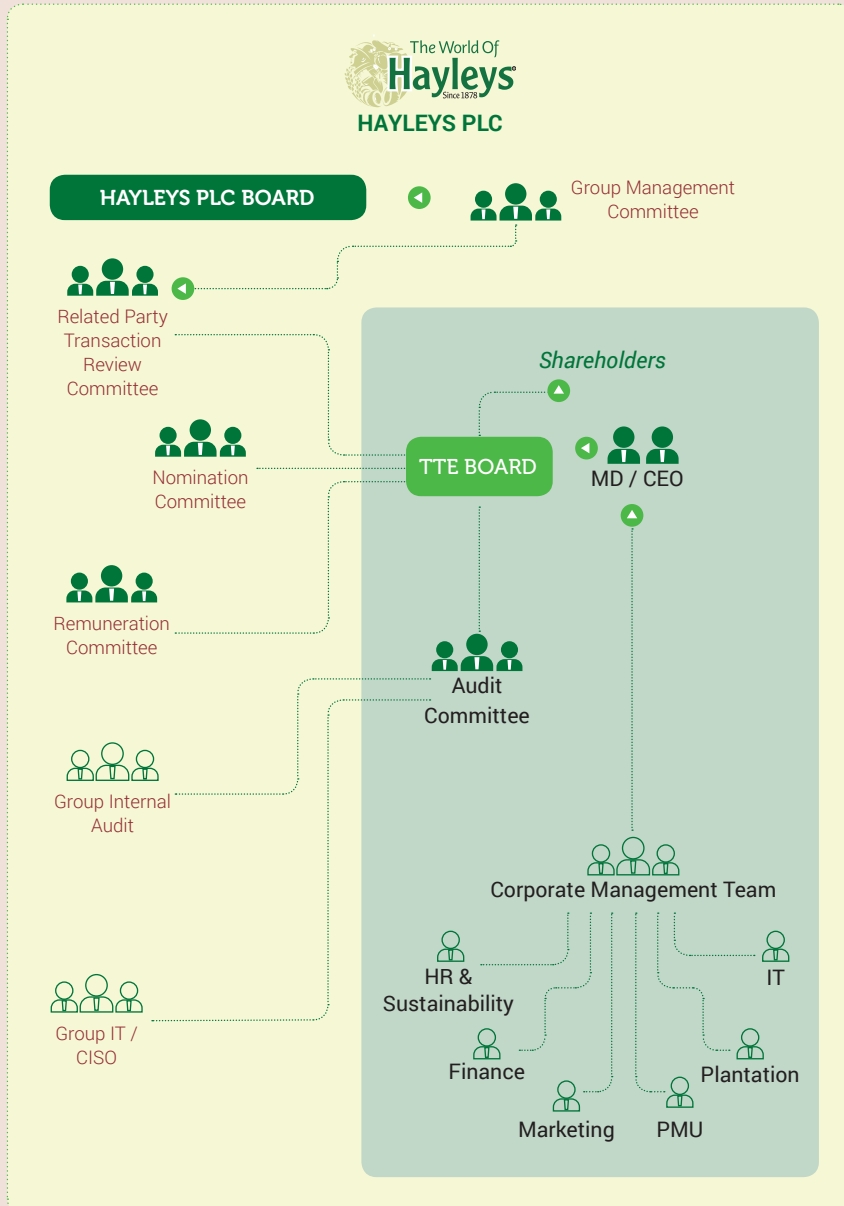
Way forward

The company foresees that the coming year will serve as a far more challenging year in the context of the grave economic crisis the country is currently experiencing. We are aware of the implications of this historic situation on the daily lives of our stakeholders. Ongoing supply shortages, the forex crisis, energy and utility related issues, and political and social tensions will seriously affect the cost of doing business, and significantly alter how we create value to our stakeholders.

Corporate Governance Report

The increasingly challenging environment has underscored the need for strong corporate governance. At TTE, this commitment to the highest standards of governance begins at Board level – given their deep understanding of our vision and values and the adoption of a sound governance framework anchored on integrated thinking and decision-making that takes into consideration ESG factors and reconciles the interests of the Company and stakeholders in creating and protecting sustainable value.

GRI: 2-9 ▶



GOVERNANCE HIGHLIGHTS -2021/22

- ▶ Oversight of business continuity plans in response to business disruptions
- ▶ Performance oversight to ensure business goals are met
- ▶ Adopting the Hayleys Life Code to enhance integration of ESG
- ▶ Updating the information technology strategy and ensuring improved risk management in technology
- ▶ Monitoring the Covid-19 response and risk mitigation strategy including the roll-out of the vaccination programme
- ▶ Monitoring the company's stakeholder relationships.
- ▶ Retirement by Rotation of Mr. S L Athukorala, Mr. S B Alawattegama and Mr. M H Jamaldeen at the AGM to be held on 28th June 2022. They have offered themselves for re-election.

1. Governance Framework and Structures

Clearly defined governance frameworks and structures enables the Board to maintain effective oversight and leadership. The Board receives regular updates from Executive Management on key issues affecting TTE and its stakeholders. The Board, directly and through its sub-committees, considers actions to successfully face challenges, manage crisis and harness opportunities to support sustainable business performance. and growth.

Corporate Governance Report

In executing their duties, Board members remain transparent and act with integrity and fairness. The Group's Code of Conduct, - The Hayleys Way - binds all employees and Directors to high standards of ethical conduct.

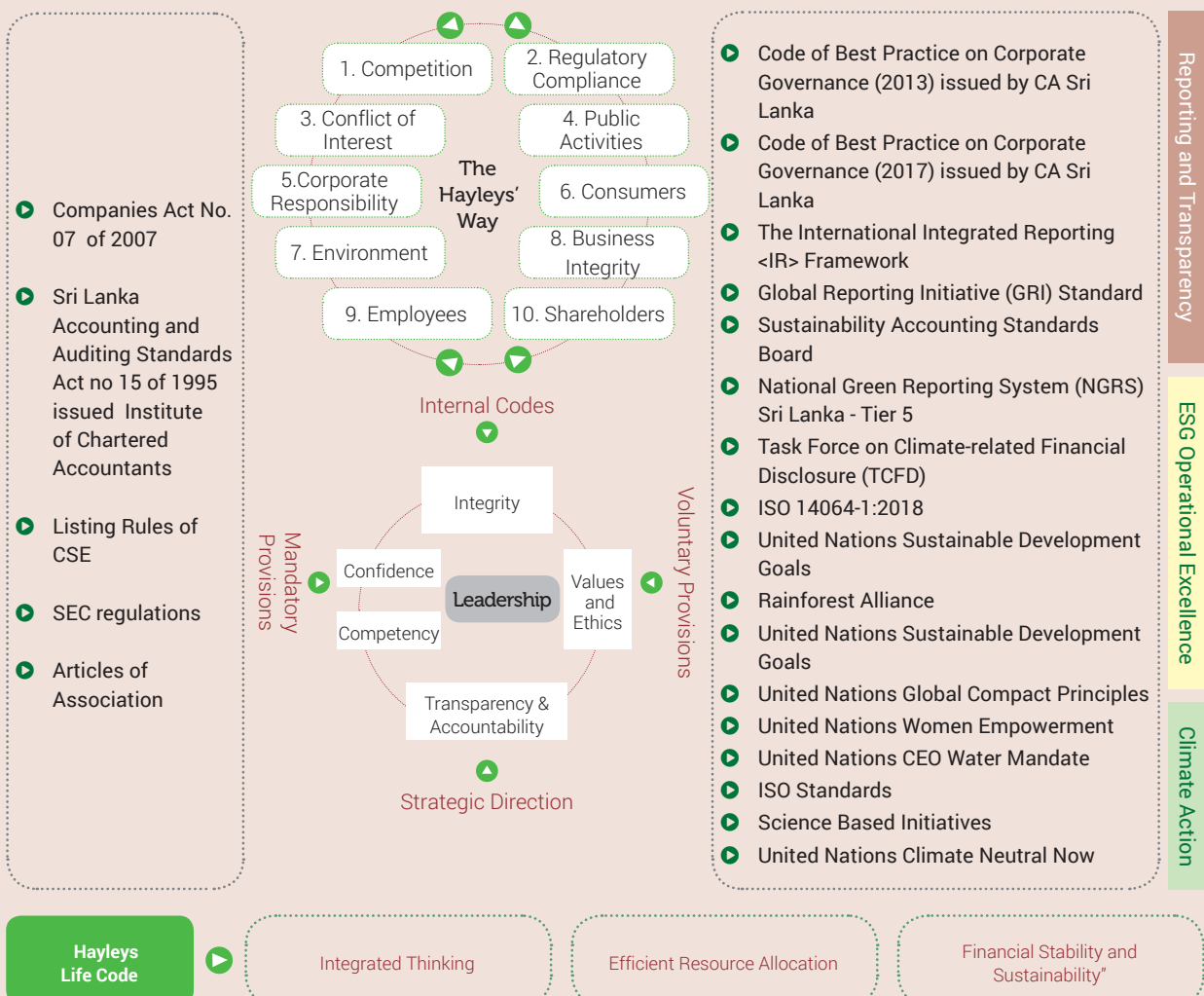
- As part of the Hayleys Group, TTE benefits from mature governance systems and insights of our parent company, developed over more than a century of existence. Group functions of the parent company drive the evolution of governance systems, ensuring that they are benchmarked to international best practice and rolled out effectively across the Group.

2. Culture and Ethical Conduct

Our strong corporate culture is fundamental to our business success. The Board plays a critical role in shaping the culture of TTE by promoting growth-focused and values-based conduct.

TTE is committed to conduct its business dealings in an ethical and sound manner. The Board sets the tone from the top, leading by example. In executing their duties, Board members remain transparent and act with integrity and fairness. The Group's Code of Conduct, - The Hayleys Way - binds all employees and Directors to high standards of ethical conduct.

TTE Governance Framework



3. Sustainability Governance GRI: 2-2, 2-13 & 14 ▶

TTE values its reputation as a responsible corporate citizen and places significant emphasis on preservation of the environment, strengthening and empowering our society and communities and upholding a culture of the highest standards of corporate governance and integrity. The Board remains satisfied that these principles have been realized at TTE through the adoption of integrated thinking and by incorporating Environmental, Social and Governance (ESG) metrics into the business model driving efficient resource allocation and creating value for both the organization and its key stakeholders, as reflected in the Management Discussion and Analysis Section / Capitals Report on pages 66 to 135.

Sustainability considerations are firmly embedded into Hayleys Group's governance structures under the supervision of The Group Management Committee while the TTE's Audit Committee reviews the principal risks to TTE including those related to sustainability. The Company has established a total Systems Management Approach, which coordinates horizontally between various business departments and estates at the organizational level and, vertically from subordinate units at the execution level to top management to manage impacts on the economy, environment, and people. The board also acknowledges its responsibility to report to stakeholders on TTE's commitment to sustainable value creation through its Annual Report.

Building on our ESG commitments, the Board adopted the Hayleys Lifecode the Group's ESG framework launched in January 2022. The framework articulates the Group's ESG philosophy, policies and goals and unifies the Group's 2030 mandate, setting expectations from each business sector.

It also, comprehensively links the GRI standards and UN Sustainable Development Goals to the policy frameworks and commitments of the Group, supporting harmonization of these throughout all Group entities and locations.

TTE has internalized the mandate aligning its policy framework, strategic plans and financial and non-financial reporting mechanisms to meet the requirements of the Lifecode.

Navigating the Corporate Governance Report

1. Governance Framework and Structure
2. Culture and Ethical Conduct
3. Sustainability Governance
4. Strategic Leadership
5. Board Governance
6. Responsible and Fair Remuneration
7. Control Environment
8. Innovation Governance
9. Digital Governance
10. Gender Parity
11. Relations with Shareholders
12. Information Technology & Cyber Security Governance

Details of Compliance with respective statues and codes as described in the Compliance Summary on pages 245 to 252.

Board's Primary Governance Roles and Responsibilities

Steers and Sets Strategic Direction

Approves strategy. Focuses on high environmental, social & governance standards

Approves Policy and Capital Planning

▶ Gives effect to strategy. Sets direction, resource allocation. & risk appetite.

Oversees and Monitors

implementation by Management

Ensures Accountability

▶ for organisational performance through reporting and disclosure, engagement

4. Strategic Leadership

GRI: 2-12 ▶

The Board's primary objective has been to navigate the business through this time of uncertainty, ensuring that we emerge in a strong position, having continued to drive forward with our strategy despite the persistent difficulties. Drawing on the wealth of knowledge and experience of our board members (see Board Composition – page 149), the board provides strategic direction and leadership, monitors the implementation of business and strategic plans and approves the capital funding for these plans.

Corporate Governance Report

The Board has delegated specific oversight responsibilities that warrant greater attention, to the Audit Committee and is assisted in the discharge of duties by the Hayleys PLC (Parent) Nominations Committee, Remuneration Committee and Related Party Transactions Review Committee, as permitted by the Listing Rules of the Colombo Stock Exchange. The reports of these four Committees are given on pages 160 to 164.

The Group MD is accountable for the implementation of strategy and performance and is supported by the Executive Management Team. As a member of the Hayley's Group Management Committee, he is responsible to the Hayley's Board for delivering agreed strategic goals for the plantation sector.

Close engagement between the Board, Executive leadership and senior management, clear roles and responsibilities, empowerment and regular reporting has enabled quick and informed decision making to capitalize on business opportunities and mitigate emerging threats.

The complementary skills and diverse experience of the Executive Management strengthens TTE's ability to deliver on strategy. Management is empowered to take decisions within the defined framework and job descriptions and are expected to always act in accordance with the Company's values and Code of Conduct. Several Committees have also been established to facilitate co-operation across divisions and estates, to improve efficacy in business matters.

Key Board Responsibilities

- ▶ Provide strategic direction
- ▶ Monitor implementation of strategy
- ▶ Set corporate values and promote ethical behaviours
- ▶ Establish systems of risk management, internal control and compliance
- ▶ Be responsive to the needs of society
- ▶ Meet shareholders, employees and other stakeholder's obligations, balancing their interests in a fair manner
- ▶ Present a balanced and understandable assessment of the Group's position and prospects
- ▶ Safeguard assets and ensure legitimate use
- ▶ Ensure succession planning and the continued ability of the Group to operate without any disruption



Strategy & Business

- ▶ Approval of the Corporate strategic plan
- ▶ Continued review of strategic plan, considering impact of pandemic, government policy decisions etc on business operations



Risk & Oversight

- ▶ Review of impacts from operating environment
- ▶ Performance review of the Group
- ▶ Risk Review
- ▶ Balance sheet and liquidity management



Governance

- ▶ Implementation of Hayleys Lifecode Sustainability framework
- ▶ Review of policy frameworks
- ▶ Succession planning



Stakeholder Engagement

- ▶ Review of stakeholder communications and engagement initiatives, in setting strategy and building brand
- ▶ Approval of dividend payment



Financial Performance

- ▶ Financial impact from adverse operating conditions
- ▶ Approval of 2021/22 Financial Statements and Annual Report
- ▶ Approval of 2022/23 budget

GRI: 2-10 ▶

Board Committee	Areas of Oversight	Composition	Further Information
Audit Committee (AC)	<ul style="list-style-type: none"> ▶ Financial Reporting ▶ Internal Controls ▶ Internal Audit ▶ External Audit 		Report of the Audit Committee on page 160
Nominations Committee (NC)	<ul style="list-style-type: none"> ▶ Appointment of Key Management Personnel/ Directors ▶ Succession Planning ▶ Effectiveness of the Board and its Committees 	Hayley's PLC (parent company) Nominations Committee acts as the NC of TTE. 	Report of the Nomination Committee on page 163
Remuneration Committee (RC)	<ul style="list-style-type: none"> ▶ Remuneration policy for Key Management Personnel ▶ Goals and targets for Key Management Personnel ▶ Performance evaluation 	Hayley's PLC (parent company) Remuneration Committee acts as the RC of TTE. 	Report of the Remuneration Committee on page 164
Related Party Transactions Review Committee (RPTRC)	<ul style="list-style-type: none"> ▶ Review of related party transactions 	Hayley's PLC (Parent company) Related Party Transactions Review Committee acts as the RPTRC of TTE. 	Report of the Related Party Transactions Review Committee on page 162

Chairman
 Independent Non- Executive Director
 Non- Executive Director
 Executive Director

5. Board Governance GRI: 2-9 & 17 ▶


5.1 Board Composition


We believe that our Board is well-balanced and diverse, with the right mix of skills, experience, background, independence and knowledge in order to discharge its duties and responsibilities effectively. All Directors exercise independent judgement, engaging in constructive Board deliberations and objective evaluation of matters set before them.


Independent Directors are eminent professionals in their respective fields, bringing valuable insights and varied perspectives to board deliberations. Three directors are finance professionals ensuring sufficient financial acumen within the Board.

Corporate Governance Report

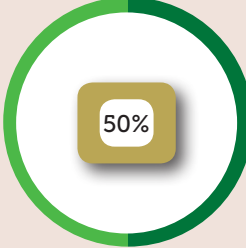
Board Composition

Executive Directors (including Chairman) 

Independent Directors 


Non-Executive Directors 

Independence

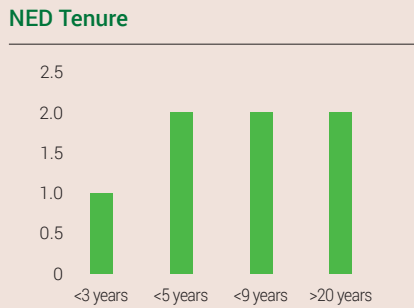


50% of the Board is Independent

Gender Diversity



90%: 10%



Sound blend of continuity and fresh perspectives

10

Board Size

Appropriate board size promoting accountability and encouraging healthy, constructive debate and decision-making, while meeting regulatory requirements

Age Diversity

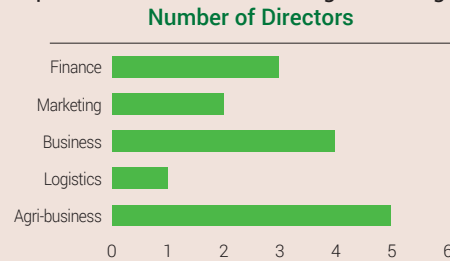
Balanced in experience and new expertise.

Younger than 60 years



Expertise

Experienced board; combining knowledge and skills relevant to the Group.



5.2 Independence

Definition

Assessment

Outcome

- Independence is determined against criteria as set out in the Listing Rules of the Colombo Stock Exchange and in compliance with Schedule K of the CA Sri Lanka Code of Best Practice on Corporate Governance 2017.

- Independent assessment of directors is conducted annually by the Board, based on annual declaration and other information submitted by Non Executive Directors
- The Board discusses the possibility of any impairment of Directors independence due to extended Board tenures, and collectively evaluates the re-election of such Board members

- The Board is satisfied there are no relationships or circumstances likely to affect or appear to affect, directors' independence during the period under review.
- The Board has determined that the independence of Mr. NT Bogahalande and Ms Minette D A Perera are not compromised by them being on the Board over 9 years and that they are capable of acting impartially and independently in all matters.

5.3. Clear Roles and Responsibilities GRI: 2-11, 12 & 13 ▶

A clear division of roles and responsibilities ensures that none of the Directors have unfettered powers in the Board decision-making process. Key roles of Chairman and MD are separate strengthening the Board’s effectiveness and ensuring objective decision making in the discharge of duties.

The Chairman of Hayley’s PLC (parent Group) serves as Chairman of TTE.

Chairman	Managing Director (MD)
<i>Role</i>	<i>Role</i>
Leads the Board, preserving good corporate governance and ensuring that the Board works ethically and effectively.	Is accountable for implementation of TTE strategic plan and driving performance.
<i>Responsibilities</i>	<i>Responsibilities</i>
<ul style="list-style-type: none"> ▶ Setting the ethical tone for the Board and Group; ▶ Setting the Board’s annual work plan and the agendas, in consultation with the Company Secretary and the MD ▶ Building and maintaining stakeholder trust and confidence; ▶ Ensuring effective participation of all Board members during Board meetings. ▶ Facilitating and encouraging discussions amongst all Directors of matters set before the Board and ensuring a balance of power is maintained between Executive and Non Executive Director (NED). ▶ Monitoring the effectiveness of the Board. 	<ul style="list-style-type: none"> ▶ Appointing and ensuring proper succession planning of the corporate management team, and assessing their performance; ▶ Developing the Group’s strategy for consideration and approval by the Board; ▶ Developing and recommending to the Board budgets supporting the Group’s long-term strategy. ▶ Monitoring and reporting to the Board on the performance of the Group and its compliance with applicable laws and Corporate Governance principles. ▶ Establishing an organizational structure for the Group which is appropriate for the execution of strategy; ▶ Ensuring a culture that is based on the Group’s values; ▶ Ensuring that the Group operates within the approved risk appetite.

Company Secretary

Secretarial services to the Board are provided by Hayley’s Group Services (Pvt) Ltd. The Company Secretaries guides the Board on discharging its duties and responsibilities, promoting best practices in Corporate Governance. All Directors have access to their advice and services as necessary.

5.4 Board Refreshment GRI: 2-10 ▶

The Board is refreshed periodically through new appointments, retirement, resignation, and Re-election. Board refreshment has allowed for the introduction of members with new skills, insights, and perspectives, while retaining valuable industry knowledge and maintaining continuity. Directors are appointed through a formal and transparent process as depicted below.

Corporate Governance Report

Appointments

- The Hayleys Group Nominations Committee (NC) makes recommendations to the Board in this regard having considered the combined knowledge, experience and diversity of the Board in relation to the Group's strategic plans and any gaps thereof.
- Appointments are communicated to the CSE and shareholders through corporate disclosures and include a brief resume of the director.

Re-election/Re-appointment

- Pursuant to the Articles of Association of the Company, 1/3 of the Directors will retire from office at each Annual General Meeting. Provisions of the Articles of the Company do not require the Managing Director and Appointed Directors to retire by rotation.
- These Directors are eligible to stand for re-election by the shareholders at the Annual General Meeting.
- The NC assesses the Board's composition as a whole and reviews the participation, engagement and contribution of each Director prior to recommendation for Re-election.
- A director appointed by the Board to fill a casual vacancy arisen since the previous AGM, will offer himself for re-election at the next AGM.

Retirement/Resignation & Director Tenure

- Resignations or removal, if any, of Directors and the reasons are promptly informed to the CSE.

The total number of Board Seats (Excluding Directorship in the Group) held by each Director as at 31st March 2022 is given below.

Name of Director	Directorship Status in TTE	No of Board seats held in Listed Companies		No of Board seats held in unlisted Companies	
		Executive	Non -Executive	Executive	Non -Executive
		Capacity	Capacity	Capacity	Capacity
Mr. A M Pandithage	Chairman/Executive Director	13	2	156	13
Mr. R Rajadurai	Managing Director	1	-	3	4
Mr. S B Alawattegama	Chief Executive Officer	-	-	-	-
Mr. J M Kariapperuma	Independent Non-Executive Director	-	-	-	-
Mr. N T Bogahalande	Independent Non-Executive Director	-	1	1	3
Mr. S. L Athukorala	Independent Non-Executive Director	-	-	-	3
Ms. M D A Perera	Independent Non-Executive Director	-	7*	-	8*
Mr. M H Jamaldeen	Independent Non-Executive Director	2	5	29	6
Mr. Merrill J Fernando	Non-Executive Director	1	7	29	17
Mr. Malik J Fernando	Non-Executive Director	1	6	36	18
Mr. D C Fernando	Alternate Director	1	3	34	11
(Alternate Director to Mr. Merrill J Fernando – appointed 8th November 2021)					

* Includes two alternative Directorship

5.5. Meetings & Attendance

Board and Sub-committee meetings were held on a quarterly basis, with the flexibility to arrange ad-hoc meetings to supplement these when required.

Governance of meetings



Board Agenda

- ▶ Chairman sets the Board agenda, assisted by the Company Secretary and MD/CEO. The agenda is prioritized and timed to ensure all items are discussed adequately. Agenda and Board Papers for Meetings are sent generally seven (7) days before the Meeting, allowing Members sufficient time to review same.



Resolutions

- ▶ Resolutions concerning business matters may be passed by circulation, within regulations. However, if a single Director deems it necessary that such resolution must be decided at a Board Meeting and not by circulation, the Chairman shall present the resolution to be decided at a Meeting.



Minutes

- ▶ All proceedings of the Meetings, including Directors' concerns regarding matters which are not resolved unanimously, are minuted and the minute book is maintained with signed copies of the minutes.
- ▶ Board minutes are circulated to Members within two (2) weeks of the Meeting being held, in compliance with code. Board decisions/ prescribed actions are followed-up through an action tracker.

Corporate Governance Report

Attendance at Meetings

Directors	Status	Year of Appointment	Eligibility / Attended				Related Party Transaction Review Committee
			Board	Audit	Nomination	Remuneration	
A M Pandithage (Chairman)	ED	2009	4/4		12/12		
Dr W G R Rajadurai (MD)	ED	2013	4/4				
Mr Merrill J Fernando	NED	1998	-				
Mr Malik J Fernando	NED	1998	-				
Mr. D C Fernando (Alternate Director to Mr. Merrill J Fernando Appointed on 8th November 2021)			1/4				
Ms Minette D A Perera	INED	2012	4/4	4/4			
Dr N T Bogahalande	INED	2013	4/4				
Mr S L Athukorala	INED	2016	4/4	4/4			
Mr M H Jamaldeen	INED	2017	4/4			2/2	
Mr S B Alawattegama (Director/CEO)	ED	2020	4/4				
Mr. J.M. Kariyapperuma	INED	2020	2/4				
<i>Directors of Hayley's PLC who are on the sub-committees applicable to TTE</i>							
Mr. K D D Perera (Co-Chairman), (Alternate Director Ms. A A K Amarasinghe)	NED				12/12	2/2	
Dr. H Cabral	INED				12/12	2/2	4/4
Mr. M Y A Perera	INED					2/2	4/4
Mr. S C Ganegoda	ED						4/4

INED - Independent Non-Executive Director, NED - Non-Executive Director, ED - Executive Director

5.6. Informed Decision Making GRI: 2-16 ▶

Good decision-making requires possessing the right knowledge. TTE's reporting and information systems ensures the Board receives relevant and objective information, in a timely manner.

Supply of Information

- ▶ The Board pack, is generally circulated seven (7) days in advance of a Board Meeting.
- ▶ The MD briefs the Board on the business operations, apprising of current developments.
- ▶ KMP are invited to attend Board meetings to discuss relevant areas of business. Management is open and transparent with the Board and brings to attention any matters of concern in a timeous manner.
- ▶ KMP notifies the Board of any critical issues through the Board Papers on a quarterly basis and does not raise any such critical issues that need to be reported to the Board during the year.

Access to Information

- ▶ Directors have unrestricted access to Management, organisation information, and resources to facilitate discharge of their duties.
- ▶ Directors are entitled to seek independent professional advice, co-ordinated through the Group Secretaries, at Group's expense. Copies of such advice obtained are circulated to Directors who request for it.

Induction and Training

- ▶ On appointment, directors are apprised of the Company and provided a tour of key Estates and factories.
- ▶ Directors are kept abreast of relevant legislation, regulations, sector developments and changes to risk profile on on- going basis.
- ▶ They undertake training and professional development as they consider necessary, on a personal capacity or coordinated through the Group Secretaries.

5.7 Directors Interests, Related Party Transactions, Conflicts of Interest GRI: 2-15 ▶

The Board is committed to the highest standards of professional and ethical conduct. Directors declare their outside business interests on appointment and quarterly thereafter, details of which are recorded in the Directors' Interests Register, and available for inspection in terms of the Companies Act. Directors have no direct or indirect interest in a contract or a proposed contract with the Group other than those disclosed in Note 33 to the financial statements.

The Board is satisfied that all Directors allocate sufficient time to enable them to discharge their responsibilities and duties in their capacity as a Director of TTE.

Where there is a conflict of interest in matters set before the Board, Director's excuse themselves from the discussion and abstain from voting.

The Hayley's Group Related Party Transactions Review Committee considers all transactions that require approval in line with the Group's Related Party Transactions Policy and in compliance with the relevant regulations. Related party transactions are disclosed in page 233.

5.8 Board and Sub-Committee Appraisal GRI: 2-18 ▶

An annual evaluation is conducted to assess the effectiveness of the Board as a whole. Lead by the Chairman and administered by the Company Secretary, directors assess their collective performance against key drivers of effectiveness. Collated results are made available to the Nominations Committee who make recommendations to the Board on areas for improvement. Similarly, an annual assessment is conducted by each Sub-committee Chairman to assess effectiveness.

Areas Covered

- ▶ Degree of fulfilment of Board's Responsibilities
- ▶ Quality of the Board – Management Relationship
- ▶ Effectiveness of The Board Processes and Meetings

The 2021/22 evaluations were conducted. The outcome of the appraisal indicated that the Board and its committees were effective in discharging their roles during the year under review.

5.9 Appraisal of Managing Director (MD) GRI: 2-18 ▶

The Board assesses the performance of the MD annually using criteria aligned to the short, medium and long-term objectives of the Group and agreed with the MD at the beginning of the year. Performance is reviewed quarterly and at the end of the financial year against the backdrop of the operating environment. Remuneration Committee assists in the evaluation

Corporate Governance Report

process, recommending a revised remuneration based on performance.

5.10 Succession Planning

Board reviews succession plans to ensure TTE attracts and retains the right talent for core and critical roles in the Group. The Board is assisted by the Hayleys PLC Remuneration Committee in identifying suitable candidates and developing succession plans for KMP. The Hayleys PLC Nomination Committee is responsible for reviewing Board succession.

6. Responsible and Fair Remuneration GRI: 2-19 & 20

6.1 Remuneration Policy and Procedure

The Board strives to ensure that remuneration is fair, responsible and transparent. The Hayleys Group Remuneration Committee (RC) has been mandated to make recommendations to the Board regarding remuneration of the Executive Directors and KMP.

6.2 Remuneration Level and Makeup

Remuneration packages are designed to attract eminent professionals with the requisite skills and experience. Remuneration is structured taking into consideration performance and risk factors entailed in the job and is competitive. It encompasses a variable pay component tied to the achievement of TTE's sustainable business objectives including ESG metrics.

Remuneration of Executive Directors are compliant with the provisions of Schedule E of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered

Accountants of Sri Lanka in 2017.

No special early termination clauses are included in the contract of employment of Executive Directors that would entitle them to extra compensation. However, such compensation, if any, would be determined by the Board of Directors. The Board as a whole determines the remuneration of the NEDs.

Independent professional advice is sought when required, by the Board/RC on matters within its purview.

The aggregate remuneration paid to Directors in FY 2021/22 is Rs. 39.9 Mn.

7. Control Environment

7.1 Compliance

The Group's policy framework facilitates compliance with regulatory requirements and voluntarily adopted standards of best practice. The Group also has a whistle-blowing policy in place which is clearly communicated to all employees and the Audit Committee and Board receive information in this regard.

TTE is compliant with all relevant statutory and regulatory requirements. There were no whistles blown during the year under review. Further, The Board is not aware of any material violations of any of the provisions of the Group's Code of conduct "The Hayleys Way" by any Director or employee of TTE.

7.2 Risk Management and Internal control

The Board is responsible for formulating and implementing effective risk management and internal control systems to safeguard

Hayley's Group Remuneration Policy

- ▶ To Attract And Retain A Highly Qualified And Experienced Work Force
- ▶ Reward Performance Accordingly In The Backdrop Of Industry Norms.
- ▶ Provide Compensation Packages Appropriate To Each Business Within The Group
- ▶ Compensation To Commensurate With Each Employee's Level Of Expertise And Contributions, Bearing In Mind The Business' Performance And Shareholder Returns.

shareholder interests and the assets of the Group. These systems cover all controls, including financial, operational and compliance and are monitored and regularly reviewed for effectiveness by the Board. The Board increased the rigor of oversight functions in managing risks as the environment continued to be uncertain and challenging. The Hayley's Group Internal Audit Department supports the Audit Committee, reviewing the adequacy and effectiveness of TTE's internal control systems and reporting to the Audit Committee on a regular basis. The Board is satisfied with the integrity of financial information and the soundness of the internal controls and systems of TTE.

7.3 Financial and business reporting

The Board has sought to present a balanced and understandable assessment of the Group's financial position, performance and prospects through the annual report, combining narrative and visual elements to facilitate readability and

comprehension. Interim Quarterly Reports have also been published. All statutory requirements have been complied with and the reports reviewed and recommended by the AC and approved by the Board of Directors, prior to publication.

Apart from the Integrated Report, the following reports set out further information required by the Code:

- ▶ The Directors’ Report on pages 165 to 170
- ▶ The Statement of Directors’ Responsibility on page 171
- ▶ Report of the Auditors on page 176

7.4 Assurance

The Board ensures that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and of TTE’s external reports. The Board Audit Committee (BAC) on behalf of the Board reviews the plans and work outputs of both external and internal auditors, coordinating activities to adopt a combined assurance model.

8. Innovation Governance

We believe in innovation to maximise value for our business and our stakeholders. The Board is aware of its role in innovation governance and to this end, encourages the creativity and flexibility that promotes innovative thinking, while managing risk within the agreed appetite. A culture of learning and growth is nurtured within the Group to stimulate innovation and growth. Employees are empowered in their roles and responsibilities, encouraged out of the box thinking and

recognized for their efforts. please refer Intellectual Capital – page 87 for examples of innovative interventions employees.

9. Digital Governance

The Board is cognizant of the benefits of agility, scalability, and innovation that digital platforms provide and ensures implementation of an effective and properly resourced technology strategy that delivers business value. The Board is equally committed to safeguarding the Group’s information assets and operational systems and invests extensively in cyber risk management systems, as described on page 158.

10. Gender Parity



The Board has long understood the vibrant role of women in building a progressive and prosperous country. The Group has been at the forefront of women empowerment in Sri Lanka actively supporting women’s advancement and forging gender parity. In particular, the Group emphasizes female empowerment at our Estate Communities through various Projects and Assignments.

10.1 Policies and practices

The Board appreciates the positive impact on productivity and competitiveness in engaging a gender diverse workforce. TTE has in place polices that promote equal opportunity, a safe workplace and flexible work arrangements and has implemented flexible, family friendly practices, disclosed on page 115, HR Capital that support female employees to fulfill their career

aspirations. The success of these initiatives is demonstrated in the increase in female representation to 59% of the workforce and 04% of senior management in 2021/22.

	Female Representation
Board	09%
Senior management	04%
Workforce	59%

Our workforce is predominantly female, manual grade employees responsible for plucking Tea within our estates.

Our policies seek to harness the full potential of all our employees by providing equal opportunity and a safe environment, in the workplace.

- ▶ Equality and Diversity Policy
- ▶ Employee Recognition and Rewards Policy
- ▶ Anti-Sexual Harassment Policy
- ▶ Grievance Handling Policy
- ▶ Management and Resolution of Complaints Policy
- ▶ Human Rights Policy
- ▶ Health & Safety Policy
- ▶ Hayley’s Way - Code of Conduct & Ethics

10.2 Responsible Branding

In marketing, and other related communications of Group branding, TTE is conscious of ensuring positive and progressive gender portrayals. The Group is aware that gender-stereotyped portrayals limits the aspirations, expectations, interests and participation of girls and women

Corporate Governance Report

in society, contributing to negative outcomes in health and wellbeing.

11. Relations with Shareholders

The Board is conscious of their responsibility towards stakeholders and is committed to fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided. Information is communicated accurately and in such a manner as to avoid the creation of a false market.

11.1 Communication with Shareholders

Shareholders are engaged through multiple channels of communication, including the Annual General Meeting (AGM)(detailed below), annual report, interim financial statements, a dedicated investor relations page on the Group’s website and notification of key events through announcements in the CSE.

The Annual Report presents a fair and balanced review of TTE’s financial position, performance and prospects combining narrative and visual elements to facilitate readability and comprehension. The Annual Report and the interim financials have been reviewed and recommended by the Audit Committee and approved by the Board of Directors, prior to publication.

Shareholders also have the opportunity to ask questions, comment or make suggestions to the Board through the Group Secretaries. All significant issues and concerns

of Shareholders are referred to the Board with the views of the Management.

11.2 Constructive use of Annual General Meeting (AGM)

The Board ensures that proactive engagement with shareholders is encouraged by the Group, including engagement at Group AGMs. Board members and key members of management are available at the AGM to interact with and respond to questions raised by the Shareholders. The external auditors also attend to address any queries raised.

Notice of the AGM, the Annual Report and Accounts and any other resolution together with corresponding information, are circulated to shareholders minimum 15 working days prior to the AGM allowing for all the shareholders to review the documentation and attend the AGM. TTE proposes a separate resolution for each item of business, giving shareholders the opportunity to vote on each of such issue, separately. Voting procedures at the AGM are circulated to the shareholders in advance.

All Shareholders are encouraged to exercise their voting rights. TTE has an effective mechanism to record and count all proxy votes lodged for each resolution. The outcome of the vote on each resolution is informed to the CSE, soon after the conclusion of the AGM.

In response to the COVID 19 pandemic restrictions imposed by the Government of Sri Lanka, the AGM 2021 was conducted for the second time as a virtual meeting. The Board ensured that shareholders were given the opportunity to submit questions in real time on the AGM platform, and their queries answered.

12. Information Technology & Cyber Security Governance

Hayley’s Group IT Dept is responsible for implementing the Groups digital strategy including adopting IT policies and safeguarding against cyber threats. The Group Head of IT functions as the Chief Information Security Officer (CISO). Coverage and scope of related Group policies and guidelines are given below.

Cybersecurity is an agenda of the monthly Group Management Committee meetings with matters escalated to the TTE Board where deemed necessary considering risk, impact and other prudential measures. IT and Cyber security formed part of the Group’s annual statutory audit of financial statements.

Group IT Policy	Group Information Security Policy	Principles	Guidelines for Corporate Websites
<ul style="list-style-type: none"> ▶ Group Connectivity ▶ Access requirements/ Resource utilisation ▶ Individual Sector Networks/ System Management ▶ Backup & Recovery/ Software Modification ▶ IT Equipment & Software & Third Party Involvement ▶ IT Assets & Media disposal and procurement ▶ Responsibility for Adherence 	<ul style="list-style-type: none"> ▶ Protection of information from unauthorised access ▶ Confirmation of information ▶ Confidentiality, availability and integrity of information ▶ Regulatory requirements ▶ Business continuity plans ▶ Information security training ▶ Reporting breaches of information security ▶ IT policy embedded in to employee induction programme 	<ul style="list-style-type: none"> ▶ Acceptable IT Use ▶ Password Protection Standards ▶ Email Usage ▶ Internet Usage ▶ Monitoring ▶ Enforcement 	<ul style="list-style-type: none"> ▶ Guidelines for web hosting ▶ Guidelines for secure web development ▶ Enforcement

Report of the Audit Committee

Role of the Audit Committee

The role of the Committee with specific terms of reference is described in the Corporate Governance Report on pages 145 to 159.

Composition of the Audit Committee

The Audit Committee, appointed by and responsible to the Board of Directors, comprises two Independent Non-Executive Directors. The Company Secretary acts as the secretary to the Audit Committee. The Managing Director, Chief Executive Officer and the General Manager - Finance attend the meetings. The Chairman, Head of Management Audits and Systems Review Department and Director Plantations attend meetings by invitation.

The Chairman of the Audit Committee is a Senior Qualified Accountant.

The names of the members of the Committee are given below and their brief profiles are given on pages 30 to 34 of this report. Their individual and collective financial knowledge and business acumen and the independence of the Committee, are brought to bear on their deliberations and judgment on matters that come within the Committee's purview.

Meetings of the Audit Committee

The Committee met four times during the year. The attendance of the members at these meetings is as follows:

Mr. S L Athukorala	4/4
Ms. M D A Perera	4/4

Relevant members from the Senior Management, representative from the Hayleys Management Audit & Systems Review Department (MA&SRD), Internal Auditors as well as the External auditors were present at these meetings as appropriate. The proceedings of the Audit Committee are regularly reported to the Board of Directors.

Tasks of the Audit Committee

Financial Reporting System

The Committee reviewed the financial reporting system adopted by the Company in the preparation of its quarterly and annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards.

The committee recommended the Financial Statements to the Board for its deliberations and issuance. The Committee, in its evaluation of the financial reporting system, also recognised the adequacy of the content and quality of routine management information reports forwarded to its members.

Internal Audits

The Committee reviewed the process to assess the effectiveness of the Internal Financial Controls that have been designed to provide reasonable assurance to the Directors that assets are safeguarded and that the financial reporting system can be relied upon in preparation and presentation of Financial Statements. The Group Management Audit & Systems Review Department reports on key control elements and procedure in Group companies that are selected according to an annual plan. These reports were reviewed by the audit committee.

Internal Audits are carried out by The Group Management Audit and Systems Review Department and leading audit firms are engaged to assist them in line with an agreed annual audit plan approved by the Audit Committee. Follow up reviews are scheduled to ensure that audit recommendations are being acted upon.

The Committee obtained and reviewed statements from the management of the company identifying major business risks, mitigatory action taken or contemplated for the management of these risks.

The Committee obtained representations from the Company on the adequacy of provisions made for possible liabilities and reviewed reports tabled, certifying their compliance with relevant statutory Requirements.

External Audits

The Committee held meetings with the External Auditors to review the nature, approach, scope of the audit and the Audit Management Letters of Company. Actions taken by the management in response to the issues raised, as well as the effectiveness of the internal controls in place, were discussed with the heads of business unit. Remedial action was recommended wherever necessary.

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

Appointment of External Auditors

The committee has recommended to the Board of Directors that Messrs Ernst & Young continue as Auditors for the year ending 31st March 2023.

Support to the Committee

The Committee received information and support from management during the year to enable it to carry out its duties and responsibilities effectively.

Sri Lanka Accounting Standards

Committee reviewed the revised policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS/ LKAS) applicable to the Company and made recommendation to the Board of Directors. The Committee would continue to monitor the compliance with relevant Accounting Standards and keep the Board of Directors informed at regular intervals. The committee has pursued the support of Messers Ernst & Young to assess and review the existing SLFRS policies and procedures adopted by the Company.

Conclusion

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



S. L. Athukorala
Chairman
Audit Committee

12th May 2022

Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee of the parent Company, Hayleys PLC, functions as the Committee for the Company and is in line with the Section 9 of the Listing Rules of the Colombo Stock Exchange.

Composition of the Committee

The Related Party Transactions Review Committee comprises two Independent Non-Executive Directors and one Executive Director. The Committee comprised of the following members;

- ▶ Dr. H Cabral, PC (IND/NED) - Chairman
- ▶ Mr. M Y A Perera (IND/NED)
- ▶ Mr. S C Ganegoda (ED) (ED-Executive Director, IND-NED Independent Non-Executive Director).

The Duties of the Committee

- ▶ To review in advance all proposed related party transactions of the group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- ▶ Seek any information the Committee requires from management, employees or external parties with regard to any transaction entered into with a related party.
- ▶ Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary, including obtaining appropriate professional and expert advice from suitably qualified persons.

- ▶ To recommend, where necessary, to the Board, and obtain their approval prior to the execution of any related party transaction.
- ▶ To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- ▶ Meet with the management, Internal Auditors/External Auditors as necessary to carry out the assigned duties.
- ▶ To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.
- ▶ To review the economic and commercial substance of both recurrent/non recurrent related party transactions.
- ▶ To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining 'competent independent advice' from independent professional experts with regard to the value of the substantial asset of the related party transaction.

Task of the Committee

The Committee reviewed the related party transactions and their compliance of Talawakelle Tea Estates PLC and communicated the same to the Board.

The Committee in its review process recognized the adequate content and quality of the information forwarded to its members by the management.

Meetings

The Committee Meetings were held four times during the year under review on 17th May 2021, 10th August 2021, 9th November 2021 and 11th February 2022. The attendance at the meetings is given in table on page 154 of the Annual Report.

Disclosures

A detailed disclosure of all the related party transactions including Recurrent and Non Recurrent related party transactions which are required to be disclosed under section 9.3.2 of the listing rules of the Colombo Stock Exchange has been made in Note 33 & 34 to the financial statements given in page 233 to 234 in this report.

Dr. Harsha Cabral, PC.

Chairman

Related Party Transactions Review Committee of Hayleys PLC

17th May 2022

Nomination Committee Report

Composition

A.M. Pandithage (ED) - Chairman
 K.D.D. Perera (NED)
 Dr. H. Cabral PC (IND/NED)

IND/NED - Independent Non-Executive Director

ED - Executive Director

NED - Non - Executive Director

The Remuneration Committee of the parent company, Hayleys PLC functions as the Committee for the Company.

The Committee met twelve times during the year and the attendance are give on page 154.

Duties of the Nomination Committee

- ▶ Consider of making any appointment of new Directors or re-electing current Directors to the Board.
- ▶ Provide advice and recommendations to the Board on any such appointment.
- ▶ Review criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment to the Board and Key Management Personnel in the Company.
- ▶ Consider if a Director is able to and has been adequately carrying out his or her duties as a Director, taking in to consideration the number of Listed Company Boards on which the Director is represented and other principal commitments.
- ▶ Review the structure, size, composition and competencies of the Board and make recommendations to the Board with regard to any changes.
- ▶ Recommend the requirements of new expertise and succession arrangements for retiring Directors.
- ▶ Recommend on any matter referred by the Board of Directors.
- ▶ The Committee has recommended based on the performance and the contribution made to achieve the objectives of the Board to re-elect Mr. S.L.Athukorala, Mr. S.B. Alawattegama and Mr. M.H. Jamaldeen at the Annual General Meeting to be held on 28th June 2022.
- ▶ The Committee has recommended to reappoint Mr. A.M. Pandithage and Mr. Merrill J. Fernando who are over seventy years of age.



A.M. Pandithage
 Chairman
 Nomination Committee

19th May 2022

Remuneration Committee Report

Composition

- ▶ Dr. H Cabral, PC (IND/NED) – Chairman
- ▶ Dhammika Perera (NED)
- ▶ M Y A Perera (IND/NED)
- ▶ M H Jamaldeen (IND/NED)

IND/NED – Independent Non-Executive Director
 NED - Non-Executive Director

The Remuneration Committee of the parent Company Hayleys PLC functions as the Committee to the Company and consists of three independent Non-Executive Directors.

The Committee met twice during the year and the attendance are given on page 154.

The Chairman & Chief Executive assists the Committee by providing relevant information and participating in its analysis and deliberations, except when his own compensation package is reviewed.

Duties of the Remuneration Committee

The Committee vested with power to evaluate, assess, decide and recommend to the Board of Directors on any matter that may affect Human Resources Management of the Company and the Group and specifically include:

- ▶ Determining the compensation of the Chairman & Chief Executive, Executive Directors and the Members of the Group Management Committee.
- ▶ Lay down guidelines and parameters for the compensation structures of all management staff within the Group taking into consideration industry norms.

- ▶ Formulate guidelines, policies and parameters for the compensation structures for all Executives staff of the Company.
- ▶ Review information related to executive pay from time to time to ensure same in par with the market/industry rates.
- ▶ Evaluate the performance of the Chairman & Chief Executive and Key Management Personnel against the predetermined targets and goals.
- ▶ Assess and recommending to the Board of Directors of the promotions of the Key Management Personnel and address succession planning.
- ▶ Approving annual salary increments and bonuses.
- ▶ Recommended the bonus payable and annual increments to be paid to Executive and Non-Executive staff based on the ratings of the Performance Management System.



Dr. Harsha Cabral, PC
Chairman
 Remuneration Committee

19th May 2022

Remuneration Policy

The remuneration policy is to attract and retain highly qualified and experienced work force, and reward performance accordingly in the backdrop of industry norms. These compensation packages provide compensation appropriate for each business within the Group and commensurate with each employee's level of expertise and contributions, bearing in mind the business' performance and shareholder returns.

Activities in 2021/22

- ▶ During the year the Committee reviewed the performance of the Chairman & Chief Executive, Executive Directors and Group Management Committee based on the targets set in the previous year and determined the bonus payable and the annual increments.

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

The Board of Directors of Talawakelle Tea Estates PLC (TTE PLC) is pleased to present the Annual Report of the Board of Directors on the affairs of the Company and audited Consolidated Financial Statements of the Group 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 Companies Act'), and the Colombo Stock Exchange Listing Rules and are guided by recommended best accounting practices. The Financial statements were reviewed and approved by the Board of Directors on 12th May 2022.

Principal Activities

Talawakelle Tea Estates PLC is the holding company, of TTEL Hydro Power Company (Pvt) Limited and TTEL Somerset Hydro Power (Pvt) Limited. The principal activity of Talawakelle Tea Estates PLC is cultivation and manufacture of black tea and the subsidiaries are engaged in generation of hydro power.

There were no significant changes in the nature of the principal activities of the Company or its subsidiaries during the year under review.

Group Structure

The Group Structure is given on page 23.

Vision, Mission and Corporate Conduct

The company vision and mission are given on page 22. The 'Group Code of Business Principles –Hayleys Way' provides the frame work for our corporate conduct. The Group is committed to conduct its business

operations with honesty, integrity, to comply the laws and regulations of the country and with respect to the rights and interests of all stakeholders.

Business Review/Future Development

A review of financial and operational performance and future business developments of the Group is contained in the Chairman's Statement (Pages 14 to 17) Managing Director's Review (Pages 18 to 21) and Management Discussion and Analysis (Pages 66 to 135) of the Annual Report.

These reports, together with the audited financial statements, reflect the state of affairs of the Company and the Group.

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

Financial Statements

The Financial Statements of the Company and the Group prepared in conformity with the Sri Lanka Accounting Standards (SLFRS/LKAS) as required by Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and comply with the requirements of the Companies Act.

The Financial Statements of the Company and the Group for the year ended, 31st March 2022, have been duly signed by the Chief Financial Officer and two directors of the Board are given on pages 182.

Auditor's Report

The Company's Auditors Messrs. Ernst & Young, Chartered

Accountants carried out an audit on the Financial Statements of the Company and the Group as at 31st March 2022, and their Report is given on pages 176 to 179.

Accounting Policies

The Significant Accounting Policies adopted in the preparation of the Financial Statements of the company and the group are given on pages 186 & 205.

There were no material changes in the Accounting Policies adopted with those of the last year other than disclosed in note 2.3 to the financial statements.

Group Revenue

The revenue of the Group during the year was Rs. 4,727.3 Mn (2021 Rs. 4,515.7 Mn). An analysis of the Group's revenue, profits and asset allocation relating to different segments are given in Note 6 to the Financial Statements.

The contribution to revenue from tea increased by Rs. 163.8Mn (2021 – increased by Rs. 569.2Mn), and revenue from rubber Increased by Rs. 33.9 Mn (2021- increased by Rs. 21.9 Mn). Revenue contribution from hydro power increased by Rs. 8.4Mn (2021- increased by Rs.3.1 Mn) during the year ended 31.03.2022.

Trade between Group Companies is conducted at fair market prices.

Operational Results and Dividends

The Group profit before taxation, amounted to Rs. 837.3Mn (2021-Rs. 771.7 Mn) during the period under review. After charging Rs. 19.9Mn (Rs. 2021 – Rs.59.9 Mn) for taxation

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

and a consolidation profit of Rs. 3Mn (2021 – profit of Rs. 3.2 Mn) for non-controlling interests, the Group profit attributable to equity holders of the Company from operating activities for the period was Rs. 814.4Mn (2021 – Rs. 708.6 Mn).

An Interim Dividend of Rs. 0/65 per share was paid to the shareholders on 18th January 2022.

The Board of Directors has recommended the payment of final dividend of Rs. 5/- per share for 2021/22 subject to the approval of the shareholders at the oncoming Annual General Meeting.

The Directors have confirmed that the Company satisfies the solvency test requirement under Section 56 of the Companies Act for the interim dividend paid and final dividend proposed. A solvency certificate was obtained from the Auditors in respect of the interim dividend paid and one has been sought in respect of the final dividend proposed.

Group Investment

Total capital expenditure of the Group including investments in field development during the year amounted to Rs. 411.7 Mn (2021 – Rs. 184.6 Mn)

Property, Plant & Equipment

Group investment on property, plant & equipment and capital work in progress during the year amounted to Rs. 282.14Mn (2021 - Rs. 77.1 Mn) whilst that of the Company was Rs. 282.14Mn. (2021 - Rs. 77.1 Mn). The Company investment on replanting of tea, timber and other crops during the year amounted to Rs. 91.2 Mn. (2021

– Rs. 69 Mn) Rs. 19.1 Mn (2021- Rs. 17.3 Mn) and Rs. 19.1 Mn (2021 - Rs. 21.03 Mn) respectively.

Information relating to movement in property, plant & equipment and replanting is given in Notes 12 & 13 to the Financial Statements.

Market Value of Properties

The Group does not possess any freehold land.

Stated Capital and Reserves

The stated capital of the Company as at 31st March 2022 consists of 47,500,000 Ordinary Shares and one (01) Golden Share amounting to Rs. 350,000,010. There was no change in the stated capital during the year ended.

Total Group reserves at 31st March 2022 amounts to Rs. 3,955.7 Mn (2021 – Rs. 3,201.7 Mn) comprising retained earnings of Rs. 3,708.2 Mn. (2021 – Rs. 2,988 Mn), biological crop reserve of Rs. 17.4Mn (2021- Rs.22.6 Mn) and timber reserves of Rs. 230.1Mn (2021 – Rs. 191.1 Mn). The movement in reserves during the period is shown in the Statement of Changes in Equity in the Financial Statements.

Provision for Taxation

The profit of the Company is liable for income tax at varying rates. The profit earned on Agro Farming is exempt, Agro processing and Dividend Income are liable at 14% and Interest Income is liable at 24%.

TTEL Hydro Power Company (Pvt) Ltd and TTEL Somerset Hydro Power (Pvt) Ltd liable at 14%.

The Group has also provided deferred tax on all known temporary differences under the liability method.

Information on the income tax and deferred tax of the Company and the Group is given in note 10 to the Financial Statements.

Preferences Shares

As at 31st March 2022 the company holds 14% Redeemable Cumulative Preference Shares of TTEL Hydro Power Company (Pvt) Limited and TTEL Somerset Hydro Power (Pvt) Ltd amounting to Rs. 53.1 Mn (31.03.2021 – Rs. 53.1 Mn) and Rs. 16 Mn (31.03.2021 – Rs. 16Mn) respectively. Information relating to the preference shares is given in Note 14 to the Financial Statements.

Interests Register

The Company, in compliance with the Companies Act, maintains an Interests Register. Shareholders of subsidiary Companies have unanimously agreed to dispense with the requirement to maintain an Interest Register.

Directors' Interests in Shares

Directors of the Company who have shares in the Company have disclosed their shareholdings and any acquisitions/disposals to the Board, in compliance with Section 200 of the Companies Act.

Details of Directors shareholdings in the Company are given later in this report.

Directors' Interests in Transactions;

The Directors of the Company have made the general disclosures

provided for in Section 192(2) of the Companies Act., Note 33 to the Financial Statements dealing with related party disclosures includes details of their interests in transactions.

Insurance & Indemnity

The ultimate parent of the Company, Hayleys PLC has obtained a Directors' and Officers' Liability insurance from a reputed insurance company in Sri Lanka providing worldwide cover to indemnify all past, present and future Directors and Officers of the Group.

Payment of Remuneration to Directors:

Executive Directors' remuneration is determined within an established framework by the Board's Remuneration Committee to whom this task is entrusted.

The Directors are of the opinion that the framework assures appropriateness of remuneration and fairness for the Company. The total remuneration for Executive Directors for the year ended 31st March 2022 is Rs. 36.1 Mn (31.03.2021 -Rs. 18.4 Mn), which includes the value of perquisites granted as part of terms of service and is formally approved. The total remuneration of Non-Executive Directors for the year ended 31.03.2022 is Rs. 3.8 Mn (31.03.2021 – Rs. 3.7 Mn) determined according to scales of payment decided upon by the Board previously. The Board is satisfied that the payment of remuneration is fair to the Company.

Corporate Donations

Donations was not made during the year ended 31.03.2022 (31.03.2021-Rs. 0.3Mn) by the Company and its Subsidiaries.

Directorate

The names of the Directors of the Company who held office at the end of the financial year are given below and their brief profiles appear on pages 30 to 34.

Executive Directors

Mr. A M Pandithage (Chairman)

Dr. W G R Rajadurai (Managing Director)

Mr. S B Alawattegama (CEO)

Non- Executive Directors

Mr. Merrill J Fernando (appointed Mr. D C Fernando as Alternate Director on 8th November 2021)

Mr. Malik J Fernando (Alternate Director Mr. D C Fernando resigned on 8th November 2021)

Independent Non- Executive Directors

Mr. N T Bogahalande

Mr. S L Athukorala

Mr. M H Jamaldeen

Mr. J M Kariapperuma

Ms. M D A Perera

The basis on which Directors are classified as Independent Non – Executive Directors is discussed in the Corporate Governance Statement.

Resignations, New Appointments and Re-Elections to the Board

In terms of Article No. 30(1) of the Articles of Association of the Company, Mr. S. L. Athukorala, Mr. S. B. Alawattegama and Mr. M. H. Jamaldeen retire by rotation and being eligible offer themselves for re-election.

Notice has been given of the intention to propose ordinary resolutions in terms of Section

211 of the Companies Act for the re-appointment of Mr. Merrill J. Fernando and Mr. A. M. Pandithage who are over 70 years of age, resolving that the age limit of 70 years stipulated in Section 210 of the Companies Act shall not apply to the aforesaid directors.

Board Committees

The Board, while assuming the overall responsibility and accountability for the affairs in the management of the company, has appointed an Audit Committee, Remuneration Committee, Nomination Committee and Related Party Review Committee a with specific terms of reference. The Committee Reports are given on pages 160 and 164 of this report.

Management Fees

No management fees has been charged by Hayleys Plantation Services (Pvt) Ltd w.e.f. 01 April 2014 consequent to a board decision to waive off management fee hereafter.

Corporate Governance

The Company has complied with the Corporate Governance rules laid down under the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka. The Corporate Governance section on pages 138 to 159 discusses this further.

Auditors

Messrs Ernst & Young Chartered Accountants, have expressed their willingness to continue in office and in accordance with the Companies Act a resolution proposing the re-appointment of Messrs Ernst & Young, Chartered Accountants,

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

as Auditors and to authorize the directors to determine their remuneration is being proposed at the Annual General Meeting.

The Auditors Messrs Ernst & Young Chartered Accountants were paid Rs. 5.69Mn (31.03.2021 – Rs. 5.65 Mn) as audit fees and audit related work of the Company and Rs.0.61 Mn (31.03.2021- Rs. 0.61 Mn) as audit fees by the two subsidiaries, TTEL Hydro Power Company (Pvt) Limited and TTEL Somerset Hydro Power (Pvt) Ltd.

The Auditors of the company and its subsidiaries have confirmed that they do not have any relationship (other than that of an auditor) with, or interests in, the Company or any of its Subsidiaries other than those disclosed above.

Share Information

Information relating to earnings, dividends, net assets, market value per share and share trading is given on pages 244 and 245.

Goldern Shareholder

Rights of the Golden Shareholder as given in the Articles of Association of the Company are as follows;

Definition of the 'Golden share' - a share allotted to the Secretary to the Treasury in his official capacity and not in his own name, for and on behalf of the state of the Democratic Socialist Republic of Sri Lanka, and or by any transferee permitted in terms of the Articles.

Definition of 'Golden shareholder' – The holder of the 'Golden Share'.

- ▶ The concurrence of the Golden Shareholder in writing shall be first obtained to amend the

definition of the words 'Golden Share' and 'Golden Shareholder' and the Articles 5(1) to 5(12) of the Articles of Association of the Company which deals with the Golden shareholder.

- ▶ The Golden Share may be converted into an ordinary share with the concurrence of the Golden Shareholder and the concurrence of a majority of the shareholders.
- ▶ 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 set out in the Article of Association of the Company.
- ▶ The Golden Shareholder shall be entitled to call upon the Board of Directors of the Company once in every three-month period if desired to meet with the Golden Shareholder and or his nominees, and the Directors if so called upon shall meet with the Golden Shareholder and or his nominees to discuss matters of the Company of interest to the State of the Democratic Socialist Republic of Sri Lanka.
- ▶ The Golden Share shall only be held by the Secretary to the Treasury in his official capacity and not in his own name, for and on behalf of the State of the Democratic Socialist Republic of Sri Lanka, or by a company in which the State of the Democratic Socialist Republic of Sri Lanka owns ninety nine (99) per centum or more of the issued share capital.
- ▶ 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.

- ▶ The Company shall submit to the Golden Shareholder, within sixty 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.
- ▶ The Company shall submit to the Golden Shareholder, within ninety 90 days of the end of each fiscal year, information relating to the Company in a pre-specified format agreed to by the Golden Shareholder and the Company.
- ▶ Golden shareholder has power to appoint not more than 03 persons as his proxies to attend on the same occasion at the General Meetings.

Events Occurring after the Balance Sheet Date

No circumstances have arisen since the Balance Sheet date that would require adjustment, or disclosure, other than those disclosed in Note 32 to the Financial Statements on page 233.

Human Resource

The number of persons employed by the Company at year end was 5,279 (31.03.2021 – 5,777) of which 5,247 (31.03.2021 – 5,744) are engaged in employment outside the District of Colombo.

Shareholders

It is the Group's policy to endeavor to ensure equitable treatment to its shareholders.

Statutory Payments

The declaration relating to statutory payments is made in the Statement of Directors' Responsibilities on page 171.

Environmental Protection

The Group's efforts to conserve scarce and non-renewable resources, as well as its environmental objectives and key initiatives, are described in the Sustainability Report on page 121 to 134.

The Group's business activities can have direct and indirect effects on the environment. It is the Group's policy to minimize any adverse effects its activities have on the environment and to promote co-operation and compliance with the relevant authorities and regulations.

Related Party Transactions

The Board of Directors has given the following statement in respect of the related party transactions:

The related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee of Hayleys PLC and are in compliance with the Section 09 of the CSE Listing Rules.

The details of related party transactions of the Company and the Group are given in Note 33 into the Financial Statements.

Report of the Related Party Transaction Review Committee appears on page 162.

Internal Controls

The Directors acknowledge their responsibility for the Group's system of internal controls. The system is

designed to give assurance, inter alia, regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information generated. However, any system can only ensure reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable time period.

The Board, having reviewed the system of internal controls, is satisfied with its effectiveness of these controls for the period up to the date of signing the Financial Statements.

Material Issues pertaining to employees and industrial relations

Details relating to material issues pertaining to employees and industrial relations are given in Human Capital on page 101.

Exposure to risk

The Group has a structured risk management process in place to support its operations. The Audit Committee plays a major role in this process. The risk management section referred in pages 138 to 144 elaborates these practices and risk factors.

Going Concern

The Directors, after making necessary inquiries and reviews including reviews of the Group's budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and borrowing facilities, have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, going concern basis has been adopted in preparation of the Financial Statements.

Ratios and Market Price Information

The ratios relating to equity and debt as required by the listing requirement of the Colombo Stock Exchange are given in pages 10, 77 to 81, 244 and 264 of this report.

Directors' Shareholdings

Directors' holdings of ordinary shares as at;

Name of Director	No. of shares as at 31.03.2021	No. of shares as at 31.03.2022
Mr. A M Pandithage	-	-
Dr. W G R Rajadurai	4,000	4,000
Mr. S B Alawattagama	-	-
Mr. Merrill J Fernando	-	-
Mr. Malik J Fernando	-	-
Mr. N T Bogahalande	-	-
Mr. S L Athukorala	-	-

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

Name of Director	No. of shares as at 31.03.2021	No. of shares as at 31.03.2022
Mr. M H Jamaldeen	-	-
Mr. J M Kariapperuma	-	-
Ms. M D A Perera	-	-
Mr. D C Fernando (Alternate Director to Mr. Merrill J Fernando appointed on 8th November 2021. Resigned as the Alternate Director to Mr. Malik J Fernando 8th November 2021)	-	-

Merrill J Fernando & Sons (Private)Limited holds 2,369,400 shares (4.99%) in which Mr. Merrill J. Fernando, Mr. Malik J. Fernando and Mr. D. C. Fernando (Alternate Director to Mr. Merrill J. Fernando) are Directors.

Shareholding

As at 31st March, 2022, there were 14,390 (31.03.2021 – 14,387) registered shareholders. The percentage of shares held by the public was 20.27% (31.03.2021 -20.27%) of the issued shares held by 14,387 shareholders (31.03.2021 - 14,384).

The twenty major shareholders as at 31st March, 2022 and the number of shares held and their percentage share holdings are given on page 244 of this report.

Annual General Meeting

The Annual General Meeting will be held at 10.45 a.m. on 28th June, 2022. The Notice of the Annual General Meeting appears on page 272.

For and on behalf of the Board



A M Pandithage
Chairman



Dr. Roshan Rajadurai
Managing Director



Hayleys Group Services (Pvt) Ltd.
Secretaries

12th May, 2022

Statement of Directors' Responsibility

The Directors are responsible under Sections 150 (1), 151, 152 (1) and 153 of the Companies Act No. 07 of 2007 ('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 and the Group as at the end of the financial year and of the profit and loss of the Company and the Group for the financial year.

The Directors are also responsible, under Section 148 of the Companies Act to ensure that proper accounting records are kept to enable determination of the financial position with reasonable accuracy, preparation of Financial Statements and audit of such statements to be carried out readily and properly.

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards, the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors are of the opinion, based on their knowledge of the Company and the Group, key operations and specific inquiries, that adequate resources exist to support the Company and the Group, on a going concern basis over the next year. These Financial Statements have been prepared on that basis.

The Directors have taken proper and sufficient measures to safeguard the assets of the Group and, in that context, have instituted appropriate systems of internal control and accounting records to prevent and detect frauds and other irregularities. These have been reviewed, evaluated and updated on an ongoing basis.

The Directors have confirmed that the Company satisfies the solvency test requirement under Section 56 of the Company's Act No. 07 of 2007 for interim dividends paid and final dividend proposed and the solvency Certificate has been sought from the auditors in this respect.

The external Auditors, Messrs Ernst & Young, Chartered Accountants who were reappointed in terms of Section 158 of the Companies Act were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The Report of the Auditors, shown on pages 176 to 179 sets out their responsibilities in relation to the Financial Statements.

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 and the Group, and its Subsidiaries as at the Balance Sheet date have been paid or where relevant, provided for.

by order of the Board,



HAYLEYS GROUP SERVICES (PVT) LTD

Secretaries

12th May 2022

Managing Director's, Chief Executive Officer's and General Manager- Finance's Responsibility Statement

The Financial Statements of Talawakelle Tea Estates PLC and the Consolidated Financial Statements of the Group as at 31st March, 2022 are prepared and presented in compliance with the requirements of the following:

- ▶ Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka;
- ▶ Companies Act No 07 of 2007;
- ▶ Sri Lanka Accounting and Auditing Standards Act No 15 of 1995;
- ▶ Listing rules of the Colombo Stock Exchange;
- ▶ Code of Best Practice on Corporate Governance-2013 issued jointly by the institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka;
- ▶ Code of Best Practice on Corporate Governance-2017 issued by CA Sri Lanka.

Significant accounting policies used in the preparation of the Financial Statements are appropriate and are consistently applied, as described in the Notes to the financial statements. The significant accounting policies estimates that involved a high degree of judgment and complexity were discussed with the Audit Committee and our External Auditors.

We confirm that to the best of our knowledge, the financial statements and other financial information included in this annual report, fairly present in all material respects the financial position, results of operations and cash flows of the company as of, and for, the periods presented in this annual report

We are responsible for establishing and maintaining internal controls and procedures. We have designed such controls and procedures, or caused such controls and procedures to be designed under our supervision, to ensure that material information relating to the company is made known to us and for safeguarding the company's assets and preventing and detecting fraud and error. We have evaluated the effectiveness of the company's internal controls and procedures and are satisfied that the controls and procedures were effective as of the end of the period covered by this annual report. We confirm, based on our evaluations that there were no significant deficiencies and material weaknesses in the design or operation of internal controls and any fraud that involves management or other employees. Our internal auditors also conduct periodic reviews to ensure that the internal controls and procedures are consistently followed. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounting.

The Audit Committee of the Company meets periodically with the Internal Auditors and the Independent Auditors to review the effectiveness of the audits, and to discuss auditing, internal control and financial reporting issues. The independent auditors and the internal auditors have full and free access to the Audit Committee to discuss any matter of substance.

The Financial Statements were audited by Messrs.' Ernst & Young, Chartered Accountants, the Independent External Auditors. Their

report is presented on pages 176 to 179 of this Report.

The Audit Committee approves the audit and non-audit services provided by the External Auditor, in order to ensure that the provision of such services does not impair their independence.

We confirm that the company and its subsidiaries have complied with all applicable laws and regulations and guidelines and that there are no material litigations that are pending against the company other than those arising in the normal course of conducting Plantation business.



Dr. Roshan Rajadurai
Managing Director



S B Alawattegama
Chief Executive Officer



V A Perera
General Manager - Finance

12th May, 2022

Directors' Statement on Internal Controls

The following statement fulfils the requirement to publish the Directors' Statement on internal control as per the Code of Best Practice on Corporate Governance 2017 issued by CA Sri Lanka.

The Board of Directors is responsible for maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and Group. This process includes enhancing the system of internal controls as and when there are changes to business environment or regulatory guidelines. The process is regularly reviewed by the Board.

The Board is of the view that the system of internal controls in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and the preparation of Financial Statements for external purposes and is in accordance with relevant accounting principles and regulatory requirements.

The Board has implemented the following to obtain reasonable assurance that proper systems of internal controls are in place:

- ▶ Instituted various committees to assist the Board in ensuring the effectiveness of Company's operations and the operations are in accordance with the corporate strategies and annual budget.
- ▶ The Management Audit and System Review Division (MA & SRD) to review and report on the internal control environment in the Company and Group. Audits

are carried out on all subsidiaries in accordance with the annual audit plan approved by the Audit Committee. Findings are submitted to the Audit Committee for review at their periodic meetings.

- ▶ The Audit Committee reviews internal control issues identified by MA & SRD and management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The minutes of the Audit Committee meetings are tabled at the Board meetings of Talawakelle Tea estates PLC.
- ▶ The adoption of new Sri Lanka Accounting Standards comprising LKAS and SLFRS in 2013, processes that are required to comply with new requirements of recognition, measurement, presentation and disclosures were introduced and implemented. Continuous monitoring is in progress to ensure effective implementation of the required processes.
- ▶ The comments made by External Auditors in connection with the internal control system during the financial year 2020/21 were taken into consideration and appropriate steps have been taken to incorporate them where appropriate.

Conclusion

The Board having implemented the above is aware that such systems are designed to manage rather than eliminate the risk of failure to achieve business objective and can

only provide reasonable and not absolute assurance against material misstatements of loss.


The Board of Directors confirm that the financial reporting system of Talawakelle Tea Estates PLC has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting Standards, requirements of the Company's Act No 7 of 2007 and the Listing Rules of the Colombo Stock Exchange.



A.M. Pandithage
Chairman



Dr. Roshan Rajadurai
Director



S L Athukorala
Chairman, Audit Committee

12th May 2022

We remained aligned to the highest standards to create a smooth and efficient workflow

Financial Reports

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World class Tea
World class Service

FINANCIAL CALENDER-2021/2022

Dividend Calender

Date of Dividend Paid

Final Dividend for 2020/21	July 13, 2021
First Interim Dividend for 2021/22	January 18, 2022
Final Dividend Payable for 2021/22 (Subject to shareholder approval)	July 12, 2022

Annual General Meeting (AGM) Calender

2021/2022

2022/2023

Annual Report and Accounts for the year signed/to be signed	On May 12, 2022	in May 2023
Annual General Meeting to be held	On June 28, 2022	in June 2023

Interim Financial Statements Calender-Submission to the Colombo Stock Exchange (CSE)

2021/2022

2022/2023

Submitted on

To be submitted on or before

For the three months ended/ending June 30 (unaudited)	August 05, 2021	August 15, 2022
For the six months ended/ending September 30 (unaudited)	November 05, 2021	November 15, 2022
For the nine months ended/ending December 31 (unaudited)	February 01, 2022	February 15, 2023
For the year ended/ending March 31 (audited)	May 13, 2022	May 31, 2023

Independent Auditors' Report



Ernst & Young
Chartered Accountants
201, De Saram Place
P.O. Box 101
Colombo 10, Sri Lanka

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Fax (Gen): +94 11 269 7369
Fax (Tax): +94 11 557 8180
Email: eysl@lk.ey.com
ey.com

BW/MR/MHM

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TALAWAKELLE TEA ESTATES PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Talawakelle Tea Estates PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at March 31, 2022, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 March 31, 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

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

Principals: G B Goudian ACMA, Ms. P S Paranavitane ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited



Key audit matter	How our audit addressed the key audit matter
<p data-bbox="161 660 470 689"><i>Retirement Benefit Obligation</i></p> <p data-bbox="161 705 794 806">The retirement benefit obligation as at 31 March 2022 of the Group is based on the actuarial valuations carried out by an external valuer engaged by the Group.</p> <p data-bbox="161 846 794 907">Measurement of the retirement benefit obligation was a key audit matter due to following reasons:</p> <p data-bbox="161 947 794 1008">Key areas of significant judgments, estimates and assumptions included the following:</p> <ul data-bbox="161 1019 794 1500" style="list-style-type: none"> <li data-bbox="161 1019 794 1108">▶ The retirement benefit obligation of the Group is significant (Rs.871 Mn) in the context of the total liabilities of the Group (41% of total liabilities). <li data-bbox="161 1120 794 1288">▶ The actuarial valuation involves making significant assumptions about discount rate. Further, the valuation and the changes in underlying significant assumptions are highly sensitive in assessing the value of retirement benefit obligation. <li data-bbox="161 1299 794 1500">▶ The determination of the base salary/wage rate and the future salary/wage growth rates are sensitive for the purpose of measuring retirement benefit obligation as of year-end. Required significant management judgments are disclosed under Note 23 & 31 to the financial statements. 	<p data-bbox="801 705 1433 806">Our audit procedures were based on the latest available information up to the date of our report and included the following:</p> <ul data-bbox="801 817 1433 1400" style="list-style-type: none"> <li data-bbox="801 817 1433 907">▶ We assessed the competency, capability and objectivity of the external actuary engaged by the Group. <li data-bbox="801 918 1433 1041">▶ We read the external actuary's report and understood the key estimates made and the approach taken by the valuer in determining the present value of retirement benefit obligation. <li data-bbox="801 1052 1433 1108">▶ We assessed the assumption for salary increases against the historical collective agreements. <li data-bbox="801 1120 1433 1176">▶ We agreed the discount rate used, to our internally developed benchmarks. <li data-bbox="801 1187 1433 1243">▶ We validated the key data used by the actuary to the underlying data held by the Group. <li data-bbox="801 1254 1433 1400">▶ We evaluated the impact on retirement benefit obligation resulting from wage negotiations and assessed the adequacy of disclosures given in Note 31 to the financial statements. <p data-bbox="801 1433 1433 1529">We have also assessed the adequacy of the disclosures made in Notes 23 to the financial statements relating to the significant judgements and estimates.</p>

Independent Auditors' Report



Bearer Biological Assets

The Bearer Biological Asset is a significant non-current asset of the Group representing 28% of the total assets consisting with Rs 1,475Mn as Mature plantations and Rs 330Mn as Immature Plantations as at 31 March 2022.

Assessing the valuation of Bearer Biological asset in the financial statements is a key audit matter due to following factors:

- ▶ Magnitude of the balance and its significance to total assets (28%) of the group. Which includes Rs. 1475 Mn of mature plantations carried at cost less depreciation and amount of Rs. 330Mn immature plantations carried at cost less impairment.
- ▶ Identification of costs to be capitalised as immature plantations, Involvement of management judgement regarding the point at which transfers to be made from immature plantations to mature plantations and for the identification of triggers of impairment (if any)

Our audit procedures were based on the latest available information up to the date of our report and included the following:

- ▶ We assessed the processes and controls in place to ensure; proper identification of the expenses incurred relating to immature plantations
- ▶ We validated the significant amounts capitalised (including capitalized labour and other acceptable costs) by examining related invoices, capital expenditure authorizations and other corroborative evidences.
- ▶ Assessed timely transfer of matured plants to respective matured plantation categories by examining ageing profile of immature plantations.
- ▶ We inspected the ageing profile of the immature biological assets as of the reporting date to ensure that triggers of impairment (if any) are identified on a timely basis, assessed for probable impairment charges/losses and duly accounted for in the financial statements.
- ▶ Reviewed the reasonability of depreciation provided on the matured plantations by performing independent computation.
- ▶ We also assessed the adequacy of the related disclosures given in Notes 3.7.7.1 and 13B in the financial statements.

Other information included in The Company's 2022 Annual Report

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance

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

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

Those charged with governance are responsible for overseeing the 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:

- ▶ Classify 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 internal controls of the Company and the Group.
 - ▶ 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 M-2440.

12 May 2022
Colombo

Statement of Profit or Loss

For the year ended 31 March	Notes	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Revenue	6.1	4,727,355	4,515,764	4,663,394	4,460,221
Cost of Sales		(3,807,571)	(3,676,944)	(3,770,966)	(3,644,785)
Gross Profit		919,784	838,820	892,428	815,436
Change in Fair Value of Biological Assets	13 C.1	53,995	23,170	53,995	23,170
Other Income And Gains	7	70,568	69,460	80,248	85,260
Administrative Expenses		(253,405)	(207,538)	(239,030)	(193,263)
Results from Operating Activities		790,942	723,911	787,641	730,603
Finance Income	8.1	85,410	87,429	84,867	87,265
Finance Expenses	8.2	(1,000)	(2,111)	(1,000)	(2,111)
Interest Paid to Government and Other on Leases	8.3	(38,061)	(37,511)	(38,051)	(37,501)
Net Finance Income		46,349	47,807	45,816	47,653
Profit Before Tax	9	837,291	771,718	833,457	778,256
Income Tax Expense	10.1	(19,920)	(59,978)	(13,487)	(58,141)
Profit for the Year		817,371	711,740	819,970	720,115
Attributable To:					
Equity holders of the Parent		814,376	708,562	819,970	720,115
Non- Controlling Interest		2,996	3,178	-	-
		817,372	711,740	819,970	720,115
Basic/Diluted Earnings Per Share (Rs.)	11	17.14	14.92	17.26	15.16

The Accounting Policies and Notes on pages 186 to 241 form an integral part of the Financial Statements. Figures in brackets indicate deductions.

Statement of Comprehensive Income

For the year ended 31 March	Notes	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Profit for the Year		817,371	711,740	819,970	720,115
Other Comprehensive Income					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Actuarial Gain/(Loss) on Retirement Benefit Obligations	23	42,802	165,581	42,779	165,475
Income Tax Effect	10.2	(1,036)	(23,188)	(1,033)	(23,166)
Other Comprehensive Income for the year, net of tax		41,766	142,393	41,746	142,309
Total comprehensive income for the year, net of tax		859,137	854,133	861,716	862,424
Attributable to:					
Equity holders of the Parent		856,132	850,913	861,716	862,424
Non- Controlling Interest		3,005	3,220	-	-
		859,137	854,133	861,716	862,424

The Accounting Policies and Notes on pages 186 to 241 form an integral part of the Financial Statements. Figures in brackets indicate deductions.

Statement of Financial Position

As at	Notes	Group		Company	
		31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
ASSETS					
Non Current Assets					
Right-of-use Assets	12	310,921	326,493	310,851	326,420
Tangible assets other than Immature/Mature Plantations	13A	1,156,100	1,001,750	889,560	719,028
Bearer Biological Assets	13B	1,816,192	1,785,699	1,816,192	1,785,699
Consumable Biological Assets	13C	386,372	326,365	386,372	326,365
Intangible Assets	13D	15,344	7,350	13,709	4,895
Investments in Subsidiaries	14	-	-	134,933	134,933
Deferred Tax Asset	10.4	2,718	7,213	-	-
		3,687,647	3,454,870	3,551,617	3,297,340
Current Assets					
Produce on Bearer Biological Assets	15	17,439	22,622	17,439	22,622
Inventories	16	483,036	424,705	482,997	424,705
Trade and Other Receivables	17	294,476	255,447	262,841	237,045
Amounts due from Related Companies	18	137,591	6,779	138,461	6,779
Short Term Investments	19	1,901,796	1,716,211	1,886,932	1,711,031
Cash and Bank Balances		29,529	32,237	24,136	25,853
		2,863,867	2,458,001	2,812,806	2,428,035
TOTAL ASSETS		6,551,514	5,912,871	6,364,423	5,725,375
EQUITY AND LIABILITIES					
Equity					
Stated Capital	20	350,000	350,000	350,000	350,000
Revenue Reserves		3,955,725	3,201,717	3,937,699	3,178,108
Equity attributable to equity holders of the parent		4,305,725	3,551,717	4,287,699	3,528,108
Non-Controlling Interests	21	144,106	160,708	-	-
TOTAL EQUITY		4,449,831	3,712,425	4,287,699	3,528,108
Non Current Liabilities & Deferred Income					
Interest Bearing Loans & Borrowings	22	6,112	13,754	6,112	13,754
Retirement Benefit Obligations	23	871,316	890,953	868,067	888,163
Deferred Tax Liability	10.4	159,891	211,825	159,891	211,825
Deferred Income	24	136,644	138,717	136,644	138,717
Lease Liability	25.3	272,001	278,362	271,923	278,284
		1,445,964	1,533,611	1,442,637	1,530,743
Current Liabilities					
Trade and Other Payables	26	598,769	578,185	586,931	574,415
Interest Bearing Loans & Borrowings	22	7,642	20,173	7,642	20,173
Lease Liability	25.3	14,210	12,494	14,205	12,490
Amounts due to Related Companies	27	25,264	48,249	18,730	51,712
Bank Overdraft		9,834	7,734	6,579	7,734
		655,719	666,835	634,087	666,524
TOTAL LIABILITIES		2,101,683	2,200,446	2,076,724	2,197,267
TOTAL EQUITY AND LIABILITIES		6,551,514	5,912,871	6,364,423	5,725,375
Net Assets Per Share (Rs.)		90.65	74.77	90.27	74.28

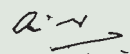
The Accounting Policies and Notes on pages 186 to 241 form an integral part of the Financial Statements. Figures in brackets indicate deductions.

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



Vindya Perera
General Manager-Finance

The Board of Directors is responsible for these Financial Statements.
Signed for and on behalf of the Board by



Mohan Pandithage
Chairman/Director



Dr. Roshan Rajadurai
Managing Director

12th May 2022
Colombo.

Statement of Changes in Equity

For the year ended 31 March

Group	Attributable to equity holders of the parent Revenue Reserves						
	Stated Capital Rs.'000	Retained Earnings Rs.'000	Biological Crop Reserve Rs.'000	Timber Reserve Rs.'000	Total Rs.'000	Non Controlling Interest Rs.'000	Total Equity Rs.'000
Balance as at 01 April 2020	350,000	2,318,389	4,390	188,338	2,511,117	170,533	3,031,650
Profit for the Year	-	708,562	-	-	708,562	3,178	711,740
Other Comprehensive Income	-	142,351	-	-	142,351	42	142,393
Transferred to the Timber Reserve	-	(4,937)	-	4,937	-	-	-
Transferred to Biological Crop Reserve	-	(18,233)	18,233	-	-	-	-
Realised Gain on Timber Sales	-	2,148	-	(2,148)	-	-	-
Dividends	-	(160,312)	-	-	(160,312)	(13,045)	(173,357)
Balance as at 31 March 2021	350,000	2,987,968	22,623	191,127	3,201,718	160,708	3,712,426
Profit for the Year	-	814,376	-	-	814,376	2,996	817,372
Other Comprehensive Income	-	41,756	-	-	41,756	10	41,766
Transferred to the Timber Reserve	-	(59,178)	-	59,178	-	-	-
Transferred to Biological Crop Reserve	-	5,183	(5,183)	-	-	-	-
Realised Gain on Timber Sales	-	20,190	-	(20,190)	-	-	-
Dividends	-	(102,125)	-	-	(102,125)	(19,608)	(121,733)
Balance as at 31 March 2022	350,000	3,708,170	17,440	230,115	3,955,725	144,106	4,449,831

Company	Revenue Reserves					
	Stated Capital Rs.'000	Retained Earnings Rs.'000	Biological Crop Reserve Rs.'000	Timber Reserve Rs.'000	Total Rs.'000	Total Equity Rs.'000
Balance as at 01 April 2020	350,000	2,283,269	4,389	188,338	2,475,996	2,825,996
Profit for the year	-	720,115	-	-	720,115	720,115
Other Comprehensive Income	-	142,309	-	-	142,309	142,309
Transferred to the Timber Reserve	-	(4,937)	-	4,937	-	-
Transferred to Biological Crop Reserve	-	(18,233)	18,233	-	-	-
Realised Gain on Timber Sales	-	2,148	-	(2,148)	-	-
Dividends	-	(160,312)	-	-	(160,312)	(160,312)
Balance as at 31 March 2021	350,000	2,964,359	22,622	191,127	3,178,108	3,528,108
Profit for the year	-	819,970	-	-	819,970	819,970
Other Comprehensive Income	-	41,746	-	-	41,746	41,746
Transferred to the Timber Reserve	-	(59,178)	-	59,178	-	-
Transferred to Biological Crop Reserve	-	5,183	(5,183)	-	-	-
Realised Gain on Timber Sales	-	20,190	-	(20,190)	-	-
Dividends	-	(102,125)	-	-	(102,125)	(102,125)
Balance as at 31 March 2022	350,000	3,690,145	17,439	230,115	3,937,699	4,287,699

The Timber Reserve relates to change in fair value of managed trees which includes commercial timber plantations cultivated on estates.

The Biological Crop Reserve relates to change in fair value of harvestable produces growing on bearer biological assets.

The Accounting Policies and Notes on pages 186 to 241 form an integral part of the Financial Statements. Figures in brackets indicate deductions.

Statement of Cash Flow

For the year ended 31 March	Notes	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Net Profit Before Taxation		837,291	771,718	833,457	778,256
ADJUSTMENTS FOR					
Provision for Retirement Benefit Obligations	23	113,931	150,571	113,865	150,051
Depreciation/Amortisation	9	219,580	196,276	204,278	179,067
Amortisation of Grants	24	(5,412)	(5,300)	(5,412)	(5,300)
Dividend Income	7	-	-	(9,680)	(15,800)
Finance Costs	8.2	1,000	2,111	1,000	2,111
Government & Other Lease Interest	8.3	38,061	37,511	38,051	37,501
Profit on disposal of Property, Plant & Equipments	7	-	(6,739)	-	(6,739)
Profit on Sale of Trees	7	(31,769)	(34,320)	(31,769)	(34,320)
Debtors/Stocks write off		-	4,528	-	4,528
Gains on Fair Value of Biological Assets	13C.1	(53,995)	(23,170)	(53,995)	(23,170)
Operating Profit before Working Capital Changes		1,118,687	1,093,186	1,089,795	1,066,185
(Increase)/Decrease in Inventories		(58,407)	(120,960)	(58,292)	(122,997)
(Increase)/Decrease in Trade and Other Receivables		(39,030)	(105,723)	(25,795)	(112,707)
Increase/(Decrease) in Trade and Other Payables		16,735	175,112	8,327	187,280
(Increase)/Decrease in Amounts due from Related Companies		(130,813)	(2,922)	(131,683)	(2,997)
Increase/(Decrease) in Amounts due to Related Companies		(22,986)	29,774	(32,982)	25,583
Cash Generated from Operations		884,186	1,068,467	849,370	1,040,347
Finance Costs Paid	8.2	(1,000)	(2,111)	(1,000)	(2,111)
Payment of Income Tax		(61,968)	(31,559)	(61,968)	(31,559)
Retirement Benefit Obligations Paid	23	(91,182)	(118,201)	(91,182)	(118,069)
Net Cash from Operating Activities		730,036	916,596	695,220	888,608
CASH FLOWS FROM INVESTING ACTIVITIES					
Grant Received	24	3,339	4,490	3,339	4,490
Proceeds from Sale of Trees		51,959	36,468	51,959	36,468
Proceeds from Disposal of Property, Plant & Equipments		-	9,358	-	9,358
Field Development Expenditure (Note A)	13B/13C	(129,520)	(107,451)	(129,520)	(107,451)
Purchase of Property, Plant & Equipment (Note B)		(282,235)	(77,115)	(282,145)	(77,115)
Dividend Income Received	7	-	-	9,680	15,800
Net Cash used in Investing Activities		(356,457)	(134,250)	(346,687)	(118,450)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend Paid		(121,733)	(173,357)	(102,125)	(160,312)
Payment of Government lease rentals		(36,325)	(34,941)	(36,325)	(34,941)
Payment of Other lease rentals		(14,573)	(11,902)	(14,573)	(11,902)
Proceeds from loans		-	25,000	-	25,000
Repayment of loans		(20,172)	(9,235)	(20,172)	(9,235)
Net Cash used in Financing Activities		(192,803)	(204,435)	(173,195)	(191,390)
Net Increase in Cash & Cash Equivalents		180,776	577,911	175,338	578,768
Cash & Cash Equivalents at the beginning of the year (Note C)		1,740,715	1,162,804	1,729,150	1,150,382
Cash & Cash Equivalents at the end of the year (Note D)		1,921,491	1,740,715	1,904,488	1,729,150

The Accounting Policies and Notes on pages 186 to 241 form an integral part of the Financial Statements. Figures in brackets indicate deductions.

For the year ended 31 March	Group				Total Rs.'000
	Tea Rs.'000	Rubber Rs.'000	Others Rs.'000	Hydro Rs.'000	

NOTE A: Investment in Field Development Expenditure

Investment in Immature Plantations 2022	91,239	-	38,281	-	129,520
Investment in Immature Plantations 2021	69,075	-	38,376	-	107,451

NOTE B: Investment in Property, Plant & Equipment

Investment in Property, Plant & Equipment 2022	282,145	-	-	90	282,235
Investment in Property, Plant & Equipment 2021	77,115	-	-	-	77,115

For the year ended 31 March	Company				Total Rs.'000
	Tea Rs.'000	Rubber Rs.'000	Others Rs.'000	Hydro Rs.'000	

NOTE A: Investment in Field Development Expenditure

Investment in Immature Plantations 2022	91,239	-	38,281	-	129,520
Investment in Immature Plantations 2021	69,075	-	38,376	-	107,451

NOTE B: Investment in Property, Plant & Equipment

Investment in Property, Plant & Equipment 2022	282,145	-	-	-	282,145
Investment in Property, Plant & Equipment 2021	77,115	-	-	-	77,115

	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000

NOTE C**Cash & Cash Equivalents at the beginning of the year**

Cash & Bank Balances	32,237	53,384	25,853	40,962
Short Term Investments	1,716,212	1,112,522	1,711,031	1,112,522
Bank Overdrafts	(7,734)	(3,102)	(7,734)	(3,102)
	1,740,715	1,162,804	1,729,150	1,150,382

NOTE D**Cash & Cash Equivalents at the end of the year**

Cash & Bank Balances	29,529	32,237	24,136	25,853
Short Term Investments	1,901,796	1,716,212	1,886,931	1,711,031
Bank Overdrafts	(9,834)	(7,734)	(6,579)	(7,734)
	1,921,491	1,740,715	1,904,488	1,729,150

The Accounting Policies and Notes on pages 186 to 241 form an integral part of the Financial Statements. Figures in brackets indicate deductions.

Notes to the Financial Statements

1. REPORTING ENTITY

Talawakelle Tea Estates PLC was incorporated on 22 June 1992 under the Companies Act No. 17 of 1982 (The Company was re-registered under the Companies Act No. 07 of 2007) in terms of the provisions of the Conversion of Public Corporation and Government-Owned Business Undertakings into Public Companies under Public Companies Act No. 23 of 1987.

The registered office of the Company is located at No. 400, Deans Road, Colombo 10, and Plantations are situated in the planting districts of Talawakelle, Nanuoya, Galle and Deniyaya. All companies in the Group are limited liability companies incorporated and domiciled in Sri Lanka.

The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka.

The Consolidated Financial Statements of Talawakelle Tea Estates PLC comprises the Company and its Subsidiaries namely TTEL Hydro Power Co (Pvt) Ltd and TTEL Somerset Hydro Power (Pvt) Ltd (together referred to as the 'Group').

1.1 Principle Activities and nature of the operations

During the year, the principal activities of the company were the producing and processing of Tea and Rubber.

Principal activities of other companies in the Group are as follows.

Company	Nature of the business	Registered office
TTEL Hydro Power Co (Pvt) Ltd	Generating hydropower	No. 400, Deans Road, Colombo 10
TTEL Somerset Hydro Power (Pvt) Ltd	Generating hydropower	No. 400, Deans Road, Colombo 10

1.2 Holding Company

The Company is a subsidiary of Hayleys Plantation Services (Pvt) Ltd which is a subsidiary of Dipped Products PLC whose ultimate parent enterprise is Hayleys PLC.

1.3 Date of Authorization for issue

The financial statements of Talawakelle Tea Estates PLC for the year ended 31 March 2022 were authorized for issue by the Board of Directors on 12th May 2022.

1.4 Responsibility for Financial Statements.

The responsibility of the Directors in relation to the Financial Statements is set out in the Statement of Directors' Responsibility Report in the Annual Report.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the Company and the Group comprise the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flow together with Accounting Policies and Notes to the Financial Statements (the "Consolidated Financial Statements") have been prepared in accordance with Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with the Sri Lanka Accounting Standards promulgated by the Institute of Chartered Accountants of Sri Lanka (CASL) and with the requirements of the Companies Act No. 07 of 2007.

2.2 Basis of Measurement

These Consolidated Financial Statements have been prepared in accordance with the historical cost convention other than following items in the Financial Statements.

- Managed Consumable biological assets are measured at fair value.
- Harvestable Agricultural Produce growing on bearer biological assets are measured at fair value.

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

No adjustments have been made for inflationary factors in the Consolidated Financial Statements.

2.3 New accounting standards, interpretations and amendments adopted by the group

The following amendments and improvements do not have a significant impact on the Company's financial statements during the year ended 31st March 2022.

- ▶ Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
- ▶ Amendments to SLFRS 9, LKAS 39, SLFRS7, SLFRS 4 and SLFRS 16 – Interest Rate Benchmark Reform (Phase 1 & 2) – (“IBOR reform”)
- ▶ Amendments to LKAS 1 and LKAS 8 Definition of Material
- ▶ IAS 41 Agriculture – Taxation in fair value measurements
- ▶ Amendments to LKAS 1: Classification of Liabilities as Current or Non-current

2.4 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (Rs.), which is the Group's functional and presentation currency. All financial information presented in Sri Lankan Rupees has been given to the nearest rupee, unless stated otherwise.

2.5 Materiality and Aggregation

Each material class of similar items is presented separately in the Consolidated Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are consistent with those used in the previous year. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

3.1 Going Concern

The Consolidated Financial Statements have been prepared on the assumption that The Company is a going concern. The Directors have made an assessment of the Group's ability to continue as a going concern in the foreseeable future. Furthermore, board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as going concern and they do not intend either to liquidate or to cease operations of Group. Therefore, the Consolidated Financial Statements continue to be prepared on the going concern basis.

In determining the basis of preparing the financial statements for the year ended 31 March 2022, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Group and the appropriateness of the use of the going concern basis. It is the view of the management that there are no material uncertainties that may cast significant doubt on the Group's ability to continue to operate as a going concern. A Fast recovery momentum was observed as the Group reached pre COVID-19 levels of operations post the easing of restrictions. The management has formed judgment that the Group has adequate resources to continue in operational existence for the

foreseeable future driven by the continuous operationalization of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

In determining the above significant management judgements, estimates and assumptions, the impact of the macroeconomic uncertainties, including supply chain disruptions, power interruptions and distribution challenges on account of the prevailing foreign exchange market limitations, and the COVID-19 pandemic have been considered as of the reporting date and specific considerations have been disclosed under the notes, as relevant.

3.2 Basis of Consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries as at 31st March 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- ▶ Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- ▶ Exposure, or rights, to variable returns from its involvement with the investee
- ▶ The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption

Notes to the Financial Statements

and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- ▶ The contractual arrangement with the other vote holders of the investee
- ▶ Rights arising from other contractual arrangements
- ▶ The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

At the Company level investments in subsidiaries are recognized at cost.

3.2.1 Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any Non-Controlling Interest in the acquiree. For each business combination, the Group elects whether it measures the Non-Controlling Interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition - related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is remeasured at

its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these

circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.3 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- ▶ Expected to be realised or intended to be sold or consumed in normal operating cycle
- ▶ Held primarily for the purpose of trading
- ▶ Expected to be realised within twelve months after the reporting period.

Or

- ▶ Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- ▶ It is expected to be settled in normal operating cycle
- ▶ It is held primarily for the purpose of trading
- ▶ It is due to be settled within twelve months after the reporting period.

Or

- ▶ It does not have a right at the reporting date to defer the settlement of the liability for at least twelve months after the reporting date.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.4 Fair Value Measurement

The Group measures financial instruments and non-financial assets at fair value at each statement of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarized in the following notes:

- ▶ Managed Consumable Biological Assets Note 13C
- ▶ Produce Growing on Bearer Biological Assets Note 15

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. The fair value measurement 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 for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

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

A fair value measurement of a non-financial asset takes into account a market participant's 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to the Financial Statements

External valuers are involved for valuation of significant assets, such as managed biological assets. Involvement of external valuers is decided upon annually by the Management Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management Committee decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.5 Foreign Currencies

The Group's consolidated financial statements are presented in Sri Lankan Rupees, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

3.6 Cash dividend and non-cash distribution to equity holders of the parent

The Company recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Company. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

3.7 Property, Plant & Equipment

The group applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its assets which are held for and use in the provision of the services, for rental to other or for administration purpose and are expected to be used for more than one year.

3.7.1 Basis of Recognition

Property Plant and Equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

3.7.2 Measurement

Items of Property, Plant & Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

3.7.2.1 Borrowing Cost

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale are capitalized as a part of the asset.

Borrowing costs that are not capitalized are recognised as expenses in the period in which they are incurred and charged to the Statement of profit or loss.

The amounts of the borrowing costs which are eligible for capitalisation are determined in accordance with LKAS 23 – 'Borrowing Costs'.

Borrowing costs incurred in respect of specific loans that are utilized 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.

3.7.3 Owned Assets

The cost of Property, Plant & Equipment includes expenditures that are directly attributable to the acquisition of the asset. Such costs includes the cost of replacing part of the property, plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

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

When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognises such parts as individual

assets (major components) with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statements of profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Capital work-in-progress is transferred to the respective asset accounts at the time of first utilization or at the time the asset is commissioned.

3.7.4 Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short term leases and leases of low-value assets. The Group recognises lease liability to make lease payments and right to use of assets representing the right to use the underlying assets.

3.7.4.1 Right of Use Assets

The Group recognises right to use of assets at the commencement date of a lease (i.e., the date the underlying asset is available for use). Right of

use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right to use of assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentive received.

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

3.7.4.2 Lease Liabilities

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

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories)

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in the period in which the event or condition that triggers the payment occurs.

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

3.7.5 Derecognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of profit or loss when the asset is derecognized.

3.7.6 Land Development Cost

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

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

Permanent impairments to land development costs are charged to the Statement of Profit or Loss in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.7.7 Biological assets

Biological assets are classified in to 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 specification. 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 includes tea and rubber plants, 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 includes managed timber trees those that are to be harvested as agricultural produce or sold as biological assets.

The entity recognize the biological assets when, and only when, the entity controls the assets as a result of past events, 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.

3.7.7.1 Bearer Biological Asset

The bearer biological assets are measured at cost less accumulated depreciation and accumulated

impairment losses, if any, in terms of LKAS 16 – “Property, Plant & Equipment”.

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter-planting and fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets (Tea, Rubber) which comes into bearing during the year, is transferred to mature plantations.

3.7.7.2 Infilling Cost on Bearer Biological Assets

The land development costs incurred in the form of infilling have been capitalised to the relevant mature field, only where the number of plants per hectare exceeded 3,000 plants and, also if it increases the expected future benefits from that field, beyond its pre-infilling performance assessment. Infilling costs so capitalised are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation, or the unexpired lease period, whichever is lower.

Infilling costs that are not capitalised have been charged to the Statement of profit or loss in the year in which they are incurred.

3.7.7.3 Consumable Biological Asset

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

Expenditure incurred on consumable biological assets (managed timber trees) is measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees are measured using DCF method taking in to consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer. All other assumptions and sensitivity analysis are given in Note 13C.

The main variables in DCF model concerns

Variable	Comment
Timber content	Estimate based on physical verification of girth, height and considering the growth of the each species in different geographical regions. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company
Economic useful life	Estimated based on the normal life span of each species by factoring the forestry plan of the Company
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfill in bringing the trees in to saleable condition.
Planting cost	Estimated costs for the further development of immature areas are deducted.

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

Permanent impairments to Biological Asset are charged to the Statement of profit or loss in full and reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

3.7.7.4 Nursery Plants

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

3.7.8 Depreciation and Amortization

(a) Depreciation

Depreciation is recognised in the Statement of profit or loss on a straight-line basis over the estimated useful economic lives of each part of an item of Property, Plant & Equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the

asset. Assets held under leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Group will have ownership by the end of the lease term. Lease period of land acquired from SLSPC will be expired in year 2045. The estimated useful lives for the current and comparative periods are as follows:

	No. of Years
Buildings	24.3 (Over the remaining lease period)
Roads	5
Plant & Machinery	20
Electronic Machinery	13
Solar System	15
Hydro Power Plant	30
Motor Vehicles-Utility	10
Motor Vehicles-Supervisory	5
Equipment	4
Furniture & Fittings	10
Computer Accessories	4

Mature Plantations (Replanting and New Planting)

	No. of Years
Mature Plantations Tea	24.3 (Over the remaining lease period)
Rubber	20
Cinnamon	20

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Depreciation of an asset begins when it is available for use and ceases at the earlier of the date on which the asset is classified as held for sale or is derecognized. Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted prospectively, if appropriate. Mature plantations are depreciated over their useful lives or unexpired lease period, whichever is less.

No depreciation is provided for immature plantations.

(b) Amortization

The leasehold rights of assets taken over from SLSPC are amortized in equal amounts over the shorter of the remaining lease period and the useful lives as follows:

	No. of Years
Right of Use land	24.3 (Over the remaining lease period)
Improvements to land	24.3 (Over the remaining lease period)
Right of Use Building	05
Buildings	25
Machinery	20
Development Cost	15
ERP System	10

3.7.9 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible

assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the Statement of profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

3.7.9.1 Research and Development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- ▶ The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- ▶ Its intention to complete and its ability and intention to use or sell the asset
- ▶ How the asset will generate future economic benefits
- ▶ The availability of resources to complete the asset
- ▶ The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

A summary of the policy applied to the Group

Development Cost

Useful lives	Finite
Amortisation Method Used	Amortised Straight line over the right to generate hydro power.
Period of amortisation	15 Years
Internally generated or acquired	Acquired

3.8 Financial Instruments

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

3.8.1 Financial Assets**3.8.1.1 Initial Recognition & Measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits,

investments and trade and other receivables.

3.8.1.2 Subsequent Measurement

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

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

a) Financial assets at amortized cost (debt instruments)

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

- ▶ The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- ▶ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial instruments at amortized cost comprise of trade receivables, amounts due from related parties, deposits, advances and other receivables.

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

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

- ▶ The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling
- ▶ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

c) Financial assets at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the

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definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

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

d) Financial assets at fair value through profit or loss

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

on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

3.8.1.3 Derecognition

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

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

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

liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

3.8.1.4 Impairment of financial assets

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

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

3.8.2 Financial liabilities

3.8.2.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

3.8.2.2 Subsequent measurement

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

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

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

(b) Financial liabilities at amortized cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the Profit or Loss Statement when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

Financial liabilities comprise interest bearing loans and borrowings, trade payables, other payables, income tax payables and amounts due to related parties.

3.8.2.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.8.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Financial risk management objectives and policies have been disclosed under Note 35.

3.9 Harvestable agricultural produce on bearer biological assets

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 recognized 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.

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

- ▶ Tea – Bought Leaf rate (current month) less cost of harvesting & transport
- ▶ Rubber – latex Price (95% of current RSS1 Price) less cost of tapping & transport

3.10 Inventories

Finished Goods Manufactured from Agricultural Produce of Biological Assets

These are valued at the lower of cost and estimated net realisable value. Net realisable value is the estimated selling price at which stocks can be sold in the ordinary course of business after allowing for cost of realisation and/or cost of conversion

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from their existing state to saleable condition.

Input Material, Spares and Consumables

At actual cost on weighted average basis.

Agricultural produce harvested from biological assets

Agricultural produce harvested from biological asset are measured at their fair value less cost to sell at the point of harvest. The finished and semi-finished inventories from agricultural produce are valued by adding the cost of conversion to the fair value of the agricultural produce.

3.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand form an integral part of the Group's cash management and are included as a component of cash and cash equivalents for the purpose of the Statements of Cash Flow.

3.12 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 unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other

assets or groups of assets. When 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 of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to Other Comprehensive Income. For such properties, the impairment is

recognised in Other Comprehensive Income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31st March 2022 and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31st March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement

3.14 Employees Benefits

(a) Defined Contribution Plans - Provident Funds and Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an expense in profit or loss in the periods during which services are rendered by employees.

The Company contributes 12% on consolidated salary of the employees to Ceylon Planters' Provident Society (CPPS)/Estate Staff Provident Society (ESPS)/ Employees' Provident Fund (EPF).

All the employees of the Company are members of the Employees' Trust Fund, to which the Company contributes 3% on the consolidated salary of such employees.

(b) Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the Financial Statements in respect of defined benefit plan is the present value of the defined benefit obligation at the Reporting date. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised as in retained earnings through other comprehensive income. Past service costs are recognised immediately in statement of profit or loss.

The provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19, Employee Benefits. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The Liability is not externally funded.

The key assumptions used in determining the retirement benefit obligations are given in Note 23.

3.15 Capital Commitments and Contingencies

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

3.16 Events Occurring after the Reporting Date

All material events after the Statement of Financial Position Date have been considered where appropriate; either adjustments have been made or adequately disclosed in the Financial Statements.

3.17 Earnings per Share

The Group presents basic earnings per share (EPS) 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.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.18 Deferred Income

3.18.1 Grants and Subsidies

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant

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relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the Statement of profit or loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant. Assets are amortised over their useful lives as follows.

Grants related to Property, Plant & Equipment other than grants received for forestry are initially deferred and allocated to income on a systematic basis over the useful life of the related Property, Plant & Equipment as follows: Assets are amortised over their useful lives or unexpired lease period, whichever is less.

Buildings	24.3 years (Over the remaining lease period)
Roads	5 Years

Grants received for forestry are initially deferred and credited to income once when the related blocks of trees are harvested.

3.19 Statements of Profit or Loss

For the purpose of presentation of statement of profit or loss, the function of expenses method is

adopted, as it represents fairly the elements of the Group's performance.

3.19.1 Revenue

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

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

3.19.1.1 Revenue from contracts with customers

▶ Sale of Plantation produce

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

recognized at the point in time when the control of the goods has been transferred to the customer generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer.

There is no element of financing present as the Group's sale of plantation produce are either on cash terms (Immediate payment or advance payment not exceeding 30 days) or on credit terms ranging from 7 to 15 days.

Rendering of services

Service income from Group comprised with sale of hydro energy to the Ceylon Electricity Board (CEB). Revenue from sale of hydro energy recognized at the point of hydro energy releases to the national grid at a pre-determined unit price.

▶ Fee from Management Services

Fee from management services are recognized as revenue over the time during the period in which the services are rendered.

3.19.1.2 Other Source of Income

Revenue recognition criteria for the other source of income as follows;

▶ Rental Income

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

▶ Dividend Income

Dividend income is recognized when the right to receive payment is established.

▶ Interest Income

Interest income is recognized based on effective interest method.

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

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

3.19.2 Expenses

All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency is charged to revenue in arriving at the profit or loss for the period.

3.19.2.1 Finance Income and Finance Cost

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.19.2.2 Taxes

3.19.2.2.1 Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.19.2.2.2 Deferred Tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ▶ When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ▶ In respect of taxable temporary differences associated with investments in subsidiaries,

associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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, except:

- ▶ When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ▶ In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Notes to the Financial Statements

asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly 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.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

3.20 Statement of Cash Flows

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

3.21 Segment Reporting

Segmental information is provided for the different business segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

Since the individual segments are located close to each other and operate in the same industrial environment, the need for geographical segmentation has no material impact.

The activities of the segments are described on Note 6.2 in the Notes to the Financial Statements.

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

Assets and liabilities directly attributable to each segment are allocated to the respective segments. Assets and liabilities, which are not

directly attributable to a segment, are allocated on a reasonable basis wherever possible. Unallocated items comprise mainly interest bearing loans, borrowings, and expenses.

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

All operating segments' operating results are reviewed regularly to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period and any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

4.1 Taxation

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

According to The Inland Revenue (Amendment) Bill, to amend the Inland Revenue Act, No. 24 of 2017, Agro Farming is exempt from income tax for a period of 5 years effective from 01 April 2019 and Agro processing is liable at 14%. Accordingly, where applicable, the Group has separated its income and expenses as Agro farming and Agro Processing and applied the respective tax rates.

4.2 Deferred Tax

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. As per the inland revenue (Amended) bill issued on 18 March 2021, company is identified Separately business income as agro farming & agro processing for the purpose of calculating income tax

liability therefore, the company has separated assets and liabilities as at 31st March 2022 as Agro farming and Agro processing for the deferred tax purpose.

4.3 Measurement of Retirement Benefit Obligation

The present value of the retirement benefit obligation determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka government bonds with maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rate and expected future salary increase rates of the Company.

Further details about Retirement benefit obligations are provided in Note 23.

4.4 IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS

12 Income Taxes. The Company applies significant judgement in identifying uncertainties over income tax treatments. It assessed whether the Interpretation had an impact on its financial statements. The Company determined that it is probable that its tax treatments will be accepted by the taxation authorities.

4.5 Fair Valuation of Consumable Biological Assets

The fair value of managed timber depends on number of factors that are determined on a discounted method using various financial and nonfinancial assumptions. The growth of the trees is determined by various biological factors that are highly unpredictable. Any change to the assumptions will impact to the fair value of biological assets. Key assumptions and sensitivity analysis of the biological assets are given in the Note 13C.

4.6 Bearer Biological Assets

A mature plantation is an area of land developed with crops such as tea, rubber and other crops which has been brought into bearing ready for commercial harvesting. Hence, transfer of immature plantations to mature plantation fields happens at the point of commencement of commercial harvesting which depends on growth of plants, weather patterns and soil condition. Therefore, immature to mature transfer require significant management judgment in determining the point at which a plant is deemed ready for commercial harvesting.

Notes to the Financial Statements

4.5 Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the company's stand-alone credit rating).

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

5.1 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.

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

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

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

5.3 Amendments to LKAS 16 Property, Plant & Equipment: Proceeds before Intended Use

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued LKAS 16 Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

5.4 Amendments to SLFRS 3 Business Combinations: Updating a reference to conceptual framework

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 3 Business Combinations - Updating a Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

An exception was also added to the recognition principle of SLFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of LKAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, it was decided to clarify existing guidance in SLFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

The amendments are not expected to have a material impact on the Group.

Notes to the Financial Statements

6. REVENUE

6.1 Summary

For the year ended 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Sale of Goods				
Tea	4,494,749	4,330,874	4,494,749	4,330,874
Rubber	69,120	35,161	69,120	35,161
Mini Hydro Power	63,961	55,543	-	-
Others	99,525	94,186	99,525	94,186
	4,727,355	4,515,764	4,663,394	4,460,221

6.2 Segment Information

a) Segment Revenue

Tea

Revenue	4,494,749	4,330,874	4,494,749	4,330,874
Revenue Expenditure	(3,436,864)	(3,276,531)	(3,436,864)	(3,276,531)
Depreciation	(165,575)	(173,230)	(165,575)	(173,230)
Other Non Cash Expenditure	(113,865)	(150,051)	(113,865)	(150,051)
Segment Results	778,445	731,062	778,445	731,062

Rubber

Revenue	69,120	35,161	69,120	35,161
Revenue Expenditure	(47,512)	(39,135)	(47,512)	(39,135)
Depreciation	(7,150)	(5,837)	(7,150)	(5,837)
Other Non Cash Expenditure	-	-	-	-
Segment Results	14,458	(9,811)	14,458	(9,811)

Mini Hydro Power

Revenue	63,961	55,543	-	-
Revenue Expenditure	(21,236)	(14,431)	-	-
Depreciation	(15,302)	(17,209)	-	-
Other Non Cash Expenditure	(67)	(520)	-	-
Segment Results	27,356	23,383	-	-

Others

Revenue	99,525	94,186	99,525	94,186
Revenue Expenditure	-	-	-	-
Depreciation	-	-	-	-
Other Non Cash Expenditure	-	-	-	-
Segment Results	99,525	94,186	99,525	94,186

Total

Revenue	4,727,355	4,515,764	4,663,394	4,460,221
Revenue Expenditure	(3,505,612)	(3,330,097)	(3,484,376)	(3,315,666)
Depreciation	(188,027)	(196,276)	(172,725)	(179,067)
Other Non Cash Expenditure	(113,932)	(150,571)	(113,865)	(150,051)
Segment Results	919,784	838,820	892,428	815,437

6.2 Segment Information contd.

For the year ended 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Change in Fair Value of Biological Assets	53,995	23,170	53,995	23,170
Other Income & Gains	70,568	69,460	80,248	85,260
Administrative Expenses	(253,405)	(207,539)	(239,030)	(193,263)
Finance Income	85,410	87,429	84,867	87,265
Finance Expense	(1,000)	(2,111)	(1,000)	(2,111)
Interest Paid to Government and Other Leases	(38,061)	(37,511)	(38,051)	(37,501)
Profit Before Tax	837,291	771,718	833,457	778,257
b) Segment Assets				
Non Current Assets				
Tea	2,940,938	2,739,660	2,940,938	2,739,660
Rubber	89,372	96,382	89,372	96,382
Mini Hydro Power	270,964	292,463	-	-
Investment	-	-	134,933	134,933
Consumable Biological Asset	386,372	326,365	386,372	326,365
	3,687,646	3,454,870	3,551,615	3,297,340
Current Assets				
Tea	2,812,790	2,428,020	2,812,790	2,428,020
Rubber	15	15	15	15
Mini Hydro Power	51,062	29,967	-	-
	2,863,867	2,458,002	2,812,805	2,428,035
Total Assets	6,551,513	5,912,872	6,364,420	5,725,375
c) Segment Liabilities				
Non Current Liabilities and Deferred Income				
Tea	1,442,636	1,530,743	1,442,636	1,530,743
Mini Hydro Power	3,328	2,868	-	-
	1,445,964	1,533,611	1,442,636	1,530,743
Current Liabilities				
Tea	634,088	666,524	634,088	666,524
Mini Hydro Power	21,630	311	-	-
	655,718	666,835	634,088	666,524
Total Liabilities	2,101,682	2,200,446	2,076,724	2,197,267
d) Segment Capital Expenditure				
Cost				
Tea	373,384	146,190	373,384	146,190
Others	38,281	38,376	38,281	38,376
Mini Hydro Power	90	-	-	-
	411,755	184,566	411,665	184,566

Notes to the Financial Statements

7. OTHER INCOME AND GAINS

Year Ended	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Profit on Sale of Trees	31,769	34,320	31,769	34,320
Amortisation of Capital Grants	5,412	5,300	5,412	5,300
Profit on Disposal of Property, Plant & Equipments	-	6,739	-	6,739
Dividend Income	-	-	9,680	15,800
Lease of Land for Towers	5,082	3,733	5,082	3,733
Lease of Land for Vegetable Cultivation	18,840	12,040	18,840	12,040
Profit/(Loss) on Sale of Cinnamon	3,708	638	3,708	638
Profit/(Loss) on Strawberry & Other Projects	(1,422)	(510)	(1,422)	(510)
Solar Income	7,179	7,200	7,179	7,200
	70,568	69,460	80,248	85,260

8. FINANCE INCOME/ EXPENSE**8.1 Finance Income**

Year Ended	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Interest Income	85,410	87,429	84,867	87,265
	85,410	87,429	84,867	87,265

8.2 Finance Expenses

Overdraft Interest	(403)	(391)	(403)	(391)
Exchange Gain	627	-	627	-
Term Loan Interest	(1,224)	(1,720)	(1,224)	(1,720)
	(1,000)	(2,111)	(1,000)	(2,111)

8.3 Interest Paid To Government and Other Leases

Interest paid on Government Lease	(34,119)	(33,306)	(34,109)	(33,296)
Interest paid on Other Lease	(3,942)	(4,205)	(3,942)	(4,205)
	(38,061)	(37,511)	(38,051)	(37,501)
Net Finance Income	46,349	47,807	45,816	47,653

9. PROFIT BEFORE TAX IS STATED AFTER CHARGING

Year Ended	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Directors Emoluments	39,918	22,266	39,918	22,266
Emoluments of Directors & Other Key Management	17,220	14,440	17,220	14,440
Auditors Fees	5,133	4,830	4,640	4,218
Depreciation/Amortisation	219,580	196,276	204,278	179,067
Defined Benefit Plan Costs	113,865	150,571	113,865	150,051
Defined Contributions Plan Costs - EPF & ETF	198,511	167,150	197,555	166,191
Others - Staff Costs	2,345,913	2,056,209	2,329,653	2,044,681

10. INCOME TAX EXPENSE

The major component of income tax expenses for the period are as follows :

10.1 Income Statement

Year Ended	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Income Tax Expense				
Current Income Tax Charge	56,023	58,653	54,083	57,704
Under/(over) provision in respect of previous years	12,371	12,224	12,371	12,224
	68,394	70,877	66,454	69,928
Deferred Tax Expense				
Deferred Taxation Charge/(Reversal)	(48,474)	(10,899)	(52,967)	(11,787)
	(48,474)	(10,899)	(52,967)	(11,787)
Total Tax Expense	19,920	59,978	13,487	58,141

10.2 Statement of Comprehensive Income

Deferred tax related to items charged or credited directly to OCI during the year;

Net (gain)/loss on actuarial benefit obligation	1,036	23,188	1,033	23,166
Income tax charged directly to other comprehensive income	1,036	23,188	1,033	23,166

Notes to the Financial Statements

10.3 Reconciliation between tax expenses and the product of accounting

Profit multiplied by the Statutory Effective tax rates are as follows:

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Profit Before Tax	837,291	771,718	833,457	778,256
Aggregate Disallowable Expenses	375,225	399,077	356,560	378,317
Aggregate Tax deductible Expenses	(408,817)	(368,912)	(417,877)	(383,572)
Total statutory income	803,699	801,883	772,140	773,001
Tax exempt income from Agro Farming	504,045	438,958	504,045	438,958
Taxable income from Agro Processing	183,228	246,778	183,228	246,778
Taxable income from subsidiaries	31,016	28,718	-	-
Other sources of Income	85,410	87,429	84,867	87,265
Total statutory income	803,699	801,883	772,140	773,001
Dividend Income	-	-	9,680	15,800
Tax losses Claimed during the year	(17,767)	(22,377)	-	-
Tax exempt Income	(504,045)	(438,958)	(504,045)	(438,958)
Total Taxable Income	281,887	340,548	277,775	349,843
Income Tax @ 14%	18,094	37,672	16,261	36,761
Income Tax @ 24%	36,574	20,981	36,467	20,943
Dividend Tax @ 14%	1,355	-	1,355	-
Income tax on current year profit	56,023	58,653	54,083	57,704

10.4 Deferred Tax (Assets) and Liabilities

Group	2022		2021	
	Temporary Difference Rs.'000	Tax Effect Rs.'000	Temporary Difference Rs.'000	Tax Effect Rs.'000
As at 1 April	1,476,967	204,612	1,373,320	192,319
Amount originating during the year	26,394	(47,439)	103,647	12,293
As at 31 March	1,503,361	157,173	1,476,967	204,612
Temporary difference of Right-of-use asset	263,984	27,721	290,278	40,643
Temporary difference of Property, Plant and Equipment	352,129	37,112	419,555	59,009
Temporary difference of Immature/Mature	1,660,353	174,337	1,565,696	219,197
Temporary difference of Biological Asset	329,959	34,645	243,226	34,052
Temporary difference of Inventory	(3,444)	(428)	(3,210)	(563)
Temporary difference of Bad Debt Provisions	(1,630)	(171)	(870)	(122)
Temporary difference of Retirement Benefit Obligation	(671,806)	(70,653)	(594,959)	(83,461)
Temporary difference of Deferred Income	(125,819)	(13,211)	(122,817)	(17,194)
Carried Forward Tax Losses	(18,239)	(2,553)	(35,900)	(7,180)
Temporary difference of Lease Liability	(282,126)	(29,626)	(284,032)	(39,769)
As at 31 March	1,503,361	157,173	1,476,967	204,612
Company				
As at 1 April	1,513,034	211,825	1,431,756	200,446
Amount originating during the year	9,740	(51,934)	81,278	11,379
As at 31 March	1,522,774	159,891	1,513,034	211,825
Temporary difference of Right-of-use asset	263,913	27,711	290,204	40,629
Temporary difference of Property, Plant and Equipment	348,154	36,556	415,037	58,105
Temporary difference of Immature/Mature	1,660,353	174,337	1,565,696	219,197
Temporary difference of Biological Asset	329,959	34,646	243,226	34,051
Temporary difference of Inventory	(1,557)	(164)	(1,323)	(185)
Temporary difference of Bad Debt Provisions	(1,630)	(171)	(870)	(122)
Temporary difference of Retirement Benefit Obligation	(668,556)	(70,198)	(592,169)	(82,904)
Temporary difference of Deferred Income	(125,819)	(13,211)	(122,817)	(17,194)
Temporary difference of Lease Liability	(282,043)	(29,615)	(283,950)	(39,752)
As at 31 March	1,522,774	159,891	1,513,034	211,825

Notes to the Financial Statements

10.4 Deferred Tax (Assets) and Liabilities contd.

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Deferred Tax Assets	(2,718)	(7,213)	-	-
Deferred Tax Liabilities	159,891	211,825	159,891	211,825
	157,173	204,612	159,891	211,825

11. EARNINGS PER SHARE

11.1 Basic Earnings Per Share

The calculation of the basic earnings per share is based on the profit attributable to owners of the parent and the weighted average number of ordinary shares outstanding during the year.

11.2 Diluted Earnings Per Share

The calculation of diluted earnings per share is based on the profit attributable to owners of the parent and the weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares.

There were no potentially dilutive ordinary shares outstanding at any time during the year/previous year.

Basic/diluted earning per share calculated as follows.

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Amounts used as the Numerator :				
Net profit attributable to equity holders of the parent	814,376	708,562	819,969	720,115
Amounts used as the Denominator :				
Weighted average number of ordinary shares of the parent	47,500,000	47,500,000	47,500,000	47,500,000
Basic/Diluted Earnings Per Share (Rs.)	17.14	14.92	17.26	15.16

12. RIGHT OF USE ASSETS

	Notes	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Right-of-use asset-Land	12.1	236,038	238,273	235,968	238,200
Right-of-use asset-Building	12.2	22,135	33,202	22,135	33,202
Right-of-use asset-Immovable estate assets	12.3	52,748	55,018	52,748	55,018
		310,921	326,493	310,851	326,420

12.1 Right-of-use asset-land

This Right-of-use asset-land is amortized over the remaining lease term or useful life of the right whichever is shorter and is disclosed under non-current assets. An adjustment to the "Right-of-use asset-land" could be made to the extent that the change relate to the future period on the reassessment of lease liability. The lease liability as at 01 April 2019 has been reassessed under the provisions of SLFRS 16 and both "Right-of-use asset-land" and "Lease Liability" has been enhanced."Right-of-use asset-land" have been executed for all estates for a period of 53 years. The Unexpired period of the lease as at the statement of Financial Position date is 23.3 years.

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Cost				
As at 1st April	248,082	250,863	248,002	250,783
Transferred in Due to Reassessment of Lease Liability	(9,802)	(9,535)	(9,802)	(9,535)
Adjustment on Reassessment of lease Liability at 01st April	7,900	6,754	7,900	6,754
As at 31st March	246,180	248,082	246,100	248,002
Amortisation				
As at 1st April	9,809	9,539	9,802	9,535
Transferred in Due to Reassessment of Lease Liability	(9,802)	(9,535)	(9,802)	(9,535)
Amortisation charge for the year	10,135	9,805	10,132	9,802
As at 31st March	10,142	9,809	10,132	9,802
Written Down Value	236,038	238,273	235,968	238,200

12.2 Right-of-use asset-Building

Talawakelle Tea Estates PLC (Head Office) as a tenant, occupying a building which belongs to Hayleys PLC (Ultimate Parent) and which was previously accounted as an operating lease under LKAS 17. Since, the SLFRS 16 supersedes LKAS 17 Leases, The Company adopted SLFRS 16 using the modified retrospective method of adoption to above lease arrangement. The effect to the Statement of Financial Position and depreciation of building to 31 March 2022 are as follows:

Notes to the Financial Statements

12.2 Right-of-use asset-Building contd.

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Cost				
As at 1st April	49,937	39,137	49,937	39,137
Adjustment on Reassessment of Lease Liability	-	10,800	-	10,800
As at 31st March	49,937	49,937	49,937	49,937
Depreciation				
As at 1st April	16,735	7,827	16,735	7,827
Depreciation charge for the year	11,067	8,908	11,067	8,908
As at 31st March	27,802	16,735	27,802	16,735
Written Down Value	22,135	33,202	22,135	33,202

12.3 Right-of-use assets-Immovable Estate Assets

	Group/Company					
	Improvement to Land Rs.'000	Mature Plantations Rs.'000	Buildings Rs.'000	Plant & Machinery Rs.'000	2022 Total Rs.'000	2021 Total Rs.'000
Cost/ Revaluation						
*Revaluation as at 22.06.1992	9,084	243,838	63,826	12,007	328,755	328,755
As at 31 March	9,084	243,838	63,826	12,007	328,755	328,755
Accumulated Amortisation						
As at 1st April	7,588	190,316	63,826	12,007	273,737	271,468
Amortisation charge for the year	62	2,208	-	-	2,270	2,269
As at 31 March	7,650	192,524	63,826	12,007	276,007	273,737
Written Down Value	1,434	51,314	-	-	52,748	55,018

*Revaluation amount is arrived at after adjusting for assets handed over to Tea Smallholdings Development Authority.

13. A. TANGIBLE ASSETS OTHER THAN IMMATURE / MATURE PLANTATIONS

	Group			Company				
	Balance as at 01.04.2021 Rs.'000	Additions for the Year Rs.'000	Disposals during the Year Rs.'000	Balance as at 31.03.2022 Rs.'000	Balance as at 01.04.2021 Rs.'000	Additions for the Year Rs.'000	Disposals during the Year Rs.'000	Balance as at 31.03.2022 Rs.'000
Cost								
Buildings	507,417	2,106	-	509,523	507,417	2,106	-	509,523
Motor Vehicles	257,771	83,700	-	341,471	257,771	83,700	-	341,471
Plant & Machinery	1,193,977	29,388	-	1,223,365	708,277	29,388	-	737,665
Furniture & Fittings	12,598	526	-	13,124	12,598	526	-	13,124
Equipment & Tools	182,754	10,268	-	193,022	181,882	10,179	-	192,061
	2,154,517	125,988	-	2,280,505	1,667,945	125,899	-	1,793,844
	Balance as at 01.04.2021 Rs.'000	Charge for the Year Rs.'000	Accumulated depreciation on disposals Rs.'000	Balance as at 31.03.2022 Rs.'000	Balance as at 01.04.2021 Rs.'000	Charge for the Year Rs.'000	Accumulated depreciation on disposals Rs.'000	Balance as at 31.03.2022 Rs.'000
Accumulated Depreciation								
Buildings	181,085	13,428	-	194,513	181,085	13,428	-	194,513
Motor Vehicles	186,122	39,105	-	225,227	186,122	39,105	-	225,227
Plant & Machinery	667,573	45,387	-	712,960	464,485	29,198	-	493,683
Furniture & Fittings	10,381	483	-	10,864	10,381	483	-	10,864
Equipment & Tools	143,890	20,055	-	163,945	143,128	19,973	-	163,101
	1,189,051	118,458	-	1,307,509	985,201	102,187	-	1,087,388
Written Down Value	965,466			972,996	682,744			706,456
	Balance as at 01.04.2021 Rs.'000	Additions for the Year Rs.'000	Capitalised during the Year Rs.'000	Balance as at 31.03.2022 Rs.'000	Balance as at 01.04.2021 Rs.'000	Additions for the Year Rs.'000	Capitalised during the Year Rs.'000	Balance as at 31.03.2022 Rs.'000
Capital Work-in-Progress	36,284	161,659	(14,839)	183,104	36,284	161,659	(14,839)	183,104
Total Written Down Value	1,001,750			1,156,100	719,028			889,560

Notes to the Financial Statements

13. A. TANGIBLE ASSETS OTHER THAN IMMATURE / MATURE PLANTATIONS CONTD.

Note : The assets shown above are those movable assets vested in the Company by Gazette Notification at the date of formation of the Company (22nd June 1992) and all investments in tangible assets by the Company since its formation. The assets taken over by way of estate leases are set out in Notes 12.

No borrowing costs have been capitalised into Capital Work-in-Progress.

The cost of fully depreciated Property, Plant & Equipment of the Company which are still in use as at the date of the Statement of Financial Position is Rs.530.9 Mn (2020/21-Rs. 475.2 Mn).

13. B. BEARER BIOLOGICAL ASSETS

	Permanent Land Development Cost Rs.'000	Roads Rs.'000	Group/Company		2022 Total Rs.'000	2021 Total Rs.'000
			Immature Plantations Rs.'000	Mature Plantations Rs.'000		
Cost						
*As at 1st April	23,172	83,025	247,692	2,357,261	2,711,150	2,621,038
Additions	-	-	110,389	-	110,389	90,112
**Transfers to consumable	-	-	(1,888)	-	(1,888)	-
Transfers	-	-	(25,571)	25,571	-	-
As at 31st March	23,172	83,025	330,622	2,382,832	2,819,651	2,711,150
Accumulated Amortisation						
As at 1st April	12,978	83,025	-	829,447	925,450	851,696
Amortisation charge for the year	420	-	-	77,589	78,009	73,755
As at 31st March	13,398	83,025	-	907,036	1,003,459	925,451
Written Down Value	9,774	-	330,622	1,475,796	1,816,192	1,785,699

*The figures above are stated after adjusting for assets handed over to Tea Smallholdings Development Authority.

** Original decision to plant bearer plants changed by the management to consumable plants and therefore cost incurred on land preparation transferred to consumable biological assets.

These are investments in immature/ mature plantations since the formation of the Company. The assets (including plantation assets) taken over by way of estate leases are set out in Notes 12. Further investment in immature plantations taken over by way of these leases are shown in the above note. When such plantations become mature, the additional investments, since initial investment to bring them to maturity, will be moved from immature to mature under this note.

The borrowing costs were not capitalized during the period under Immature Plantations (2020/2021- Nil).

13. C. CONSUMABLE BIOLOGICAL ASSETS

TIMBER PLANTATIONS - MANAGED TREES

As at 31 March	Group/Company	
	2022 Rs.'000	2021 Rs.'000
As at 1 April	326,365	306,236
Increase due to development	19,131	17,340
Transfer From Immature Plantation	1,888	-
Gain/(loss) arising from changes in fair value less cost to sell attributable to physical change	59,178	4,937
Decrease due to harvest	(20,190)	(2,148)
As at 31 March	386,372	326,365

Managed trees include commercial timber plantations cultivated on estates. The cost of immature trees is treated as approximate fair value particularly on the ground 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 carrying amount of biological assets pledged as securities for liabilities as at the date of the statement of financial position is nil (2020/2021 - nil).

The fair value of matured managed trees were ascertained in accordance with SLFRS 13. The valuation was carried by Messer's FRT Valuation Services (Pvt) Ltd, chartered valuation surveyors, using Discounted Cash Flow (DCF) methods. In ascertaining the fair value of timber, a physical verification was carried out covering all the estates.

13. C.1.CHANGE IN FAIR VALUE OF BIOLOGICAL ASSETS

	Group/Company	
	2022 Rs.'000	2021 Rs.'000
Change in fair value of consumable biological assets (Note 13 C)	59,178	4,937
Change in fair value of produce on bearer biological assets (Note 15)	(5,183)	18,233
	53,995	23,170

Notes to the Financial Statements

13. C. 2. INFORMATION ABOUT FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)

Non Financial Asset	Valuation Technique	Unobservable Inputs	Range of Unobservable Inputs (Probability weighted average.)		Relationship of Unobservable Inputs to Fair Value
			2022	2021	
Consumable Managed Biological Assets	DCF	Discounting Rate	15.40%	13.60%	The higher the discount rate, the lesser the fair value
		Optimum rotation (Maturity)	20-25 Years	20-25 Years	Lower the rotation period, the higher the fair value
		Volume at rotation	25-140 cu.ft	25-140 cu.ft	The higher the volume, the higher the fair value
		Price per cu.ft.	Rs. 50/- to Rs. 3,000/-	Rs. 50/- to Rs. 2,864/-	The higher the price per cu. ft., the higher the fair value

Other key assumptions used in valuation

1. The harvesting is approved by the PMMD and the Forest Department based on the Forestry Development Plan.
2. The prices adopted are net of expenditure.
3. Though the replanting is a condition precedent for harvesting yet the costs are not taken in to consideration.

The valuations, as presented in the external valuation models based on net present values, take into account the long term exploitation of the timber plantations. The Board of Directors retains their view that commodity markets are inherently volatile and that long term price projections are highly unpredictable.

The valuations, as presented in the external valuation models based on net present values, take into account the long term exploitation of the timber plantations. The Board of Directors retains their view that commodity markets are inherently volatile and that long term price projections are highly unpredictable. It does, nevertheless, concern the Directors that no estimate can ever be completely accurate. Moreover, in the case of the Group's biological assets, small differences in valuation assumptions can have quite disproportionate effect on results. Therefore, the Board of Directors is of the opinion that the sensitivity analysis regarding selling price and discount rate variations as included in this note allows every investor to reasonably check the financial impact of the assumptions used in the SLFRS 13 / LKAS 41 valuations as included in the consolidated accounts against his own assumptions.

13. C. 2. INFORMATION ABOUT FAIR VALUE MEASUREMENTS USING SIGNIFICANT CONTD.**Sensitivity variation sales price**

Values as appearing in the Statement of Financial Position are very sensitive to price changes with regard to the average sales prices applied. Simulations made for timber show that a rise or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

	Rs.'000	Rs.'000
Managed Timber	10%	-10%
As at 31 March 2022	32,039	(32,039)
As at 31 March 2021	32,637	(32,637)

Sensitivity Variation discount rate

Values as appearing in the Statement of Financial Position are very sensitive to changes of the discount rate applied. Simulations made for timber trees show that a rise or decrease by 1% of the discount rate has the following effect on the net present value of biological assets:

	Rs.'000	Rs.'000
	1%	-1%
As at 31 March 2022	(1,187)	1,244
As at 31 March 2021	(890)	991

13.D. INTANGIBLE ASSETS

Group	Development Cost Rs.'000	ERP System Rs.'000	2022 Total Rs.'000	2021 Total Rs.'000
Cost				
As at 1st April	18,297	5,241	23,538	18,297
Acquisition during the year	-	9,427	9,427	5,241
As at 31 March	18,297	14,668	32,965	23,538
Accumulated Amortisation				
As at 1st April	15,842	346	16,188	14,939
Amortization charge for the year	820	613	1,433	1,249
As at 31 March	16,662	959	17,621	16,188
Written Down Value	1,635	13,709	15,344	7,350

Notes to the Financial Statements

13.D. INTANGIBLE ASSETS CONTD.

Company	Development Cost Rs.'000	ERP System Rs.'000	2022 Total Rs.'000	2021 Total Rs.'000
Cost				
As at 1st April	-	5,241	5,241	-
Acquisition during the year	-	9,427	9,427	5,241
As at 31 March	-	14,668	14,668	5,241
Accumulated Amortisation				
As at 1st April	-	346	346	-
Amortization charge for the year	-	613	613	346
As at 31 March	-	959	959	346
Written Down Value	-	13,709	13,709	4,895

14. INVESTMENTS IN SUBSIDIARIES

Talawakelle Tea Estates PLC holds 3,519,000 (51%) ordinary shares of TTEL Hydro Power Company (Pvt) Ltd, and 3,060,000 (51%) ordinary shares of TTEL Somerset Hydro Power (Pvt) Ltd., and 14% redeemable cumulative preference shares of Rs.10/- each of TTEL Hydro Power Company (Pvt) Ltd. and TTEL Somerset Hydro Power (Pvt) Ltd. amounting to Rs. 53,108,300/= and Rs. 16,034,400/= respectively redeemable at the option of the investee.

As at 31 March	Company	
	2022 Rs.'000	2021 Rs.'000
Ordinary Shares		
TTEL Hydro Power Company (Pvt) Ltd	35,190	35,190
TTEL Somerset Hydro Power (Pvt) Ltd	30,600	30,600
	65,790	65,790
Preference Shares		
TTEL Hydro Power Company (Pvt) Ltd	53,108	53,108
TTEL Somerset Hydro Power (Pvt) Ltd	16,034	16,034
	69,143	69,143
Total Investment	134,933	134,933

14. INVESTMENTS IN SUBSIDIARIES CONTD.

Subsidiaries	Principle Activity
TTEL Hydro Power Company (Pvt) Ltd	Generates Hydro Power
TTEL Somerset Hydro Power (Pvt) Ltd	Generates Hydro Power

15. PRODUCE ON BEARER BIOLOGICAL ASSETS

As at 31 March	Group/Company	
	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	22,622	4,389
Change in fair value less cost to sell	(5,183)	18,233
	17,439	22,622

Level 2 inputs were used when arriving above figures.

16. INVENTORIES

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Biological Assets - Nurseries	22,631	18,478	22,631	18,478
Biological Assets -Harvested Crop	327,513	317,676	327,513	317,676
Input Stocks, Consumables & spares	136,409	91,761	134,483	89,874
	486,553	427,915	484,627	426,028
Less : Provision for Slow Moving Stocks	(3,517)	(3,210)	(1,630)	(1,323)
	483,036	424,705	482,997	424,705

17. TRADE AND OTHER RECEIVABLES

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Produce Debtors	156,609	137,676	128,789	123,045
Advances & Prepayments	74,461	78,356	68,077	70,073
Other Debtors	67,796	44,797	67,532	44,797
Income Tax Receivable	1,679	-	-	-
	300,545	260,829	264,398	237,915
Less: Provision for Doubtful Debt	(6,069)	(5,382)	(1,557)	(870)
	294,476	255,447	262,841	237,045

Notes to the Financial Statements

18. AMOUNTS DUE FROM RELATED COMPANIES

As at 31 March	Relationship	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Hayleys PLC	Ultimate Parent	131,469	-	131,469	-
Hayleys Plantation Services (Pvt) Ltd	Parent Company	-	6,764	-	6,764
TTEL Hydro Power Company (Pvt) Ltd	Subsidiary Company	-	-	359	-
TTEL Somerset Hydro Power Company (Pvt) Ltd	Subsidiary Company	-	-	511	-
Dipped Products PLC	Related Company	15	15	15	15
Horana Plantations PLC	Related Company	218	-	218	-
Kelani Valley Plantations PLC	Related Company	5,889	-	5,889	-
		137,591	6,779	138,461	6,779

19. SHORT TERM INVESTMENT

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Unit Trust	232,207	235,641	232,207	235,641
Saving Accounts	9,240	26,936	9,240	26,936
Fixed Deposits	1,660,349	1,453,634	1,645,485	1,448,454
	1,901,796	1,716,211	1,886,932	1,711,031

20. STATED CAPITAL

As at 31 March	Group/Company	
	2022 No. of Shares	2021 No. of Shares
Issued and Fully Paid Ordinary Shares		
Number of ordinary shares including one golden share held by the Treasury which has special rights	47,500,001	47,500,001
	Rs.'000	Rs.'000
Stated Capital including one Golden Share held by the Treasury which has special rights	350,000	350,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. Special rights of the Golden share are given in the Annual Report to the Board of Directors on the Affairs of the Company.

21. NON-CONTROLLING INTEREST

	Group	
	2022	2021
	Rs.'000	Rs.'000
TTEL Hydro Power Company (Pvt) Ltd	76,740	93,019
TTEL Somerset Hydro Power (Pvt) Ltd	67,366	67,689
	144,106	160,708

21.1 Material Partly Owned Subsidiaries

Summarised financial information of subsidiaries that have material non-controlling interest, reflecting amounts before inter-company eliminations, is set out below.

	TTEL Hydro Power Company (Pvt) Ltd		TTEL Somerset Hydro Power (Pvt) Ltd	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Non-Controlling Interests in %	49	49	49	49
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Accumulated Balance of Non-Controlling Interest	76,740	93,019	67,366	67,689
Summarised statement of profit or loss for the year ended 31 March	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	35,012	30,146	28,950	25,397
Cost of sales	(21,882)	(19,120)	(15,692)	(13,979)
Administrative expenses	(6,241)	(6,535)	(8,134)	(7,740)
Finance Income	100	7	443	157
Finance Cost	(7)	(6)	(4)	(4)
Profit/(loss) before tax	6,982	4,492	5,563	3,831
Income Tax	(4,591)	(234)	(1,841)	(1,603)
Profit/(loss) after tax	2,391	4,258	3,722	2,228
Attributable to owners	1,219	2,172	1,898	1,136
Attributable to non-controlling interests	1,172	2,086	1,824	1,092
Total Comprehensive income	2,391	4,301	3,742	2,269
Dividend paid to non-controlling interest	17,451	5,008	2,157	8,037

Notes to the Financial Statements

21.1 Material Partly Owned Subsidiaries Contd.

Summarised statement of financial position as at 31 March	TTEL Hydro Power Company (Pvt) Ltd		TTEL Somerset Hydro Power (Pvt) Ltd	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Current Assets	27,562	19,122	30,900	18,131
Non Current Assets	160,371	175,361	111,597	119,047
Current Liabilities	20,329	4,684	8,849	3,030
Non Current Liabilities	2,122	1,822	1,206	1,046
Total Equity	165,483	187,977	132,442	133,102
Attributable to :				
Equity holders of parent	84,396	95,868	67,545	67,882
Non-controlling interests	81,087	92,109	64,896	65,220
Summarised statement of cash flows for the year ended 31 March	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Operating cash flows	16,186	11,743	5,742	16,087
Investing cash flows	(71)	-	425	157
Financing cash flows	(12,443)	(12,443)	(4,402)	(16,401)
Net increase/(decrease) in cash & cash equivalents	3,672	(700)	1,765	(157)

22. INTEREST BEARING LOANS AND BORROWINGS

Group/Company	2022					2021				
	Repayable within 1 year Rs.'000	Repayable after one year less than five years Rs.'000	Repayable after five years Rs.'000	Sub Total over one year Rs.'000	Total as at 31.03.2022 Rs.'000	Repayable within 1 year Rs.'000	Repayable after one year less than five years Rs.'000	Repayable after five years Rs.'000	Sub Total over year Rs.'000	Total as at 31.03.2021 Rs.'000
22.1 National Development Bank PLC	3,492	6,112	-	6,112	9,604	3,493	9,604	-	9,604	13,097
22.2 Commercial Bank of Ceylon PLC	4,150	-	-	-	4,150	16,680	4,150	-	4,150	20,830
	7,642	6,112	-	6,112	13,754	20,173	13,754	-	13,754	33,927

22.1 National Development Bank PLC

Group/Company	Repayable within one year	Repayable after one year less than five years	Repayable after five years	Sub Total over one year	Total as at 2022	Total as at 2021	Rate of Interest %	Terms of Repayment
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000		
Solar Project	3,492	6,112	-	6,112	9,604	13,097	6.3	72 Monthly installments commencing from Apr-2019
	3,492	6,112	-	6,112	9,604	13,097		

22.2 Commercial Bank of Ceylon PLC

Group/Company	Repayable within one year	Repayable after one year less than five years	Repayable after five years	Sub Total over one year	Total as at 2022	Total as at 2021	Rate of Interest %	Terms of Repayment
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	%	
Saubagya Loan	4,150	-	-	-	4,150	20,830	4	18 monthly installments commencing from Jan-2021
	4,150	-	-	-	4,150	20,830		

23. RETIREMENT BENEFIT OBLIGATIONS

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Provision for Retirement Benefit Obligations				
At the beginning of the year	890,953	1,024,164	888,163	1,021,655
Interest Cost	67,621	96,715	67,398	96,471
Current Service Cost	46,726	53,856	46,467	53,580
Gratuity Payments for the year	(91,182)	(118,201)	(91,182)	(118,068)
Actuarial (Gain) / Loss due to changes in experience	128,897	3,446	128,897	3,470
Actuarial (Gain) / Loss due to changes in financial assumptions	(171,699)	(169,027)	(171,676)	(168,945)
At the end of the year	871,316	890,953	868,067	888,163

Notes to the Financial Statements

23. RETIREMENT BENEFIT OBLIGATIONS CONTD.

According to the actuarial valuation report issued by the Actuarial & Management Consultants (Pvt) Ltd As at 31 March 2022, the actuarial present value of promised retirement benefits amounted to Rs. 871,316,420/-. If the Group had provided for gratuity on the basis of 14 days wages & half months salary for each completed year of service, the liability would have been Rs. 1,423,594,289 /-.

LKAS 19 requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefit that employees have earned in return for their service in the current and prior periods using the Projected Unit Credit Method and discount that benefit in order to determine the present value of the retirement benefit obligation and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic variables and financial variables that will influence the cost of the benefit. The following key assumptions were made in arriving at the above figure.

The key assumptions used by actuary include the following.

	2022	2021
(i) Rate of Discount	15% (per annum)	8% (per annum)
(ii) Rate of Salary Increase		
Workers	8% (per annum)	5.68% (per annum)
Staff	13.50% (per annum)	7% (per annum)
(iii) Retirement Age		
Workers	60 years	60 years
Staff	60 years	60 years

The actuarial Present Value of Retirement Benefit Obligation is carried on annual basis.

The weighted average duration of the Retirement Benefit Obligation at the end of the reporting period is 5.07 years and 5.85 years for staff and workers respectively.

The following payments are expected from the Retirement Benefit Obligation in future years.

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Within the next 12 months	170,822	153,671	170,431	153,082
Between 1-5 years	356,304	336,135	354,695	334,996
Between 5-10 years	216,381	226,685	215,904	226,223
Beyond 10 years	127,809	174,462	127,037	173,862
Total	871,316	890,953	868,067	888,163

23. RETIREMENT BENEFIT OBLIGATIONS CONTD.

Sensitivity Analysis - Salary/ Wage Escalation Rate

Values appearing in the financial statements are very sensitive to the changes of financial and non financial assumptions used. The sensitivity was carried for both the rate of wage increment and the salary increment. Simulation made for retirement benefit obligation show that a rise or decrease by 1% of the rate of wage and salary has the following effect on the retirement benefit obligation.

Group	Workers		Staff	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Rate of wage/salary increment in every two years / per annum	-1%	1%	-1%	1%
As at 31 March 2022	(22,018)	23,778	(11,859)	12,909
As at 31 March 2021	(44,892)	49,477	(7,868)	8,599

Company	Workers		Staff	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Rate of wage/salary increment in every two years / per annum	-1%	1%	-1%	1%
As at 31 March 2022	(22,018)	23,778	(11,659)	12,685
As at 31 March 2021	(44,892)	49,477	(7,700)	8,412

Sensitivity Analysis - Discount Rate

Values appearing in the financial statements are very sensitive to the changes of financial and non financial assumptions used. The sensitivity was carried for the discount rate. Simulation made for retirement benefit obligation show that a rise or decrease by 1% of the rate of the discount rate has the following effect on the retirement benefit obligation.

Group	Workers		Staff	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Rate of discount	-1%	1%	-1%	1%
As at 31 March 2022	30,447	(27,784)	12,465	(11,271)
As at 31 March 2021	46,072	(41,163)	7,873	(7,077)

Company	Workers		Staff	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Rate of discount	-1%	1%	-1%	1%
As at 31 March 2022	30,447	(27,784)	12,256	(11,086)
As at 31 March 2021	46,072	(41,163)	7,698	(6,922)

Notes to the Financial Statements

24. DEFERRED INCOME

As at 31st March	Group/Company	
	2022 Rs.'000	2021 Rs.'000
Deferred Grants and Subsidies		
Balance at the beginning of the year	138,717	139,526
Add : Grants received during the year	3,339	4,491
Less : Amortisation for the year	(5,412)	(5,300)
Balance at the end of the year	136,644	138,717

The Company has received funding from Tea Board during the year and received fundings in prior years are included under the relevant classification of property, plant & equipment and the grant component is reflected under Deferred Grants and Subsidies. Grants are amortised over the life of the assets for which they are being deployed.

25. LEASE LIABILITY

As at 31 March	Notes	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Lease liability on Right-of-Use asset- Land	25.1	260,540	254,555	260,458	254,473
Lease liability on Right-of-Use asset- Building	25.2	25,670	36,301	25,670	36,301
		286,210	290,856	286,128	290,774

25.1 Lease liability on Right-of-Use asset-Land

Balance at the beginning of the year	254,555	249,446	254,474	249,365
Reassessment Adjustment	7,901	6,754	7,901	6,754
Accretion of Interest	34,119	33,305	34,109	33,295
Transferred to accrued Liability	(9)	(9)	-	-
Repayment during the year	(36,026)	(34,941)	(36,026)	(34,941)
Balance as at end of the year	260,540	254,555	260,458	254,473

25. LEASE LIABILITY CONTD.

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Gross Liability				
As at 31st March	838,880	850,794	838,593	850,498
Reassessment Adjustment as at 01st April	26,037	23,036	26,037	23,036
Repayment during the year	(36,026)	(34,941)	(36,026)	(34,941)
Transferred to accrued Liability	(9)	(9)	-	-
Gross Liability as at 31st March	828,882	838,880	828,604	838,593
Finance cost allocated to future periods as at 31st March	(584,325)	(601,348)	(584,119)	(601,133)
Reassessment Adjustment as at 01st April	(18,136)	(16,282)	(18,136)	(16,282)
Accretion of Interest during the year	34,119	33,305	34,109	33,295
Finance cost allocated to future periods as at 31st March	(568,342)	(584,325)	(568,146)	(584,120)
Net Liability as at 31st March	260,540	254,555	260,458	254,473
	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000

25.1.2 Maturity analysis of lease liability as follows,**Payable within one year**

Gross liability	36,041	34,955	36,026	34,941
Finance cost allocated to future periods	(33,869)	(33,092)	(33,859)	(33,082)
Net liability transferred to current liabilities	2,172	1,863	2,167	1,859

Payable within two to five years

Gross liability	144,150	139,811	144,105	139,765
Finance cost allocated to future periods	(132,272)	(129,615)	(132,230)	(129,573)
Net liability	11,878	10,196	11,875	10,192

Payable after five years

Gross liability	648,690	664,114	648,472	663,886
Finance cost allocated to future periods	(402,200)	(421,618)	(402,056)	(421,464)
Net liability	246,490	242,496	246,416	242,422
Net liability payable after one year	258,368	252,692	258,291	252,614

The base rental payable per year Rs. 36,026,247/-.

Notes to the Financial Statements

25. LEASE LIABILITY CONTD.

Maturity analysis of Gross lease liability are shown under Note 35.3.

	Group Rs.'000	Company Rs.'000
Gross Liability	828,882	828,603
Finance Charge	(568,342)	(568,146)
Net Liability	260,540	260,457

25.2 Lease liability on Right-of-Use asset- Building

	2022 Rs.'000	2021 Rs.'000
As at 01st April	36,301	33,197
Reassessment Adjustment as at 01st December 2020	-	10,800
Accretion of Interest	3,942	4,205
Payments during the year	(14,573)	(11,901)
Balance as at 31st March	25,670	36,301
Current Liability	12,038	10,631
Non Current Liability	13,632	25,670
Total Lease Liability as at 31st March	25,670	36,301

25.3 Lease Liability

	Group Rs.'000	Company Rs.'000
Current Liability	14,210	14,205
Non Current Liability	272,001	271,923
Total Lease Liability as at 31 March, 2022	286,211	286,128

26. TRADE AND OTHER PAYABLES

As at 31st March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Trade Creditors	15,581	20,927	15,581	20,873
Payable to Employees	114,995	206,674	114,995	206,674
Statutory Payables	53,280	61,914	53,280	61,914
Others	382,298	203,239	374,981	203,239
Accrued Expenses	32,816	85,431	28,295	81,715
	598,970	578,185	587,132	574,415
Less: Provision for Creditors	(201)	-	(201)	-
	598,769	578,185	586,931	574,415

27. AMOUNTS DUE TO RELATED COMPANIES

As at 31 March	Relationship	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Hayleys PLC	Ultimate Parent	13,104	7,860	9,461	6,534
TTEL Hydro Power Co. (Pvt) Ltd	Subsidiary Company	-	-	6,721	6,761
TTEL Somerset Hydro Power Company (Pvt) Ltd	Subsidiary Company	-	-	623	469
Hayleys Aventura (Pvt) Ltd	Related Company	5,008	-	-	-
Hayleys Power Ltd	Related Company	5,216	2,431	-	-
Hayleys Business Solutions International (Pvt) Ltd	Related Company	299	46	288	36
Mabroc Teas (Pvt) Ltd	Related Company	224	176	224	176
Kelani Valley Plantations PLC	Related Company	832	1,125	832	1,125
Logiwiz Ltd	Related Company	54	-	54	-
Hayleys Agro Fertilizer Limited	Related Company	-	23,533	-	23,533
Fentons Limited	Related Company	-	13,071	-	13,071
Hayleys Consumer Products Limited	Related Company	9	7	9	7
Advantis Project & Engineering (Pvt) Ltd	Related Company	518	-	518	-
		25,264	48,249	18,730	51,712

Notes to the Financial Statements

28. DIVIDEND PAID

	Company	
	2021/2022 Rs.'000	2020/2021 Rs.'000
Dividend paid during the year		
Final dividend for 2020/21-Rs 1.50/- per share	71,250	-
Interim dividend for 2021/22-Rs 0.65/- per share	30,875	-
Interim Dividend for 2020/21 - Rs. 6.75 per share (Before sub division of shares)	-	160,312
	102,125	160,312

29. ASSETS PLEDGED

Following assets have been pledged as security for liabilities.

Bank	Nature of Assets	Nature of Liability	2021/2022	
			Facility Amount Rs. Mn	Outstanding Amount Rs. Mn
National Development Bank PLC	Fixed Deposits of Rs. 24 Mn.	Solar Loan	21	9.6
Hatton National Bank	Primary floating mortgage for Rs. 109 Mn over leasehold rights of Radella,Palmerstone and Handford Estate	Over Draft	100	0.01
The Hongkong & Shanghai Banking Co.Ltd	Concurrent mortgage over stocks and debtors for Rs. 65 Mn.	Over Draft	15	3.4
Commercial Bank of Ceylon PLC	Concurrent mortgage over stocks and debtors for Rs. 165 Mn.	Over Draft	165	1.4
		Saubagya Loan	25	4.1

30. CAPITAL COMMITMENTS

Followings are the capital commitments as at the Statement of Financial Position date	Company	
	2021/2022 Rs. Mn	2020/2021 Rs. Mn
Approved by the Board & Contracted for	-	-
Approved by the Board & not Contracted for	273	307
	273	307

31. COMMITMENTS AND CONTINGENCIES

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

Court of Appeal Case No CA WRIT 143/2021

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

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

Having discussed with independent legal experts and based on the information available, the Directors are of the view that in the event of an unforeseen verdict unfavorable to the Company/Group from the above court case, the contingent liability on retirement benefit obligation liability would be Rs. 53 Mn and of which Rs.3 Mn need to be charged to Profit or Loss and Rs. 50Mn to be charged under Other Comprehensive Income for the year ended 31 March 2022. However, no provisions have been made in the financial statements for the year ended 31 March 2022 in this regard.

32. EVENTS AFTER THE REPORTING PERIOD

No circumstances have arisen since the Statement of Financial Position date, which would require adjustments to the Interim Financial statements except for following,

The Directors have recommended on 12th May 2022, the payment of final dividend of Rs. 5.00 per share for the year ended 31st March 2022, subject to the approval of the shareholders at the Annual General Meeting to be held on 28th June 2022. In accordance with Sri Lanka Accounting Standard No. 10 on "Events after reporting period", the recommended Final dividend has not been recognised as a liability as at the Reporting date.

33. RELATED PARTY DISCLOSURES

Transactions with related parties were made at terms equivalent to those that prevail in arm's length transactions. Details of Significant Related Party Disclosures are as follows.

Notes to the Financial Statements

33.1 Recurrent Transactions with the parent and ultimate parent company

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amounts (Rs.'000)	
				2021/2022	2020/2021
Hayleys PLC	Ultimate Parent	Mr. A M Pandithage	Data Processing Services Secretarial Services , Office Rent & Management Salaries	108,124	101,240
			Loan Receivable	131,469	-
			Settlements	(105,197)	(106,654)
Hayleys Plantation Services (Pvt) Limited	Parent	Mr. A M Pandithage Mr. Merrill J Fernando Mr. Malik J Fernando Dr. W G R Rajadurai	Managing Agent's Fee (5% from Earnings before Interest, Tax, Depreciation and Amortisation.) Reimbursement of Administration Expenses	16,810	1,894
			Settlements	(23,573)	(1,894)

The managing agent Hayleys Plantation Services (Pvt) Limited has waived the management fee hereafter with effect from 01/04/2014.

33.2 Transactions with the subsidiaries

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amounts (Rs.'000)	
				2021/2022	2020/2021
TTEL Hydro Power Company (Pvt) Limited	Subsidiary	Mr. A M Pandithage Mr. Merrill J Fernando Mr. Malik J Fernando Mr. A R De Silva Dr. W G R Rajadurai Mr. J A W M Jayasekera	Preference Share Dividends	7,435	7,435
			Electricity Capacity Charges	14,624	13,912
			Settlements	(14,993)	(15,819)
TTEL Somerset Hydro Power (Pvt) Limited	Subsidiary	Mr. A M Pandithage Mr. Merrill J Fernando Mr. Malik J Fernando Mr. A R De Silva Dr. W G R Rajadurai Mr. J A W M Jayasekera	Preference Share Dividends	2,245	8,365
			Electricity Capacity Charges	4,028	2,033
			Settlements	(3,874)	(1,565)
			Lent Labour Charges	511	-

33.3 Recurrent Transactions with other related companies

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amounts (Rs.'000)	
				2022	2021
Dipped Products PLC	Ultimate Parent	Mr. A.M. Pandithage	Proceeds on latex supplies	4,103	29,264
			Settlements	(4,103)	(29,264)
Hayleys Agriculture Holdings Limited.	Affiliates	Mr. A.M. Pandithage	Purchase of Equipment & Chemicals	3,078	5,424
			Settlements	(3,078)	(5,424)
Hayleys Agro Fertilizers (Pvt) Limited.	Affiliates	Mr. A.M. Pandithage	Purchase of Fertilizer	106,134	104,845
			Settlements	(129,666)	(104,845)
Kelani Valley Plantations PLC	Affiliates	Mr. A.M. Pandithage	Share of Head office maintenance cost	3,218	5,371
		Dr. W. G. R. Rajadurai	Settlements	(2,589)	(6,714)
			Green Leaf Supplies	50,153	18,540
Hayleys Business Solutions International (Pvt) Ltd.	Affiliates	Mr. A.M. Pandithage	Payroll/ FA processing cost	3,250	521
			Settlements	(2,997)	(592)
Logiwiz Ltd	Affiliates	Mr. A.M. Pandithage	Providing of document Storing Service	683	639
			Settlements	(629)	(734)
Hayleys Agro Farms (Pvt) Ltd	Affiliates	Mr. A.M. Pandithage	Purchase of Chemicals	127	-
			Settlements	(127)	-
Hayleys Consumer Products (Pvt) Ltd	Affiliates	Mr. A.M. Pandithage	Purchase of Accessories	103	120
			Settlements	(102)	(113)
Horana Plantations PLC	Affiliates	Mr. A.M. Pandithage	Reimbursement of Administration Expenses	480	862
		Dr. W. G. R. Rajadurai	Settlements	(251)	(49)
Hayleys Aventura (Pvt) Ltd	Affiliates	Mr. A.M. Pandithage	Purchase of Office Items & Withering Fans	11,700	3,096
			Settlements	(11,700)	(3,096)
Mabroc Teas (Pvt) Limited	Affiliates	Mr. A.M. Pandithage	Supply of Packing Materials	1,469	-

Notes to the Financial Statements

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amounts (Rs.'000)	
				2022	2021
		Dr. W. G. R. Rajadurai	Tea Firing Charges	484	176
			Settlements	(1,906)	(22)
Hayleys Advantis Freight (Pvt) Limited	Affiliates	Mr. A.M. Pandithage	Payment of Freight Cost	203	118
			Settlements	(203)	(118)
Hayleys Lifescience (Pvt) Ltd	Affiliates	Mr. A.M. Pandithage	Purchase of ID Cards	-	62
			Settlements	-	(62)
Fentons Limited	Affiliates	Mr. A.M. Pandithage	Purchase of Solar Pannels	27,189	-
			Settlements	(40,260)	-
Singer (Sri Lanka) PLC	Affiliates	Mr. A.M. Pandithage	Purchase of Computer Item	1,925	559
		Mr. M.H. Jamaldeen	Settlements	(1,925)	(559)
Uni - Dil Packaging Solutions Ltd	Affiliates	Mr. A.M. Pandithage	Purchase of Packing Materials	3,488	13,327
			Settlements	(3,488)	(13,327)
The Kingsbury PLC	Affiliates	Mr. A.M. Pandithage	AGM Expenses	33	53
			Settlements	(33)	(53)
Puritas Ltd	Affiliates	Mr. A.M. Pandithage	Purchase of Masks	217	197
			Settlements	(217)	(197)
Advantis Project & Engineering (Pvt) Ltd	Affiliates	Mr. A.M. Pandithage	Construction Work	5,307	2,119
			Settlements	(4,789)	(2,119)

33.4 Transactions with the key management personnel of the company or parent

There were no material transactions with the Key Management Personnel of the Company and its parent other than those disclosed in Notes 9 & 33.1 to the Financial Statements.

Details of Directors and their spouses share holdings are given in the Annual Report of the Board of Directors of the Affairs of the Company.

34. RELATED PARTY TRANSACTIONS

There are no related party transactions other than those disclosed in Notes 9, 14, 18, 27 & 33 to the financial statements.

There are no Non-recurrent Related Party Transactions where aggregate value exceeds 10% of the equity or 5% of the Total Assets and Recurrent Related Party Transactions where aggregate value exceeds 10% Gross revenue/income.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. Accordingly the Group has exposure to namely Credit Risk, Liquidity Risk, Currency Risk and Market Risks from its use of financial instruments.

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

35.1 Financial Risk Management Framework

The Board of Directors has the overall responsibility for the establishment and oversight of the group's financial Risk Management framework which includes developing and monitoring the Group's financial Risk Management policies.

The Group financial Risk Management policies are established to identify, quantify and analyze the financial risks faced by the Group, to set appropriate risk limits and controls and to monitor financial risks and adherence to limits. Financial Risk Management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The TTE PLC Audit Committee oversees how management monitors compliance with the Group's financial Risk Management policies and procedures and reviews the adequacy of the financial Risk Management framework in relation to the risks faced by the Group.

35.2 Credit Risk

Credit Risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arise principally from the Group's receivable from customers and from its financing activities including deposits with banks and financial institutions foreign exchange transactions and other financial instruments.

35.2.1 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, purchases 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.

Notes to the Financial Statements

TTE PLC has a minimal credit risk of its trade receivables as the repayment is guaranteed within seven days by the Tea and Rubber auction systems.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The maximum exposure to credit risk for trade and other receivables at the reporting date is Rs. 156.6 Mn (2021 – Rs.137.6 Mn).

35.2.2 Investments

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

The Group held short term investments of Rs. 1,901.8 Mn as at 31st March 2022 (2021 – Rs.1,716.2 Mn) which represents the maximum credit exposure on these assets.

35.2.3 Cash and Cash Equivalents

The Group held cash at bank and in hand of Rs. 29.5 Mn as at 31st March 2022 (2021 – Rs. 32.2 Mn) which represents its maximum credit exposure on these assets.

Sampath Bank PLC – AA - (Ika)
Hatton National Bank PLC –AA- (Ika)
Bank of Ceylon – AA- (Ika)
Hongkong and Shanghai Banking Corporation Ltd – AAA (Ika)
Union Bank – BBB- (Ika)
Seylan Bank PLC – A (Ika)
DFCC Bank PLC – AA- (Ika)
National Development Bank PLC – AA- (Ika)
Commercial Bank of Ceylon PLC – AA- (Ika)

35.3 Liquidity Risk

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

The Group does not concentrate on a single financial institution, thereby minimizing the exposure to liquidity risk through diversification of funding sources. The Group aims to fund investment activities of the individual and Group level by funding the long-term investment with long term financial sources and short term investment with short term financing. Where necessary the Group consults the Treasury Department and Strategic Business Development Unit in Parent Company for scrutinizing the funding decisions.

35.3 Liquidity Risk Contd.

The Table below summarizes the maturity profile of the Groups financial liabilities based on contractual undiscounted payments.

As at 31st March 2022	On Demand Rs.'000	Less than 3 Months Rs.'000	3 to 12 Months Rs.'000	2 to 5 years Rs.'000	>5 years Rs.'000	Total Rs.'000
Group						
Lease liability on Right-of-Use asset- Land	-	9,010	27,031	108,123	684,718	828,882
Lease liability on Right-of-Use asset- Building	-	3,643	10,929	11,098	-	25,670
Interest bearing loans & borrowing	-	2,084	6,090	6,609	-	14,783
Bank Overdraft	9,834	-	-	-	-	9,834
	9,834	14,737	44,050	125,830	684,718	879,169
Company						
Lease liability on Right-of-Use asset- Land	-	9,007	27,019	108,078	684,499	828,603
Lease liability on Right-of-Use asset- Building	-	3,643	10,929	11,098	-	25,670
Interest bearing loans & borrowing	-	2,084	6,090	6,609	-	14,783
Bank Overdraft	6,759	-	-	-	-	6,759
	6,759	14,734	44,038	125,785	684,499	875,815

Notes to the Financial Statements

As at 31st March 2021	On Demand Rs.'000	Less than 3 Months Rs.'000	3 to 12 Months Rs.'000	2 to 5 years Rs.'000	>5 years Rs.'000	Total Rs.'000
Group						
Lease liability on Right-of-Use asset- Land	-	8,738	26,213	139,802	699,001	873,754
Lease liability on Right-of-Use asset- Building	-	3,643	10,929	29,146	-	43,718
Interest bearing loans & borrowing	-	5,443	15,991	14,639	-	36,073
Bank Overdraft	7,734	-	-	-	-	7,734
	7,734	17,824	53,133	183,587	699,001	961,279
Company						
Lease liability on Right-of-Use asset- Land	-	8,735	26,206	139,765	698,827	873,533
Lease liability on Right-of-Use asset- Building	-	3,643	10,929	29,146	-	43,718
Interest bearing loans & borrowing	-	5,443	15,991	14,639	-	36,073
Bank Overdraft	7,734	-	-	-	-	7,734
	7,734	17,821	53,126	183,550	698,827	961,058

35.4 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk & other price risk such as equity price risk. Financial instrument affected by market risk include loans & borrowings, deposits, available for sale investment & derivative financial instruments.

35.4.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group has not engaged in any interest rate swap agreements.

The Group do not hold long term borrowings with floating interest rates of Nil (2021-Nil) which represents its maximum credit exposure on these liabilities.

35.4.2 Equity Price Risk

The Group's listed & unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by

placing limits on individual and total equity instruments. Management of the Group monitors the mix of debt & equity securities in its investment portfolio based on market indices. Material investment within the portfolio are Managed on an individual basis and all buy and sell decision are approved by the Board. Equity price risk is not material to the financial statements. However, company does not hold any quoted shares as at the reporting date.

35.4.3 Capital Management

The Group's policy is to retain a strong capital base so as to maintain investor, creditor & market confidence and to sustain future development of the business. Capital consists of share capital, reserves, retain earning & non-controlling interest of the Group. The Board of Directors monitors the return on capital, interest covering ratio, dividend to ordinary shareholders.

The gearing ratio at the reporting date is as follows.

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Interest bearing borrowings				
Current portion	7,642	20,173	7,642	20,173
Payable After one year	6,112	13,754	6,112	13,754
Liability to make Lease Payment				
Current portion	14,210	12,494	14,205	12,490
Payable After one year	272,001	278,362	271,923	278,284
Bank Overdraft				
	6,579	7,734	6,579	7,734
	306,544	332,517	306,461	332,435
Equity	4,305,724	3,551,716	4,287,696	3,528,106
Equity & debts	4,612,268	3,884,233	4,594,157	3,860,541
Gearing ratio	7%	9%	7%	9%



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Investor Information

1. STOCK EXCHANGE

Interim Financial Statements of the 4th Quarter, for the year ended 31st March 2022, have been submitted to the Colombo Stock Exchange as required by the Listing Rules.

2. COMPOSITION OF THE ORDINARY SHAREHOLDERS AS AT 31ST MARCH 2022

Number of shareholders as at 31st March 2022 is 14,390 (31st March 2021-14,387).

NO. OF SHARES HELD	RESIDENTS			NON-RESIDENTS			TOTAL		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	13,841	4,122,967	8.68	8	3,542	0.01	13,849	4,126,509	8.69
1,001 - 10,000	466	1,460,472	3.07	5	15,646	0.03	471	1,476,118	3.11
10,001 - 100,000	60	1,582,884	3.33	2	50,780	0.11	62	1,633,664	3.44
100,001-1,000,000	6	2,394,309	5.04	-	-	-	6	2,394,309	5.04
Over 1,000,000	2	37,869,400	79.73	-	-	-	2	37,869,400	79.73
	14,375	47,430,032	99.85	15	69,968	0.15	14,390	47,500,000	100.00
CATEGORY									
Individuals	14,291	8,004,698	16.85	14	31,968	0.07	14,282	8,032,798	16.91
Institutions	98	39,425,334	83.00	1	38,000	0.08	108	39,467,202	83.09
	14,375	47,430,032	99.85	15	69,968	0.15	14,390	47,500,000	100.00

Of the issued ordinary share capital, 99.85%, is held by residents of Sri Lanka.

3. PUBLIC HOLDING

Percentage of shares held by the public is 20.27% (2021-20.27%) held by 14,387 ordinary shareholders (2021-14,384).

4. MARKET VALUE

The market value of an ordinary shares of Talawakelle Tea Estates PLC was as follows:

	12 months ended 31.03.2022 Rs.	12 months ended 31.03.2021 Rs.	12 months ended 31.03.2020 Rs.
Highest	79.00 (25th January 2022)	115.50 (22nd January 2021)	54.80 (05th April 2019)
Lowest	37.50 (01st April 2021)	34.00 (04th March 2021)	37.00 (13th March 2020)
Year end	42.60	37.50	39.90

Float - adjusted market capitalization - Rs. 410,093,160.00.

The Company complies with option 5 of the Listing Rules 7.14.1 (i) (a) which requires a minimum public holding of 20% for a company having a float adjusted market capitalization of Less than Rs. 2.5 Bn.

Investor Information

5. DIVIDEND PAYMENT

	Date of Paid
Final Dividends for 2020/21	July 13, 2021
First Interim Dividend for 2021/22	January 18, 2022
Final Dividend for 2021/22	July 12, 2022

6. SHARE TRADING

	12 months ended 31 March 2022	12 months ended 31 March 2021	12 months ended 31 March 2020
No. of transactions	13,674	15,929	1,599
No. of shares traded	7,715,052	7,894,467	747,303
Value of shares traded (Rs.)	392,306,916	529,974,473	35,862,101

7. TWENTY MAJOR SHAREHOLDERS

Name of the Shareholder	No. of Shares as at 31.03.2022	%	No. of Shares as at 31.03.2021	%
1. Hayleys Plantation Services (Private) Limited	35,500,000	74.74	35,500,000	74.74
2. Merrill J Fernando & Sons (Pvt) Limited	2,369,400	4.99	2,369,400	4.99
3. Hatton National Bank PLC/K.K. Shujeevan	772,957	1.63	712,399	1.50
4. Mr. G.M. Weerakoon	627,911	1.32	4	0.00
5. Mrs. U.D.D.N. Perera	527,005	1.11	-	-
6. Mr. N.A. Withana	224,200	0.47	224,200	0.47
7. Cocoshell Activated Carbon Company (Private) Limited	139,240	0.29	176,173	0.37
8. Mr. R. Senthilnathan	102,996	0.22	102,996	0.22
9. People's Merchant Finance PLC/S. Weerathunga	97,450	0.21	91,562	0.19
10. Mr. A.J.M. Jinadasa	70,000	0.15	70,000	0.15
11. Ceylon Investment and Securities Group (Pvt) Ltd	69,420	0.15	-	-
12. Mr. W.A.S.N. Milton	64,179	0.14	-	-
13. Mr. P. Somadasa	59,875	0.13	54,103	0.11
14. Mr. G.T. Mapalana/ Mrs. P.E. Karunaratne	50,000	0.11	40,000	0.08
15. Mr. D.S. Bamunusinghe	45,238	0.10	5,645	0.01
16. PCL Solutions (Private) Limited	40,000	0.08	40,000	0.08
17. Bansei Securities (Pvt) Ltd/ D.A.M.A.D.C. Deegahawatura	39,412	0.08	46,842	0.10
18. Mr. M.N. Aththas	38,000	0.08	38,000	0.08
19. Pershing LLC S/A Verbach Grauson & Co.	38,000	0.08	-	-
20. Melbourne Rolling Mill Private Limited	36,500	0.08	-	-
Total No. of Shares	40,911,783	86.16	39,741,324	83.10

Code of Best Practice on Corporate Governance and Listing Rules

Appendix I: Statement of Compliance pertaining to Companies Act No. 7 of 2007

Mandatory Provisions - Fully Compliant

Rule	Requirement	Complied	Reference (within the Report)	Page
168 (1) (a)	The nature of the business together with any change thereof	Yes	About Us	22
168 (1) (b)	Signed financial statements of the Company and the Group	Yes	Financial Statements	182
168 (1) (c)	Auditors' Report on financial statements	Yes	Independent Auditor's Report	176-179
168 (1) (d)	Accounting policies and any changes therein	Yes	Note 2.3 to the Financial Statements	187
168 (1) (e)	Particulars of the entries made in the Interests Register	Yes	Annual Report of the Board of Directors	165-170
168 (1) (f)	Remuneration and other benefits paid to Directors of the Group	Yes	Note 9 to the Financial Statements	209
168 (1) (g)	Corporate donations made by the Group	Yes	Annual Report of the Board of Directors on the Affairs of the Company	167
168 (1) (h)	Information on the Directorate of the Group and its subsidiaries during and at the end of the accounting period	Yes	Annual Report of the Board of Directors on the Affairs of the Company Subsidiary Review	167 72
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Yes	Note 9 to the Financial Statements	209
168 (1) (j)	Auditors' relationship or any interest with the Group and its Subsidiaries	Yes	Report of the Audit Committee	160-161
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	Annual Report of the Board of Directors	165-170

Appendix II- Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosures

Mandatory Provisions - Fully Compliant

Rule	Requirement	Complied	Reference (within the Report)	Page
(i)	Names of persons who were Directors of the Entity	Yes	Annual Report of the Board of Directors	165-170
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein	Yes	About Us	22

Code of Best Practice on Corporate Governance and Listing Rules

Rule	Requirement	Complied	Reference (within the Report)	Page
(iii)	The names and the number of shares held by the 20 largest holders of voting shares and the percentage of such shares held	Yes	Investor Information	244-245
(iv)	The float adjusted market capitalization, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the Minimum Public Holding requirement	Yes	Investor Information	244-245
(v)	A statement of each Director's holding in shares of the Entity at the beginning and end of each financial year	Yes	Annual Report of the Board of Directors	165-170
(vi)	Information pertaining to material foreseeable risk factors of the Entity	Yes	Risk Management	138-144
(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Yes	Human and Social Capital Report	100-120
(viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Yes	Note 13 A - Property plant and Equipment to the Financial Statements	215-216
(ix)	Number of shares representing the Entity's stated capital	Yes	Note 20 - State Capital to the Financial Statements	222
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Yes	Investor Information	244-245
(xi)	Financial ratios and market price information	Yes	Investor Information Ten Year Summary	244-245 264
(xii)	Significant changes in the Group's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	Yes	Note 13A - Property plant and Equipment to the Financial Statements	215-216
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	Not Applicable		
(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	Not Applicable		
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Listing Rules	Yes	Corporate Governance Report	145-159
(xvi)	Related Party transactions exceeding 10 per cent of the equity or 5 per cent of the total assets of the Entity as per audited financial statements, whichever is lower	Yes	Note 33 - Related Party Transactions, to the Financial Statements	233-237

Appendix III- Statement of Compliance under Section 7.10 of the Listing Rules of the Colombo Stock Exchange (CSE) on Corporate Governance

Mandatory Provisions - Fully Compliant

Rule No.	Subject	Requirement	Complied	Reference within the Report	Page
7.10.1(a)	Non-Executive Directors (NED)	At least 2 or 1/3 of the total number of Directors on the Board whichever is higher should be NEDs	Yes	Board Composition	150, 154
7.10.2(a)	Independent Directors (ID)	2 or 1/3 of NEDs, whichever is higher, should be independent	Yes	Board Composition	150, 154
7.10.2(b)	Independent Directors (ID)	Each NED should submit a signed and dated declaration of his/her independence or non-independence	Yes	Independence	150
7.10.3(a)	Disclosure relating to Directors	<ul style="list-style-type: none"> ➤ The Board shall annually determine the independence or otherwise of the NEDs, and ➤ Names of each IDs should be disclosed in the Annual Report (AR) 	Yes	Independence	150
		Board Profiles		154, 167	
7.10.3(b)	Disclosure relating to Directors	The basis for the Board's determination of ID, if criteria specified for independence is not met	Not Applicable		
7.10.3(c)	Disclosure relating to Directors	A brief resume of each Director should be included in the AR including the Director's areas of expertise	Yes	Board Profiles	30-34
7.10.3(d)	Disclosure relating to Directors	Provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3(a), (b) and (c) to the CSE	Yes	Board Profiles	30-34
7.10.4 (a-h)	Criteria for defining Independence	Requirements for meeting criteria to be an Independent Director	Yes	Independence	150
7.10.5	Remuneration Committee (RC)	The RC of the listed parent Group may function as the RC	Yes	Remuneration Committee Report	164
7.10.5(a)	Composition of Remuneration Committee	RC Shall comprise of NEDs, a majority of whom will be independent. One NED shall be appointed as Chairman of the committee by the Board of Directors	Yes	Remuneration Committee Report	164
7.10.5.(b)	Functions of Remuneration Committee	The RC shall recommend the remuneration of Executive Directors	Yes	Remuneration Committee Report	164

Code of Best Practice on Corporate Governance and Listing Rules

Rule No.	Subject	Requirement	Complied	Reference within the Report	Page
7.10.5.(c)	Disclosure in the Annual Report relating to Remuneration Committee	<ul style="list-style-type: none"> ▶ Names of Directors comprising the RC ▶ Statement of Remuneration Policy ▶ Aggregated remuneration paid to Executive and Non-Executive Directors Should be included in the Annual Report 	Yes	Remuneration Committee Report	164
			Yes	Note 9 to the Financial Statements	209
7.10.6	Audit Committee (AC)	The Group shall have an AC	Yes	Audit Committee Report	160-161
7.10.6(a)	Composition of Audit Committee	Shall comprise of Non-Executive Directors, a majority of whom are Independent	Yes	Audit Committee Report	160-161
		Chief Executive Officer and the Chief Financial Officer should attend Audit Committee Meetings	Yes		
		The Chairman of the Audit Committee or one member should be a member of a professional accounting body	Yes		
7.10.6(b)	Audit Committee Functions	Should be as outlined in the Section 7.10 of the Listing Rules	Yes	Audit Committee Report	160-161
7.10.6(c)	Disclosure in Annual Report relating to Audit Committee	a) Names of the Directors comprising the Audit Committee	Yes	Audit Committee Report	160-161
		b) The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination	Yes		
		c) The Annual Report shall contain a Report of the Audit Committee in the prescribed manner	Yes		
7.14.1.(i)(a)	Minimum Public Holding	As a Listed Company in the Main Board, the Company maintained the minimum public holding under specified criteria.	Yes	Share and Investor Information	244-245

Appendix IV- Statement of Compliance under Section 9.3.2 of the Listing Rules of the Colombo Stock Exchange (CSE) on Related Party Transactions

Mandatory Provisions - Fully Compliant

Rule No.	Subject	Requirement	Complied	Reference within the Report	Page
9.3.2	Related Party Transactions Review Committee	a). Details pertaining to Non-Recurrent Related Party Transactions	Yes	Note 33 to the Financial Statements	162
		b). Details pertaining to Recurrent Related Party Transactions	Yes	Note 33 to the Financial	162
		c). Report of the Related Party Transactions Review Committee	Yes	Statements and Report of the Related Party Transactions Review Committee	162
		d). Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to Related Party Transactions, or a negative statement otherwise	Yes	Annual Report of the Board of Directors	162

Appendix V: Compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka in 2017

Voluntary Provisions

Code Ref.	Requirement	Complied	Reference within the Report	Page
<i>A</i>	<i>Directors</i>			
A.1	An effective Board should direct, lead and control the Group	Yes	Strategic Leadership	147
A.1.1	Regular Board meetings, provide information to the Board on a structured and regular basis	Yes	Meetings & Attendance	154
A.1.2	Role and Responsibilities of the Board	Yes	Strategic Leadership	148, 151
A.1.3	Act in accordance with laws of the Country Independent professional advice	Yes	Compliance Informed Decision Making	155
A.1.4	Access to advise and services of the Group Secretary	Yes	Clear Roles and Responsibilities	151
A.1.5	Independent judgement	Yes	Board Composition	149

Code of Best Practice on Corporate Governance and Listing Rules

Code Ref.	Requirement	Complied	Reference within the Report	Page
A.1.6	Dedicate adequate time and effort to matters of the Board and the Group	Yes	Directors Interests, Related Party Transactions & Conflicts of interest	155
A.1.7	Calls for resolutions by at least 1/3rd of Directors	Yes	Meetings and Attendance	154
A1.8	Board induction and Training	Yes	Informed Decision Making	154
A.2	Chairman and CEO	Yes	Clear Roles and Responsibilities	151
A.3	Chairman's role in preserving good corporate governance	Yes	Clear Roles and Responsibilities	151
A.4	Availability of financial acumen	Yes	Board Composition	149
A.5	Board Balance	Yes	Board Composition	149
A.5.1	The Board should include sufficient number of NEDs	Yes	Board Composition	149
A.5.2	If the Board includes only 3 NEDs, they should be independent	N/A		
A.5.3	Independence of Directors	Yes	Independence	150
A.5.4	Annual declaration of independence by Directors	Yes	Independence	150
A.5.5	Annual determination of independence of NEDs	Yes	Independence	150
A.5.6	Alternate Directors	Yes	Board Profiles	30
A.5.7 & A.5.8	Senior Independent Director (SID)	No	Considering business exigences of the Hayleys Group	
A.5.9	Annual meeting with NEDs	Yes	Chairman meets with NEDs on an informal basis	155
A.5.10	Recording of dissent in minutes	Yes	Meetings and Attendance	154
A.6	Supply of Information	Yes	Informed Decision Making	155
A.7	Appointments to the Board and Re-election	Yes	Board Refreshment	151-152
A.7.1	Establishing a Nomination Committee, Chairman and Terms of Reference	Yes	Nomination Committee Report	163
A.7.2	Annual assessment of Board composition	Yes	Board Refreshment	151-152
A.7.3	Disclosures on appointment of new directors	Yes	Board Refreshment	151-152
A.8	Directors to submit themselves for re-election	Yes	Board Refreshment	151-152

Code Ref.	Requirement	Complied	Reference within the Report	Page
A.9	Appraisal of Board and sub-Committee Performances	Yes	The performance of the Board and its Committees are evaluated annually on a self assessment basis.	155
A.10	Annual Report to disclose specified information regarding Directors	Yes	Board Profiles Meetings and Attendance Directors Interests, Related Party Transactions & Conflicts of interest	30-34 154 155
A.11	Appraisal of the CEO	Yes	Appraisal of Managing Director (MD)	155
B.	<i>Directors Remuneration</i>			
B.1	Establish process for developing policy on executive and director remuneration.		Responsible and Fair Remuneration	156
B.2	Level and Make Up of Remuneration	Yes	Responsible and Fair Remuneration	156
B.3	Disclosures related to remuneration in Annual Report	Yes		
	▶ Remuneration Policy statement		Responsible and Fair Remuneration	156
	▶ Aggregate Board remuneration paid		Note 9 to Financial Statements	209
	▶ HRRC report		Remuneration Committee report	164
C	<i>Relations with Shareholders</i>			
C.1.	Constructive use of the AGM & Other General Meetings	Yes	Constructive use of the Annual General Meeting (AGM)	158
C.2.	Communication with shareholders	Yes	Communication with Shareholders	158
C.3	Disclosure of major and material transactions	Yes	There were no major or material transactions during the year, which materially affected the net asset base of Group.	
D.	<i>Accountability & Audit</i>			
D. 1	Present a balanced and understandable assessment of the Group's financial position, performance, and prospects	Yes	Financial and Business Reporting	157
D1.1	Balanced Annual Report	Yes	Financial and Business Reporting	157
D.1.2	Balanced and understandable communication	Yes	Financial and Business Reporting	157
D.1.3	CEO/CFO declaration	Yes	Chief Executive Officer's and Chief Financial Officer's Responsibility Statement	172
D.1.4	Directors Report declarations	Yes	Annual report of the Board of Directors on the Affairs of the Group	165-170
D.1.5	Financial reporting -statement on board responsibilities, Statement on internal control	Yes	Directors' Responsibility for Financial Reporting - Directors' Statement on Internal Control	171

Code of Best Practice on Corporate Governance and Listing Rules

Code Ref.	Requirement	Complied	Reference within the Report	Page
D.1.6	Management Discussion & Analysis	Yes	Respective Capital Reports	77-134
D.1.7	In the unlikely event of the net assets of the Group falling below 50% of Shareholders Funds the Board will summon an Extraordinary General Meeting (EGM) to notify the shareholders of the position and to explain the remedial action being taken.	Yes	There has been no serious loss of capital to convene an EGM in terms of the Companies Act No. 7 of 2017.	
D.1.8	Related Party Transactions	Yes	Directors Interests, Related Party Transactions & Conflicts of interest	155
D.2.	Process of risk management and a sound system of internal control to safeguard shareholders' investments and the Group's assets	Yes	Risk Management and Internal control Repot of the Audit Committee Directors' Statement of Internal Control Risk Management	156 160-161 171 138-144
D.3.	Audit Committee	Yes	Audit Committee Report	160-161
D.4	Related Party Transactions Review Committee	Yes	Related Party Transactions Review Committee report	162
D.5	Code of Business Conduct and Ethics	Yes	Compliance	146
D.6	Corporate Governance Disclosures	Yes	Corporate Governance Report	145-159
<i>E/F</i>	<i>Institutional and other investors</i>			
	Institutional and other investors,	Yes	Relations with Shareholders	158
G.	Internet of Things & Cybersecurity	Yes	Information Technology & Cyber Security Governance	158
H	Principals of Sustainability Reporting	Yes	Sustainability Governance & Hayleys Life Code	147

GRI Content Index

Statement of use - Talawakelle Tea Estates PLC has reported in accordance with the GRI Standards for the period [01 April 2022 to 31 March 2022].

GRI 1 used		GRI 1: Foundation 2021				
Applicable GRI Sector Standard(s)		Agriculture, Aquaculture, and Fishing				
GRI Standard/ Other Source	DISCLOSURE	Location	Omission Requirement(S) Omitted	Reason	Explanation	GRI Sector Standard Ref. No.
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	267	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	2-2 Entities included in the organization's sustainability reporting	7				
	2-3 Reporting period, frequency and contact point	6, 8				
	2-4 Restatements of information	7				
	2-5 External assurance	7, 268-269				
	2-6 Activities, value chain and other business relationships	23				
	2-7 Employees	104				
	2-8 Workers who are not employees	104				
	2-9 Governance structure and composition	145, 149				
	2-10 Nomination and selection of the highest governance body	149, 151				
	2-11 Chair of the highest governance body	151				
	2-12 Role of the highest governance body in overseeing the management of impacts	147, 151				
	2-13 Delegation of responsibility for managing impacts	147, 151				
	2-14 Role of the highest governance body in sustainability reporting	147				
	2-15 Conflicts of interest	155				
	2-16 Communication of critical concerns	154				

GRI Content Index

GRI Standard/ Other Source	DISCLOSURE	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
	2-17 Collective knowledge of the highest governance body	149				
	2-18 Evaluation of the performance of the highest governance body	155				
	2-19 Remuneration policies	156				
	2-20 Process to determine remuneration	156				
	2-21 Annual total compensation ratio		2.21 (a) (b) (c)	Confidential Information		
	2-22 Statement on sustainable development strategy	27				
	2-23 Policy commitments	90, 102				
	2-24 Embedding policy commitments	90, 102				
	2-25 Processes to remediate negative impacts	90, 102				
	2-26 Mechanisms for seeking advice and raising concerns	90, 102				
	2-27 Compliance with laws and regulations	97				
	2-28 Membership associations	92				
	2-29 Approach to stakeholder engagement	51-54				
	2-30 Collective bargaining agreements	107				
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	55	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	3-2 List of material topics	56				
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	84				

GRI Standard/ Other Source	DISCLOSURE	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	73				
	201-2 Financial implications and other risks and opportunities due to climate change	74, 75, 76				
	201-3 Defined benefit plan obligations and other retirement plans	108, 199				
	201-4 Financial assistance received from government	74				
Market presence						
GRI 3: Material Topics 2021	3-3 Management of material topics	102				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	107				
	202-2 Proportion of senior management hired from the local community	105				
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics	84				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	74, 85				
	203-2 Significant indirect economic impacts	74-75				
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	95				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	97				
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics	79				

GRI Content Index

GRI Standard/ Other Source	DISCLOSURE	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
GRI 207: Tax 2019	207-1 Approach to tax	80, 166, 201, 203				
	207-2 Tax governance, control, and risk management	80, 166, 201, 203				
	207-3 Stakeholder engagement and management of concerns related to tax	80, 166				
	207-4 Country-by-country reporting	209, 210				
<i>Materials</i>						
GRI 3: Material Topics 2021	3-3 Management of material topics	123				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	126				
	301-2 Recycled input materials used	126				
	301-3 Reclaimed products and their packaging materials	126				
<i>Energy</i>						
GRI 3: Material Topics 2021	3-3 Management of material topics	123				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	128				
	302-2 Energy consumption outside of the organization	128				
	302-3 Energy intensity	128				
	302-4 Reduction of energy consumption	128				
	302-5 Reductions in energy requirements of products and services	128				
<i>Water and effluents</i>						
GRI 3: Material Topics 2021	3-3 Management of material topics	123				

GRI Standard/ Other Source	DISCLOSURE	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	130				
	303-2 Management of water discharge-related impacts	133				
	303-3 Water withdrawal	130				
	303-4 Water discharge	133				
	303-5 Water consumption	131				
<i>Biodiversity</i>						
GRI 3: Material Topics 2021	3-3 Management of material topics	123				
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	125				
	304-2 Significant impacts of activities, products and services on biodiversity	125				
	304-3 Habitats protected or restored	125-126				
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	122, 125				
<i>Emissions</i>						
GRI 3: Material Topics 2021	3-3 Management of material topics	123				

GRI Content Index

GRI Standard/ Other Source	DISCLOSURE	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	132				
	305-2 Energy indirect (Scope 2) GHG emissions	132				
	305-3 Other indirect (Scope 3) GHG emissions	132				
	305-4 GHG emissions intensity	132				
	305-5 Reduction of GHG emissions	132				
	305-6 Emissions of ozone-depleting substances (ODS)	132				
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	132				
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	123				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	133-134				
	306-2 Management of significant waste-related impacts	133-134				
	306-3 Waste generated	133-134				
	306-4 Waste diverted from disposal	133-134				
	306-5 Waste directed to disposal	133-134				
Supplier environmental assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	95				
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	99				
	308-2 Negative environmental impacts in the supply chain and actions taken	99				

GRI Standard/ Other Source	DISCLOSURE	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
<i>Employment</i>						
GRI 3: Material Topics 2021	3-3 Management of material topics	102				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	105				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	107				
	401-3 Parental leave	117				
<i>Labor/management relations</i>						
GRI 3: Material Topics 2021	3-3 Management of material topics	102				
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	108				
<i>Occupational health and safety</i>						
GRI 3: Material Topics 2021	3-3 Management of material topics	102				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	110-112				
	403-2 Hazard identification, risk assessment, and incident investigation	110-112				
	403-3 Occupational health services	110-112				
	403-4 Worker participation, consultation, and communication on occupational health and safety	110-112				
	403-5 Worker training on occupational health and safety	110-112				
	403-6 Promotion of worker health	110-112				

GRI Content Index

GRI Standard/ Other Source	DISCLOSURE	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	110-112				
	403-8 Workers covered by an occupational health and safety management system	110-112				
	403-9 Work-related injuries	111				
	403-10 Work-related ill health	111				
<i>Training and education</i>						
GRI 3: Material Topics 2021	3-3 Management of material topics	102				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	114				
	404-2 Programs for upgrading employee skills and transition assistance programs	113-114				
	404-3 Percentage of employees receiving regular performance and career development reviews	109				
<i>Diversity and equal opportunity</i>						
GRI 3: Material Topics 2021	3-3 Management of material topics	102				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	104, 117				
	405-2 Ratio of basic salary and remuneration of women to men	117				
<i>Non-discrimination</i>						
GRI 3: Material Topics 2021	3-3 Management of material topics	102				
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	104				

GRI Standard/ Other Source	DISCLOSURE	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
<i>Freedom of association and collective bargaining</i>						
GRI 3: Material Topics 2021	3-3 Management of material topics	102				
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	108				
<i>Child labor</i>						
GRI 3: Material Topics 2021	3-3 Management of material topics	102				
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	116				
<i>Forced or compulsory labor</i>						
GRI 3: Material Topics 2021	3-3 Management of material topics	102				
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	104				
<i>Local communities</i>						
GRI 3: Material Topics 2021	3-3 Management of material topics	102				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	117-120				
	413-2 Operations with significant actual and potential negative impacts on local communities	117				
<i>Supplier social assessment</i>						
GRI 3: Material Topics 2021	3-3 Management of material topics	95				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	99				
	414-2 Negative social impacts in the supply chain and actions taken	99				

GRI Content Index

GRI Standard/ Other Source	DISCLOSURE	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
<i>Public policy</i>						
GRI 3: Material Topics 2021	3-3 Management of material topics	95				
GRI 415: Public Policy 2016	415-1 Political contributions	99				
<i>Customer health and safety</i>						
GRI 3: Material Topics 2021	3-3 Management of material topics	95				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	95				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	95				
<i>Marketing and labeling</i>						
GRI 3: Material Topics 2021	3-3 Management of material topics	95				
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	97				
	417-2 Incidents of non-compliance concerning product and service information and labeling	97				
	417-3 Incidents of non-compliance concerning marketing communications	96				

10 Year Summary

	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	**2015/16	*2014/15	2013	2012
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Trading Summary										
Group revenue	4,727,355	4,488,639	3,886,417	4,025,913	4,061,310	3,334,494	3,434,579	4,761,101	3,646,837	3,318,149
Profit before Taxation	837,291	771,718	218,789	483,681	616,828	266,388	186,546	286,380	236,786	231,283
Income Tax Expense	(19,919)	(59,978)	(22,215)	(70,966)	(69,262)	(24,906)	(42,696)	(18,919)	(37,215)	(4,585)
Profit After Taxation	817,372	711,740	196,574	412,715	547,567	241,482	143,850	267,461	199,571	226,698
Non-controlling Interest	2,996	3,178	876	7,878	(870)	(7,713)	(28,122)	(28,165)	(26,038)	(10,748)
Profit attributable to owners of the parent	814,376	708,562	195,698	404,837	548,437	233,769	115,728	239,296	173,533	215,950
Fund Employed										
Stated capital	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Revenue reserve	3,955,724	3,201,716	2,511,115	2,291,935	2,172,318	1,723,744	1,330,415	1,336,757	1,148,363	1,005,405
Equity attributable to equity holders of the parent	4,305,724	3,551,716	2,861,115	2,641,935	2,522,318	2,073,744	1,680,415	1,686,757	1,498,363	1,355,405
Non-controlling Interest	144,106	160,709	170,534	176,828	170,793	173,609	179,798	167,338	152,855	136,921
Lease liability	286,210	290,856	282,643	186,353	187,174	187,901	188,361	188,971	189,617	171,503
Interest Bearing Loans & Borrowings (short and long-term)	23,589	41,661	21,263	67,681	176,018	225,322	364,201	501,556	666,006	724,417
Asset Employed										
Non-current assets	3,687,646	3,454,870	3,456,053	3,342,791	3,340,876	3,321,693	3,340,891	3,347,168	3,248,131	3,237,928
Current assets	2,863,867	2,458,001	1,632,224	1,679,708	1,384,270	814,914	581,541	718,037	798,662	620,040
Current liabilities net of borrowings	(624,032)	(626,435)	(388,586)	(631,080)	(548,688)	(391,605)	(285,346)	(368,452)	(394,373)	(358,488)
Retirement benefit obligation	(871,316)	(890,953)	(1,024,164)	(969,573)	(811,824)	(801,101)	(980,734)	(922,369)	(912,752)	(888,170)
Deferred tax liability	(159,891)	(211,825)	(200,446)	(204,222)	(158,206)	(127,898)	(92,475)	(63,145)	(41,869)	(12,772)
Deferred income	(136,643)	(138,717)	(139,527)	(144,826)	(150,126)	(155,426)	(151,102)	(166,617)	(190,958)	(210,292)
Capital Employed	4,759,629	4,044,942	3,335,555	3,072,797	3,056,303	2,660,576	2,412,775	2,544,622	2,506,841	2,388,246
Cash Flows										
Net Cash inflow/(outflow) from operating activities	730,035	916,596	505,211	629,399	815,818	485,370	393,444	532,290	301,099	336,133
Net Cash inflow/(outflow) from investing activities	(356,457)	(134,249)	(119,142)	(134,208)	(153,229)	(103,204)	(94,286)	(259,610)	(126,460)	(131,654)
Net Cash inflow/(outflow) from finance activities	(192,803)	(204,435)	(208,747)	(214,306)	(201,010)	(115,128)	(209,166)	(327,359)	(168,629)	(66,040)
Increase/(decrease) in cash & cash equivalents	180,775	577,911	177,322	280,884	461,579	267,038	89,992	(54,679)	6,010	138,439
Key Indicators										
EPS (basic) (Rs.)	17.14	14.98	4.12	17.05	23.09	9.84	4.87	10.08	7.31	9.09
Net assets per share (Rs.)	93.68	74.77	60.23	111.24	106.20	87.32	70.75	71.02	63.09	57.07
Market price per share (Rs.)	42.60	37.50	39.90	48.70	54.50	32.00	32.50	35.10	24.00	24.00
Price earning ratio (times)	2.48	2.50	4.84	2.86	2.36	3.25	6.69	3.49	3.28	2.64
Current ratio (times)	4.37	3.69	3.99	2.46	2.20	1.70	1.23	1.16	1.28	1.16
Quick ratio (times)	3.69	3.05	3.25	1.34	1.48	0.92	0.54	0.46	0.31	0.25
Return on equity (%)	18.91	19.95	6.84	15.32	21.74	11.27	6.89	14.19	11.58	15.93
Debt to equity (%)	6.96	8.96	10.02	9.01	13.49	18.39	29.70	37.3	51.8	60.0
Interest Cover Ratio	20.25	18.27	4.13	9.26	12.00	4.99	3.81	3.68	3.26	2.70
Dividend per share (Rs.) - Company	2.15	3.38		6.00	6.50	2.00	-	3.00	3.00	2.50
Dividend payout ratio (times) - Company	0.13	0.23		0.35	0.28	0.20	-	0.31	0.41	0.27

* 15Month results, Restated - Statement of Financial Position

**Restated - Statement of Profit or Loss

Glossary

FINANCIAL TERMS

Accounting Policies Specific

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

Agricultural Activity

Is the management by an entity of the biological transformation and harvest of biological assets for sale or for conversion into agricultural produce or into additional biological assets.

Agricultural Produce

The harvested product of the entity's biological assets.

Harvest

Detachment of produce from a Biological Asset or the cessation of Biological Assets life processes.

Amortisation

The systematic allocation of depreciable amount of an intangible asset over its useful life.

Bearer Biological Assets

Biological assets those are not to be harvested as agricultural produce or sold as biological assets. The biological assets other than the consumable biological assets.

Consumable Biological Assets

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

Borrowings/Debt

Bank loans, overdrafts, long term loans, debentures, finance lease obligations and interest bearing liabilities.

Capital Employed

Shareholder's funds plus non controlling interests and debts.

Shareholders' Funds

Total of stated capital, capital reserves and revenue reserves.

Cash Equivalents

High liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of change in value.

Contingent Liability

A condition or situation existing at the balance sheet date due to past events, where the financial effect is not recognised because:

1. The obligation is crystallised by the occurrence or non occurrence of one or more future events or,
2. a probable outflow of economic resources is not expected or,
3. It is unable to be measured with sufficient reliability

Current Ratio

Current assets divided by current liabilities.

Debt/ Equity Ratio

Debt as a percentage of shareholders funds and non controlling interests.

Deferred Taxation

The net tax effect on items which have been included in the Income Statement, which would only qualify for inclusion on a tax return at a future date.

Dividends

Distribution of profits to holders of equity investments.

Dividend Pay Out

Dividend per share divided by Earnings per share.

EBIT

Abbreviation for Earnings Before Interest and Tax.

EBITDA

Abbreviation for Earnings Before Interest Tax Depreciation & Amortisation.

EBITDA Margin

EBITDA divided by Revenue.

Earnings per Share

Profit attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period.

COP

Cost of Production. This generally refers to the cost of producing a kilo of produce (Tea/Rubber).

COS

Cost of Sale. The cost incurred on preparation to salable condition of the goods sold.

Crop

The total produce harvested over a given period of time. (Usually during a financial year).

Interest Cover

Consolidated profit before interest and tax over finance expenses.

IFRS

International Financial Reporting Standards.

SLFRS

Sri Lanka Financial Reporting Standards.

LKAS

Sri Lanka Accounting Standards.

SoRP

Statement of Recommended Practices.

Market Capitalisation

Number of shares in issue at the end of the period multiplied by the market price at the end of period.

Net Assets

Total assets less current liabilities less long term liabilities less non-controlling interests.

Net Assets per Share

Net assets as at a particular financial year end divided by the number of shares in issue as at the current financial year end.

Non Controlling Interest

Part of the net results of operations and net assets of a subsidiary attributable to interests which are not owned, directly or indirectly, through Subsidiaries, by the Parent Company.

Price Earnings Ratio

Market price of a share divided by earnings per share.

Related Parties

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

Return on Equity (ROE)

Profits attributable to shareholders as a percentage of average shareholders' funds.

Return on Capital Employed

Profit before tax and net finance cost divided by capital employed.

Retirement Benefit Obligation

Present Value of a Retirement Benefit obligation is the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Current service cost

Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost

Is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Actuarial gains and losses

Is the effects of difference between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

Revenue Reserves

Reserves considered as being available for distributions and investments.

Segment

Constituent business units grouped in terms of nature and similarity of operations.

Working Capital

Capital required financing day-to-day operations (Current Assets less Current Liabilities).

UITF

Urgent Issue Tasks Force of The Institute of Chartered Accountants of Sri Lanka

NON FINANCIAL TERMS**Biodiversity**

The variability among living organisms from all sources including, among others, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems.

Carbon Dioxide Sequestration

The capture of atmospheric carbon dioxide (CO₂) in a solid material such as growing trees, other vegetation and soils or a carbon sink through biological or physical processes, such as photosynthesis.

Extent in bearing

The extent of land from which crop is being harvested. Also see "Mature Plantation".

Ethical Tea Partnership (ETP)

ETP is a non-competitive alliance of 20 international tea packers who share a vision for a thriving industry that is socially just and environmentally sustainable.

Field

A unit extent of land. Estates are divided into fields in order to facilitate management.

GSA

The Gross Sales Average. This is the average sale price obtained (over a period of time, for a kilo of produce) before any deductions such as Brokerage etc.

NSA

The Net Sales Average. This is the average sale price obtained (over a period of time) after deducting Brokerage fees. etc (Also see GSA).

Glossary

HACCP

Hazard Analysis Critical Control Point System. A Scientific system which identifies, evaluates and control hazards which are significant for food safety.

Immature Plantation

The extent of plantation that is under development and is not being harvested.

Infilling

A method of field development whereby planting of individual plants is done in order to increase the yield of a given field, whilst allowing the field to be harvested.

ISO

International Organisation for Standardisation. A worldwide federation of national standard bodies.

Mature Plantation

The extent of plantation from which crop is being harvested. Also see "Extent in Bearing".

Rainforest Alliance (RA)

The Rainforest Alliance functions as the Secretariat of the SAN and administers its certification scheme; RA works to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behaviors.

Sustainable Agriculture Network (SAN)

SAN is a coalition of independent nonprofit conservation organisations that promote the social and environmental sustainability of agricultural activities by developing standards. SAN promotes efficient agriculture, biodiversity conservation

and sustainable community development by creating social and environmental standards.

Replanting

A method of field development where an entire unit of land is taken out of "bearing" and developed by way of uprooting the existing tree/bushes and replanting with new trees/ bushes.

SDG

United Nations Sustainable Development Goals

Seedling Tea

Tea grown from a seed. (Also see VP Tea).

VP Tea

Vegetatively Propagated tea. i.e. Tea grown from a cutting of a branch of tea plant. (Also see "Seedling").

Yield

The average crop per unit extent of land over a given period of time. (Usually kgs per hectare per year).

UNGC

United Nation Global Compact

PHDT

Plantation Human Development Trust

NIPM

National Institute of Plantation Management

TRI

Tea Research Institution.

NGRS

National Green Reporting System - Sri Lanka.

ISO 26000 : 2010

Social Responsibility Standard

ISO 14064-1:2018

Greenhouse Gases Quantification and Reporting Standard

ISO 14001:2015

Environmental Management System

ISO 9001:2015

Quality Management System

ISO 50001:2018

Energy Management System

GHG Emissions

Greenhouse Gas Emissions

ISO 22000:2018

Food Safety Management System

Science Based Targets

Science - based targets provide a clearly-defined pathway for companies and financial institutions to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future - proof business growth. Targets are considered "science-based" if they are inline with what the latest climate science deems necessary to meet the goals of the Paris Agreement - limiting global warming to well-below 2°C above pre- industrial levels and pursuing efforts to limit warming to 1.5°C.

UN Climate Neutral Now Climate

Neutrality is a three step process, which requires individuals, companies and governments to :

1. Measure their climate foot print
2. Reduce their emissions as much as possible
3. Offset what they cannot reduce with UN Certified emission reductions.

Corporate Information

GRI: 2-1 ▶

Name of Company

Talawakelle Tea Estates PLC

Legal Form

Public Limited company
Incorporated in Sri Lanka on 22nd
June 1992

Company Number

PQ 36

Financial Year End

31st March

Principal Line of Business

Cultivation and Manufacture of Black
Tea

Stock Exchange Listing

The ordinary shares of the Company
are listed on the Colombo Stock
Exchange of Sri Lanka.

Directors

Mr. A M Pandithage - *Chairman*Mr. W G R Rajadurai - *Managing
Director*Mr. S B Alawattegama - *Chief Executive
Officer*

Mr. Merrill J Fernando

Mr. Malik J Fernando

Ms. M.D.A. Perera

Dr. N T Bogahalande

Mr. S L Athukorala

Mr. M H Jamaldeen

Mr. J M Kariapperuma

Mr. D C Fernando (Alternate Director
to Mr. Merrill J Fernando appointed
on 8th November 2021. Resigned as
the Alternate Director to Mr. Malik J
Fernando on 8th November 2021)

Managing Agent

Hayleys Plantation Services (Private)
Limited, 400, Deans Road,
Colombo 10, Sri Lanka.

Registered Office

400, Deans Road, Colombo 10,
Sri Lanka.

Head Office

400, Deans Road, Colombo 10,
Sri Lanka.

Telephone: (94-11) -2627754-5,
2697203

Fax : (94-11) -2627782

e-mail: tpl.tea@ttl.hayleys.com

website: www.talawakelleteas.com

Secretaries

Hayleys Group Services (Private)
Limited

No.400, Deans Road, Colombo 10,
Sri Lanka.

Phone: +94 11 2627650

e-mail: info.sec@hayleys.com

Subsidiaries

TTEL Hydro Power Company (Pvt) Ltd

TTEL Somerset Hydro Power (Pvt) Ltd

Subsidiaries- Registered Office

400, Deans Road, Colombo 10,
Sri Lanka.

Subsidiaries- Head Office

27-2 East Tower, World Trade Center,
Colombo 10,
Sri Lanka.

Bankers

Commercial Bank of Ceylon PLC

Sampath Bank PLC

National Development Bank PLC

Hatton National Bank PLC

Bank of Ceylon

Hongkong and Shanghai Banking

Corporation Limited

Deutsche Bank

Indian Bank

Union Bank of Colombo PLC

DFCC Bank PLC

Seylan Bank PLC

Auditors

M/s Ernst & Young

Chartered Accountants

201, De Saram Place, Colombo 10,

Sri Lanka.

Legal Advisors

M/s F J & G De Saram & Company
Attorneys-at-Law

216, De Saram Place, Colombo 10,

Sri Lanka.

Tax Advisors

M/s Ernst & Young

Chartered Accountants

201, De Saram Place, Colombo 10,

Sri Lanka.

Independent Assurance Report on Sustainability Reporting



EY

Building a better working world

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Independent Assurance Report to the Board of Directors of Talawakelle Tea Estates PLC on the Sustainability Reporting Criteria Presented in the Integrated Annual Report- 2021/22

Scope

We have been engaged by the management of Talawakelle Tea Estates PLC (“the Company”) to perform an independent assurance engagement, as defined by the Sri Lankan Standard on Assurance Engagements, on the sustainability reporting criteria presented in the Integrated Annual Report for the year ended 31 March 2022 (the “Report”).

- Reasonable assurance on the information on financial performance as specified on page 73 of the Report.
- Limited assurance on other information presented in the Report, prepared in accordance with the GRI Standards.

Criteria applied by Talawakelle Tea Estates PLC

The sustainability reporting criteria presented in the Report has been prepared in accordance with The Global Reporting Initiative’s (GRI) Sustainability Reporting Guidelines, publicly available at GRI’s global website www.globalreporting.org.

This Report has been prepared in accordance with the GRI Standards.

Talawakelle Tea Estates PLC’s responsibilities

Talawakelle Tea Estates PLC’s management is responsible for selecting the criteria, and for presenting the Report in accordance with the said criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to support the sustainability reporting process of the Report, such that it is free from material misstatement, whether due to fraud or error.

Ernst & Young’s responsibilities

Our responsibility is to express a conclusion on the presentation of the Report in accordance with the GRI Standards based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard on Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (SLSAE 3000) issued by the Institute of Chartered Accountants of Sri Lanka and the terms of reference for this engagement as agreed with Talawakelle Tea Estates PLC in the engagement letter dated 31 May 2022.

The standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Report in order for it to

be in accordance with the criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our independent assurance conclusion.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka and have the required competencies and experience to conduct this assurance engagement.

EY also applies Sri Lanka Standard on Quality Control (SLSQC 1), Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

We performed our procedures to provide an independent assurance engagement in accordance with SLSAE 3000.

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K Hulangamuwa FCA FCMA LLB (London), Ms. A A Ludowyke FCA FCMA, Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajjewanani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: G B Goudian ACA, Ms. P S Paranavitane ACA LLB (Colombo), T P M Ruberu FCA FCCA

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Procedures performed in the reasonable assurance engagement depend on our judgement, including the assessment of the risks of material misstatement whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the preparation and presentation of the reasonable assurance Indicators in order to design the assurance procedures that are appropriate in the circumstances. Our procedures also included assessing the appropriateness of the reasonable assurance indicators, the suitability of the criteria in preparing and presenting the reasonable assurance indicators within the Report and obtaining an understanding of the compilation of the financial information to the sources from which it was obtained.

Procedures performed in the limited assurance engagement consisted of making inquiries, primarily of persons responsible for preparing the Report and related information and applying analytical and other appropriate procedures. These procedures vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Although we considered the effectiveness of management's internal controls when determining the

nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

We also performed the below procedures as we considered necessary in the circumstances:

- ▶ Perform a comparison of the content of the Report against the Global Reporting Initiative (GRI) - GRI Standards guideline.
- ▶ Interviewing relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data.
- ▶ Review and validation of the information contained in the Report.
- ▶ Check the calculations performed by the organization on a sample basis through recalculation.
- ▶ Advice, make recommendations and suggestions on the Sustainability Reporting indicators to improve the presentation standard.
- ▶ Independently review the content of the Report and request changes if required.
- ▶ Express an independent assurance conclusion on the performance indicators presented in the Sustainability Reporting criteria.

Emphasis of matter

Social, natural and intellectual capital management data/information are

subjected to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Report.

Restricted use

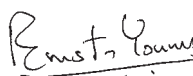
This report is intended solely for the information and use of Talawakelle Tea Estates PLC and is not intended to be and should not be used by anyone other than the specified party.

Conclusion

Based on our procedures and the evidence obtained, we conclude that:

The information on financial performance as specified on page 73 of the Report is properly derived from the audited financial statements of the Company for the year ended 31 March 2022.

Nothing has come to our attention that causes us to believe that other information presented in the Report are not fairly presented, in all material respects, in accordance with the Company's sustainability practices and policies some of which are derived from the GRI Standards.



Chartered Accountant
Colombo

12 May 2022

Independent Assurance Report on Integrated Reporting



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Independent Assurance Report to the Board of Directors of Talawakelle Tea Estates PLC in the Integrated Annual Report- 2021/22

Scope

We have been engaged by the management of Talawakelle Tea Estates PLC (“the Company”) to perform an independent assurance engagement, as defined by the Sri Lankan Standard on Assurance Engagements, on the following elements of its Integrated Annual Report for the year ended 31 March 2022 (the “Integrated Report”).

- Reasonable assurance engagement on the information on financial capital management as specified on page 77-81 of the Integrated Report.
- Limited assurance engagement on other information on management of the capitals (other than financial capital), stakeholder engagement, business model, strategy, organizational overview & external environment and outlook presented in the Integrated Report.

Criteria applied by Talawakelle Tea Estates PLC

The Integrated Report is prepared based on the Guiding Principles and Content Elements of the International Integrated Reporting Council (IIRC)’s Integrated Reporting Framework (<IR> Framework) (the “criteria”) publicly available at IIRC’s website at “www.integratedreporting.org”

Talawakelle Tea Estate PLC’s responsibilities

Talawakelle Tea Estate PLC’s management is responsible for selecting the criteria, and for presenting the Integrated Report in accordance with the

said criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Integrated Report, such that it is free from material misstatement, whether due to fraud or error.

Ernst & Young’s responsibilities

Our responsibility is to express a conclusion on the presentation of the Integrated Report in accordance with the Guiding Principles and Content Elements of the International Integrated Reporting Council (IIRC)’s Integrated Reporting Framework (<IR> Framework) based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard on Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (SLSAE 3000) issued by the Institute of Chartered Accountants of Sri Lanka and the terms of reference for this engagement as agreed with Talawakelle Tea Estates PLC in the engagement letter dated 31 May 2022.

The standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Integrated Report in order for it to be in accordance with the criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide

a basis for our independent assurance conclusion.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka and have the required competencies and experience to conduct this assurance engagement.

EY also applies Sri Lanka Standard on Quality Control (SLSQC 1), Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

We performed our procedures to provide reasonable and limited assurance engagement in accordance with SLSAE 3000.

Procedures performed in the reasonable assurance engagement depend on our judgement, including the assessment of the risks of material misstatement whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the preparation and presentation of the reasonable assurance indicators in order to design the assurance procedures that are appropriate in the circumstances. Our procedures also included assessing the appropriateness of the reasonable

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

Principals: G B Goudian ACMA, Ms. P S Paranavitane ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

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assurance indicators, the suitability of the criteria in preparing and presenting the reasonable assurance indicators within the Integrated Report and obtaining an understanding of the compilation of the financial information to the sources from which it was obtained.

Procedures performed in the limited assurance engagement consisted of making inquiries, primarily of persons responsible for preparing the Integrated Report and related information and applying analytical and other appropriate procedures. These procedures vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Although we considered the effectiveness of management’s internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

We also performed the below procedures as we considered necessary in the circumstances:

- ▶ Perform a comparison of the content of the Integrated Annual Report against the Guiding Principles and Content Elements given in the International Integrated Reporting Council (IIRC)’s Integrated Reporting Framework (<IR> Framework).

- ▶ Perusing the Integrated Annual Report – Financial Capital element information to understand whether the information contained are properly derived from the audited financial statements.
- ▶ Interviewing the selected key management personnel and relevant staff to understand the internal controls, governance structure and reporting process relevant to the Integrated Report.
- ▶ Obtaining an understanding of the relevant internal policies and procedures developed by the Company, including those relevant to determining what matters most to the stakeholders, how the Company creates value, the external environment, strategy, approaches to putting members first, governance and reporting.
- ▶ Obtaining an understanding of the description of the Company’s strategy and how the Company creates value, what matters most to the stakeholders and enquiring the management as to whether the description in the Integrated Report accurately reflects their understanding.
- ▶ Perusing the Board of Directors meeting minutes during the financial year to ensure consistency with the content of the Integrated Report.
- ▶ Perusing the relevant supporting evidence related to qualitative & quantitative disclosures within the Integrated Report against identified material aspects.
- ▶ Perusing the Integrated Report in its entirety to ensure it is consistent with our overall knowledge obtained during the assurance engagement.

Emphasis of matter

Social, natural and intellectual capital management data/information are subjected to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Integrated Report.

Restricted use

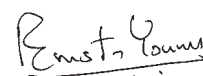
This report is intended solely for the information and use of Talawakelle Tea Estates PLC and is not intended to be and should not be used by anyone other than the specified party.

Conclusion

Based on our procedures and the evidence obtained, we conclude that:

The information on financial capital management as specified on pages 77-81 of the Integrated Report are properly derived from the audited financial statements of the Company for the year ended 31 March 2022.

Nothing has come to our attention that causes us to believe that other information presented in the Integrated Report are not fairly presented, in all material respects, in accordance with the Guiding Principles and Content Elements of the International Integrated Reporting Council (IIRC)’s Integrated Reporting Framework (<IR> Framework).



Chartered Accountant
Colombo

12 May 2022

Notice of Meeting

TALAWAKELLE TEA ESTATES PLC
Company Number PQ 36

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting of Talawakelle Tea Estates PLC will be held on Tuesday, 28th June 2022 at 10.45 a.m. via online meeting platform for the following purposes:

1. To consider and adopt 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 approve the final dividend of Rs. 5/- per share as recommended by the Board of Directors.
3. To re-elect as a Director Mr. S.L. Athukorala, who retires by rotation at the Annual General Meeting in terms of Article 30(1) of the Articles of Association of the Company.
4. To re-elect as a Director Mr. S.B. Alawattagama, who retires by rotation at the Annual General Meeting in terms of Article 30(1) of the Articles of Association of the Company.
5. To re-elect as a Director Mr. M.H. Jamaldeen, who retires by rotation at the Annual General Meeting in terms of Article 30(1) of the Articles of Association of the Company.
6. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. Merrill J. Fernando in terms of Section 211 of the Companies Act No. 07 of 2007, who retires

having attained the age of ninety two years.

Ordinary Resolution

“That, Mr. Merrill Joseph Fernando, who has attained the age of ninety two years be and is hereby re-appointed a Director for a further period of one year and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the appointment of the said Director”.

7. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. A. M. Pandithage in terms of Section 211 of the Companies Act No. 07 of 2007, who retires having attained the age of seventy one years.

Ordinary Resolution

“That, Mr. Abeyakumar Mohan Pandithage, who has attained the age of seventy one years be and is hereby re-appointed a Director for a further period of one year and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the appointment of the said Director”.

8. To authorise the Directors to determine donations and contributions to charities for the ensuing year.
9. To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2022/23 and to authorize the Directors to determine their remuneration.

10. To consider any other business of which due notice has been given.

By Order of the Board
TALAWAKELLE TEA ESTATES PLC
HAYLEYS GROUP SERVICES
(PRIVATE) LIMITED
Secretaries

Colombo
29th May 2022

Notes :

1. The Annual Report of the Company for 2021/22 is available on the corporate website - <https://www.talawakelleteas.com> and on the Colombo Stock Exchange website - <https://www.cse.lk>
2. In the interest of protecting public health, the Annual General Meeting of the Company will be held as a virtual meeting via an online meeting platform. Details are given in the circular to shareholders.
3. A Shareholder is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at No. 400, Deans Road, Colombo 10, Sri Lanka or must be emailed to ttagm@secretarial.hayleys.com not less than forty eight (48) hours before the time fixed for the Meeting.
4. In relation to the final dividend, Ex-dividend date will be 29th June 2022.

