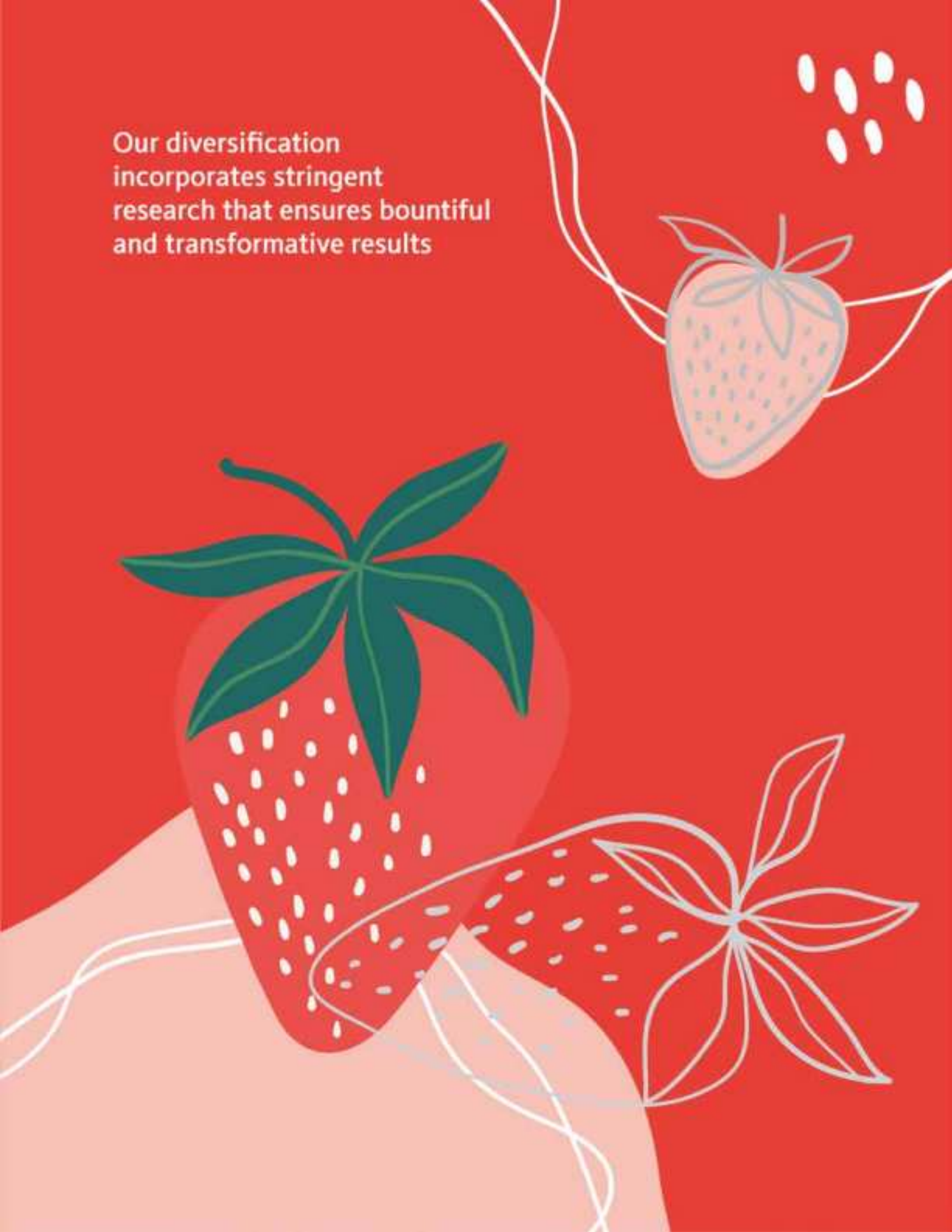
EVOLUTIONARY AGRONOMY

elpitiya

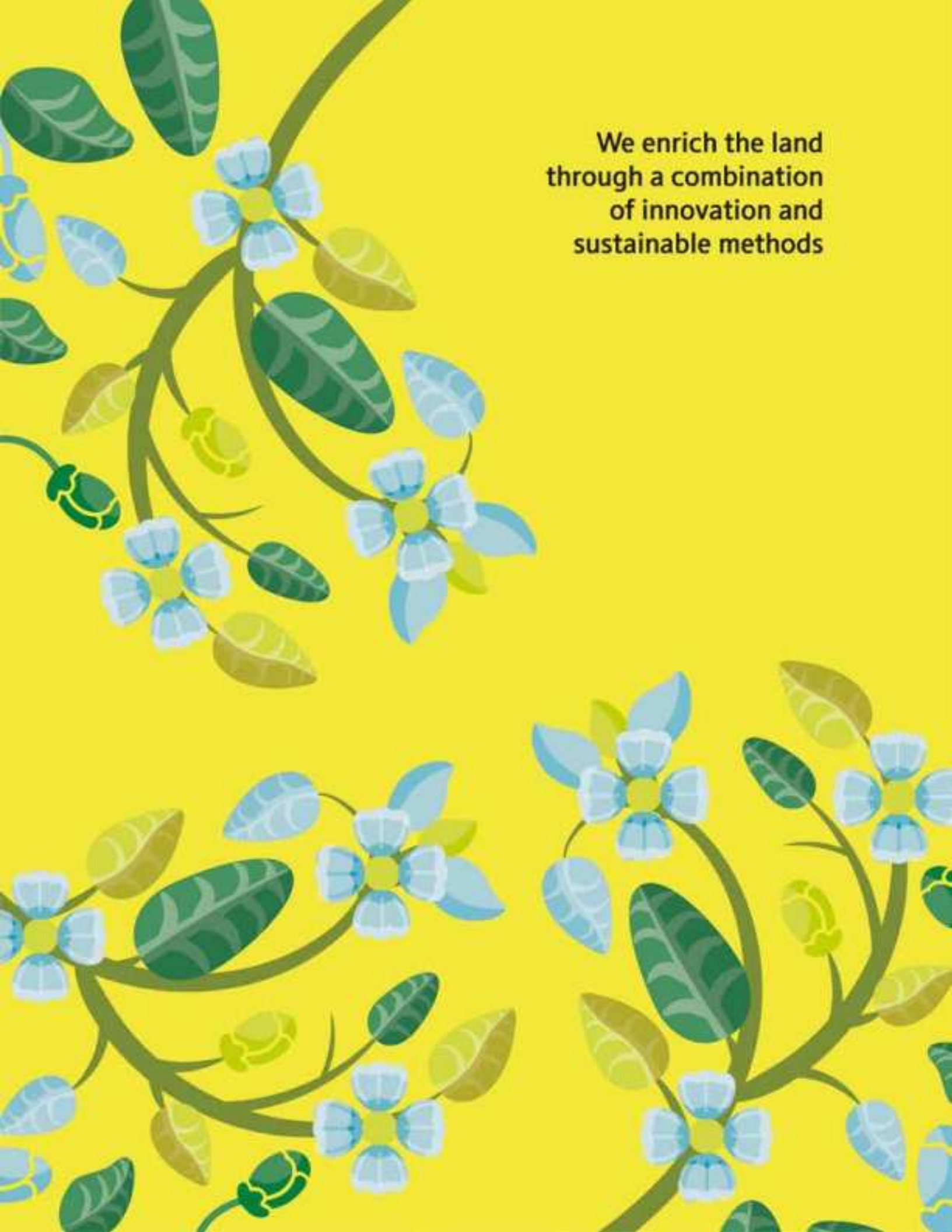
ELPITIYA PLANTATIONS PLC | ANNUAL REPORT 2021/22

Our actions are a reflection of our commitment to sustainable solutions, driving the evolution of our business towards greater efficiencies.

Our diversification incorporates stringent research that ensures bountiful and transformative results



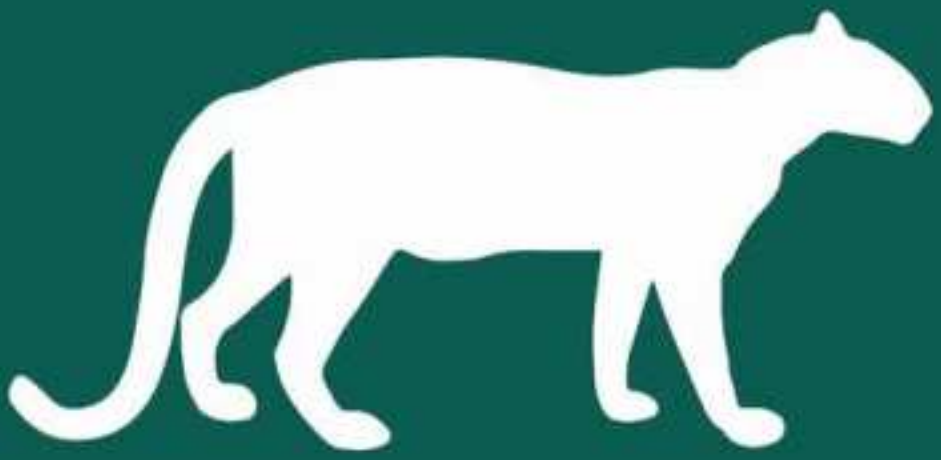
We employ energy efficient methods in order to reduce our carbon footprint



We enrich the land through a combination of innovation and sustainable methods

We incorporate the best practices of reduce, reuse and recycle

We are aware of our duty as Sri Lankans to protect every segment of nature, big or small



We ensure that our processes do not harm the delicate balance of nature

Our alignment with sustainable development goals keep us on the straight and narrow

We respect and foster all life in our quest to be a responsible business entity

EVOLUTIONARY AGRONOMY

Over the past year, Elpitiya Plantations has been on a journey of limitless development that has broadened our horizons in helping us reach our goal of being more than just a plantation company. With a winning combination of exceptional people, future - bound ideas, and guiding values that have always helped us flourish, we have continued to elevate our level of growth, especially in this unprecedented year; a feat that has been truly aspirational and seldom replicated.

These results not only encouraged us to evolve, it helped us to expand in more ways, especially through a strong focus on sustainability and the protection of our bio diversity. Conserving our precious natural assets and conserving their habitat has always been a top priority for us as a business that is deeply entrenched in the environment, and we will take every step in ensuring its wellbeing and sustenance now and in the future. Our evolutionary agronomy continues to flourish as we help transform the traditional to the sustainable.

Contents

Corporate Overview

Adapting and Thriving

A Transformational Strategy

Performance In 2021/22

Financial Reports

Supplementary Information

Scan this QR code to read the annual report online

www.elpitiya.com

Management Discussion & Analysis

Vision

“We will strive to be the No. 1 plantation company – A model for Sri Lanka”

No. 1

- Profitability growth per hectare of Tea, Rubber & Oil Palm
- Growth in process productivity per unit of tea
- Number of approved projects for value addition per annum


We will continuously enhance shareholder value
We are committed to continuously enhancing strategic HRD initiatives
We will continuously explore opportunities for value addition to our resource base
We are committed to enhancing employee quality of life
We encourage positive and innovative initiatives to improve the competitive advantage of the company
We are committed to enhancing employees' quality of life
We encourage positive and innovative initiatives to improve the competitive advantage of the company
We strive to bring high quality in all aspects of our activities
We will always pursue environment-friendly operations

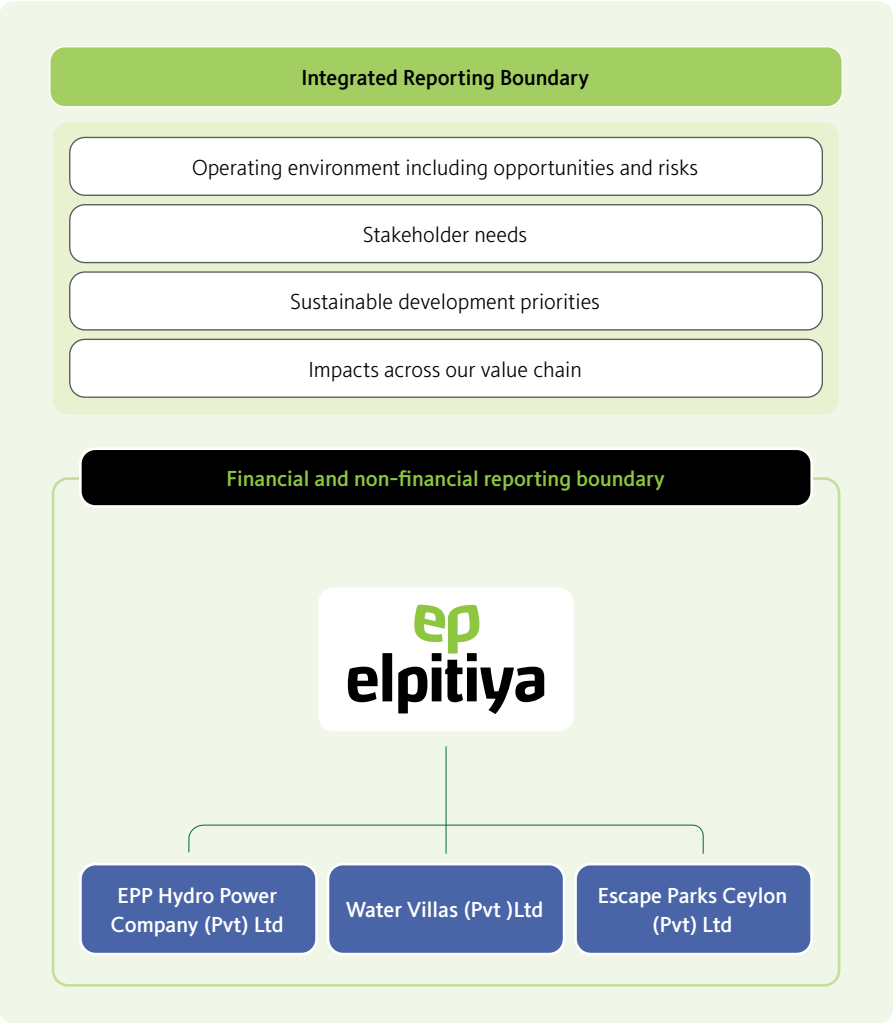
About this Report

ABOUT ELPITIYA PLANTATIONS PLC

Our 4th Integrated Annual Report aims to provide a holistic and balanced account of how we created value to our stakeholders through directing our strategy. The Report is primarily targeted towards providers of financial capital, although the interests of other stakeholders have also been considered when determining Report content. The Report includes information of our operating environment, risks and opportunities, triple bottom line value creation, relevant Environment, Social and Governance (ESG) factors and prospects for the future.

SCOPE AND BOUNDARY

The Report covers the operations of Elpitiya Plantations PLC (EPP) and its subsidiaries, EPP Hydro Power Company (Pvt) Ltd, Water Villas (Pvt) Ltd and Escape Parks Ceylon (Pvt) Ltd (collectively referred to as the "Group") for the period from 1st April 2021 to 31st of March 2022. The Group adopts an annual reporting cycle for both its financial and sustainability reporting and this Report builds on our previous Annual Report for the financial year ending 31st March 2021. Both the financial and non-financial disclosures pertain to the Group, unless specifically mentioned otherwise. As graphically shown below, the Integrated Reporting boundary extends beyond the financial and non-financial information boundary to include broader impacts and value creation. There were no material changes to the Group's structure, size, or supply chain. There were also no material restatements of information published in last year's report.



Reporting concepts

The <IR> Framework defines Capitals as the stock of value (resources and relationships) that are transformed through the activities of the organisation

CAPITAL INPUTS: DISCUSSED IN,

- Annual Financial Statements
- Stakeholder relationships
- Value Creation Model
- Strategy & Resource Allocation

VALUE TRANSFORMATION DISCUSSED IN,

- Value Creation Model
- Delivering our Strategy
- Our Integrated Performance

CAPITAL OUTCOMES DISCUSSED IN,

- Our Integrated Performance
- Stakeholder Relationships
- Operational Reviews

STRATEGIC FOCUS

The Report demonstrates how capitals are utilised and transformed through the three pillars of its Transformational Strategy

REPORTING FRAMEWORKS

We are committed to aligning our reporting with global best practices in corporate reporting and comply with a range of internationally accepted reporting frameworks as listed below:

Reporting Frameworks, Standards and Guidelines	Internal Assurance	External Assurance
Financial Reporting		
◈ Sri Lanka Financial Reporting Standards/ Sri Lanka Accounting Standards ◈ Companies Act No. 7 of 2007	Integrity and adequacy of financial reporting processes and internal controls evaluated by the Audit Committee and Internal Audit function	Messrs. Ernst and Young
Narrative Reporting		
◈ Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) ◈ Guidelines for Preparation of Annual Reports 2022 by CA Sri Lanka	Integrity of the Sustainability and ESG information assessed through review by the Aitken Spence PLC Group Sustainability Unit	Messrs. Ernst and Young
Sustainability Reporting		
◈ GRI Standards (2021) ◈ UN Sustainability Development Goals (SDG's) ◈ Sustainability Accounting Standards Board – Agricultural Products Standards		Messrs. Ernst and Young
Gender Reporting		
◈ Gender Parity Reporting Framework published by CA Sri Lanka	Information verified by the Aitken Spence PLC Sustainability Unit	
Corporate Governance		
◈ Listing Requirements of the Colombo Stock Exchange ◈ Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka	-	-

REPORTING IMPROVEMENTS

- Inclusion of disclosures recommended under the Agriculture Sector Standard published by the Sustainability Accounting Standards Board
- Early adoption of new GRI Standards (2021)
- Adoption of Gender Parity Reporting Framework published by CA Sri Lanka
- Comprehensive disclosures on the impact of Sri Lanka's present economic conditions on the Group's performance, financial position, and outlook
- Increased focus on the Way Forward reflecting current uncertainties in the operating landscape

Transparency	External assurance obtained on the following: 1-Integrated Reporting practices (Refer page 151 for assurance statement) 2-GRI Reporting (Refer page 149 for assurance statement) 3-Financial Statements (Refer page 164 for assurance statement) Robust internal processes which support the integrity of financial and non-financial information
Accountability	Board of Directors' confirmation and statement of responsibility on the integrity of the Integrated Annual Report
Governance	Detailed Corporate Governance narrative on the Group's governance practices and compliance to relevant guidelines Voluntary adoption of the Code of Best Practice on Corporate Governance by CA Sri Lanka (2017)
Sustainability	Adoption of Integrated Reporting Framework, GRI Standards and the Sustainability Accounting Standards Board standard applicable to the Agriculture sector Award winning Integrated Reporting practice, having being judged the winner in the plantation sector and among the top 10 Integrated Reports in the country at the CMA Excellence in Annual Reporting awards 2021

Improving the transparency and credibility of our Reporting
For the first time, the Group obtained external assurance on our Integrated Reporting practices by Messrs. Ernst and Young
(Refer to page 149 for Independent Assurance Report)

About this Report

NAVIGATION ICONS

CAPITALS DEFINED IN THE INTEGRATED REPORTING FRAMEWORK

- Financial Capital
- Manufactured Capital
- Human Capital
- Social & Relationship Capital
- Intellectual Capital
- Natural Capital

INTEGRATED STRATEGY

- Agriculture and Processing Strategy
- Design 2020 strategy
- Sustainability Strategy

REFERENCING TO ADDITIONAL INFORMATION

- Information available elsewhere in the Report
- Information available on the website

BOARD RESPONSIBILITY ON CORPORATE REPORTING

The Board of Directors acknowledge our responsibility in ensuring the integrity of this Report. We hereby confirm that the 2021/22 Report addresses all relevant material matters and fairly represents the Group's integrated performance. We also confirm that the Report has been prepared in line with the guidance provided in the Integrated Reporting Framework of the International Integrated Reporting Council. Signed on behalf of the Board.

FEEDBACK

We are committed to consistently improving the quality and readability of our Annual Report and welcome your suggestions and comments. Please direct your feedback to,

Chief Operating Officer - Finance
Elpitiya Plantations PLC
Level 09, Aitken Spence Tower I, No. 315,
Vauxhall Street, Colombo 02, Sri Lanka
E: info@elpitiya.com

About The Company

ORGANISATIONAL OVERVIEW

Elpitiya Plantations PLC (EPP) is one of Sri Lanka's most profitable and impactful Regional Plantation Companies (RPC) cultivating tea, rubber, oil palm and other crops in over 8,800 hectares across 13 estates. Bold and ambitious management interventions, following its privatisation in 1997 has enabled EPP to transform from a commodity-based business to a diversified, dynamic, and profitable business with strategic interests in non-traditional crops, renewable energy, speciality tea and others. The Group's triple-bottom line approach to value creation and focus on embedding economic, social, and environmental aspirations to its overall business strategy has enhanced business resilience, enabling the Group to generate shared and sustainable value across its universe of diverse stakeholder.

TEA

The Group cultivates 2,124 hectares of high, low and medium- grown teas across all 13 estates

57% of Revenue

37% of Land of Cultivated

4,504 Tons Production

RUBBER

Rubber is cultivated on 741 hectares and has recorded gradual decline over the past decade, mirroring broader industry trends

5% of Revenue

13% of Land of Cultivated

441 Tons Production

OIL PALM

Commenced oil palm cultivation 2014 as part of the Group's diversification strategy and has cultivated 1,608 hectares since then

35% of Revenue

28% of Land of Cultivated

21,485 Tons Production

OTHER

Representing the Group's bold diversification aspirations, EPP has proactively sought both crop and business diversification through,

Renewable energy generation
Commercial forestry
Cinnamon cultivation
Berry cultivation
Value added products

About The Company

DIVERSIFYING OUR BUSINESS INTERESTS

EPP has it sought to optimise its extensive land bank and drive increased utility of the available land resources. Progress made in crop diversification is summarised below:

Oil Palm

Conversion of abandoned rubber lands to cultivate oil palm

1,608 Ha

Commercial forestry

Includes a range of commercial timber plants such as Eucalyptus, Albizzia, Alstonia and Agarwood

958 Ha

Cinnamon

Expansion of Cinnamon cultivation in the low country

124 Ha

Coffee

Cultivation of Coffee in the up- country region

24 Ha

Fruit & King Coconut

Crops such as Avocado, Durian and Pineapple

28 Ha

Berry project

First plantation company to venture into the cultivation of four types of berries- strawberry, blackberry, raspberry and blueberry

4 Ha

OUR TRANSFORMATION

At the point of listing on the Colombo Stock Exchange in 1997, the debt-ridden EPP's performance and financial position was extremely precarious, with accumulated losses amounting to Rs. 305 Mn and the Company being ranked 22nd amongst the 23 plantation companies. The financial and business profile inevitably made it unattractive to potential bidders and Aitken Spence Plantation Managements Limited (ASPM) emerged as the only bidder, with the Company being the last RPC to be privatized. Following its acquisition, ASPM made significant investments in stabilising EPP and ensuring its business and social sustainability for the future. A strategic and long-term agenda focusing on crop and business diversification, factory development, automation, digitalisation, and sustainability has driven complete transformation of the Group achieving not just its financial aspirations but creating sustainable value to its employees, estate communities and the country's agriculture sector.

1997 (15-months)	Management intervention	2021/22
Rs.1,012 Mn	**Revenue** Crop diversification and replanting Expansion into new businesses including renewable energy and commercial forestry Continued improvement in quality which in turn supported increases in pricing	Rs. 5,096 Mn
Rs. 35 Mn	**Profit after tax** More resilient business model, Relentless focus on operating efficiencies and productivity improvements	Rs. 1,533 Mn
Tea: 1,672 kg/ha Rubber: 845 kg/ha Oil palm: 8,468 kg/ha	**Yields** Continued efforts in field and factory development Productivity improvements	Tea: 1,786 kg/ha Rubber: 746 kg/ha Oil palm: 16,140 kg/ha
Tea: 7,139 Tons Rubber: 1,974 Tons Oil palm:2,476 Tons	**Production** Focus towards increasing contributions from high-yielding, relatively resilient crops such as oil palm	Tea: 4,504 Tons Rubber: 440 Tons Oil palm: 21,485 Tons
Nil	**Workers' profit share paid** Superior value proposition to employees including maternity and childcare benefits, nutrition and healthcare among others	Rs. 61 Mn
Nil	**Dividend to Government**	Rs. 31 Mn

Turnaround and transformation	Transformation of business through, Agriculture and Processing Strategy DESIGN 2020 Sustainability Strategy
Acquisition in 1997	Accumulated losses exceeding Rs. 300 Mn High gearing levels Commodity-based volatile earnings profile
Current status	Among top 3 most profitable RPCs Diversified crop base and earnings profile Cash-rich with negligible debt Significant progress in environmental sustainability

About The Company

SUSTAINABILITY AS A GAME CHANGER

The Group's continued resilience over the past decade or so, has been underpinned by a strategic focus on sustainability; this approach has centred on understanding environmental, social and governance (ESG) issues, allowing the Group to manage risks and opportunities stemming from both the internal and external landscapes. This had aptly positioned the Group to withstand the numerous challenges that stemmed from the external environment during the year under review, as demonstrated below:

External challenges in 2021/22	Our response and resilience
Shortage in fertilizer The Government imposed ban on chemical fertilizer and agrochemicals in 2021 coupled with the recent surge in the price of fertilizer following the Rupee devaluation, had a significant impact on the quantity and quality of Sri Lankan agricultural produce.	EPP commenced its transition to organic fertilizer in 2018, since then gradually reducing dependence on chemical fertilizer and enriching soil quality to enhance its productivity. As a result, the Group remained resilient to the fertilizer issue, maintaining both crop volumes and quality during the year **32%** Decline in the use of chemical fertilizer **61%** Reliance on organic fertilizer
Interruptions to energy supply Sri Lanka's foreign exchange crisis has led to shortages in energy supply during the last quarter of the FY, with adverse implications on manufacturing and distribution activities across industries .	The Group has continued to invest in the generation of sustainable energy through hydro, solar, wind and sustainable biomass **95%** Reliance on renewable energy Renewable electricity generation **41%** in excess of consumption
Water stress The escalating implications of climate change have resulted in erratic weather patterns and significant fluctuations in rainfall, which in turn can impact crop quality and quantity.	Increasing reliance on rainwater, through building harvesting ponds and increasing watershed areas within estates has supported the creation of a relatively resilient water chain. **77** Rainwater harvesting ponds **49%** Reliance on rainwater harvested
COVID-19 led health and safety considerations As Sri Lanka experienced a surge of infections following the emergence of highly transmissible variants in 2021, health and well-being of our employees and estate communities emerged as a key area of priority.	Comprehensive health and safety initiatives in all estates including the provision of PPE, awareness programmes, frequent testing and vaccination drives enabled the Group to successfully contain the spread of COVID-19 within our estates **95%** Vaccination rate **Zero** Fatalities **100%** Recovery rate

Performance Highlights

		Group		Company	
		2021/22	2020/21	2021/22	2020/21
Financial Performance					
Revenue	Rs. Million	5,096	4,062	5,068	4,040
Gross profit	Rs. Million	1,738	978	1,724	969
Operating profit	Rs. Million	1,639	772	1,495	770
Pre-tax profit	Rs. Million	1,634	726	1,490	723
Taxation	Rs. Million	(101)	149	(99)	159
Profit for the year	Rs. Million	1,533	875	1,391	883
GP margin	%	34	24	34	24
OP margin	%	32	19	29	19
Net profit margin	%	30	22	27	22
Return on equity	%	23	16	22	17
Return on assets	%	16	12	15	12
Return on capital	%	21	16	20	16
Financial Position					
Total assets	Rs. Million	9,305	7,603	9,044	7,484
Long Term Investments	Rs. Million	353	221	239	239
Short Term Investments	Rs. Million	950	-	950	-
Non-current assets	Rs. Million	7,165	6,718	6,866	6,541
Current assets	Rs. Million	2,140	885	2,178	943
Working Capital	Rs. Million	1,473	331	1,514	392
Shareholders' funds	Rs. Million	6,899	5,464	6,644	5,350
Borrowings	Rs. Million	319	133	319	133
Debt to equity ratio	Times	0.05	0.02	0.05	0.02
Equity to assets ratio	Times	0.74	0.72	0.73	0.71
Interest cover	Times	33	16	30	16
Current ratio	Times	3	2	3	2
Investor information					
Earnings per share	Rs.	21	12	19	12
Dividend per share	Rs.	3	2	3	2
Net Asset Value per share	Rs.	95	75	91	73
Market value per share					
Highest value	Rs.	175	59	175	59
Lowest value	Rs.	38	13	38	13
Closing as at 31st March	Rs.	76	44	76	44
Market capitalisation as at 31st March	Rs. Million	5,501	3,192	5,501	3,192
Dividend pay out	%	14	17	16	17
Dividend cover	Times	7	6	6	6
Dividend yield	%	14	17	16	17
Price Earnings Ratio	Times	4	4	4	4
Return on Capital Employed	%	20	11	18	11

Financial Highlights

Year ended 31 March	Group 2022 Rs.000	2021 Rs.000	Increase/ (Decrease) %
Turnover	5,095,987	4,062,191	25%
Gross profit	1,738,108	978,366	78%
Profit before tax	1,633,751	725,516	125%
Income tax expense	(101,125)	149,476	-168%
Profit after tax	1,532,625	874,992	75%
Non-current assets	7,165,097	6,717,706	7%
Current assets	2,139,859	884,938	142%
Capital expenditures	622,091	622,900	-0.1%
Earning per share	21.0	12.0	75%
Net assets per share	94.7	75.0	26%
Stated capital	694,236	694,236	0%
Net assets	6,899,245	5,463,567	26%
Return on equity	22.2%	16.0%	39%

REVENUE
5,096 MN

GROSS PROFIT
1,738 MN

PROFIT AFTER TAX
1,533 MN

GROSS PROFIT MARGIN
34.11%

RETURN ON EQUITY
22.21%

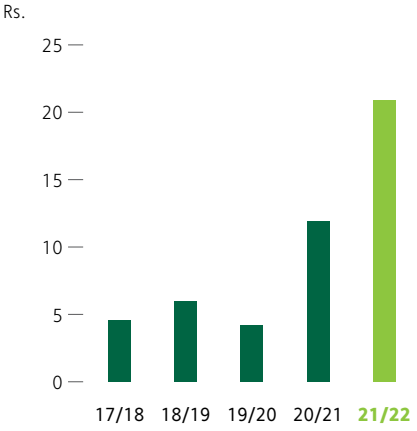
EARNINGS PER SHARE
RS. 21.04

TOTAL ASSETS
9,305 MN

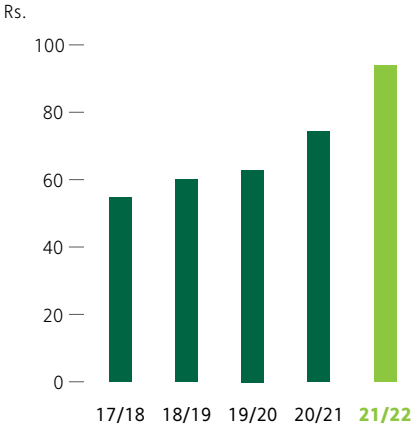
NON CURRENT ASSETS
7,165 MN

TOTAL EQUITY
6,899 MN

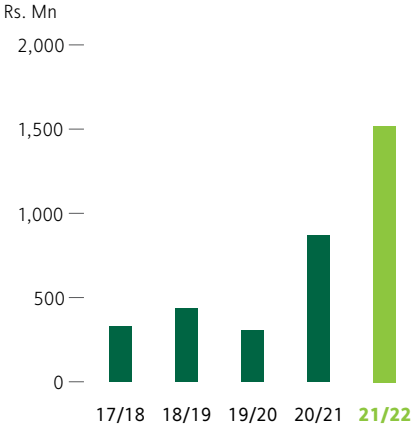
Earnings per Share



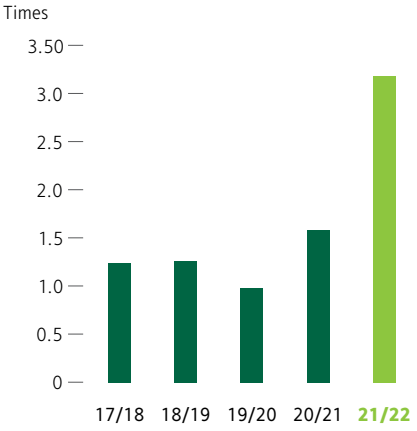
Net Assets per Share



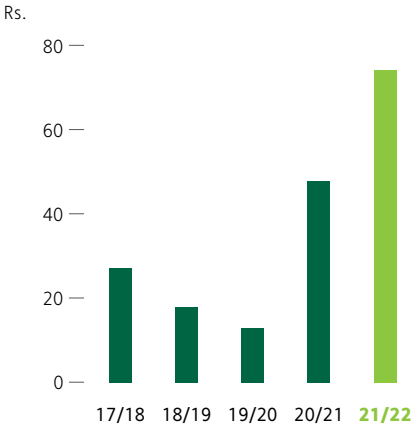
Profit After Tax



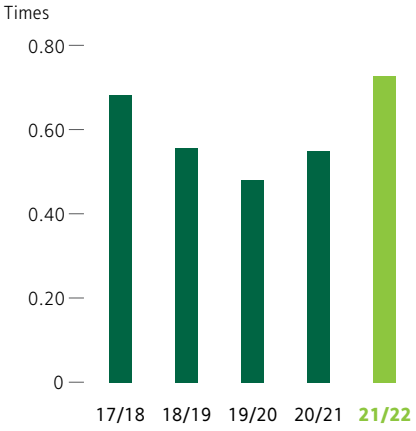
Current Ratio



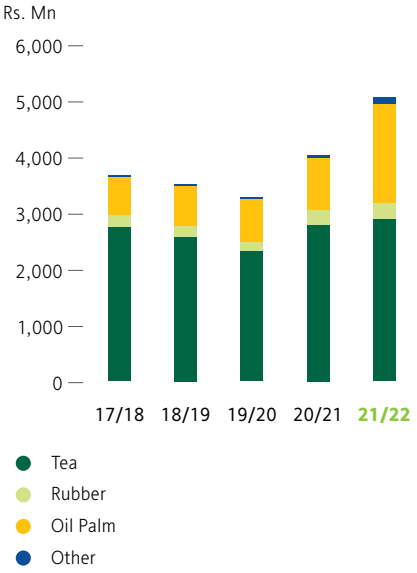
Market Price Per Share



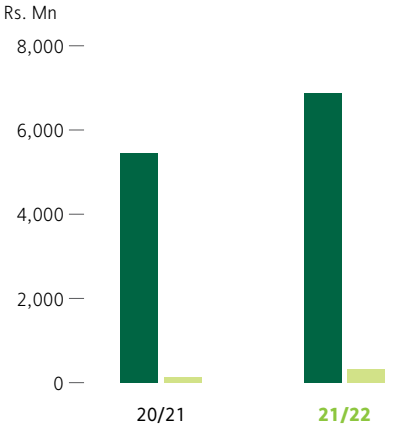
Asset Turnover Ratio



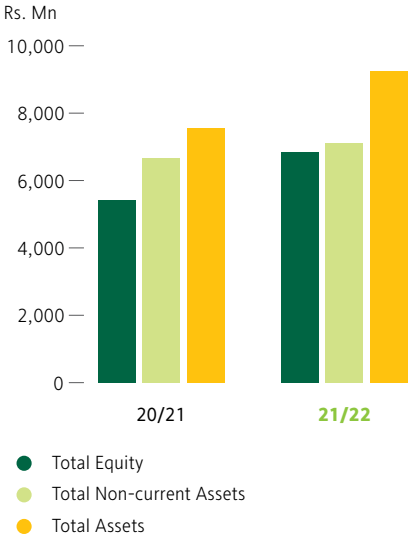
Turnover



Debt to Equity



Assets vs Equity



Non-Financial Performance

MANUFACTURED CAPITAL

Rs. 1,486 Mn
PPE

Rs. 296 Mn
Capital expenditure

Rs. 139 Mn
Investment in automation and digitalisation

HUMAN CAPITAL

Rs. 2,404 million (+25%)
Employee remuneration paid

4,747
employees
(20/21: 4,865)

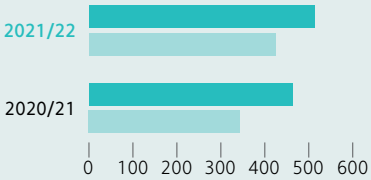
53%
Female representation

88%
Employee satisfaction rate

2,322
Grievances filed

- Retention rate of 89%
- 32 promotions
- 401 new recruits

Employee value creation
'000



- Value added per employee
- Remuneration per employee

SOCIAL & RELATIONSHIP CAPITAL

Rs. 111 Mn
Investment in community engagement

+ 1,000
CSR Beneficiaries

Berrymuch
Four types of berries

INTELLECTUAL CAPITAL

Rs. 9 million
Investment in R&D

Harrow Ceylon Choice
Value added tea

Tropifruits
Tropical fruit products

Berrymuch
Four types of berries

12
New products developed

3
No. New of certifications

NATURAL CAPITAL

Carbon negativity in electricity consumption through renewable energy

6%
Reduction in carbon footprint

25%
Reduction in carbon intensity

11%
Reduction in water intensity

15%
Reduction in energy intensity

7.9%
Increase in organic fertilizer

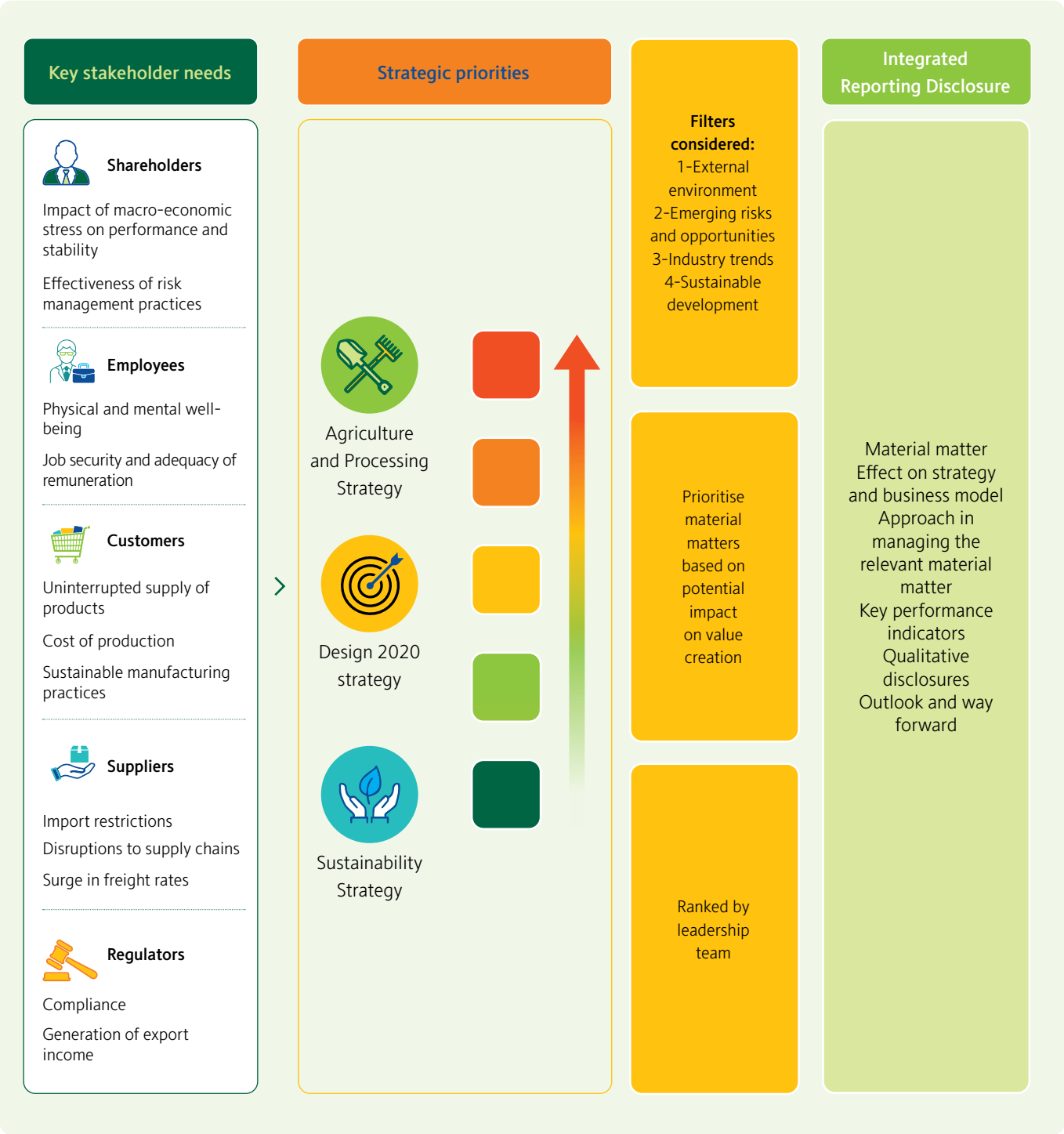
32%
Reduction in chemical fertilizer usage

2.7%
Soil carbon

49%
Reliance on rainwater

Material topics 2021/22

The Group adopts the definition of materiality as recommended by the <IR> Framework; accordingly matters that can substantively affect the Group's strategy, operating model, capitals, performance, and prospects in the short, medium and long-term are considered material for the purpose of this Report. These material topics are also mapped to the sustainability topics prescribed by GRI and the relevant disclosures are provided throughout the Report. The process adopted for determining material issues is presented below:



Given dramatic changes in the Group's operating environment during the year, the materiality landscape changed significantly. The material matters for 2021/22 are listed below:

Material topic	Change in materiality compared to 2021/22	Corresponding GRI disclosure	Reference for further information
Macro-economic challenges	New topic	-	Economic and Industry Environment
Pandemic related disruptions	▲	-	Our COVID-19 response
Sustainable business growth	-	GRI 201: Economic Performance 2016 GRI 202: Market Presence 2016	Our Impacts Human Capital
Government policy and regulatory developments	▲	-	Economic and Industry Environment
Fertilizer shortage	▲	-	Economic and Industry Environment
Labour availability and productivity	-	GRI 401: Employment 2016	Human Capital
Labour management relations	-	GRI 402: Labour Management Relations 2016 GRI 407: Freedom of Association and Collective Bargaining 2016 GRI 405: Diversity and Equal Opportunity 2016 GRI 406: Non-discrimination 2016	Human Capital
Employee well-being	▲	GRI 403: Occupational Health and Safety 2018	Human Capital
Competitive pricing	-	-	Operational Reviews
Product quality and reliability	-	GRI 417: Marketing and labelling 2016	Social & Relationship Capital
Geopolitical conditions	▲	-	Economic and Industry Environment
Responsible consumption of resources	-	GRI 301: Materials 2016 GRI 302: Energy 2016 GRI 303: Water and Effluents 2018	Natural Capital
Environmental impacts	▲	GRI 304: Biodiversity 2016 GRI 305: Emissions 2016 GRI 306: Waste 2020	Natural Capital
Relationships with surrounding communities	-	GRI 203: Indirect economic impacts 2016 GRI 204: Local communities 2016	Social & Relationship Capital

Chairman's Message

"The Group's holistic, three-pronged transformational strategy positioned it in good stead to remain largely resilient to the volatilities presented by the external landscape

When I wrote to you last year, we were grappling with the unprecedented uncertainty and disruptions stemming from the COVID-19 pandemic. A year later, the pandemic remains a part of our landscape although we have evolved our business and thinking to respond swiftly and confidently to emerging developments. During the year, pandemic led challenges were overshadowed by macro-economic stress which necessitated tough decisions to protect and enhance the resilience and sustainability of our resources and relationships. Against this backdrop, it is my pleasure to present the Annual Report and Audited Financial Statements for the year ending 31st March 2022.

OPERATING LANDSCAPE

Sri Lanka's economy plunged into unprecedented crisis during the year, as deep-rooted structural problems and vulnerabilities rendered it unable to withstand the shocks stemming from the COVID-19 pandemic. The respective 62% and 23% decline in tourism earnings and workers' remittances in 2021, coupled with a 23% increase in the import bill and substantial international debt payments inserted significant pressure on the country's external position, with foreign currency reserves depleting rapidly. The crisis worsened in the first quarter of 2022 leading to shortages in energy supply and essential items which in turn have resulted in social unrest and political instability. The regulator allowed the Rupee to free float in early March 2022, following which the Rupee declined sharply against the US Dollar, with the monthly average falling by 30% y-o-y by end-March 2022 and depreciating further in ensuing weeks. The depreciation in the Rupee coupled with the uptick in global commodity prices and supply side disruptions have led to escalating inflation with headline inflation as measured by the y-o-y change in the National Consumer Price Index accelerating to 21.5% in March 2022.

Sri Lanka's plantation industry remained largely resilient to macro-economic headwinds in 2021, although inevitable pressures are likely to be seen in the immediate to short-term. Unfavourable and inconsistent policies, however, continue to hamper the potential of the industry, the implications of which could threaten the long-term survival of the industry. In 2021, the Government imposed a ban on chemical fertilizer and crop protection materials in a bid to encourage a shift towards organic cultivation. Despite its good intentions, the overnight ban on chemical input materials dealt a sharp blow to the country's agriculture sector which was inevitably impacted crop quality, quantity, cost of production and ultimately farmer income. Although the ban on chemical fertilizer was subsequently lifted, supply continues to be pressured by the severe foreign exchange crisis in the country and the sharp surge in costs. Despite objections from the Regional Plantation Companies, the Wages Board imposed a 35% increase in wages for plantation sector workers sans any link to productivity, inserting further pressure on the cost of production, which already remains higher than regional producers due to low labour productivity and yields. RPCs also continue to be impacted by the sudden ban on the cultivation of oil palm, a lucrative crop which was previously encouraged by the Government. Unfortunately, this short-sighted decision undermined future developments in this crop, closing a window of opportunity that could have not only transformed the country's dwindling plantation sector but also preserved the country's valuable foreign currency through import substitution. Oil palm is a highly productive crop, requiring limited land, generating wide profitability margins, and enjoying consistently rising demand given its versatility and use in numerous applications.

Tea Sector: Despite these challenges, the country's Tea sector performed relatively well, cushioned by robust global demand and strong prices for most part of the year. Tea production increased by 7% during the calendar year 2021, although the second half saw a contraction of 7% reflecting fertilizer shortages and unfavorable weather. Prices remained strong for most part of 2021 averaging Rs.619.15/KG, subsequently strengthening to around Rs.760/KG during the first quarter of the calendar year 2022. Overall, demand for Sri Lankan tea remained strong, reflecting increased propensity towards healthy beverages such as tea.

Rubber Sector: Sri Lanka's rubber production has been on a declining trend and decreased by a further 2% during the year in view of adverse weather conditions and fungal disease. Prices, however, recorded significant improvement in line with the increase in global prices with the average price of RSS1 increasing by 31% to Rs.460.78 at the Colombo Rubber Auction, while latex crepe increased by 74%.

NAVIGATING EXTERNAL HEADWINDS

In this volatile operating environment, Elpitiya Plantations PLC continued to focus on what matters most- looking beyond the immediate challenges to our future aspirations. During the year, our short-term strategy was responsive to these volatilities, while positioning the Group to transform and thrive in the long-term. The Group's holistic, three-pronged transformational strategy positioned it in

good stead to remain largely resilient to the volatilities presented by the external landscape. For instance, since its launch the Group's Agriculture and Processing Strategy has focused on increasing crop yields and labour productivity, which enabled it to achieve above-average yields despite the fertilizer shortage that prevailed. This was further supported by the Group's Sustainability Strategy, through which we have sought to consciously replace chemical fertilizer with organic fertilizer, thereby enriching soil and increasing water retention levels.

SHAREHOLDER VALUE CREATION

The Group recorded a commendable financial performance in a year of disruption, thereby delivering on its shareholder commitments. Profit attributable to equity holders increased by 75% to Rs. 1.53 bn while earnings per share amounted to Rs.21.03, compared to Rs.12.01 the previous year. Meanwhile dividend payment to shareholders clocked in at Rs. 3.00, translating to a payout ratio of 16%.

GOVERNANCE AND LEADERSHIP

In times of crisis and uncertainty, sound than governance practices are more important that ever. In an environment that required rapid decision making, I believe that our governance framework demonstrated its resilience and served us well in navigating emerging challenges. Board discussions are enriched by the diverse skills, wide ranging industry insights and multi-faceted experience of our Board. The Group benefits from the robust policy frameworks of its ultimate parent, Aitken Spence PLC which include specific guidelines on preventing the risk of corruption, discrimination and harassment at the workplace. Key areas of Board focus during the year included assessing implications of the macro-economic crisis on performance, ensuring the safety of our people and providing oversight on the Group's transformational strategy.

SUSTAINABILITY AS A WAY OF LIFE

The Group has long-since embraced the principles of sustainability and sought to integrate social and environmental consciousness into its business strategy, operations and processes. EPP is a signatory to the UN Global Compact Principles and submits annual reports demonstrated compliance with the Principles. A holistic Sustainability Strategy, which is aligned to the aspirations of 6 selected Sustainable Development Goals has provided a solid platform to drive our social and environmental aspirations while addressing long- term issues facing Sri Lanka's plantation industry such as climate change, declining yields, and outdated technology. This approach has also enabled the Group to proactively identify and manage risks stemming from social and environmental factors, thereby strengthening organisational resilience. As described in detail in subsequent sections of this Report, the Group made significant progress in its Sustainability Strategy during the year, reducing the use of chemical fertilizer and crop protection by 32%, increasing the application of organic fertilizer, increasing its renewable energy generation and rainwater harvesting capacities among others. Our corporate reporting has also evolved in line with our integrated thinking to managing our business, and I'm proud to note that the Group's Integrated Annual Report for 2020/21 once again emerged as the winner in the Plantations sector at the CMA Integrated Reporting Awards 2021 and was also ranked in the top 10 best Integrated Reports in the country. We also received the Silver award in the Plantations Sector at the CA Sri Lanka-Annual Report Awards for 2021.

WAY FORWARD

The country's ongoing macro-economic crisis presents the most significant threat to the Group's performance over the short-term. While cognisant of the potential challenges that could arise in the short-term, we remain optimistic that the country's economy will post gradual recovery over the medium-term. This is, however, dependent on the commitment to fiscal reforms and discipline together with an IMF supported bail-out program which is currently under negotiation. From the organisation's point of view, I am confident that our increasingly diverse operating model, capable team and the strong relationships we have nurtured across value chains will support the Group's resilience. Despite the challenges, we are steadfast in our commitment to evolving the Group to its next phase of transformation as we continue to pursue exciting opportunities in diversifying our business.

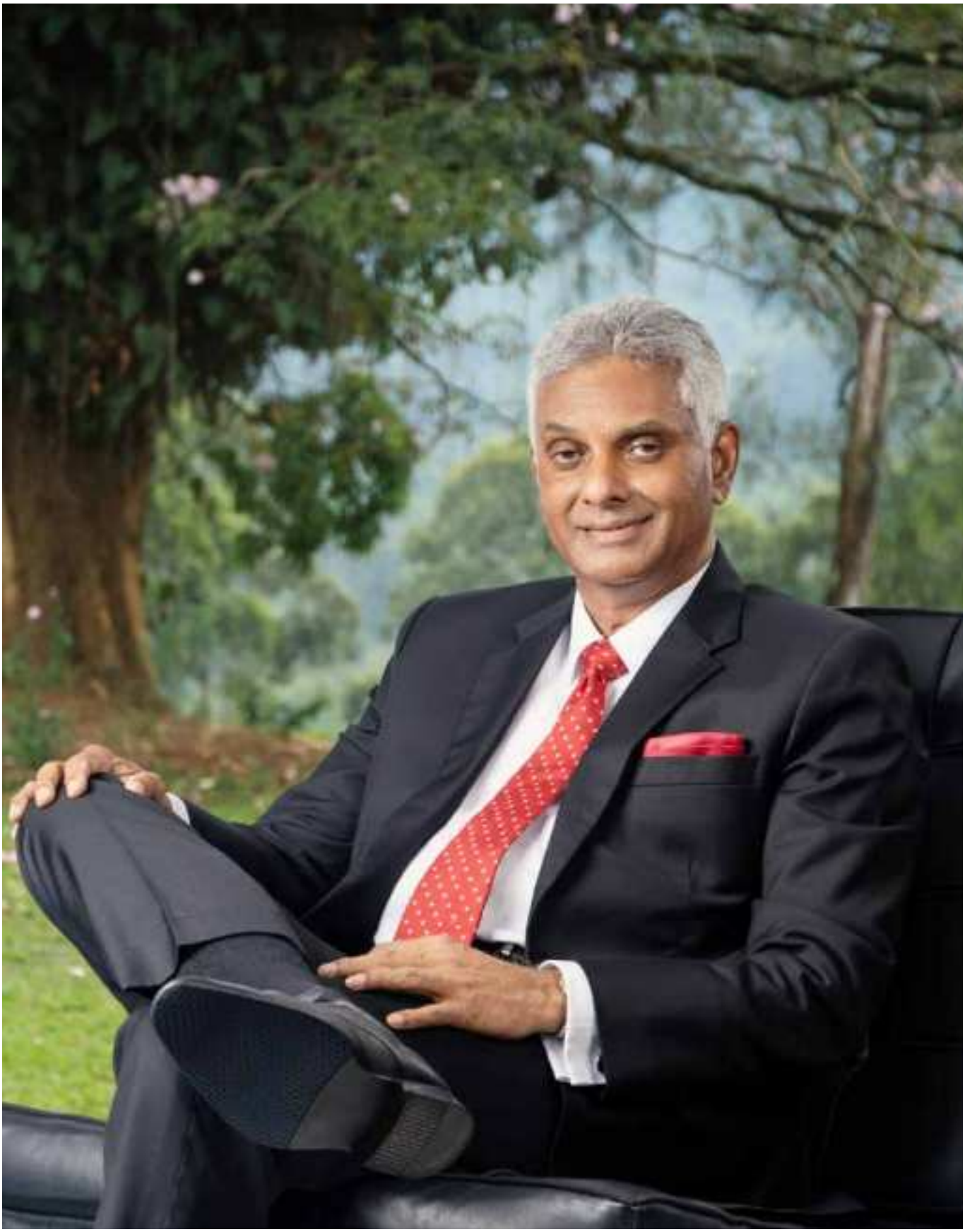
ACKNOWLEDGEMENTS

I take this opportunity to extend my appreciation to my colleagues on the Board for their unstinted support and valuable counsel in a challenging year. I place on record my appreciation to Ms BWGCS Bogahawatte who retired from the Board during the year. I also welcome Mrs. D.A.S Dahanayake who was appointed during the year and look forward to working with her in the future. I continue to be inspired by the commitment and passion of the Group's Leadership Team and place on record my gratitude for their untiring efforts amidst extraordinary challenges. I also extend my appreciation to all our shareholders, customers, business partners and other stakeholders who have partnered us in our journey and I look forward to working with them in the coming years as well.

Dr. Parakrama Dissanayake
Chairman

03rd June 2022

Managing Director's Review



Managing Director's Review

Dear Stakeholder,
While presenting extraordinary challenges and uncertainty, the past few years have also provided us with an opportunity to pause, evaluate and reset every aspect of what we do. With COVID-19 led disruptions and macro-economic stress dominating the Group's operating landscape during the year, EPP took measures to protect its immediate sustainability while also putting in place the foundation to transform our business to be more responsive and resilient in the future. Resultantly, the Group delivered a record-breaking performance, with profit-after-tax increasing by 75% to Rs.1.53 billion during the year.

NAVIGATING EXTERNAL HEADWINDS

As discussed in the Chairman's Message on page 20 of this Report, the operating landscape remained challenging during the year reflecting unfavorable policy developments, economic headwinds and an escalation in health and safety risks following the emergence of highly transmissible COVID-19 variants. The Group demonstrated its characteristic resilience in navigating these dynamics, supported by strategic foresight and positive relationships with both internal and external stakeholders. For instance, despite the 35% increase in wages sans any link to productivity, the Group continued to drive better yields and employee productivity through unique remuneration mechanisms such as the workers' profit share model, through which nearly Rs.61 million was paid out to employees. The fertilizer issue was addressed through pre-empting possible shortages and increasing inventory while directing parallel focus on increasing reliance on organic fertilizer. In managing the health and safety risks of COVID-19, the Group continued to support the well-being of its Head Office and estate level employees by vaccination drives and stringent safety and hygiene protocols which curtailed the spread of infection.

PERFORMANCE OVERVIEW

The Group's strong performance for the year was underpinned by favourable pricing for tea, rubber and oil palm together with strategic efforts towards enhancing efficiency, quality and sustainability of our plantations. Consolidated Revenue increased by 25% to Rs.5.10 billion during the year, supported by broad-based growth across all business verticals (refer to side bar for summarised performance of each business vertical), as the Group benefitted from improved pricing; while tea volumes were affected by adverse weather conditions, rubber and oil palm recorded growth, underscoring the strength of the Group's diversified crop base. Accordingly Gross Profit increased by 78% to 1.74 billion during the year. Despite escalating inflation, the increase in Administrative Expenses was curtailed at 19% owing to ongoing focus on automation and mechanisation. Profit share from joint venture, AEN Palm Oil Processing recorded strong growth to Rs. 224.59 million reflecting robust pricing for palm oil during the year. Resultantly, the Group's Profit Before Tax more than doubled to Rs.1.63 billion while, Profit After Tax amounted to Rs.1.53 billion an impressive growth of 75% over the previous year.

STRATEGIC OVERVIEW

The Group's three-pronged Integrated Corporate Strategy is designed to help us move beyond incremental progress and drive transformational change, unlocking value, strengthening resilience and enabling creation of long-term triple bottom line value. We made significant progress in each of the three pillars during the year. In Agriculture and Processing, the Group continued to adopt sustainable agriculture practices, upgrade machinery, automate key processes and elevated R&D capabilities with the establishment of a tissue culture lab in the New Peacock estate. Through the DESIGN 2020 pillar, the Group commenced commercial cultivation of raspberries and blackberries, emerging as the first Sri Lankan RPC to do so. We also accelerated crop diversification efforts through expanding cultivation of cinnamon, coffee and avocado. In a major milestone, the Group

TEA

Revenue ▲ 4%
Segment Profit Rs. 397 million

Highlights
Ensuring uninterrupted operations despite pandemic-led disruptions Unique remuneration models to employees Focus on automation and mechanisation Emphasis on sustainable agricultural practices

RUBBER

Revenue ▲ 5%
Segment Profit Rs. 57 million

Highlights
Improving crop yields and productivity Pursue opportunities in value-adding segments Ongoing efforts to enhance employee productivity

OIL PALM

Revenue ▲ 89%
Segment Profit ▲ 120%

Highlights
Robust pricing
Robust pricing
Efforts to increase land productivity Sustainable agricultural practices
Improving crop yields

STRATEGIC INVESTMENTS

Revenue ▲ 95%
Segment Profit ▲ 94%

Highlights
Ongoing expansion of our renewable energy projects Commercial cultivation of strawberries, raspberries and blackberries Tropical fruit cultivation and value-added products

also launched its first retail outlet- Harrow House, offering a range of value-added products under the three brands of Harrow Ceylon Choice, Tropifruit and Berrymuch.

Sustainability has always been part of our ethos and we achieved significant progress in expanding our renewable energy generation, increasing rainwater harvesting and reducing the application of chemical fertilizer and crop protection products. Aligned to six selected Sustainable Development Goals, the Group's long-term approach to sustainability has strengthened its resilience in withstanding shocks stemming from the external landscape. These measures are discussed in further detail in subsequent sections of this Report.

A UNITED TEAM

Our relational approach to people management has enabled the nurturing of a dynamic, passionate and committed team who continue to deliver despite extraordinary challenges. We are acutely aware that the past year has been rife with difficulty, given remote working, periodic lockdowns and general anxiety regarding the country's outlook. In addressing this, we enhanced engagement with all employees facilitating continued interaction with the management team, thereby providing clarity on the Group's future plans and performance. At estate-level, we continued to direct significant investments towards driving socio-economic empowerment and well-being while focusing on enhancing the dignity of labour.

CREATING SHARED VALUE

The pandemic has brought to focus and amplified our vulnerabilities as a society, which includes growing income inequality and socio-economic disparities which are risks to the stability of our country. We are acutely aware of the change we can drive through meaningful engagement initiatives across our estate communities, who are one of the most vulnerable sectors in the country. In doing our part to address these issues, we continued to invest in developing our estate communities, through the construction of 295 on going housing units, improvements in water and sanitation projects, health screening and medical infrastructure improvements and ongoing support for children's education. The Group's total investment in community engagement initiatives amounted to Rs. 111 million during the year.

WAY FORWARD

If we have learnt anything from the previous year, it is that we can expect change to be a constant part of the landscape and, as such, we need to embrace and respond to change in a fluid environment. The Group's plans for the future remain ambitious and despite the inevitable short-term pressures, I am excited by the opportunities that we are well positioned to capitalise on. Having achieved the financial aspirations of DESIGN 2020, we are currently in the process of refreshing our strategy to drive the next phase of the Group's evolution together with the launch of a new Vision & Purpose, which will set the stage for the Group's transformation.

In the immediate term, we are pursuing opportunities to enhance renewable energy generation including through wind power generation; this initiative is aligned to the integrated approach in which the Group manages its business, through driving the parallel achievement of both commercial and environmental aspirations. We are also partnering with academic institutions and technology providers to entrench digitalisation further to our estate operations, which can drive the creation of smart plantations in the future. Upon the anticipated recovery of the economy over the medium term, we hope to commence construction of Sri Lanka's first world-class adventure theme park, which will further diversify our earnings profile.

"Our relational approach to people management has enabled the nurturing of a dynamic, passionate and committed team who continue to deliver despite extraordinary challenges

ACKNOWLEDGEMENTS

I take this opportunity to thank the Chairman and Board of Directors, for their unwavering support and valuable counsel in a challenging year. I also wish to acknowledge the valuable contributions made by the Chairman and Members of the Management Committee and all our employees, which has undoubtedly been the most important factor behind the Group's success. I also take this opportunity to express my gratitude and appreciation to Dr. Ravi Fernando for his continued guidance on strategic sustainability matters.

Dr. Rohan Fernando
Managing Director

03rd June 2022

Director / Chief Executive Officer's Message

"EPP delivered a record breaking financial and operational performance in a year of extraordinary challenges. The Group's success during the year is a testament to its strategic foresight in pursuing diversification, sustainable agricultural practices and investments in automation and mechanisation which enabled the Group to remain resilient to the many challenging dynamics that stemmed from the operating landscape. During the year, the Group also made significant progress in its diversification strategy through the commercial cultivation of 3 types of berries, the launch of its first retail outlet and expanding the cultivation of non-traditional crops. The future presents many exciting opportunities for EPP, and detailed work we have done to improve the Group's operating model and business processes have aptly positioned it to capitalise on these dynamics, putting the wheels in motion for exponential growth"

Achieving Food Security In Our Estates

Sri Lanka is at the brink of a food crisis, as the repercussions of the chemical fertilizer ban are expected to be felt over the next few months. With food prices impacting many households, particularly those in vulnerable communities are facing a real risk of starvation and malnutrition. Having pre-empted this crisis, EPP launched a unique program to ensure food security amongst its estate communities. This multi-faceted initiative comprises of several elements as listed below:

ECOLOGY SLIDE

- Vegetable cultivation within estates
- Encourage cultivation in line and bungalow gardens
- Establish a tissue culture lab
- Intercropping

VEGETABLE CULTIVATION WITHIN ESTATES

We identified suitably safe and arable land extents in all 13 estates, engaging in land preparation at the Company's own cost prior to inviting workers and estate communities to cultivate vegetables. The project is conducted as a partnership between EPP and the estate communities, with EPP providing seeds and other input materials free of charge while the communities contribute through labour. Cultivated crop is given to the respective communities free of charge and will be a vital factor in ensuring continued food supply. The project has gained further importance in recent months with the surge in vegetable prices. Cultivation during the year is summarised below:

Estate	2021/22 (Actual)		2022/23 (Estimate)	
	Extent (Ha)	Cultivation	Extent (Ha)	Cultivation
New Peacock	1.50	Manioc, Raddish, Cabbage, Beans	3.00	Cabbage, Carrot, Beans, Nocole
Nayapana	1.00	Manioc, Corn	2.50	Manioc, Kohila, Kankun
Dunsinane	1.00	Beans, Corn	2.50	Beans, Sweet potato, Manioc
Sheen	1.00	Brinjal	1.50	Sweet potatoo, Brinjal
Fernlands	0.10	Manioc	1.25	Raddish, Corn
Meddecombra	5.00	Manioc	1.00	Manioc, Bean, Carrot, Radish, Brinjal
Gulugahakande	0.35	Okra, Long Beans, Maize	1.00	Okra, Long beans, Brinjal
Bentota	0.40	Manioc, Brinjal, Long Beans	2.50	Manioc, Brinjal, Long Beans, Water Spinach
Talgaswella	1.25	Manioc, Maize, Yams	1.75	Manic, Yam
Ketandola	1.00	Manioc, Winged Beans, Brinjal, Okra	2.50	Kriala, Brinjal, Manioc, Winged Beans
Deviturai	0.40	Lufa, Manioc, Okra	1.50	Manioc, Lufa, Long Beans
Lelwala	0.64	Manioc, Brinjal, Lufa, Green Chilli, Okra	1.00	Manic, Yam
Elpitiya	0.75	Long Beans, Winged Beans, Binjal, Okra	1.80	Manioc, Maze, Long Beans
Total	**14.39**		**23.80**	

TISSUE CULTURE LAB

The Group also established a tissue culture lab in the New Peacock estate, with the aim of propagating indigenous herbal plants and fruit plants. This is expected to further support vegetable cultivation within the estates.

INTERCROPPING

The Group commenced intercropping of pineapple and other fruit plants in rubber and coconut land. During the year 35,500 pineapple plants were cultivated at a cost of Rs.2.84 million, with plans in place to cultivate a further 50,000 in the coming year.
In addition to the above, the Group has taken the following measures to support food security within estates

- Purchase vegetables from out-growers in the vicinity of our estates and offer it to communities at the farmgate price through the estate co-operatives
- Increase inventory of vegetables and dry rations in the co-operatives and pass on the cost benefit obtained from bulk purchasing.
- Measures to ensure the crop security of jack, breadfruit and other crops in our estates
- Encouraged home gardening within our estate communities and launching a competition to reward the best cultivation

Board of Directors

DR. M.P. DISSANAYAKE
Chairman

Dr. Dissanayake joined the Board of Elpitiya Plantations PLC on 15th March 2019.

Prior to his appointment as the Deputy Chairman and Managing Director of Aitken Spence PLC, he was the Secretary to the Cabinet Ministry of Ports, Shipping and Southern Development.

He was appointed as the first non-British International President of the Institute of Chartered Shipbrokers U.K. founded in 1911 and Royal Charter conferred in 1920.

Dr. Dissanayake has also held positions in the past that include Chairman – Sri Lanka Ports Authority (two stints), Chairman – Chartered Institute of Logistics and Transport (Sri Lanka), Board Director Urban Development Authority and Board Director of Ceylon Shipping Corporation. During the period June 2004 to May 2017, he served as a Director of Aitken Spence PLC and the Chairman & CEO of its Maritime and Freight Logistics sectors.

Dr. Dissanayake is an Alumni of the University of Sri Jayewardenepura, NORAD, JICA, Business Alumni of the University of Oxford (UK) and a Fellow of Harvard Business School (EEP). He is also Co-Chairman/Professor of CINEC Campus, Hon. Consul of Fiji Islands and serves as a Professor in Maritime Studies (visiting) at Shanghai Maritime University and Dalian Maritime University.

DR. R. M. FERNANDO
Managing Director

Dr. Rohan Fernando was appointed to the Board of Elpitiya Plantations PLC on 01st August 1997 and as Managing Director on 14th May 2004. He is the Managing Director of Aitken Spence Plantation Managements PLC and an Executive Director of Aitken Spence PLC. Dr. Fernando is currently responsible for the Business Development of the Aitken Spence Group covering sustainability and branding.

He has extensive experience in the plantation industry; both in the Public and Private sectors; Corporate management, Corporate strategy and has played a key role in the plantation privatisation programme. He was the Chairman of United Nations Global Compact Network, Sri Lanka, a former President of the Chartered Institute of Marketing Sri Lanka Chapter, a past Chairman of the Planters Association of Ceylon and is currently the President of the Palm Oil Industry Association which comprises growers, processors and refiners in the Palm Oil Industry.

He holds a PhD and an MBA from the University of Colombo and is also a Chartered Marketer and a Fellow of the Chartered Institute of Marketing (CIM UK).

MR. B. BULUMULLA
Director/Chief Executive Officer

Mr. Bhathiya Bulumulla joined Elpitiya Plantations PLC in February 1999 and was appointed as the Chief Executive Officer of the Company in 2013. He was appointed as the Director of Aitken Spence Plantation Managements PLC and of Elpitiya Plantations PLC during the years 2017 and 2018.

Mr. Bulumulla was involved in the expansion of Oil Palm cultivation and other diversified projects of the Company such as generation of renewable energy, berry cultivation and setting up of the ESCAPE Adventure Theme Park jointly with a Singapore company. He was also instrumental in digitisation of all activities of Elpitiya Plantations PLC.

Mr. Bulumulla is the current Chairman of the Planters Association of Ceylon and he serves on the Boards of Plantation Human Development Trust and the Rubber Research Institute of Sri Lanka. He is also a member of the Board of Study of the Wayamba University of Sri Lanka and National Institute of Plantation Management.

Mr. Bulumulla holds a Diploma in Plantation Management from the National Institute of Plantation Management (NIPM), a B.Sc. (Hons) Degree in Plantation Management from the Wayamba University of Sri Lanka and an M.Sc. degree in Environment Science from the Open University of Colombo.

Mr. Bulumulla is also a Fellow Member of the National Institute of Plantation Management (NIPM).

DESHAMANYA MERRILL J. FERNANDO
Non-Executive Director

Deshamanya Merrill J. Fernando was appointed to the Board of Elpitiya Plantations PLC on 1st August 1997 as a Director.

Deshamanya Merrill J. Fernando 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 currently a well-known global brand, 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, Deshamanya 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.

Board of Directors

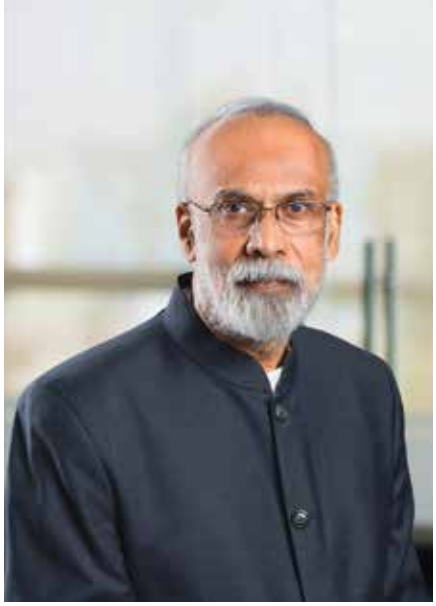
MR. MALIK J. FERNANDO
Non-Executive Director

Mr. Malik J. Fernando was appointed to the Board of Elpitiya Plantations PLC on August 01, 1997 as a Director.

Malik is a Director of MJF Holdings Limited & Dilmah Ceylon Tea Company PLC. 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.

Malik is also the Managing Director of Resplendent Ceylon (Private) Limited, the first Sri Lankan luxury resort brand. Resplendent Ceylon is developing a collection of small, luxury resorts offer discriminating travelers 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.

Malik has a BSc in business management from Babson College in the US.



DR. S. A. B. EKANAYAKE
Independent Non-Executive Director

Dr. Anura Ekanayake was appointed as a Director to the Board of Elpitiya Plantations PLC on 9th January 2009. He is a Past Chairman of the Ceylon Chamber of Commerce and of Industrial Association of Sri Lanka.

He started his professional career in the public sector and served in a number of senior Sri Lankan Government positions before moving to the private sector. He has held several key positions in the Plantation Sector, first serving as the Director of Planning at the Ministry of Plantation Industries and thereafter as Director General (Development) of the Ministry of Public Administration, Home Affairs and Plantation Industries.

He served on the Boards of Janatha Estate Development Board (J.E.D.B.) and Sri Lanka State Plantations Corporation (S.L.S.P.C.) prior to their privatization and thereafter served on the Boards of all 23 RPCs for several years. During this period, he also served as a member of the Tea Research Board as well as the Board of the Post Graduate Institute of Agriculture of University of Peradeniya. During his public-sector tenure, he also held a number of international positions including that of the Chairman of international Natural Rubber Organization based in Kuala Lumpur, Malaysia.

He holds a PhD in Economics from Australia National University where he conducted research on 'Economics of human capital'. He has widely published in Sri Lanka and abroad on economics, human capital, agriculture and environment related areas. His current professional interests are supporting businesses on organizational transformation including culture change and coaching young professionals to realize their full potential.

MR. S. C. RATWATTE
Independent Non-Executive Director

Mr. Sarath Ratwatte was appointed as a Director to the Board of Elpitiya Plantations PLC on 10th April 2013. He is a fellow of the Chartered Institute of Management Accountants, UK and has over 30 years work experience in the fields of financial and treasury management, project evaluation and development, investments, financing and risk management and joint ventures. Mr. Ratwatte has worked in several multinational organizations and conglomerates in Sri Lanka and overseas.

Prior to 2009, he has worked at Aitken Spence Group of Companies for a period of 20 years in many capacities including that of Group Treasurer / Director – Aitken Spence Corporate Finance (Private) Limited, Director – Ace Power Embilipitiya (Private) Limited and Director – Aitken Spence (Garments) Limited. He has also served on the Board of HNB Assurance PLC, as an Independent Non- Executive Director.

MR. D. A. DE S. WICKREMANAYAKE
Non-Executive Director

Mr. D. A. de S. Wickremanayake was appointed to the directorate of Elpitiya Plantations PLC on 2nd October 2017. In addition, he serves as a Director of Aitken Spence Plantation Managements PLC since 18th July 1997 and is also a Director of Pelwatte Sugar Colombo PLC.

Mr. Wickremanayake has wide experience in the corporate sector, having pioneered many companies and served on the boards of many others. He is the founder Chairman / Managing Director of Master Divers (Pvt) Ltd, which created a landmark area of activity in the shipping industry. He is the Chairman of Pelwatte Dairy Industries Ltd which produces a wide range of dairy products including milk powder and butter using locally produced milk. He is also the Chairman of Mawbima Lanka Foundation, an organization dedicated to promoting Sri Lankan goods. He is also a Director of Bogawantalawa Tea Estates PLC.

In the state sector, his experience was sought by the Government to help to run the National Livestock Development Board and the State Engineering Corporation where he served as Chairman of these two institutions, at different times.

He is a Member of the University Grant Commission Standing Committee on Agriculture, Veterinary, Medicine and Animal Science, Advisory Board Member of Sabaragamuwa University, Council Member of Ocean University, Faculty Representative for the Faculty of Technology, University of Colombo.

Board of Directors

MRS. D.A.S. DAHANAYAKE
Non-Executive Director

Mrs. Anusha Dahanayake was appointed as a Director of Elpitiya Plantations PLC on 28th February 2022. Currently she is an Acting Director of the Department of Trade and Investment Policy of the Ministry of Finance. She possesses experience over 17 years in the public sector, including 13 years experience in the Sri Lanka Planning Service and is a Class II Officer of the Sri Lanka Planning Service.

Mrs. Dahanayake obtained a B.Sc. General Degree from the University of Kelaniya, Sri Lanka and a Master's Degree in Applied Science from the University of Colombo, Sri Lanka. She has wide experience at the national level, in the fields of Project Planning and Monitoring, preparation and Monitoring of National Budget. Previously Mrs. Dahanayake was attached to the Department of National Budget and the Department of Trade and Investment Policy in the General Treasury for a period spanning above seven years. Further, she has undergone training and gained experience in countries such as India, Hong Kong, Indonesia and China.

Corporate Management

MR. J.A.R. NISSANKA
Chief Operating Officer – Finance & IT Development

MR. P.S. DISSANAYAKE
Chief Operating Officer - Engineering, Project Management & Business Strategies

MR. A.G. GEETHKUMARA
Chief Operating Officer - Plantations & Sustainability

MR. M.I. IZZADEEN
Senior General Manager

MR. L.D.N.G. NANAYAKKARA
General Manager - Administration & Legal

MR. M.D. JAYASHANTHA
Deputy General Manager - Marketing

MR. D.V. PATHIRANA
Deputy General Manager - Marketing

MRS. M.A.D.T.P. EDIRISINGHE
Deputy General Manager – Human Resources

MR. E.M.S.V. GUNASENA
Senior Manager - Finance

Corporate Management

MR. P.D.W. WITHANAGE
Senior Manager

MR. S.M.D. THALGASWATTE
Senior Manager - IT

MR. V.A.A.D. VITHARANA
Senior Manager - Engineering & Projects

MR. M.A.A.S. MADAWALAARACHCHI
Manager - Forestry

MR H.G.C.N. SENEVIRATNE
Manager - IT

MR. R.V.S.N.R. WIJERATNE
Manager – Renewable Energy & Other Projects

MR. D.H.C. SAMARANAYAKE
Manager – Oil Palm Quality Assurance

MR. W.J.W. DUNUKEWILA
Manager – Sales

MR. A.P. WIMALADASA
Manager – Cinnamon Projects

Estate Management Team

UP COUNTRY

MR. L. M.C.P. LIYADIPITA
Deputy General Manager - Cluster I - Up Country & Meddecombra Estate

MR. U.A.E.G. UDUMULLA
Senior Manager - Dunsinane Estate

MR. D.A.U.A. BADDEVITHANA
Manager - Fernlands Estate

MR. D.A.S.B. SENERATH
Manager - Sheen Estate

MR. W.M.L. DARSHANA WEERAKOON
Senior Farm Manager - Berry Projects

MID COUNTRY

MR. S.K.S.B. PAHATHKUMBURA
Senior General Manager - Cluster II – Up Country & New Peacock Estate

MR. K.R. MATHAVAN
Deputy General Manager - Nayapane Estate

Estate Management Team

LOW COUNTRY

MR. D.U.H. BULUGAHAPITIYA
General Manager - Low Country & Talgaswella Estate

MR. R.B.S. DOUGLAS
Senior Manager - Katandola Estate

MR. N.T. DANDENIYA
Senior Manager - Elpitiya Estate

MR. G.M.U.R.K. GUNARATNE
Senior Manager - Deviturai Estate

MR. N.M.S.B. NAWARATNE
Manager - Bentota Estate

MR. K.S. GANEWATTA
Manager - Lelwala Estate

MR. S.S.B. KARUNARATHNE
Manager - Gulugahakande Estate

ADAPTING AND THRIVING

Value Creation Model

The Group's value creation model is graphically depicted below and demonstrates how key capital inputs (as defined by the Integrated Reporting Framework) are transformed to generate outputs and outcomes for stakeholders as well as broader socio-economic and environmental impacts. These impacts are directly linked to the Group's CREDO which center on 7 long-term outcomes we aspire to generate.

Capital Inputs

Financial Capital
Shareholders' funds:
Rs. 7 billion
Debt: Rs. 319 million
(Page 86)

Manufactured Capital
Property Plant and Equipment of Rs. 1.5 billion consisting of factory infrastructure and other facilities (Page 89)

Human Capital
Skilled and diverse board
4,747 employees committed and performance-oriented employees (Page 92)

Social and Relationship Capital
Relationships with out-growers, brokers, buyers, communities and non -governmental organisations (Page 98)

Intellectual Capital
Tacit knowledge
Systems, processes and standards
R & D Capabilities
(Page 104)

Natural Capital
Land: 8,838 hectares
Raw materials (Fertilizer): 2,901 MT
Water use: 70,024 m^3
Energy consumption: 155,717 GJ
(Page 108)

Value Creation

Business Lines

PLANTATION BUSINESSES
Cultivation of tea, rubber and oil palm

DIVERSIFIED BUSINESSES
Commercial forestry
Intercrops
High value horticulture
Palm oil processing
Speciality tea
Cinnamon value addition
Hydro power/solar power generation
Eco/natural/adventure tourism

Business Activities

Procurement of Input materials → Cultivation of plantation crops → Value Addition → Procurement of Input materials → Marketing and Sales

Our Transformational Strategy

AGRICULTURE AND PROCESSING STRATEGY

DESIGN 2020

SUSTAINABILITY STRATEGY

External trends: Macro-economic developments | Government policy

Outputs	Outcomes (Linked To Our Credo)		
Rs. 5 Bn Revenue (+25%) (+) **Rs. 1.5 Bn** Profit after tax (+75%) (+)	Our Credo	Enhance our shareholder value	**Shareholders** Superior shareholder returns through diversified revenue streams (pg.235)
Rs. 296 Mn Capital expenditure (+)		Continuous strategic HRD initiatives Enhancing employees' quality of life	**Employees** Attractive remuneration and opportunities for skill and career development (pg.92)
Rs. 2,404 Mn Payments to employees (+) **Rs. 7 Mn** Investment in training and development (+)		Opportunities for value addition to our resource base	**Customers** Consistent product quality and value-added product offerings (pg.104)
Rs. 1 Bn Payments to Suppliers (+) **Rs. 111 Mn** Investments in community engagement (+)		Opportunities for value addition to our resource base	**Suppliers** Stronger partnerships that offer opportunities for mutual growth
17,374 m³ Effluent discharge (−) **8,151 tCO2e** Carbon footprint (−)		High quality in all aspects of operations Pursue environmentally friendly operations	**Communities** Meaningful and impactful relationships with estate communities Positive environmental impacts through focus on long-term environmental sustainability
Implications of climate change		Labour shortages	Commodity prices

(+) Positive impact (−) Negative impact

The Operating Landscape

STAKEHOLDER RELATIONSHIPS

As an organisation with extensive and diverse relationships across its estate communities and value chains, EPP understands that vital importance of identifying and responding to the concerns of our stakeholders. Key stakeholders are identified and prioritised depending on the degree to which each group can influence or are influenced by our decisions. The Group's approach to selecting, prioritising, and engaging with stakeholders is presented below:

Results of stakeholder engagement during the year are listed below:

Stakeholder group	Method and frequency of engagement	Topics and concerns raised	Our response
Shareholders Quality of Relationship: Strong	◈ Quarterly and annual Financial Statements ◈ Press Releases (Continuous) ◈ Annual Report ◈ Annual General Meeting ◈ CSE Announcements (Continuous)	◈ Impact of the macro-economic conditions on performance, stability and employee well-being ◈ Triple bottom line performance ◈ Sustainable business growth and diversification ◈ Corporate governance and risk management	Transparent and ongoing communication with shareholders and a proactive strategy which ensured continued shareholder value creation (refer to page 235)
Employees Quality of Relationship: Strong (Employee satisfaction rate: 88%)	◈ Engagement through welfare officers at each estate ◈ Daily Forums ◈ Engagement with union representatives ◈ Employee Surveys ◈ Complaint registers maintained at all estates ◈ Monthly meetings with union representatives ◈ Year-round event calendar	◈ Health and well-being and adequacy of COVID-19 preventive measures ◈ Job security and remuneration practices ◈ Opportunities for training and development ◈ Career progression and succession	Focus on strengthening dignity of labour at estate level, training development and ongoing engagement across the organisation (refer to page 95)
Customers Quality of Relationship: Good (Customer satisfaction rate: 80%)	◈ One-to-one meetings (Continuous) ◈ Interaction through digital platforms including social media (ongoing)	◈ Quality of product ◈ Sustainable business practices ◈ Reliability of supply ◈ Competitive pricing ◈ Operational efficiency	Superior customer value proposition centering on product quality and good social and environmental practices (Refer to page 98)
Suppliers Quality of Relationship: Good	◈ One-to-one meetings (Continuous) ◈ Site visits	◈ Timely payments ◈ Opportunities for growth ◈ Mitigating risks to supply chain disruptions	Pursue mutual opportunities for growth and value creation
Regulators	◈ One-to-one meetings at estate level with local government agent and provincial councils. (Continuous) ◈ Meetings at corporate level with relevant ministries and other officials ◈ Engagement through industry bodies and associations (continuous)	◈ Ensuring compliance to all relevant health and safety protocols ◈ Regulatory compliance ◈ Contribution towards creating a conducive industry environment ◈ Job creation and community development ◈ Sustainable business practices	Ongoing engagement with regulators and the government in creating a conducive and equitable operating landscape.
Community	◈ Village forums (Continuous) ◈ One-to-one meetings with Estate Managers and General Managers(Continuous) ◈ CSR initiatives	◈ Ensuring safety of estate communities ◈ Impact on environment from operations ◈ Community relations ◈ Meaningful community development projects	Engage in strategic and impactful CSR projects which deliver long-term value (refer to page 58)

Economic and Industry Environment

The Group's strategy and performance is influenced by the external landscape in which we operate, which includes macro-economic and industry factors, competitor behaviour and regulatory developments among others. The environment that prevailed during the year presented a multitude of complexities that had to be carefully navigated to ensure commercial, social and environmental sustainability of our operations. This is articulated through a high-level market analysis, PESTEL analysis and SWOT analysis as described in subsequent sections of the Report.

MARKET ANALYSIS

Economic Environment

- **Global economic growth** firmed to 5.9% in 2021, supported by strong rebound in advanced economies (+5%) which benefitted from continuing fiscal stimulus, release of pent-up demand and an easing of restrictions. Meanwhile, emerging markets and developing economies grew by 6.5% mainly due to stronger commodity prices. The Ukranian and Russian conflict has however, dimmed the global outlook for 2022, with the IMF predicting global GDP growth to slow to 3.6% in 2022.
- **The Sri Lankan economy** came under unprecedented pressure with all key macro-economic variables weakening during the period under review. While GDP growth improved to 3.7% in 2021, economic activity moderated towards the latter part of the year, reflecting increased vulnerabilities from a weakening external position. The Agriculture Sector contracted by 4.9% due to unfavourable weather, and the broad-based impacts of the fertilizer ban.
- **External position:** The country's crippling foreign exchange crisis led to import restrictions and shortages in essential items including energy, fuel, and medicines. With reserves dwindling, the regulator allowed market forces to determine the exchange rate from March 2022, following which the Sri Lankan Rupee has fallen sharply, depreciating by 30% (based on monthly average rates) in 2021.
- **Interest rates:** Market interest rates remained low for most part of the year, before gradually increasing in view of monetary policy tightening. According to AWPR closed at 9.8% in March 2022, compared to 5.67% the year before.

IMPACT ON EPP

- Implications of the Russian/ Ukranian conflict on demand for Sri Lankan tea
- Sharp increase in the price of chemical fertilizer and other imported input material following the depreciation of the Sri Lankan Rupee
- Increase in borrowing costs following interest rate escalation
- Limited visibility/clarity regarding economic outlook and its implications on the Group's investment plan

Economic and Industry Environment

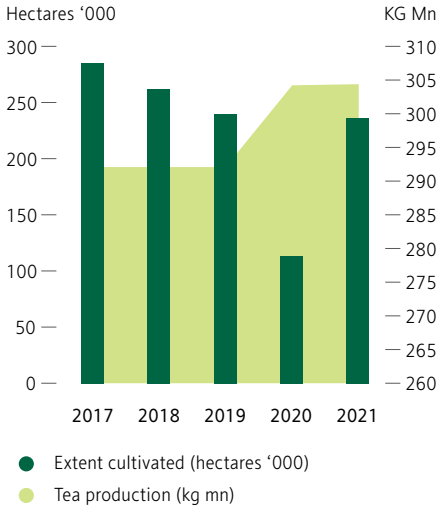
TEA INDUSTRY

Production: Sri Lanka's tea production increased by 7.4% to 299.5 million KGs in 2021, partly due to favourable weather in the first half of the year and partly reflecting the relatively low base of 2020. While tea production increased by 24% in the first half of the year, the second half saw production volumes contracting by 7.2% in view of unfavourable weather and shortages in fertilizer. The declining trend continued to the 1st quarter of 2022, with total volumes falling by 15% against the previous year. Production of high, medium, and low grown tea expanded by 5%, 9.1% and 7.8% during the year.

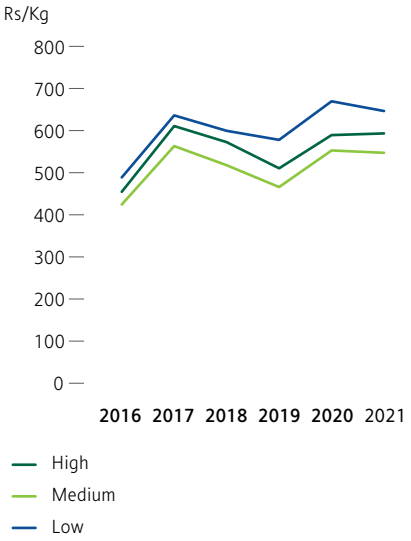
Prices: Tea prices remained relatively strong, although declining by 2.3% in comparison to the previous year; accordingly, the average price clocked in at Rs.619.15 during the year, compared to Rs.633.85 the previous year. The decrease in pricing reflects the improvement in volumes supplied to the auction as well the surge in freight costs and packing material which impacted demand. Prices strengthened during the first quarter of 2022, however, reaching Rs. 763. 83 by end-March. Overall, demand for Sri Lankan tea remained strong, reflecting increased propensity towards healthy beverages such as tea.

Exports: The volume of tea exports increased by 8% to 286 million KGs, reflecting strong production in the first half of the year. Accordingly export earnings generated from tea amounted to Rs.1.3 bn during the year, an increase of 7% during the year. With a share of 47%, the Middle East continues to be Sri Lanka's major market for tea exports, while increasing 11% during the year.

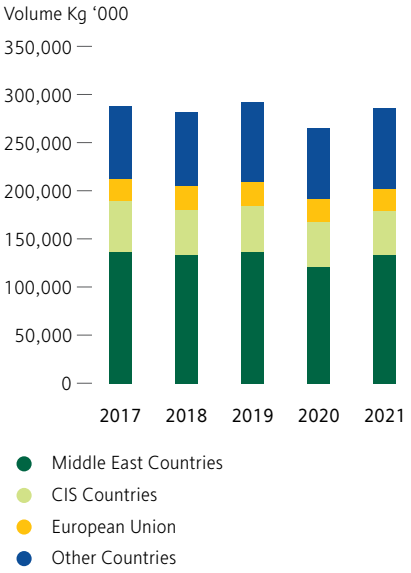
Sri Lanka tea production



Colombo Auction Tea Price



Tea Exports



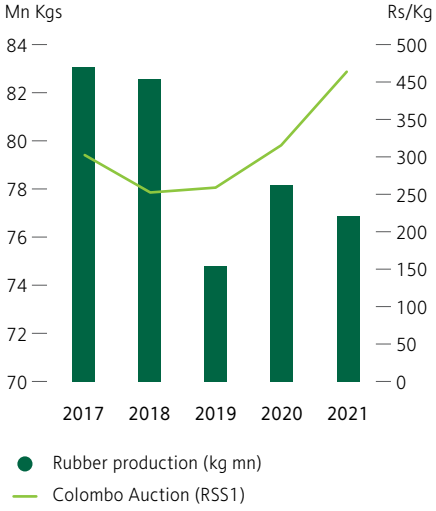
Other developments in the Tea Industry

- Wage hike of plantation sector workers to Rs.1000 per day
- Five-year Strategic Plan and Action Plan for the Tea Sector in Sri Lanka (2021-2025)
- Tea auction upgraded as a Smart Auction with new trading features in 2021

RUBBER INDUSTRY

Sri Lanka's rubber production has been on a declining trend and decreased further during the year by 1.7% to 76.9 million KGs in view of adverse weather conditions and the prevalence of fungal disease. Exports mirrored production trends, declining by 1.7% to 15.5 million KGs during the year. Prices, however, recorded significant improvement in line with the increase in global prices on the back of supply disruptions and higher demand from East Asia; accordingly the average price of RSS1 increased by 31% to Rs. 460.78 at the Colombo Rubber Auction, while latex crepe increased by 74%. The Rubber Development Department and the Rubber Research Institute continued to implement initiatives aimed at improving sector productivity and raising value addition in the industry.

Rubber production



PALM OIL

Inconsistency in government policy has been a major impediment to the sustainable growth of oil palm in Sri Lanka. Despite government approval in 2014, the government subsequently banned cultivation and in 2020 mandated companies to gradually uproot oil palm and cultivate alternative crops. The cultivation of oil palm has the potential to transform the country's dwindling plantation sector while generating export earnings and preserving foreign exchange through import substitution on edible oil. It is a highly productive crop, requiring limited land, generating wide profitability margins, and enjoying consistently rising demand given its versatility and use in numerous applications ranging from cosmetics, confectionary and pharmaceutical products. Prices increased significantly during the year, in line with the surge in global commodity prices.

Economic and Industry Environment

OPPORTUNITIES AND RISKS

A PESTEL analysis enables the Group to effectively identify and respond to emerging dynamics in the operating landscape, which could present both opportunities and risks.

P (Political) factors		
Risks		**Opportunities**
As discussed in last year's Annual Report, the ban on chemical fertilizers and weedicides led to declines in production and crop quality, ultimately resulting in an increase in the cost of production. Although the ban was subsequently lifted, prices surged in ensuing weeks further pressuring cost of production. Over the short-to-medium term, this could affect Sri Lanka's competitiveness in the global tea market. The wage hike for plantation sector workers was implemented during the year, and led to a significant increase in cost of production while impacting productivity and worker income levels. 9% increase in cost of production for tea in 2022	**Government policy including,** The ban on chemical fertilizers Wage hike for estate sector workers	Increase reliance on organic fertilizer and commence the production of organic fertilizer
The Ukranian/Russian conflict can adversely export volumes. 9% increase in cost of production for tea in 2022	Geopolitical dynamics	Economic recovery of advanced countries following successful vaccine rollouts
High interest rates on borrowings	Tighter monetary policy	Increased earnings on investments

Our response

Leverage our expertise and experience in using organic fertilizer to further reduce dependence on chemical fertilizer

Revenue diversification through increased focus on value-added products

Link to strategy: Design 2020, Agriculture and Processing strategy, Sustainability strategy

E (Economic) factors		
Risks		**Opportunities**
Sharp depreciation of the Sri Lankan Rupee affect the country's competitiveness in the international tea market Surge in the prices of imported input materials including chemical materials	The prevalent economic crisis has led to interruptions in the supply of essential items including energy and rapidly increasing inflation	-
The Group is directly exposed to declines in commodity prices through its exposure to tea and rubber	Fluctuations in commodity prices	The price of natural rubber is positively correlated to crude oil prices and presents an opportunity for improved profit margins.

Our response

Strategic emphasis on diversifying revenue sources to reduce exposure to traditional commodity markets such as tea and rubber

Leverage the Aitken Spence PLC Group's expertise in effectively managing foreign currency risk

Link to strategy: Sustainability strategy

S (Social) factors		
Risks		**Opportunities**
Potential disruptions to estate and other operations	Social unrest stemming from the present protests across the country	-
An ageing working population in the country's estate sector and reluctance of younger generations to seek employment in the sector, has resulted in a shortage of labour	Availability of labour	Attracting the younger demographics through an enhanced employee value proposition centering on improving dignity of labour
Increased price sensitivity in buying markets could affect Sri Lanka's competitiveness in the global market, particularly given the country's high cost of production and weakening exchange rate	Changing customer preferences	Increased demand for orthodox black tea due to its anti-viral properties given increased prevalence towards healthy beverages

Our response

Long-term HR strategy to strengthen employee value proposition

Link to strategy: Design 2020, Sustainability strategy

Economic and Industry Environment

T (Technology) factors		
Risks		**Opportunities**
-	Transition of the Colombo Tea Auction to a digital platform	Sri Lanka's ability to swiftly transition to a digital platform, enabled the country to benefit from the surge in demand for tea, particularly given disruptions to operations in other tea producing countries.
Gradual reduction on the reliance of labour, which in turn could lead to social unrest	Digitalisation and automation of operations	Increased mechanization of operations could address prevalent labour shortages in the industry Improved visibility of field-level information through integrated IT systems will lead to better decision making and stronger controls.

Our response

Increased focus on driving digitalisation and automation of operations

Stringent and proactive measures to ensure employee health

Link to strategy: Design 2020, Agriculture and Processing Strategy

E (Environmental) factors		
Risks		**Opportunities**
Erratic weather patterns and rising temperatures affect the volume and quality of crops and could have a significant impact on the Group's financial performance	Implications of climate change	Explore ecologically sound cultivation practices to minimise adverse environmental impact Increase renewable energy generation to offset the Group's carbon footprint
Water stresses could impact the quantity and quality of production as well as lead to increased costs	Water scarcity	Increase rainwater harvesting capacity and recycling of used water
Affect yields and quality of crops	Erosion of soil quality	Ongoing efforts in place to increase carbon levels and water retention levels

Our response

Ongoing emphasis on crop diversification, renewable energy, soil quality and rainwater harvesting

Link to strategy: Sustainability strategy

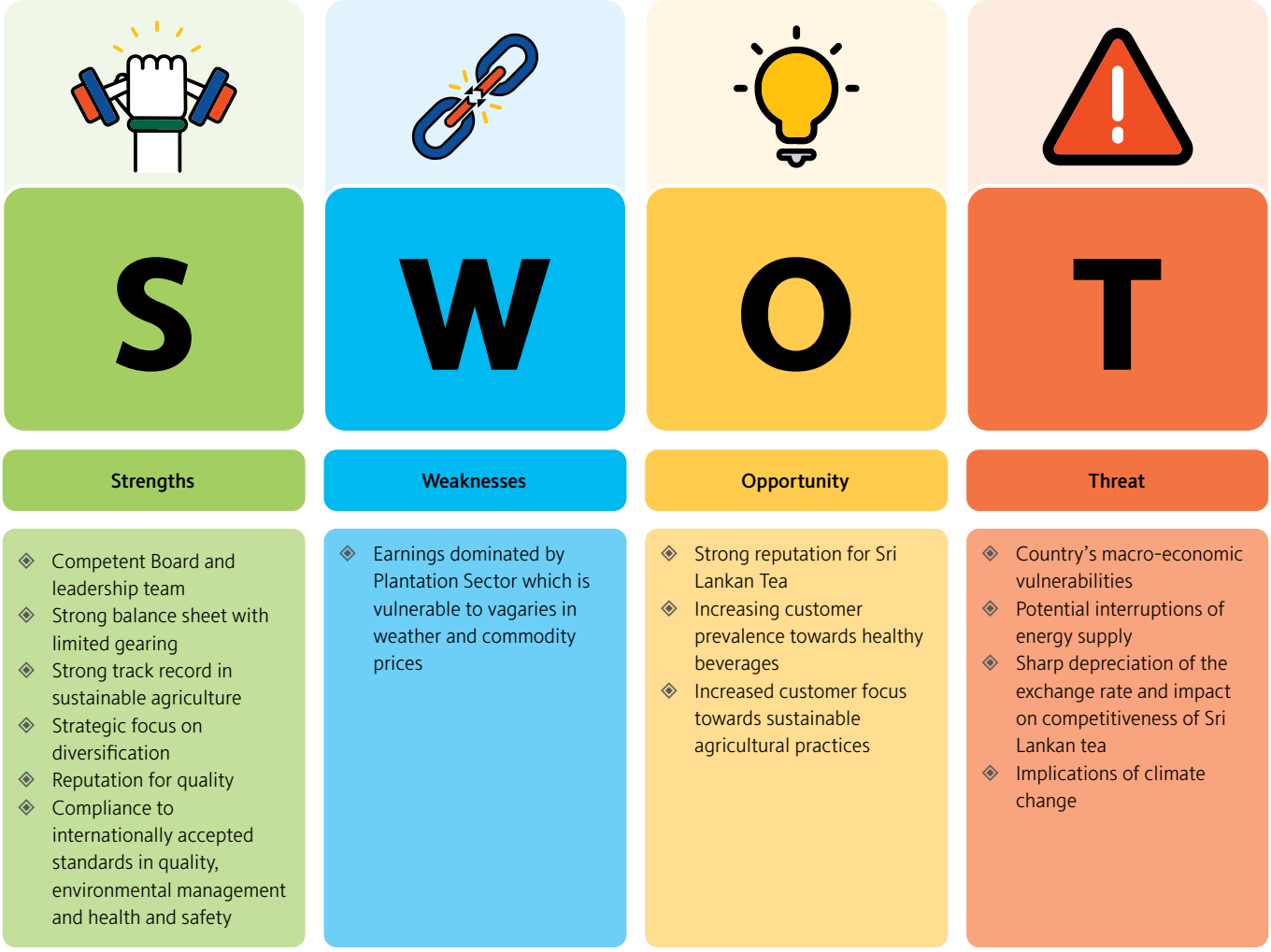
L (Legal) factors		
Risks		**Opportunities**
Direct implications on the Group's financial performance	Ban on the cultivation of oil palm with the Government requiring companies to uproot current cultivations in a phased manner.	

Our response

Exploring avenues for revenue diversification

Link to strategy: Design 2020, Sustainability strategy

SWOT ANALYSIS

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A TRANSFORMATIONAL STRATEGY

Strategy and Resource Allocation

OUR TRANSFORMATIONAL STRATEGY

The Group's Integrated Corporate Strategy was launched in 2020 and has provided a solid foundation for EPP to pursue its transformational objectives. The Strategy centres on three key pillars and is designed to transform EPP from a traditional, commodity-based organisation to a diverse, entrepreneurial, and dynamic entity with strong social and environmental consciousness. The strategy is informed by the implications of the external environment, the Group's inherent strengths and stakeholder interests.

Our Vision:
We will strive to be the
No. 1 Plantation Company
A Model for Sri Lanka

No. 1 in,
Profitability growth per hectare
Growth in process productivity
Value addition

OUR CREDO

- We will enhance continuously our shareholder value
- We are committed to continuously strategic H R D initiatives
- We will continuously explore opportunities for value addition tour resource base
- We are committed to enhancing employees' quality of life
- We will enhance continuously our shareholder value
- We are committed to continuously strategic H R D initiatives
- We will continuously explore opportunities for value addition tour resource base

Key Performance Indicators

- Productivity: yield per hectare for tea, rubber, and oil palm
- Revenue growth and contribution from non-traditional crops
  Land extent cultivated with non-traditional crops
- Range of KPIs relating to,
  Water withdrawal
  Energy consumption
  Green cover

Agriculture and Processing Strategy

Increase crop yields and labour productivity through field and factory mechanization and better agricultural practices

Design 2020
Create greater economic and social value through revenue diversification and leadership development

Sustainability Strategy

Ensure a sustainable and responsible operation through social and environmental consciousness

Delivering Our Strategy

AGRICULTURE AND PROCESSING STRATEGY

The Group's Agriculture and Processing Strategy is centred on increasing crop yields and labour productivity, thereby addressing the persistent challenges of labour shortages and low yields through mechanization and better agricultural practices. The Group continues to make considerable progress in driving these aspirations delivering gradual improvements in crop yields, productivity, and product quality.

Strategic initiative/Highlights in 2021/22

- Upgrade of factory machinery including purchase of several boilers for the factory
- Customised products based on market insights
- Deployment of 160 tablet computers among field officers, which enabled data aggregation and automation at field level
- Set up a tissue culture lab in the New Peacock Estate
- Sustainable agricultural practices including precision agriculture techniques, use of organic compost to improve soil organic levels and soil fertility as well as water retention levels

Resources allocated

	Rs. 184 million Investment in factory modernisation
	Rs. 9 million Investment in technology
	7,255 Training hours for employees

Key Performance Indicators

	2021/22	2020/21
Tea-yield per hectare	1,786	1,794
Rubber-yield per hectare	746	1,073
Oil palm-yield per hectare	16,140	12,662
Net Sales Average -Tea	603	586
Time saved through digitalisation (man hours)	51,345	48,900

Capital trade-offs

	Investments in machinery upgrades and factory modernisation require an outlay of financial capital, but over the long-term will support increased productivity and profitability while reducing reliance on human capital
	Investments in sustainable agriculture enabled the Group to remain resilient to the challenges that prevailed during the year including the shortage of fertilizer and interruptions to energy supply

Way Forward

- Pursue opportunities in manufacturing organic fertilizer
- Ongoing focus on productivity improvements, automation and efficiencies

Delivering Our Strategy

DESIGN 2020

The Group's forward-thinking, holistic DESING 2020 strategy seeks to transform EPP to a diverse and entrepreneurial organisation through venturing into new businesses and driving value addition while developing the Group's leadership capabilities. Having successfully achieved the financial goals set out in DESIGN 2020 prior to the expected target, the Group is now positioned leverage the strong foundation placed to drive further transformation of its business model.

Leadership development

Economic value creation

Social value creation

Strategic initiative/Highlights in 2021/22

- Continued investment in the Berry Project, with the commencement of commercial cultivation and sale of Raspberries and Blackberries and wider distribution of Strawberries
- Acceleration of crop diversification including Cinnamon, Coffee, Avacado
- Initiated three new renewable energy plants with a generation capacity of 565 kW, which will be commissioned next year
- Opening of the Group's first retail outlet- Harrow House offering a range of value-added products under the three brands of Harrow Ceylon Choice, Tropifruit and Berrymuch
- New product development in Tropifruit (including jam, and juices) and Harrow Ceylon Choice (Wellness range of teabags)
- Increased focus on human capital development (refer to page 92)
- Leveraging strategic partnerships to explore new business opportunities

Resources allocated

	Rs. 9 million Investment in value added- products
	25 new customer relationships acquired
	Investments in setting up the Group's first retail outlet
	Strategic partnerships
	78 hectares cultivated with non-traditional crops

Key Performance Indicators

	2021/22	2020/21
Revenue growth from non-traditional crops (Mn)	54	1
Land extent cultivated with non-traditional crops (Ha)	78	68

Crop diversification

Crop	Extent cultivated (Ha)
Oil palm	1,608
Commercial forestry	958
Cinnamon	124
Coffee	24
Fruit cultivation	28

Capital trade-offs

Investments in non-traditional crops and value-added services require financial outlay in the short-term, but would support increased earnings diversity in the medium-to-long term.

Way Forward

- Development of a new vision and purpose and realignment of the strategy to drive the next phase of evolution and growth
- Pursue opportunities in renewable energy including wind power generation
- Ongoing focus on expanding our presence in non-traditional crops including cinnamon, organic, cinnamon and fruits among

SUSTAINABILITY STRATEGY

The Group's Sustainability Strategy is a core component of its three-pronged corporate strategy and has been designed to effectively address several critical challenges impacting the long-term sustainability of the plantation sector. The Sustainability Strategy centres on six specific sustainability aspirations with measurable targets and KPIs and is aligned to six specific Sustainable Development Goals.

01 Water efficiency

02 Green energy

03 Land productivity and biodiversity

04 Uplifting communities

05 Mechanisation and Automation

06 Sustainable strategic partnerships slides and charts

Sustainability Issues Addressed

Climate Change
The impacts of climate change have continued to intensify, impacting the plantation sector through erratic weather patterns, rising temperatures and fluctuations in rainfall patterns.

Manpower constraints
Limited availability of labour and an increasingly aging workforce in the plantation sector, have directly impacted the Sector's long-term sustainability.

Low yields
Lower yields and persistently rising cost of production could over the medium to long-term affect Sri Lanka's competitiveness in the international tea market.

Delivering Our Strategy

Progress made in 2021/22 is summarised below and discussed in further detail in the relevant Capital management sections of this Annual Report.

- Commissioned 3 solar PV rooftop systems in Fenlands, Dunsinane and Meddecombra estate areas with a total generation capacity of 565kW.
- Planted 18.78 Hectares of bamboo (>10,400 plants) as a means of sustainable biomass for thermal energy.
- 12 rainwater harvesting ponds built during the year, bringing the total to 77 across 13 estates.
- Reduce usage of chemical weedicides, pesticides and fertilizer by 32% through increasing application of organic fertilizer, which amounted for 61% of total fertilizer during the year.
- Application of pesticides and weedicides reduced by 60% and 46% respectively through the use of cultural methods
- Use of all biodegradable products to manufacture organic fertilizer
- Investment of Rs. 111 Mn in improving living conditions within estates

SUSTAINABILITY SCORECARD 2021/22

Initiative	KPI	Goal	Actual 2021/22
6 CLEAN WATER AND SANITATION **Goal 1: To be the most water efficient plantation company**			
Establish 52 ponds increase rainwater harvesting capacity	Rainwater harvested (ltr)	180 Mn	77 Ponds Over 254 Mn Liter
Irrigate tea and oil palm land with harvested rainwater	% of plantations irrigated	25	50 Ha
Increase water shed land extent	% of total land	5	10.5
Increase catchment areas	% of total land	15	11%
Increase carbon level of soil	% of carbon	5	2.75
Provide potable water to all estate households	% of households with potable water	100%	83%
Create awareness on sustainable use of water resources	Awareness programmes	80%	100%
7 AFFORDABLE AND CLEAN ENERGY **Goal 2: To achieve Self-sufficiency in energy through sustainable energy sources**			
Electrical energy requirements to be met /set off by Hydro Power and Solar Power generation	% of energy fulfilled through renewable energy	100%	141%
Full thermal energy requirement through estate grown sustainable biomass sources	% of thermal energy requirements	100%	5%

Initiative	KPI	Goal	Actual 2021/22
Goal 3: To enhance land productivity by at least 10% by 2025 whilst protecting the biodiversity in the area			
Reduce chemical fertiliser application	% of reduction	50%	29%
Reduce chemical pest control	% of reduction	80%	78%
Reduce chemical weed control by 80%	% of reduction	80%	46%
Increase green cover by 10%	% of increase	10%	6%
Goal 4: To be the leader in mechanisation and automation within the plantation sector			
Promote intelligent Agriculture	% of increase	10%	10%
Drive factory process automation	% of processes automated	100%	32%
Increase field mechanization	% of operations mechanized	75%	55%
Productive use of entire land extent through GIS applications	% of increase	10%	10%
Goal 5: Gain competitive advantage through sustainable strategic partnerships			
Widen knowledge base through collaborations	No of Partnerships	100%	3
Strategic partnerships for new business developments.	No of Partnerships	100%	3
The Group has formed strategic partnerships with several organisations and stakeholders in line with its aspirations for business diversification and value addition. These include SLINTECH, private sector organisations and smallholders.			
Goal 6: Promote Community Upliftment and Youth Empowerment			
Increase employment from local communities	% of permanent employees hired from local community	90%	95%
Increase access to health and educational facilities	% of community with access	100%	100%

Sustainability Highlights of 2021/22

EPP has long-since embedded the principles of social and environmental sustainability to its strategy, operations and processes as it strives towards its aspiration of becoming the most sustainable plantation company in Sri Lanka. Despite the uncertainty and challenges that prevailed during the year, the Group continued to make significant progress in its sustainability journey, recording several key milestones as listed below.

Key sustainability highlights for 2021/22 are set out below:

Empowering Our People:

- Ongoing 295 new housing units for 1,033 beneficiaries in addition to new child development centres, community centers, new roads, and Infrastructure's developments in partnership with the Ministry.
- Water and Sanitation improvements through providing new water projects and toilets.
- Rs.35 million investment in health screening and medical facility improvements.
- Mother & Child friendly plantation project in partnership with Save the Children Fund.
- Rs. 2.2 million investment in an Elders home for caring for elders.
- Free uniforms, textbooks, and other school materials donated to 1033 school going children.
- Scholarships granted for 11 A/L students and 31 university students in partnership with the MJF Fund.
- Distribution of nutrient supplements for-23 orphans and-36 differently able children.
- Implementation of HACCP-ISO-22,000-2018, food safety system in processing centers.

Protecting our Planet

- Harvesting the rain - over 254 million Litres of rainwater harvested through 77 rainwater harvesting ponds to maintain 11% of the estate land extent as catchment areas.
- Application of 4.59 million Kgs of organic compost which accounted for 61.28% out of total plant nutrient inputs. We also reduced chemical fertilizer by 29% thereby improving the soil Carbon levels to -2.7% and increasing soil water holding capacity and soil nutrients.
- Reducing application of chemical weedicides, pesticides respectively by -46% and 78% by introducing cultural, mechanical, and biological methods with friendly weed (chemical free) extent of 996 Hectares -24% of the cultivated extent.
- Increasing green cover by 10% through planting trees in boundaries, ravines, roadsides, restoration of stream reservations, catchment areas with native species for development of animal corridors and protecting biodiversity.
- Implementation of Rainforest Alliance, FSC environmental management system for conservation of environment.
- Harnessing the Sun -Generation of renewable electrical energy - (6,921,213 -kWh) which was more than 141% of our electrical energy consumption from the national grid, thereby emerging as a carbon neutral plantation company in electricity.
- Sustainable thermal energy supply with planting over 166 Hectares of bamboo and fuelwood to be self-sufficient with the 30,000 Cu, Mts, thermal energy demand.
- Awareness programmes on water conservation through preventing water pollution.

Sustainability Highlights of 2021/22

Our Profit Focus

- Harnessing the Sun - To be self-sufficient in our electrical and thermal energy requirement thereby saving expenditure on electrical/ thermal energy demand operations.
- Additional revenue generated from Solar/renewable energy.
- Automation of factory process and mechanization of field work to improve the efficiency by saving man days, time, and expenditure.
- Implementation of Design 2020 for the diversification of business portfolio to reach targeted profit.
- Transformation of the Group from a commodity supplier to a dynamic, diversified, innovation and entrepreneurial organisation that creates maximum business and social value, underpinned by a transformational strategy consisting of Agriculture & Processing, Design 2020 and Sustainability.
- Growth and synergies through strategic partnerships including Escape Adventure Park, Tropical fruit cultivation with CBL and organic cinnamon.

Awards and Recognition

The Group continues to be recognised for its sustainability practices and corporate reporting. Key awards received during the year,

- CMA Excellence in Integrated Reporting Awards
  1- Winner in the Plantation Sector
  2- Among Sri Lanka's top 10 Integrated Annual Reports

- Best Corporate Citizen- Special Projects Award
  Winner- Go Green and Beyond project

PERFORMANCE IN 2021/22

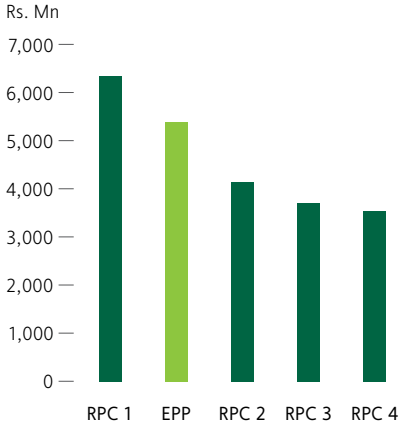
PERFORMANCE AGAINST COMPETITION

At the point of privatization, EPP was one of the weakest RPCs in the Sector having consistently incurred losses and eroded its capital position. Accordingly, the Group was amongst the last RPCs to be privatized. However, since then the Group has demonstrated remarkable evolution growing into one of the best performing RPCs in the industry, based on growth, profitability and yields. This evolution has been underpinned by a transformational strategy and long-term approach to value creation, which has enabled the Group to directly target investments towards enhancing its triple bottom line value proposition.

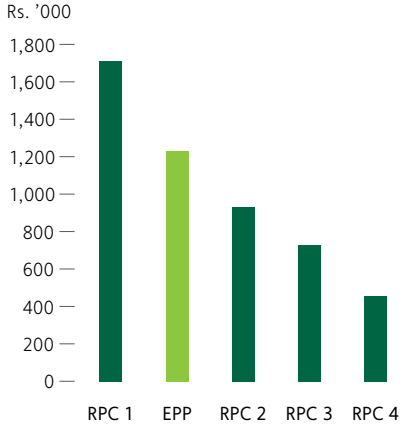
	Accumulated profit (Rs. million)	Accumulated profit/Ha (Rs. '000)
RPC 1	6,346	1,713
EPP	5,391	1,234
RPC 2	4,143	931
RPC 3	3,708	728
RPC 4	3,531	456

Profit growth and profitability per hectare that compares well against industry counterparts

Accumulated Profit up to 2021/22



Accumulated Profit Per Ha



Tea

The tea sector remained resilient despite the challenging operating conditions, recording a 4% growth in revenue and 1% growth in production during the year. The buoyant performance was supported by strong global pricing for tea, combined with our continued commitment to driving greater productivity and ensuring high standards of quality in our processes.

Strategic Priorities	Implications from the Operating Environment
◈ Ensuring uninterrupted operations despite the numerous challenges that prevailed ◈ Strategic focus on sustainable agricultural practices ◈ Continuing sustainable agricultural practices ◈ Focus on developing employee productivity ◈ Mechanisation and automation	+ Strong prices for tea given the global demand conditions + Increased demand for high quality Sri Lankan tea - Escalating cost of production - Adverse weather conditions - Unfavourable policy developments including wage hike and fertilizer ban

Capital Value creation

Segment Profit of
Rs. 397 million
(-3%)

Crop
4,504,076 kgs
(+1%)

Yield per hectare
1,786 kgs
(-0.4%)

Investments in research and development

Net Sales Average of
Rs. 603
(+3%)

Committed to sustainable agricultural practices

Performance in 2021/22

Performance:
The Sector's Revenue growth was supported by buoyant tea prices together with the sector's unwavering efforts to continue operations despite the numerous challenges that prevailed during the year. EPP's NSA (Net Sales Average) increased by 3% to Rs. 603 per kg during the year reflecting the increase in tea prices in the Colombo Tea Auction.

However, the sector was unable to gain the full benefit of the increased prices due to the 9% increase in the cost of production reflecting higher wage costs, drastic increase in fertilizer costs, freight charges and the rising price of other raw materials which ultimately impacted margins, and overall profitability. Despite these challenges, the sector managed to report Segment Profit of Rs. 397 Mn, recording a decline of 3% compared to last year. EPP has continued to invest in digitisation and mechanisation in order to facilitate improved performance management, manufacturing efficiencies and greater productivity in our processes.

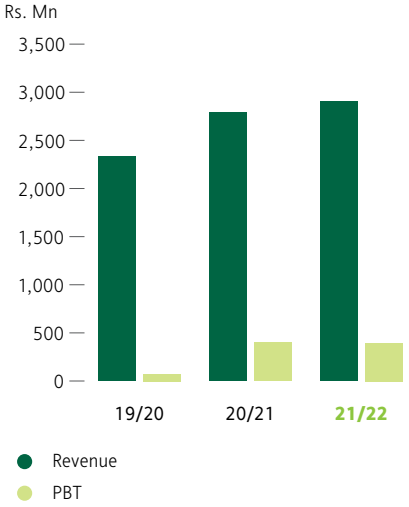
Production and Yields:
Unfavourable weather conditions combined with the ban on weedicides and pesticides resulted in a decline in national production during the year. However, EPP was able to maintain volumes and yields with total tea production amounting to 4,504,076 Kgs during the year, compared to 4,451,162 Kgs in 2020/21 while the yield per hectare decreased from 1,794 Kgs to 1,786 Kgs. Our resilience is underpinned by our long-standing commitment to sustainable agriculture, which allowed the gradual reduction of chemical fertilizer and increased reliance on organic material. This together with mechanisation efforts, enabled us to improve yields and maintain crop volumes across all our estates.

Value Addition:
In line with our value addition strategy, we have expanded the product range offered through our own brand Harrow Ceylon Choice. We continue to pursue opportunities in this segment by expanding our distribution channels, seeking to benefit from increased penetration in both the local and international markets.

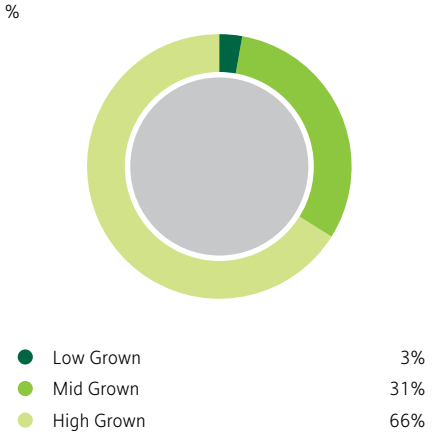
Highlights of 2021/22

REVENUE	SEGMENT PROFIT	VOLUME	NSA
+4%	-3%	+1%	RS. 603

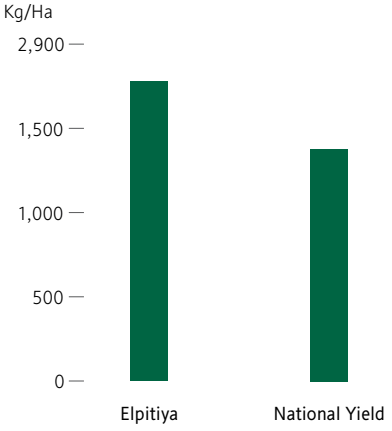
Sector Performance



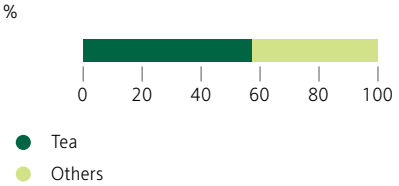
Production by Region



Tea- Yield Per Hectare



Revenue Contribution



The shift in demand towards healthier alternatives led to innovative product developments through our Research and Development team, which included a Wellness range consisting of 5 flavours of tea bags (Moringa, Soursop leaves, Cinnamon, Corriander and Ginger)

Trends: traditional tea drinking customer is aging. Younger generation is shifting to healthier platforms.

Way Forward:

Robust prices for tea are expected to continue as global demand for tea is expected to sustain at the current levels. However, the outlook for Sri Lanka remains challenging given the uncertainty in the domestic economy which could exert undue pressures on operations and margins. Therefore, we remain committed to improving our internal processes by driving productivity, efficiency and yields through ongoing investments in factory and field mechanization, sustainable agricultural practices and HR development. We are also looking to strategically move up the value chain and continue to direct our research and development efforts in this regard.

Opportunities	Risks
◈ Favorable exchange rate movements ◈ Attractive pricing due to high demand for orthodox tea ◈ Opportunities through the value addition segment	◈ Implications of climate change and erratic weather patterns ◈ Adverse policy developments ◈ Rising inflationary pressures on operational costs

Rubber

The sector recorded an impressive revenue growth of 5% during the year, supported by the escalation of natural rubber prices in the global market, despite volumes being affected by fungal diseases and adverse weather conditions. We continue to strive for improvements in quality and enhanced productivity of our lands despite having made a strategic decision to reduce our dependence on rubber and convert low yielding lands to more lucrative crops as part of our diversification strategy.

Strategic Priorities	Implications from the Operating Environment
◈ Improving crop yields and quality ◈ Exploring opportunities in the higher value adding rubber segment ◈ Enhancing employee productivity	+ Higher demand for natural rubber + Supply deficits arising from global supply chain disruptions and adverse weather conditions - Unfavourable policy developments - Sharp increase in the price of fertilizer and other imported raw materials due to the depreciation of the local currency

Capital Value creation

Segment Profit of
Rs. 57 million
(+862%)

Crop
440,519 kgs
(-32%)

Yield per hectare
746 kgs
(-30%)

Investments in research and development

1
New customer acquired

Committed to maintaining high standards of good agricultural practices and overall sustainability

Performance in 2021/22

Performance:
Sector revenue grew by 5% during the year, driven by the surge in global prices for natural rubber on the back of supply disruptions and higher demand from East Asian countries. Demand for rubber continued to be strong, in view of the increased demand for PPE such as gloves and masks, following the outbreak of the pandemic and the prolonged effects of it. Our proactive efforts to control the cost of production and operating expenses together with the growth in revenue due to improved pricing, led to the sector recording a Segment Profit of Rs. 57.1 million during the year, compared to a loss of Rs. 7.49 million the previous year.

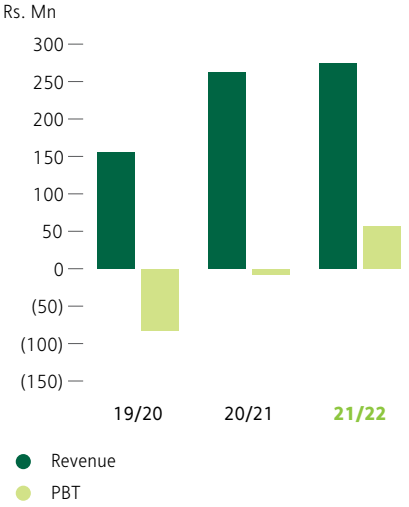
Production and Yields:
Considering the comparatively lower returns from rubber and the numerous challenges faced by the sector, the Group continued to reduce its dependency on the crop by pursuing a crop diversification strategy, thereby enhancing the productivity of uneconomical rubber lands. Consequently, EPP's rubber cultivation as at the end of the year amounted to 741 Ha. Meanwhile total production during the year amounted to 440,519 kgs compared to 650,286 Kgs in 2020/21. Yield amount to 746 kg/Ha in 2021/22.

Value Addition:
Having understood the importance of moving up the rubber value chain, we continue to explore opportunities in the domestic and global market in this segment. In line with our diversification strategy, we aggressively sought customers in the sole crepe and coloured sole crepe segments through direct selling, thereby reducing our dependence on the volatile auction prices.

Highlights of 2021/22

REVENUE	SEGMENT PROFIT	PRODUCTION	NSA
+5%	+862%	-32%	RS. 619

Sector Performance



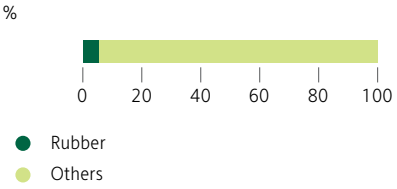
Introduction of early tapping technique to benefit from productivity and quality gains

Ethilin stimulation process for the extraction of latex

Rainguard on trees, Rainwater harvesting and land irrigation to mitigate impact of climatic conditions

Improving soil quality through sustainable agricultural practices such as composting and water retention

Revenue Contribution



Way Forward:

Global prices are expected to remain at a higher level supported by sustained demand for natural rubber. The outlook for Sri Lanka remains challenging, particularly given the increasing costs of production, unfavourable weather patterns and the overall volatility in the domestic economic environment and this is expected to exert pressure on margins. We will continue to focus our efforts on managing our cost of production while gradually moving into the higher margin value-added segments. We will also continue to convert unproductive rubber lands to more lucrative crops in order to enhance the productivity of our existing lands.

Opportunities	Risks
◈ Favourable exchange rate movements. ◈ Opportunities for growth through the value-added segment	◈ Implications of climate change and erratic weather patterns ◈ Interruptions to energy and fuel supply ◈ Shortage of fertilizer ◈ The rising cost of production ◈ Volatility in key economic indicators

Oil Palm

The oil palm sector recorded significant growth in performance and continues to be our most profitable segment, accounting for 35% of Group revenue. Despite being plagued by inconsistent government policies and growth being hindered by the recent ban on cultivation of oil palm, the sector continued to deliver positive results driven by strong pricing and sustainable agricultural practices

Strategic Priorities	Implications from the Operating Environment
◈ Application of sustainable agricultural practices ◈ Improving crop yields through automation and mechanization ◈ Increasing the productivity of existing lands	+ Rising demand for oil palm given its versatility and use in numerous applications ranging from cosmetics, confectionary and pharmaceutical products + Increase in oil palm prices due to the strong demand - Inconsistent and unfavorable government policies which have hindered industry growth

Capital Value creation

Segment Profit of
Rs. 1,239 million
(+120%)

Crop
21,484,990 kgs
(+30%)

Yield per hectare
16,140 kgs
(+27%)

Investments in research and development

Net Sales Average of
Rs. 83
(+45%)

Rainwater harvested irrigation scheme

Performance in 2021/22

Performance:
The oil palm sector recorded significant growth in performance, with revenue increasing by 89% to Rs 1.79 Bn during the year. Growth was supported by strong domestic demand and the resultant increase in prices during the period under review. The sector emerged as our most profitable sector during the year, contributing 71% to Consolidated Segment Profit.

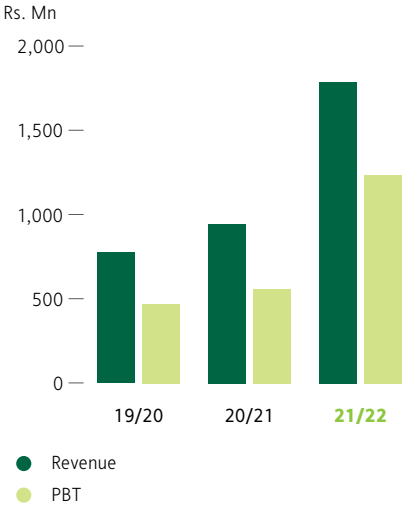
Cultivation:
Having identified palm oil as a lucrative crop, the Group made significant investments in the crop, when the Government encouraged its cultivation in 2014. The Group currently has approximately 1,608 hectares of cultivated oil palm land in seven of its low country estates. Unfortunately new cultivation was prohibited by the Government in 2021, due to which seedlings worth Rs. 10.3 Mn which are currently in nurseries, are likely to mature. EPP has also formed a joint venture, AEN Palm Oil Processing (PVT) Ltd, a partnership between Agalawatta Plantations, Elpitiya Plantations & Namunukula Plantations to manufacture crude palm oil.

Production and Yields:
The sector remained resilient, delivering a strong performance during the year supported by strong pricing. Total crop amounted to 21,484,990 Kgs during the period under review, compared to 16,554,790 Kgs in the previous year. Crop yield increased from 12,662 Kg/Ha to 16,140 Kg/Ha despite the shortage of fertilizer in the domestic market. The increased yields can be attributed to our focussed efforts over the years on implementing sustainable agricultural methods to enrich the soil, enhancing process efficiencies and improving the quality of our existing crop.

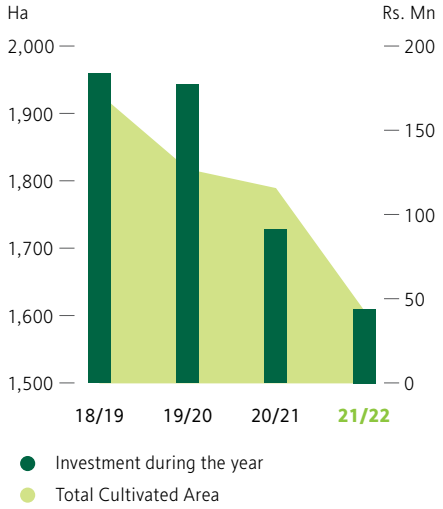
Highlights of 2021/22

REVENUE	SEGMENT PROFIT	PRODUCTION	NSA
+89%	+120 %	+30%	RS. 83

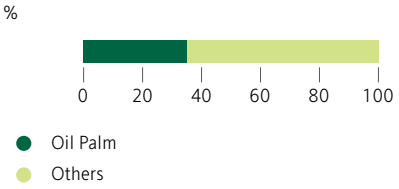
Sector Performance



Investment in the Sector



Revenue Contribution



Mechanization of several field operations including pruning and harvesting

Systematic expansion the rainwater harvesting irrigation scheme covering 50 Acres of our oil palm land in order to maintain the water content of oil palm lands

Way Forward:

The oil palm industry has a significant potential to transform Sri Lanka's dwindling plantation sector and contribute towards import substitution in the edible oil segment. Despite the inconsistent government policies and the uncertain economic outlook, we are confident in the management's ability to navigate the sector through the unprecedented challenges. We will continue to work closely with the relevant stakeholders towards ensuring a mutually acceptable way forward for the industry.

Opportunities	Risks
◈ Opportunities through crop diversification ◈ Driving cost efficiencies through improved productivity	◈ Unfavourable government policies on oil palm ◈ Government mandated wage hikes ◈ Prolonged economic downturn

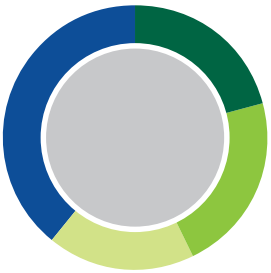
Strategic Investments

The Strategic Investments segment comprises of the Group's investments in sectors such as renewable energy, high value horticulture and commercial forestry. In line with the diversification strategy of the Group, operations in these segments are expected to provide significant contributions to earnings over the medium to long term.

Progress in 2021/22

The Design 2020 pillar of our strategy focuses on transforming EPP from a purely commodity- based organization to a diverse and sustainable entity, through revenue diversification and leadership development. Thus, the Group has embarked on its transformational journey of pursuing gradual diversification of its operations and revenue streams. Accordingly, the Group now has significant interests in key growth industries inlcuding renewable energy, high value horticulture, commercial forestry and leisure.

Revenue Contribution From Diversified Operations



Commercial Forestry	21%
Mini Hydro	22%
Solar Power	18%
Other	39%

BERRY SALES 2021/22

52 Mn

Performance in 2021/22

Renewable Energy

EPP's investments in the renewable energy sector includes 3 mini hydro projects and 14 rooftop solar projects with a total generation capacity of 3,923 kW at the end of the financial year.

We have continued to expand our renewable energy generation capacity during the year, in line with national renewable energy targets. Having completed solar implementation of all our factories, we solarized our bungalow roofs to increase our internal solar generation capacity.

In order to enhance our revenue generation capacity, we are expanding our renewable energy portfolio beyond our own estates. Consequently, several investments in third party solar roofs and mini hydro plants have been commissioned.

Expansion of our renewable energy generation capacity facilitated reduced reliance on fossil fuel-based energy sources, allowing the Group to offset carbon footprint. As a Group, we remain committed to expanding our renewable energy generation capacity as this has enabled us to drive our environmental objectives while meeting commercial aspirations.

27%
Revenue Contribution (as a % of total non-core income)

Rs. 685 Mn
Total Investment to date

Other Crops

- **Berries Project**
  The 'Berries Project' which is a vital part of the Group's DESIGN 2020 agenda, aims to cultivate four varieties of berries Strawberries, Blueberries, Blackberries and Raspberries on selected upcountry estates. Commercial operations have already commenced for strawberries, raspberries and blackberries albeit at relatively low quantities. Nevertheless, a significant progress was made during the year and the 2nd phase of the berry project is progressing as planned.

  Upon commercialization of all four berry varieties through our brand Berrymuch, we will be the first company in Sri Lanka to cultivate and market the full range of berries. We are also actively seeking opportunities in value added markets for berries such as the processing of berries into Jams and pulps through our brand.

- **Cinnamon Project**
  EPP's cinnamon cultivation which spans 124 Hectares, generated revenue of Rs. 19 Mn during the year. We have been focussing our efforts on increasing our production by increasing yields and streamlining operations as the segment has been profitable.

  Having launched an organic cinnamon project last year, we partnered with 41 certified out-grower farmers to exclusively purchase organic cinnamon during the year. The project will provide us access to over 600 acres of organic certified cinnamon cultivation and is certified by Control Union Certifications, an independent, global certification body specializing in organic farming.

  We are also looking to strengthen our presence across the cinnamon value chain by developing a range of value-added cinnamon products under the Harrow Ceylon Choice Brand.

- **Tropical Fruit Cultivation**
  The Group cultivates and markets a variety of tropical fruits including soursop, passionfruit and pineapple under the brand Tropifruit. These products are marketed for both the local and export markets. In addition to expanding the range of short-term fruit crops, we are also in the process of developing value-added products including tropical fruit jams, juices and pulps based on customer and product research.

35%
Revenue Contribution (as a % of total non-core income)

Rs. 162 Mn
Total Investment to date

Performance in 2021/22

Commercial Forestry

Our managed timber plantation currently spans over 958 Hectares of commercial forestry and includes a range of commercial timber plants such as Eucalyptus, Albizzia, Alstonia and more recently Agarwood. We maintained our commercial timber plantations in accordance with our forestry management plans, investing Rs. 25 Mn during the year for land upkeep and planting of Eucalyptus. As at the end of the year, the biological asset value of our timber plantation was at Rs. 1 Bn. We are currently in the process of exploring the possibility of a strategic partnership to expand on Agarwood which will be a key business in the future.

16%	Rs. 1 Bn	Rs. 300 Mn
Revenue Contribution (as a % of total non-core income)	Total consumable biological assets	Total Investment to date

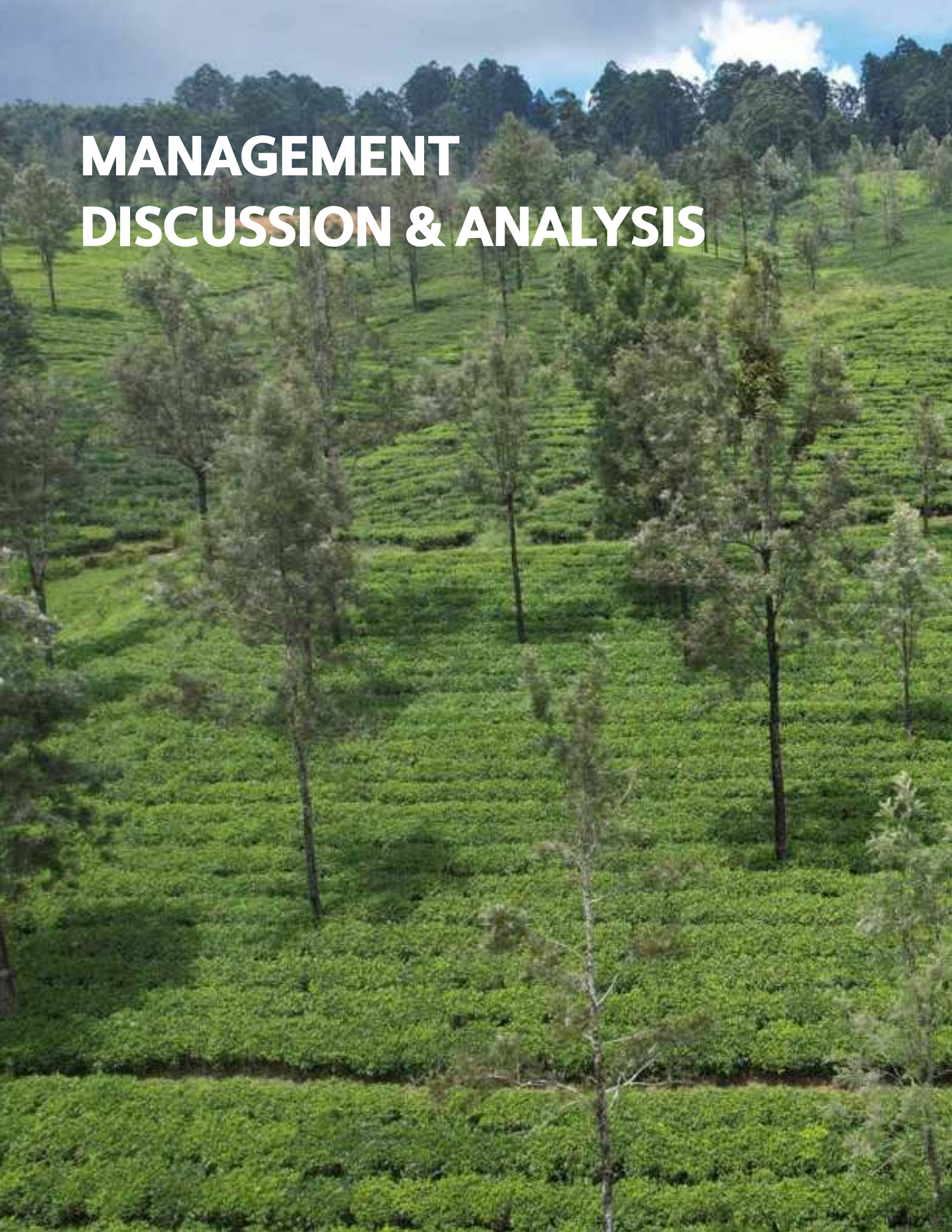
Leisure

We have expanded our interests into the leisure and tourism sector by entering into a joint venture partnership with Sim Leisure Group Ltd Singapore, a leading theme park developer to set up a world class ESCAPE theme park in Deviturai. The project, a first of its kind in Sri Lanka has significant growth potential as the market for adventure tourism remains largely untapped.

Although construction work has been delayed due to the unstable macroeconomic environment and inconsistent policies of the Government, the management and the team remain resilient and hope to accelerate the project in the short term.

Rs. 1 Bn
Projected Investment Cost

MANAGEMENT DISCUSSION & ANALYSIS



CAPITAL MANAGEMENT

Making trade-offs in driving our strategy

As the Group allocates resources to drive its corporate strategy, it inevitably makes trade-offs in capitals reflecting the limited availability of resources, often balancing competing stakeholder interests stakeholder interests and short-and-long-term nature of goals. The trade-offs we made during the year are given below:

AGRICULTURE AND PROCESSING STRATEGY

Increased investments in mechanization and automation will over the longer-term result in reduced reliance on people.

Factory development, mechanization and automation will gradually strengthen the Group's manufactured capital, but require an outlay of financial capital in the short-term.

DESIGN 2020

In driving its diversification strategy, it will be necessary for the Group to invest in strengthening its R&D capabilities to drive innovation. While this will adversely affect financial capital in the short-term, it will support stronger earnings over the long-term.

As the Group pursues investments in new products and value additions, it can enhance its intellectual capital through strong brands and organisational capital.

As the Group pursues diversification, it will be compelled to invest financial and human capital over the short-term in developing markets. However, this will enable the Group to enhance its Social & Relationship with the attraction and retention of new customers.

SUSTAINABILITY STRATEGY

Preserving and enriching quality of soil through organic fertilizer and reducing reliance on chemical fertilizer will require increased financial investments, particularly given the shortage of organic fertilizer in the short-term.

As the Group embeds sustainability thinking into its processes and operations, it can nurture a strong base or organisational learning on sustainable agricultural practices while propagating this knowledge across the supply chain.

Financial Capital

The Group delivered the highest revenue and profitability in its operating history, demonstrating strong resilience in a year of unprecedented uncertainty and volatility. Revenue for the year increased by 25% while profit after tax increased by 75% to Rs. 1.53 billion as the Group achieved a major milestone, surpassing the Rs 1.0 billion profit mark.

Value Addition in 2021/22

Improved profitability margins

- Supported by a richer product mix and strong pricing for our products
- Ongoing focus on mechanisation and efficiency improvements

Increased focus on diversification

- Revenues from non-core businesses doubled during the year demonstrating increased resilience of the earnings profile

Strong balance sheet

- Gearing levels negligible at 5%
- Strong equity base funding 74% of total assets

Financial Capital Inputs

Shareholders' funds of

RS. 6.90 BN

Borrowings of

RS. 318.85 MN

Way forward

- Ongoing focus on diversification, productivity improvements and mechanisation
- Proactive monitoring of emerging development that could affect performance and financial position

REVENUE

The Group's consolidated revenue increased by 25% to Rs. 5.10 billion during the year, supported by growth in all revenue categories. Oil Palm emerged as the key contributor to growth, increasing by 89% to Rs.1.79 billion, reflecting strong pricing for most part of the year. Resultantly, oil palm widened its contribution to Group revenue with a share of 35% during the year. Tea remained the key revenue generator to the Group with a share of 57% and recorded a growth of 4%, mainly in view of a near 3% and 1% increase in average pricing and volumes respectively. The Rubber sector also delivered a commendable performance, with revenue increasing by 5% supported by health pricing. The Group's diversification strategy continues to drive a gradual shift in its earnings profile, with the Other sector more than doubling its revenue during the year. With oil prices expected to remain elevated, potential earnings from this lucrative crop have been significantly impacted by the government's ban on oil palm cultivation, which has undermined our investments in this sector since 2014.

GROSS PROFIT

Despite a general increase in input materials and the wage hike, the Group's gross profit increased by 78% to Rs.1.74 billion during the year, reflecting a favourable product mix with increased contributions from oil palm and broad-based improvements in the pricing of our key crops- tea, rubber and oil palm. (Please refer to business line reviews on pages 64 to 81 for further information). Resultantly, the Group's gross profit margin widened to 34% from 24% the previous year. Going forward, however, margins are expected to be pressured by the sharp increase in the price of chemical fertilizer, general inflation levels and the sharp depreciation of the Rupee.

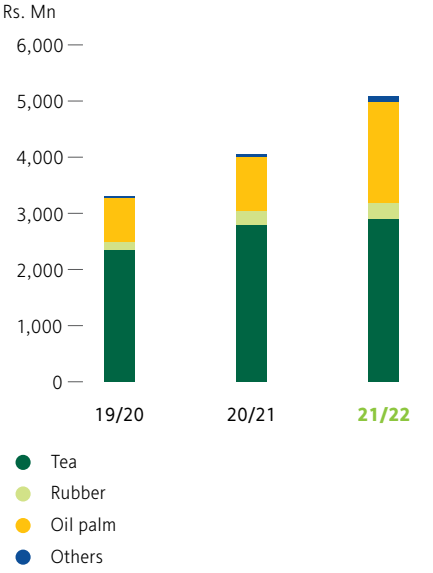
OPERATING PROFIT

Consolidated operating profit (prior to deducting management fees) more than doubled to Rs. 1.72 billion, reflecting improvements in core performance of all business lines and strong contributions from the Group's joint venture, AEN Oil Palm Processing (Pvt) Ltd. Oil Palm retained its position as the most significant contributor to Operating Profit, followed by Tea, Rubber recorded a return to profitability compared to negative operating earnings of last year. Other income increased by 42% to Rs. 198.78 million, supported by an increase in income from solar projects and commercial forestry. Share of profit from joint ventures nearly tripled to Rs. 233.58 million reflecting strong contributions from AEN Oil Palm Processing (Pvt) Ltd. Resultantly, the Group's operating profit margin widened to 35% from 22% the previous year. Meanwhile, workers profit share increased by 69% to Rs. 60.99 million reflecting the Group's continued efforts to implement productivity-linked remuneration models, which can contribute towards increasing workers' remuneration.

PRE- AND POST-TAX PROFITS

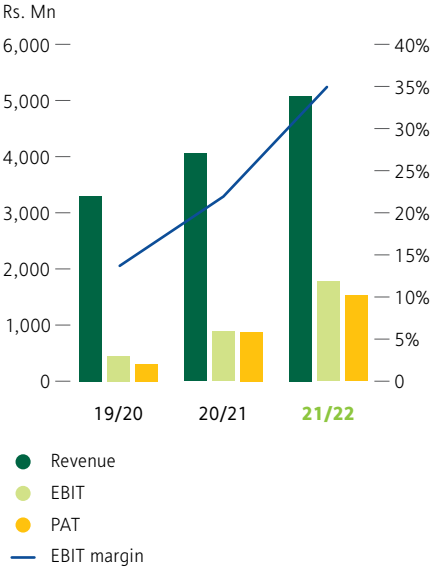
Finance income surged to Rs.45.13 million from Rs.2.10 million the previous year, driven by increased interest income on a short-term investment of Rs.950 million placed by the Group. Resultantly, net finance cost declined to Rs.4.79 million from Rs.46.21 million the previous year. Overall, consolidated pre-tax profit increased by 125% to Rs.1.63 billion, reflecting improvement in core performance across all crops and diversified earnings sources. Value creation to the government (in the form of tax payments) amounted to Rs. 100.92 million during the year. The Group's profit for the year increased by 75% to reach a record high of Rs.1.53 billion- the highest profitability in the Group's operating history. EPP's continued profitability in amidst unprecedented challenges attests to the robustness of its strategy and long-standing focus on sustainability which has enabled it to build a resilient operating model.

Revenue composition



Segment	Contribution %	Growth y-o-y (%)
Tea	57	+4
Rubber	5	+5
Oil palm	35	+89
Others	2	+131

Profitability trends



Capital Management

BALANCE SHEET STRENGTH

The Group's financial position is strong, as reflected by low gearing levels, a strong equity base and consistent growth in the asset base. Total assets increased by 22% to Rs. 9.30 billion mainly due to growth in current assets as the Group diverted earnings to short-term investments. Working capital investments also increased by 49% to Rs. 831.67 million reflecting higher costs as well as proactive efforts to increase inventories in view of disruptions to supply chains during the year. Property, Plant and Equipment increased by 14% to Rs.1.49 billion supported by ongoing capital expenditure and investments in field development.

Capital and Liabilities

The Group's equity base strengthened during the year, supported by improved profit generation; accordingly, shareholders' funds increased by 26% to Rs. 6.90 billion and funded 74% of the Group's total assets. Despite a 140% increase in borrowings, the Group's debt levels remain relatively low with a debt-to-equity ratio of just 5%. This provides ample room for the Group to expand its borrowings to fund future expansion, if and when the need arises.

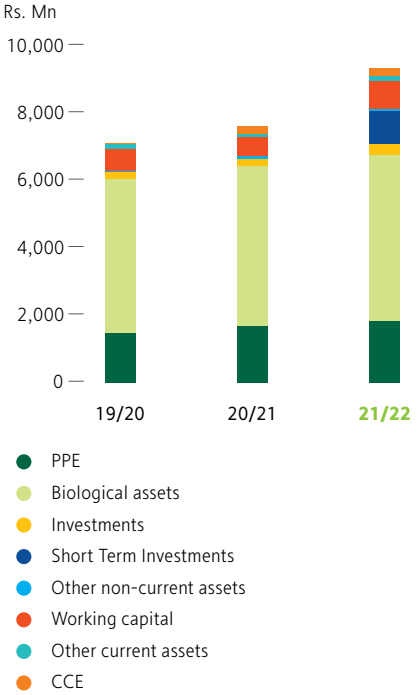
Cash Flow

The Group's liquidity levels remained healthy with cash and cash equivalents of Rs.209.97 million by end-year. Net cash inflow from operating activities increased by 48% to Rs.1.52 billion during the year reflecting the improvement in the core business and resultant growth in top line. Net cashflow from investing activities amounted to an outflow of Rs.1.52 billion, mainly due to the investment of Rs.950 million directed towards short-term investments as well as field development and capital expenditure. With regards to cash flow from financing activities, the Group paid a dividend of Rs.145.73 million during the year, while increased inflows from short-term borrowings amounted to Rs.250 million. Overall, the net change in cash and cash equivalents for the year amounted to an outflow of Rs.2.13 million.

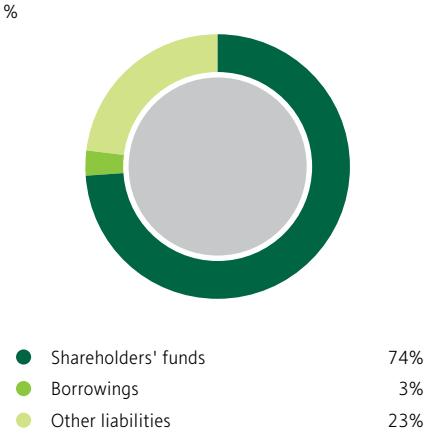
Way forward

- Crop prices expected to remain healthy over the short-to-medium term which will aid continued revenue growth. However, the surge in the cost of agricultural input materials and general inflation is expected to pressure profitability margins in the near term.
- The Group will continue to pursue diversification in line with the DESIGN 2020 strategy seeking aggressive growth in its value-added products.
- Focus on productivity and efficiency improvements.

Asset composition



Funding composition



Manufactured Capital

The stability and quality of our Manufactured Capital is key to our success, ensuring efficiency, product quality and robust processes to drive better decision-making. We have continued to invest in our Manufactured Capital consisting of both physical and digital infrastructure with emphasis on factory development, mechanization and automation.

Value Addition in 2021/22

Factory Modernization

- Rs. 184 million investment
- Increased mechanization, factory modernization and upgrade of factory machinery

Capacity Expansions

- 22% increase in production capacity
- Investments in machinery with better production capacities

Renewable Energy Generation

- Continued investments in solar power generation
- 32% increase in solar power generation capacity during the year

Strengthening Digital Infrastructure

- Enhanced monitoring of operational parameters by integrating financial information
- Rs. 9 million investments in digital infrastructure

Manufactured Capital Inputs

RS. 1,486 MN
Property, Plant & Equipment

21% Property, Plant and Equipment as a % of Total Assets

RS. 296 MN
Capital Expenditure during the year

Way forward

- Ongoing investments in automation, mechanization and factory modernisation
- Commence construction of Adventure Park upon recovery of economy

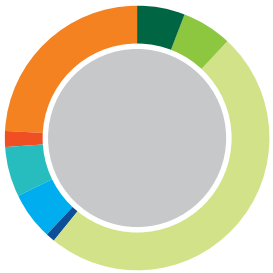
Capital Management

Our Manufactured Capital

Our ability to consistently deliver high quality output is supported by the strength of our manufactured capital. EPP's manufactured capital amounted to Rs 1.85 billion as at the end of the year, accounting for 20% of consolidated assets. The Group has continued to invest in developing its manufacturing capabilities, comprising factories, machinery and equipment and digital infrastructure, in line with the Agriculture and Processing Strategy and DESIGN 2020. During the year, capital expenditure amounted to Rs 295.92 million primarily representing investments in a new tissue culture lab and capacity increases in solar power generation.

Investments in 2021/22

%



Buildings	6%
Motor vehicles	6%
Plant and machinery	49%
Furniture and fittings	1%
Equipment	6%
Water sanitation	0%
Solar power assets	6%
Irrigation	2%
Poltunnel	24%

Physical Infrastructure

Despite the challenges of the last two years, the Group adopted a long-term view to value creation and continued to invest in factory development initiatives, which has been a key factor in driving performance. During the year we invested over Rs. 184 Mn in factory upgrade and modernisation as the Group focused on further expansion of capacity while increasing automation and mechanization. Key developments include:

Outcomes of Investments

- Capacity improvements
- Reduced reliance on labour
- Improvements in productivity levels contributing to cost efficiencies
- Increased generation of renewable energy, thereby reducing dependence on fossil fuels
- Improved levels of information monitoring

	Factory modernization and upgrade at several factories including setting up a tissue culture lab in New Peacock.
	Replacement of heaters with boilers to enhance steam capacity within Dunsinane factory.
	Already installed roof solar PV fitted systems in 3 factories, enabling an increase in the Group's solar power generation capacity.
	Ongoing investments in mechanization including shear plucking, harvesting machines, mechanical plucking and mechanized harvesting in oil palm.
	Investments in efficient dryers and machinery with better production capacity.

Digital Infrastructure

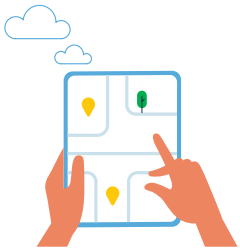
The Group has made significant progress in transforming processes at estate level through automation and digitalisation, which in turn has supported increased efficiency, accuracy, and quality of decision-making. Investments made in digital infrastructure during the year amounted to Rs. 9 million and comprised the following:

Progress in digitalisation 2021/22

FIELD-LEVEL OPERATIONS

Field Data Capturing
A first in the industry, EPP deployed 160 tabs to field officers, which enables the capture and aggregation of plucking data at source. This has provided real-time access to data at individual field level through the Estate Management System, enabling drill down to more granular field level information.

Automation of plucking round information
Real time access to information relating to plucking rounds, which enables proactive monitoring of field efficiencies.



HEAD OFFICE AND CENTRAL FUNCTIONS

Budgeting and expense control
Offers additional controls on investments as resource allocation is approved through the system, mitigating the risk of cost overruns.

Hybrid working models
Facilitated remote working and hybrid working models through providing laptops and other digital infrastructure to 162 employees including 92 field-officers.

ENVIRONMENTAL REPORTING

Monitoring
Cloud-based monitoring of real-time information on solar power generation.

Automation of Kangani chits

Enhanced IT literacy of estate employees		Flexibility and mobility in entering data	
60,000 chits replaced annually	51,345 man hours saved annually	Visibility of integrated field level information	Timely decision making by the management communicated with clarity

Way forward

Our manufacturing capabilities, production methods and deep industry knowledge have aptly positioned us to drive our strategic aspirations. Our priorities for next year include:

- Accelerate the commissioning of the Group's adventure park project at Devitura estate with the Singapore adventure theme park developer
- Pursue further opportunities in driving growth in the renewable energy sector and improving energy efficiency
- Expand crop diversification and value addition, which will require investments in new factories
- Further investments in automation, particularly in field activities

Adequacy of Natural Capital for future plans

The Group's strong balance sheet and relatively low debt levels enables the Group to expand its borrowing base to fund future investments

Human Capital

Our workforce of 4,747 employees, which includes 4,328 estate workers, are the Group's most valuable asset given the pivotal role they play in driving innovation, value creation and sustainability. Our comprehensive value proposition to employees involves empowerment through skill development and enhancing dignity of estate workers.

How we nurtured Human Capital in 2021/22

Enhancing productivity through skill development

- 7,255 training hours
- Rs. 7 Mn investment in training
- 1.5 average training hours per employee

Establishing clear pathway for career progression

- Identifying the next generation of leaders and empowering them with required skill set
- 32 promotions

Attracting and retaining younger workforce

- Enhancing the dignity of plantation labour
- Innovative revenue models
- Leadership training

Continuous investment in socio-economic conditions of estate worker community

- Strengthening the co-operatives to ensure food security

Human Capital Inputs

A team of
4,747 employees

Female representation of
53%

99%
of permanent employees

Way forward

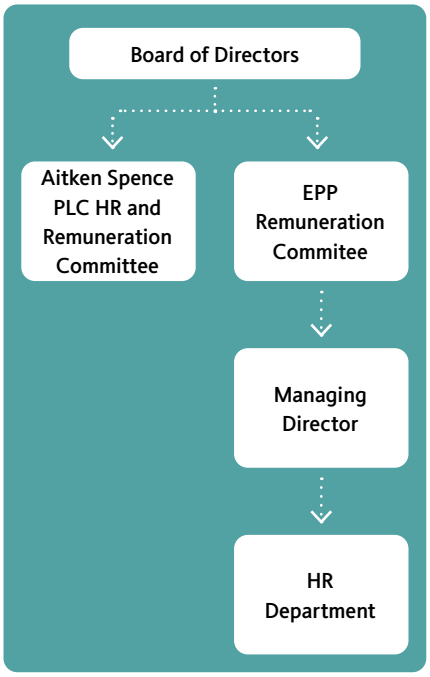
- Redefining the role of HR to align with the new business model.
- Enhancing the engagement between the head office and estates.

Management Approach

Aligned with the Aitken Spence Group, our HR strategy and policies facilitates a performance driven culture within an empowered and equitable environment. The overall responsibility for people management lies with the centralized HR Department which co-ordinates with the respective divisional heads to ensure HR strategy is in line with the overall business strategy. The Aitken Spence PLC HR Committee oversees the implementation of HR Strategy and through regular engagement provides guidance when necessary.

A HR Information System (HRIS) is in place to ensure continuous monitoring of performance against the pre-determined KPIs. Our policy framework reflects Group's inclusive and equitable culture while striving towards gender impartiality as well as industry and international best practices. We comply with all relevant laws and regulations including child labour laws. There were no cases of child /forced labour or discrimination cases reported during the year.

During the year we strengthened the implementation of HR strategy by reinforcing the engagement between the head office and field officers at estate levels. The field officers were empowered with improved digital capabilities and infrastructure that enable them to monitor and report on performance digitally. Further, to make more informed decisions at head office level, a customised HR program for welfare officers was developed to gather required technical HR knowledge.



Our Team

Our diverse team comprises of 4,747 individuals, out of whom are 4,720 are employed on a permanent basis. 98% of the permanent cadre spread between 13 estates are recruited from the communities surrounding the estates.

Team Profile	Male	Female	Total
Permanent	2,197	2,523	4,720
Contract	22	5	27
Part Time	-	-	-
Total	2,219	2,528	4,747
By Region			
Head Office	50	14	64
Up country	1,423	1,817	3,240
Low Country	746	697	1,443
Total	2,219	2,528	4,747

A Rewarding work Environment
- Equal opportunity policy
- Rewards and Benefits
- Performance Management Policy

An Inclusive and Condusive Culture
- Traning and Dvelopment Policy
- Promotions Policy
- Code of Ethics

Health and safety
- Health and safety policy

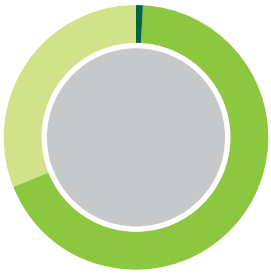
Gender Representation

%

Male	47%
Female	53%

By Region

%



Head Office	1%
Up country	68%
Low Country	31%

Capital Management

People Strategy for the year

Our people strategy for the year reflects the unprecedented operating conditions that prevailed during the year, the Group's long term strategic direction and developments in the operating landscape.

Developments in the operating environment

- Escalation of health and safety risks amidst the pandemic
- Ensuring food security amidst escalating inflation and food scarcity.
- Ongoing legal action for proposed wage hike
- Aging workforce in the plantation industry
- Vulnerability to health amidst

- Driving employee productivity through training and development and knowledge sharing
- Ensuring health and safety
- Establishing clear pathways for career progression to increase dignity of labour.

Strategic Priorities

Team Movement

During the year we expanded our team by recruiting 401 new employees. These recruitments were made in alignment with our strategic direction. Employee retention during the year amounted to 89%.

Recruitment

By Gender

Female	182	45%
Male	219	55%

By Age

<30	70	17%
30-50	148	137%
>50	183	46%

By Region

Head Office	10	2%
Up Country	256	64%
Low Country	135	34%

Turnover

By Gender

Female	268	51%
Male	254	49%

By Age

<30	46	9%
30-50	107	20%
>50	369	71%

By Region

Head Office	5	1%
Up Country	348	67%
Low Country	169	32%

Training and Development

Skill development and enhancing productivity through training and development is a vital component of our HR strategy. These training programs are designed to develop both occupational and soft skills and offered to all employees including the estate workers. During the year we successfully conducted a leadership program for identified next generation leaders at the head office to prepare them for critical positions in the future.

Programs conducted during the year,

Skills developed	Program details	No. of participants
Leadership skills	To enhance the image and dignity of estate workers	504
	Leadership program for next generation leaders at the head office	37
Sustainability and environmental practices		68
Soft skills		426

Employee Productivity

Enhancing productivity throughout our operations is a decisive factor in achieving our strategic aspirations and our efforts in this regard are supported by training and development, mechanization and digitization initiatives and effective performance management system. Monitoring of the estate workers are carried out digitally on real time data collected at estate levels. Further, all employees are subjected to performance appraisals bi-annually against pre-determined goals and targets.

Succession Planning

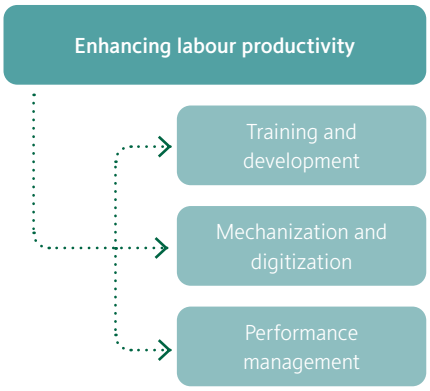
Aging workforce in the industry and difficulty in attracting and retaining is a key concern for the plantation industry. We have taken initiative to offer career progression opportunities along with clearly defined succession planning and to enhance the dignity of estate labour. These efforts have also been successful in identifying the next generation of leaders and empowering them with the skills and knowledge to achieve our strategic goals. During the year 32 employees were promoted.

	21/22	20/21	%
Revenue per employee	1 Mn	0.8Mn	25%
Net profit per employee	0.32 Mn	0.18Mn	77%

	21/22	20/21
Investment in training Rs. Mn	7	13
No. of training hours	7,255	5,611
No. of employees given training	1,509	1,167
Average No. of training hr/ employee*	17.5	14.2

Average no of training Hr/ Employee	Male	Female	Total
Senior management and above	20.4	16.5	18.4
Executives	17.5	19.2	18.3
Non-executives	15.4	16.2	15.8
Total*	17.7	17.3	17.5

** Excluded the estate workers in calculating average number of training hr/ employee*



Capital Management

Employee Health and Safety

Health and safety standards and guidelines are clearly set out in the Health and Safety policy to facilitate a safe work environment for all employees. Further, the Collective Agreement with the estate trade unions also covers elements such as access to medical facilities and safe work environment. All staff are entitled to medical allowances and annual medical check-ups as a part of their remuneration.

All estates are equipped with adequate health facilities for medical emergencies with trained medical officers. During the year a technical support line was established in collaboration with the Ministry of Health to provide medical support in the event of an emergency. An estate-wise safety committee is responsible for identifying and assessing potential safety vulnerabilities in their respective estates and surrounding communities. This is carried out with the participation and consultation of estate workers. Estate-wise health camps are also conducted with medical check-ups and clinical care facilities.

All welfare and managerial staff have completed health and safety training while regular training and awareness programs are conducted for staff and estate workers. During the year 15 such programs were conducted including awareness programs on maintaining psychological health conducted at estate levels.

Further, vaccination drives were carried out in all estates ensuring all estate workers are fully vaccinated against COVID-19 (all three doses) while strictly adhering to all safety precaution stipulated by the health authorities to contain the spread of COVID-19.

Remuneration

Typically, the Collective Agreement between the estate union and the management sets out the estate worker wages and benefits. EPP also offers a range of benefits under the "womb to tomb" proposition where workers are entitled to benefits such as childcare, elderly care, medical and housing facilities. Additionally, we also provide financial support for education for children of estate workers and assistance for children with special needs.

Further, as illustrated alongside, to attract and retain youth labour we continue to explore novel forms of remuneration such as profit-sharing schemes. These initiatives have a positive impact on employee productivity and enhances the dignity of estate labour.

Industrial Relations

12 trade unions are in operation representing approximately 82% of our employees. We recognise employees right to freedom of association and strive to maintain positive relations through effective communication and engagement. We work closely with trade union representatives in addressing employee grievances and concerns. EPP also engage closely with other employees through various formal and informal channels. Employees are given approximately one month of notice regarding any significant operational changes.

Work related injuries	No.
High Consequence Injuries	Nil
Recordable Injuries	Nil
Fatalities	Nil

Remuneration Model

Comprehensive Remuneration package

- Comprehensive set of benefits for employee and family
- Womb to tomb proposition

Innovative revenue models

- Profit sharing schemes
- Incentive schemes
- Confirmed fixed salaries for certain estate worker categories

Digitization of salary computation

- A more streamlined and transparent process

	Mn
Total Remuneration paid	2,404
Remuneration per employee	0.5

Gender Parity

Our workforce has a relatively high representation of 53% of female workers as the plantations industry traditionally employs women as tea-pluckers. As reflected in our HR policy, strategies and practices we strive to facilitate work environment where women are given equal opportunities and encouraged to thrive within an inclusive culture.

Paternal Leave	
Employees entitled to maternity leave	2,528
Employees on maternal leave	24
Employees who returned after maternal leave	120

Policies and Standards

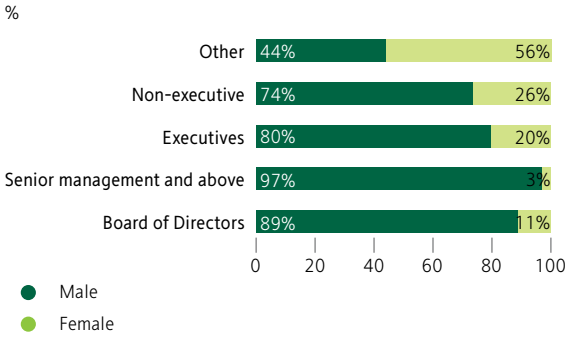
- An equal opportunity employer
- Equality in pay with a 1:1 ratio of basic salary and remuneration between men and women
- Sexual harassment policy
- Certified as "Mother and Child Friendly" estate by Save the Children

Processes and Practices encouraging gender parity

- Child-care facilities for estate workers
- Flexible working hours and option to work from home
- paid maternity leave for 84 days
- Comprehensive health and medical care of all workers and their families
- Structured grievence handling mechanism to address any concerns of discrimination and/0r sexual harassment

Processes and Practices encouraging gender parity

Female Representation



Training Opportunities

Promotions given

Way forward

Enhancing engagement between head office and estates will be a high priority in the coming year with plans already in place to appoint regional welfare officers. Further, we will continue to mould the next generation of leaders through training and development programs.

The role of the HR department needs to be redefined to align with the changes in our overall business model. As we transform from a traditional plantation company to a Group with diversified business interests, the HR policies and practices need to cater to the new business needs.

Social and Relationship Capital

Our main stakeholders, comprising customers, suppliers, business partners, regulator and community play a critical role in our value creation process and are vital in providing our social license to operate. We strive to build and maintain mutually-beneficial relationships in contributing to socio-economic empowerment while building organisational resilience.

How we nurtured our Social and Relationship Capital

Customers

- A holistic value proposition centred on innovation, quality and sustainability
- Customer satisfaction of 80%
- 8 new innovative products

Suppliers

- Maintaining positive relations to ensure quality and reliability. We also extend assistance through knowledge sharing.

Community

- Efforts to drive meaningful change in the communities we operate in

Industry partnerships

- Partnerships formed for mutual benefits which enable us to implement our product and business diversification strategies

Our Social & Relationship Capital

Customers including brokers and exporters

Diverse supplier base

Strength of our community relationships

Way forward

- Strengthen engagement with direct customers
- Ongoing investment in community upliftment

RELATIONSHIPS WITH OUR CUSTOMERS

Trust and reliability are key components of our long-standing relationships with customers. Majority of EPP's customer base for tea and rubber consists of commodity brokers while value added products such as oil palm and cinnamon are sold directly to customers. Meanwhile, our berry products are sold to retail customers through the major supermarket chains in the country. During the year we actively sought to strengthen and expand our direct exports and were successful in acquiring two new customers, who are now amongst our biggest clients. Customer satisfaction levels remain high among our direct customers, with satisfaction surveys carried out on a quarterly basis and EPP consistently ranking in the "excellent" category. EPP also offers customized products where tea manufacturing and processing of tea is altered according to the customer preference. We gather market insights from global markets and these findings are communicated to our manufacturing units.

During the year there were no incidents of non-compliance concerning product and service information and labelling or marketing communications. Our product labels contains a range of information regarding the quantity and quality and of our produce, thereby enabling customers to make an informed choice.

"Harrow House", our first retail store was inaugurated during the year, offering a range of value-added products under the brand name "Harrow Ceylon Choice".

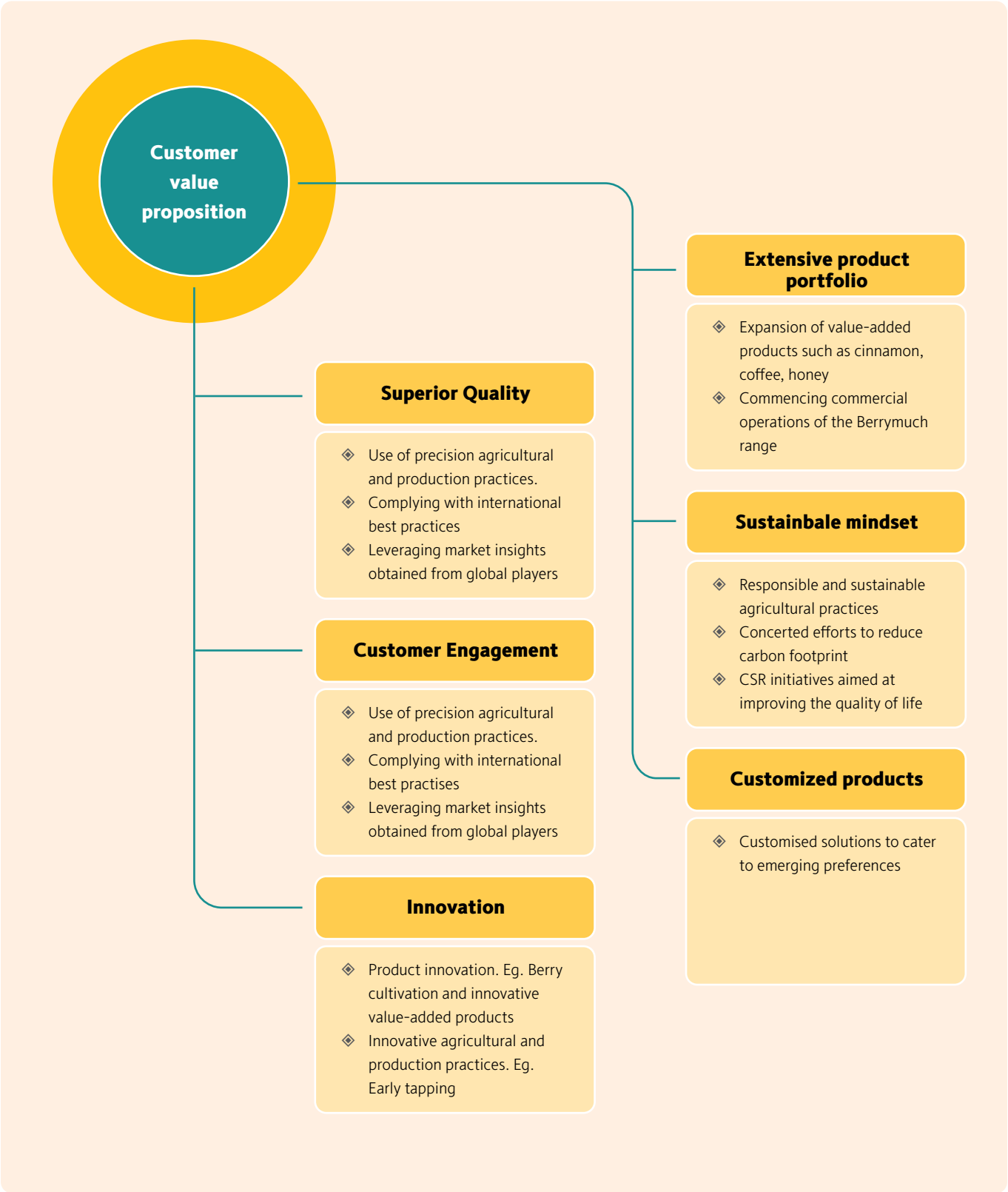
Highlights

- Opening of one flag ship store "Harrow House"
- New customer acquisitions in Kazakhstan and Uzbekistan for Harrow Ceylon Choice products
- Launch of commercial sales of Raspberries and Blackberries

Tea	Rubber	Oil palm	Berries	Value added products
				
4 brokers **4** direct exporters	**1** brokers	**1** Direct buyers	Leading super market chains	Buyers through "Harrow House" **225**
Value Delivered				
4,405 Tons of tea sold through auctions **17,400** Kg direct exports	**423,214** kgs of rubber	**21,484,990** kgs of oil palm	**28,844** kgs of strawberries **170** kg of raspberries	**6,709** kgs of cinnamon A range of teas under Harrow Ceylon Choice

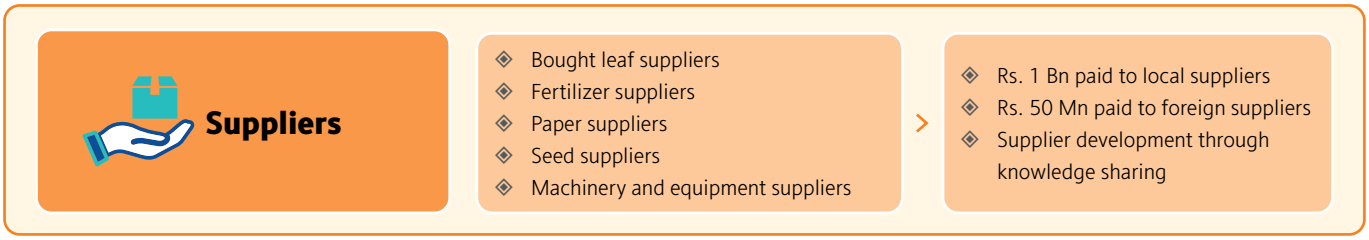
Capital Management

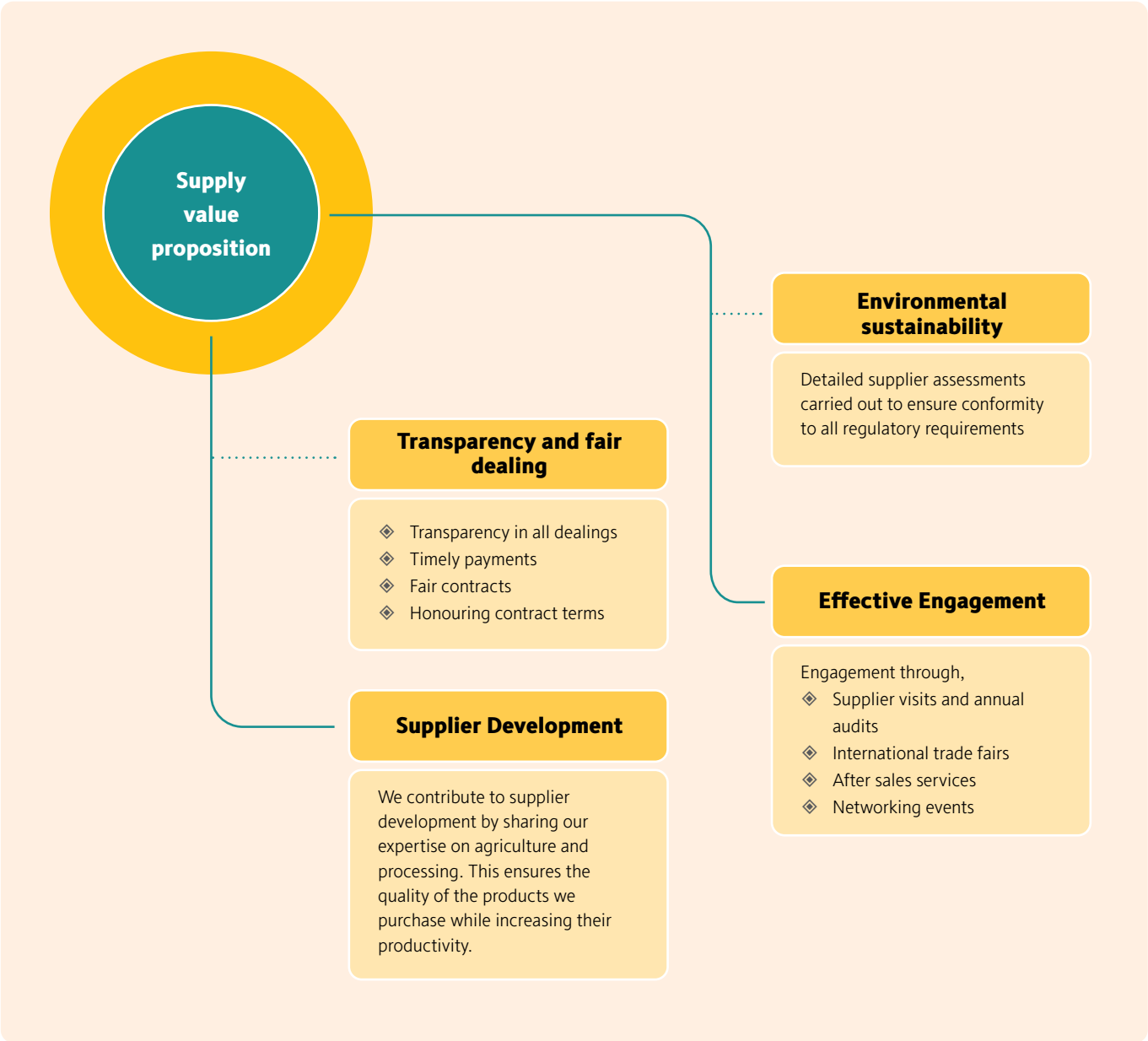
Customer value proposition



Managing Our Supplier base

Our supplier base consists of individuals, SMEs, local and foreign corporates. We support the local economy and community by sourcing approximately 99% of the requirement locally. Our structured supplier selection process ensures that all suppliers conform to the required quality and regulatory requirements. Further, we maintain transparency, trust and reliability which are key to sustaining long-standing relationships.





Capital Management

CONTRIBUTION TO COMMUNITY DEVELOPMENT

The Group's long-standing relationships with the estate communities in which we operate have enabled us to drive meaningful change in this vulnerable segment. We adopt a strategic approach to community development initiatives, having selected four priority areas (presented below) in which we wish to contribute. Our efforts in enhancing the socio-economic conditions of the estate worker community continued through various initiatives. Apart from the community development projects carried out by EPP, we have collaborated with international agencies and NGOs to improve the living conditions of estate communities. These initiatives are carried out under 4 key areas. Namely, there were no operations identified with negative impacts on communities.

Initiatives carried out during the year are,

Project		Investment (Rs.mn)	Beneficiaries
4 QUALITY EDUCATION	**Education and child development** **Projects aimed at improving the quality of education and facilities needed.**		
	Mother and child friendly plantation project with Save the Children	Rs.53,000	3,000
	Donation of uniforms, textbooks, and other school materials	1.77	1,033
	Scholarships for A/L and university students in partnership with the MJF fund		42
3 GOOD HEALTH AND WELL-BEING	**Health and wellbeing** **Initiatives to improve the health and medical infrastructure**		
	Health screening and medical facility improvements	35	4,747
	Construction and maintenance of elders home	2.7	42
	Donation of nutrient supplements for orphans and differently abled children		59
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Community infrastructure development** **Projects to improve road networks, and other infrastructure**		
	295 housing units constructed infrastructure development, community centres and new roads	143	3,400
6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY	**Improving living conditions** **Efforts to upgrade housing and sanitation facilities**		
	Water and sanitation for new water projects and toilets	59	3,400

OUR PARTNERSHIPS

EPP have partnered with several local and foreign organisations enabling us to achieve our strategic and business aspirations. These partnerships are formed based on mutual benefits and growth prospects, and play a crucial role in our diversification journey.

These collaborations include,

- SIM Leisure Group of Singapore for the construction of the Adventure Park
- Smallholder partnerships for organic cinnamon
- Ceylon Biscuits Limited

WAY FORWARD

- Strengthening engagement with customer base to improve direct exports, to minimise the dependency on brokers
- Continue our investments in community engagement and development, a continuation of sustainability strategy
- Expanding the commercial operations and distribution network of Berrymuch range.

EPP MEMBERSHIPS

- Ceylon Chamber of Commerces
- Palm oil Association of Sri Lanka
- United Nations Global Compact
- Ceylon Tea Traders Association

Intellectual Capital

Our intellectual capital plays a crucial role in propelling us towards our strategic aspirations amidst challenging operating conditions. Our brand, tacit knowledge and expertise, systems and processes together with our innovative capabilities assist us in attaining our strategic goals and provides us with a competitive advantage over the rest.

How we nurtured Intellectual Capital

Brand
- 4% premium commanded over tea NSA
- 12 new products developed

Knowledge and Expertise
- 7,255 training hours offered with a total investment of Rs. 7 Mn in training and development

Systems and Processes
- 3 new certifications
- Continued efforts in streamlining systems and processes to drive efficiency and productivity.

Innovation
- 8 products introduced
- Rs. 9 Mn investment in R&D

Intellectual Capital Inputs

Strength of our brand

Innovation capabilities

Robust systems and processes

Way forward

- Continue investments in enhancing systems and processes to drive productivity and efficiency.
- Innovation in product expansion in line with our business strategy

Brand presence

The superior quality of our products has allowed us to develop a strong brand name and the premium prices we continue to command at the Colombo Auction is a testament to this. We strive to enhance our visibility of our brand by expanding our range in line with our strategic aspirations.

Key developments during the year included,

- Expanding our flagship brand "Harrow Ceylon Choice" by moving into products such as honey, treacle and coffee
- Opening of Harrow House, our first retail outlet.
- Expanding Berrymuch range by beginning commercial cultivation of raspberries.
- Developing the Tropifruit range.

Knowledge and Expertise

The knowledge and the experience we have assembled over the years has not only enable us to gain a competitive edge but also has enabled us to contribute to the industry growth. Several members of our senior management take part in industry bodies to share their expertise for the benefit of the sustainability of the industry.

Designation	Industry Bodies Represented
Managing Director	◈ President, Palm Oil Industry Association of Sri Lanka ◈ Fellow member of the Chartered Institute of Marketing (CIM UK).
Director/ Chief Executive Officer	◈ Fellow member of the National Institute of Plantation Management ◈ Member of the Board of Study of the Wayamba University 's External Degree Programme on Plantation management. ◈ Board of Director of the Plantation Human Development Trust (PHDT) ◈ Chairman of Planters Association of Sri Lanka
Chief Operating Officer – Engineering, Project Management and Business Strategies	◈ Member of the ICT Committee of Institute of Engineers, Sri Lanka (IESL) ◈ Member of the Industry Consultative Committee – Faculty of Technology – University of Colombo
Chief Operating Officer – Plantations	◈ Treasurer – Ceylon Cinnamon Geographical Indication Association (CCGIA)
Chief Operating Officer – Finance and IT Development	◈ Member of Institute of Chartered Accountants, Sri Lanka (ICASL) ◈ Member of Institute of Certified Management Accountants of Sri Lanka (CMA)
Senior Manager - Finance	◈ Member of Institute of Chartered Accountants, Sri Lanka (ICASL)

Capital Management

Systems and Processes

We strive for continuous improvement in our agricultural and production practises by embracing technological advancements available to us. We make ongoing investments to enhance and strengthen our systems and process to achieve optimum efficiency and productivity levels. Our efforts in digitization and automation of processes have given us access to real time data which has led to more informed decision making. Further, we have been awarded several local and international quality certifications, a testament to our commitment to achieve excellence in efficiency and product quality.

Certification	Estates Certified
Rainforest Alliance	Dunsinane, Sheen, Fernlands, Meddecombra, New Peacock, Nayapane
ISO 22000.2005 HACCP	Dunsinane, Meddecombra, Fernlands, New Peacock, Nayapane, Talgaswella and Devitura
Organic EU	Community based Organic farming
USDA-NOP	Community based Organic farming
Japanese Agricultural Standards (JAS)	Community based Organic farming

Innovation

We continue our efforts in product and process innovation and have made significant progress during the year. These developments include,

Product Innovation	Process Innovation
Expanding value added product range under Harrow Ceylon Choice	Enhancing digital field date capturing capabilities to include wage calculation of tea pluckers
Successful commencement of retail operations of strawberries, raspberries and blackberries	Automation of organising plucking rounds.
Production of cinnamon and coffee	Ongoing factory automation enabling realtime monitoring through a cloud based system.
Expansion of Tropifruit range	

Way Forward

- Continue investments in enhancing systems and processes to drive productivity and efficiency.
- Innovation in product expansion inline with our business strategy

Adequacy of Intellectual Capital for future plans

The Group has established a track record in the plantation industry, having transformed EPP from a loss-making, single-business entity to a diversified, dynamic business which is among the most profitable in the Sector. These insights and organisational capital have aptly positioned the Group to capitalise on future growth opportunities.

Natural Capital

Our operations are heavily reliant on natural inputs, and we are conscious of the critical interrelationship between our business aspirations and environmental sustainability. A strong Sustainability Policy guides our environmental management agenda and we have established clear goals for driving reductions in our environmental footprint and nurturing natural capital.

How we nurtured our Natural Capital

Increased reliance on renewable energy

- 85% of electricity consumption generated by renewable energy
- Over Rs. 600 Mn investment in hydro and solar power generation

Enhancing Biodiversity

- 61% use of organic fertilizer while chemical fertilizer application declined by 29%
- Enhancing soil carbon levels above 3%
- Increase in green cover by 10%

Reducing water withdrawal

- 254 million litres of rainwater harvested through 77 ponds
- 50 Acres of oil palm plantations irrigated through harvested rainwater

Reducing carbon footprint

- Carbon neutral plantation
- Over 160 hectares of bamboo and fuelwood planted to be self-sufficient for thermal energy

Natural Capital Inputs

155,717 GL
energy consumption

7,025 M^3
water consumption

5,806
hectares of biological assets

Way forward

- Further increase reliance on renewable energy generation
- Ongoing efforts to reduce the use of agrichemicals and moving towards organic options.

Our Approach

The Group is a pioneer in sustainable agriculture, having embedded ecologically friendly practices across all aspects of its operations. The Environmental Strategy is a key component of the Group's overall Sustainability Agenda and is aligned with 3 SDGs which EPP believes are the most relevant to the plantations industry and to the challenges we face. The Group's environmental aspirations are driven through a holistic initiative - "Go Green and Beyond"- which aims to reduce the Group's vulnerability to accelerating climate change while reducing our environmental footprint. The project has clearly defined objectives and progress is monitored against the said targets on a periodic manner. All our estates comply with the relevant environmental regulations of the Central Environmental Authority while 6 estates have obtained the Rainforest Alliance certification. During the year there were no incidents of non-compliance to environmental law or regulations.

Project Go Green and Beyond

Water Conservation

- Rainwater harvesting and irrigating
- Recharging soil
- Development of catchment areas
- Increasing water retention in soil

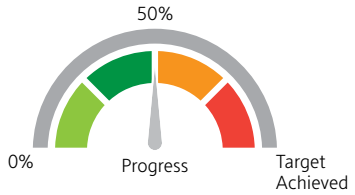
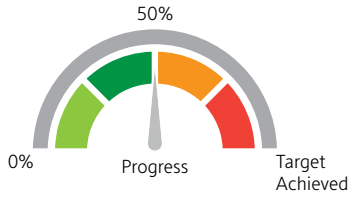
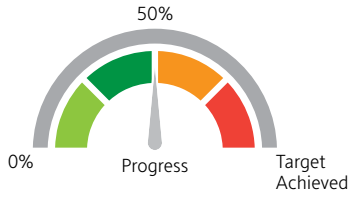
Green Energy

- Generation of sustainable energy through hydro, solar, wind and sustainable biomass through bamboo plantation
- Utilization of sustainable energy

Enriching Biodiversity

- Increase reliance on organic fertilizer, and reduce agrochemical inputs
- Increase green cover
- Restoration of stream reservations connecting animal corridors

Progress and impact of "Go Green and Beyond" project

Water Conservation		
Goals for 2025	**Progress made**	
◈ To build 52 ponds with a total capacity of 180 Mn litres for water ◈ Harvesting to increase the total watershed area to 5% ◈ Irrigate tea and oil palm land with harvested water ◈ Increase soil carbon level to >3%	◈ 49% reliance on rainwater ◈ 254 million litres of rainwater harvested through 77 ponds ◈ 11% water catchment area ◈ 50 HA of oil palm irrigated through rainwater ◈ Soil carbon levels increased to 2.7%	
Energy Management		
Goals for 2025	**Progress made**	
◈ Electrical energy requirements to be met /set off by Hydro Power and Solar Power generation ◈ Full thermal energy requirement through estate grown sustainable biomass sources	◈ 141% of electricity consumption generated through renewable energy ◈ Generation ◈ 15% of thermal energy requirements	
Enhancing Biodiversity		
Goals for 2025	**Progress made**	
◈ Increase land productivity by 10% ◈ Reduce chemical weed controls by 80% ◈ Reduce chemical pest control by 80% ◈ Reduce chemical fertilizer by 50%	◈ Reduced chemical fertilizer by 29% ◈ Reduced chemical pest control by 78% ◈ Reduced chemical weed control by 46%	

Capital Management

Water conservation

2025 Goal

- To build 52 ponds with a total capacity of 180 Mn liters for water harvesting
- To increase the total

Progress in 2021/22	
No. of ponds	77
Rainwater harvested	254 million litres
Reliance on rainwater	45%
Total watershed area	11%

Water discharge

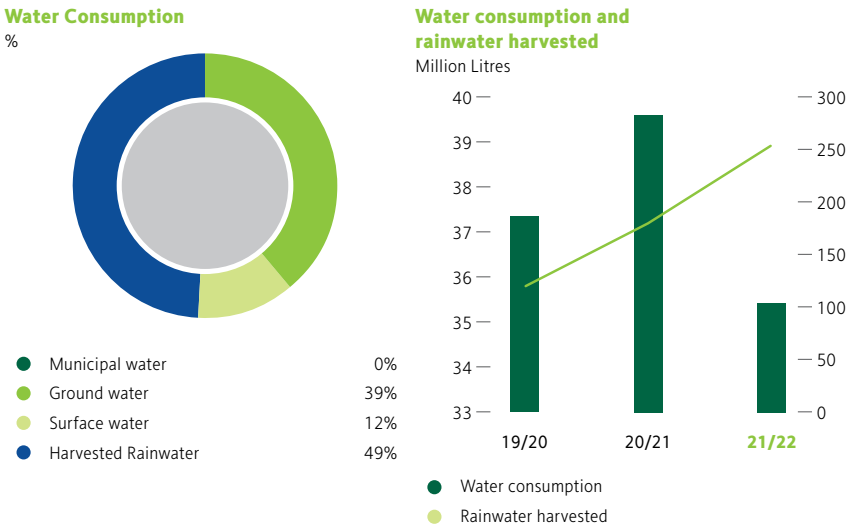
19,740 m³
Water treated and/or re-used

28%
Recycled

Climate change and erratic weather patterns have led to increased water stress in certain parts of the world. Although Sri Lanka has not yet been classified as a region which is exposed to water stress, as an environmentally conscious corporate, we have sought to consistently reduce our water footprint, particularly given the industry's heavy reliance on water. The Group's interactions with water arise primarily in cultivation of its crops and for use by employees and communities within the estates. Water is sourced through ground, surface water and rainwater sources, and we have sought to reduce our water withdrawal through harvesting rainwater. We continue to engage in awareness programs with our estate workers and their families in highlighting the importance of water conservation.

We have developed 77 rainwater harvesting ponds which harvested 254 million litres during the year, which accounted for 49% of our total water consumption. This is utilized for irrigation surface in upcountry where water can be diverted, to recharge soil and for the daily use of estate community. Further, with the water harvesting ponds we have been successful in maintaining 11% of our land extent as watersheds.

Water footprint in 2021/22
7,025 litres million water consumed



254 million litres of rainwater harvested through 77 ponds

All our factories are fitted with waste-water treatment plants while wastewater tanks are installed in all housing units, ensuring 100% of discharged wastewater is treated prior to being reused or released to water bodies while major component of water used by factories is recycled and reused within the same premises. Water quality discharged from our operations is assessed to ensure that they are in line with the parameters set out in the Environmental Protection License of the Central Environmental Authority.

A project is in progress under the direction of the Engineering Faculty of University of Peradeniya to install a zero-discharge liquid plant for treating Palm Oil effluent at AEN Palm Oil processing (Pvt) Limited Mill.

Energy Management

We continue to invest in renewable energy generation as part of Group's diversification strategy and to achieve aspirations set in the environmental policy. These green energy project include solar power, hydro power and biomass generation. Listed below are the new developments made during the year with regard to energy management.

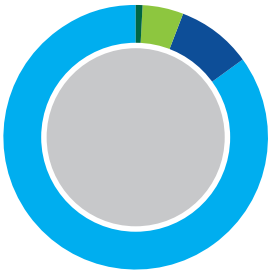
- Competed installation of 3 hydro power plants with capacities of 160kW, 244kW and 160kW, which will be commissioned in the next financial year.
- Commissioned 3 solar roof top systems with a capacity of 565 kW.
- Planted over 166 hectares of bamboo and fuelwood to be self-sufficient in thermal energy demand.
- Continued our efforts in energy saving initiatives.

As a result of effective energy management and continued investments in green energy we have achieved self-sufficiency in electricity consumption, generating green energy in excess of our electrical consumption. During this year our clean energy generation exceeded energy consumption by 141%.

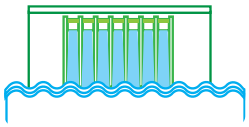
Renewable energy generation during the year	
Bio-mass	122,339 Gj
Briquettes	9,307 Gj
Hydro	18,290 Gj
Solar	6,570 Gj
Total	**156,507 Gj**

Energy Sources

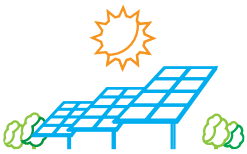
%



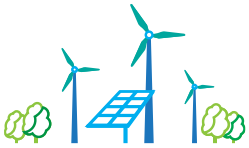
Petrol	1%
Diesel	5%
LPG	0%
National Grid	9%
Renewable energy	85%



29% increase in hydro power generation



19% increase in solar power generation



141% reliance on renewable energy

18% Increase in energy consumption

507 tCO_2e Carbon footprint offset

Emissions

EPP achieved carbon negativity in terms of electricity consumption in 2019 due to our continued efforts in green energy generation. This also had a favourable impact on our direct GHG emissions. Emissions reduced and/or offset through the Group's efforts amounted to 507 tCO_2e during the year. EPP computes GHG emissions based on the Green House Gas Protocol published by the World Resource Institute.

Emission	2021/22	2020/21	%
Gross direct (Scope 1) GHG emissions tCO_2e	5,459	6,245	-13%
Energy indirect (Scope 2) GHG emissions tCO_2e	2692	2413	12%
Total GHG emissions tCO_2e	8151	8658	-6%
Emission intensity (GHG tCO_2e/ Rs. million revenue)	1.59	2.13	-25%
Total Emissions offset and/ or reduced tCO_2e	15,866	15,413	3%

Material and Waste Management

Major component of material used in our operations are renewable materials such as green leaf, latex and packing material. As a part of our sustainability agenda, we're focusing on minimising the use of non-renewable inputs such as fertilizer, weedicides and pesticides by gradually shifting towards organic materials.

We practice responsible waste management methods such as composting, recycling, and eco-friendly disposing in all our estates.

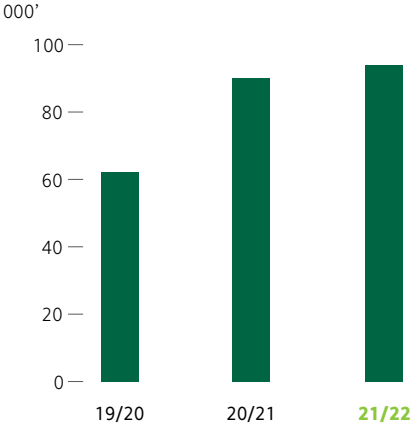
Capital Management

Enhancing Biodiversity

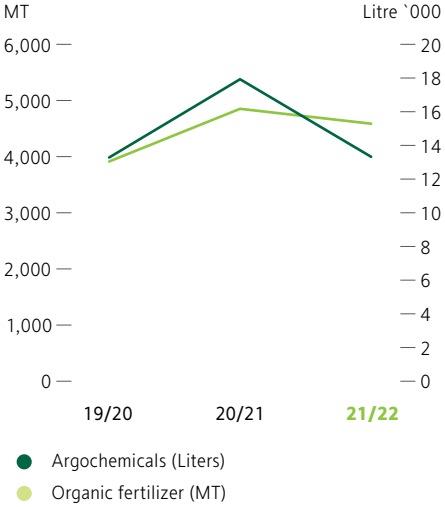
We maintain a comprehensive list of our biological assets through a series of surveys and assessments carried out over the years. Our land extent houses over 749 hectares of land that is rich in biodiversity and home to several endangered species of fauna and flora. Under the advisement of the Rainforest Alliance, we have implemented an effective biodiversity conservation program with initiatives such as,

- Afforestation, a process where natural habitat is created in previously cultivated land to improve the flora and fauna and to create animal corridors
- Reducing the dependency on chemical fertilizer and moving towards organic substitutes
- Creating buffer zones between cultivated areas and natural forest areas
- Increasing green cover by planting trees in boundaries, ravines and roadsides
- Restoration of natural streams, Developing animal corridors
- Conducting regular awareness programs on protecting the eco system corridors polythene free areas by providing the community with bio-degradable bags

No. of Trees planted



Use of Fertilizer



Materials Used

Material	2021/22	2020/21
Renewable		
Green leaf (Kgs)	6,147,372	5,280,572
Non-renewable		
Fertilizer (Kgs)	2,901,365	4,256,259
Weedicides (lts)	11,599	15,394
Pesticides (lts)	2,562	1,725

Type of waste	2021/22	2020/21
Paper (tons)	19.40	18.98
Iron scrap (tons)	1.4	1.7
Composted waste (tons)	4,591	4,858
Food waste (tons)	0.16	0.18

EPP's Biological Assets

Our biological asset base comprises 8,800 hectares spread between 13 estates in up, mid and low country regions. We make significant investments in revitalizing the land through initiatives such as replanting and upkeeping. During the year we invested Rs. 326 in enhancing our biological assets.

Crop	Total Extent (Ha)	2020/21 Investment made (Rs. Mn)
Tea	2,124	89
Rubber	741	28
Oil palm	1,608	44
Commercial forestry	958	25

2025 land management goals

Increase land productivity by 10% by 2025
Reduce chemical weed controls by 80%
Reduce chemical pest control by 80%
Reduce chemical fertilizer by 50%

Progress in 2021/22	
Use of organic fertilizer	1,769,833 mn KGs 61% of total fertilizer
Chemical fertilizer	29% reduction
Soil carbon levels	2.7%
Chemical pesticides	78% reduction

The Group's continued and long-standing efforts to reduce the usage of chemical fertilizer through the use of organic compost augured well for EPP during the year under review, as it remained resilient to the shortage in chemical fertilizer, which had a significant impact on other players. The Group also considerably reduced the use of chemical crop protection products through engaging in cultural and biological methods

Leveraging partnerships

EPP has partnered with several government authorities and other agencies to obtain technical guidance in implementing Project Go Green. Key collaborations and partnerships are as follows:

Renewable Energy
- Sri Lanka Sustainable Energy Authority
- Ceylon Electricity Board
- United Nations Development Project
- Asian Development Bank

Rainwater Harvesting
- Lanka Rainwater Harvesting forum

Restoration of Streams and Animal Corridors
- Biodiversity Sri Lanka

Bamboo Planting
- Sri Lanka Mahaweli Authority
- United Nations Industrial Development Organisation

Implementation of EMS in our plantations
- Rainforest Alliance

Outlook

- Continue our investment in renewable energy generation with several hydro projects in the pipeline
- Plans to obtain carbon credits through bamboo planting and cinnamon waste
- Continue our efforts in reducing the use of agrochemicals and moving towards organic options.

Adequacy of Natural Capital for future plans

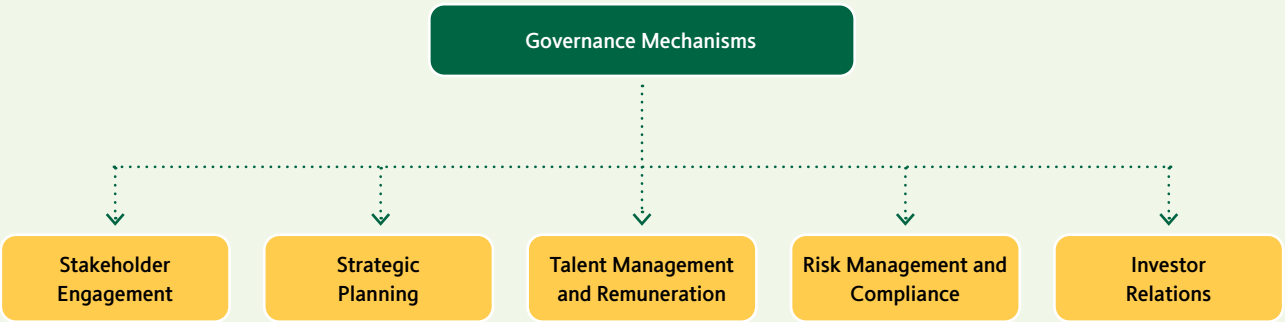
Erratic weather and shifts in rainfall patterns have led to escalating water stress, which the Group intends to address through collecting and storing rainwater. The Group's proactive efforts in enriching soil and renewable energy generation have enabled it to mitigate exposure to these elements to a certain degree. Meanwhile, the Group's increased reliance on organic fertilizer has cushioned it against the shortage of chemical based fertilizer and crop protection products

Corporate Governance

As a subsidiary of the Aitken Spence Group, EPP's corporate governance practices are aligned to that of its ultimate parent and customised to reflect industry-specific factors and sensitivities. The Group's robust governance frameworks and practices provided a strong platform to navigate the numerous challenges stemming from the operating landscape during the year, ensuring continued resilience and sustainability in an extraordinarily difficult year.

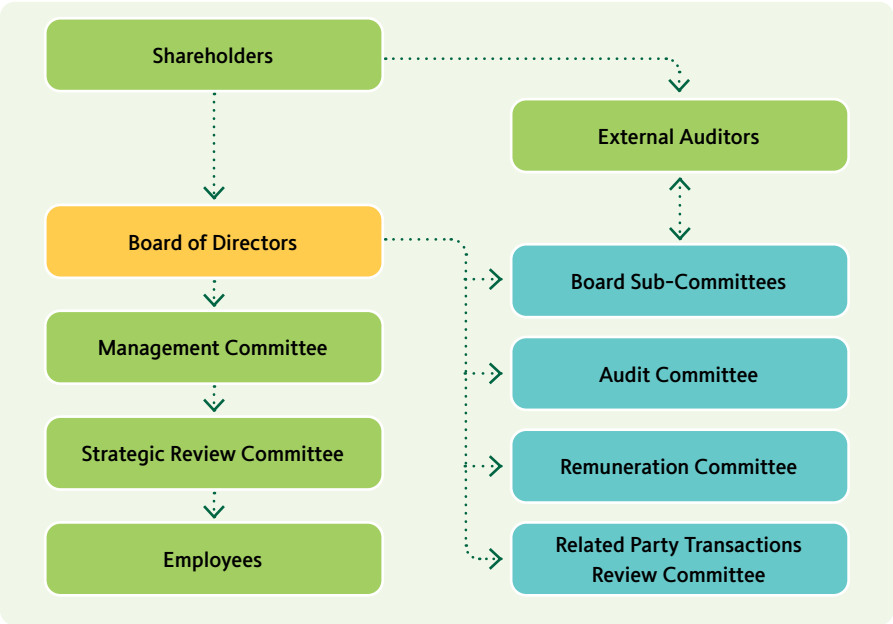
The Group's governance framework is based on the following internal and external instruments:

External instruments		Internal Standards and Principles
Mandatory Compliances	**Voluntary Compliances**	
◈ Companies Act No. 7 of 2007	◈ Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka – 2017	◈ Articles of Association
◈ Listing Rules of Colombo Stock Exchange (CSE)	◈ United Nations Global Compact (UNGC)	◈ Group Code of Ethics
◈ Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021, including directives and circulars	◈ Women's Empowerment Principles	◈ Group internal policy frameworks
◈ Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995	◈ Management Systems (Environment & Social)	◈ Board and Board sub-committee terms of reference
◈ Foreign Exchange Act No. 12 of 2017	◈ Integrated Reporting Framework	◈ Human Resources Policies
◈ Shop and Office Employees Act, Industrial Disputes Act, Employees Provident Fund Act, Employees Trust Fund Act, Payment of Gratuity Act, Plantation Staff / Workers Collective Agreements between the RPCs and Trade Unions, Maternity Benefit Ordinance, etc.	◈ Global Reporting Initiative Standards	◈ Health and Safety Policies
◈ Inland Revenue Act No. 24 of 2017	◈ Codes of regulatory authorities, professional institutions and trade associations	◈ Environmental Policies
		◈ Integrated Sustainability Policy and Implementation of Framework



GOVERNANCE STRUCTURE

The Board of Directors is the highest governing body and decision-making authority. It holds overall responsibility for determining the Group's strategic direction, providing leadership and ensuring that risks are managed in line with the Group's risk profile. The Board is assisted by three Board-Sub committees, which hold oversight responsibility for certain functions warranting greater attention enabling the Board to allocate sufficient time to matters within its scope. As such, the Governance structure ensures that decisions are taken at the right level of business, by those best placed to take them.

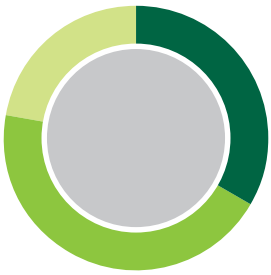


BOARD OF DIRECTORS

EPP's Board comprises of 9 Directors who combine diverse skills and industry expertise, which in turn enrich discussions and enhance the overall effectiveness of decision making. The Board consists of 6 Non-Executive Directors, of whom 2 are engaged as independent directors. Directors are diverse in demographic profile, skills and qualifications and industry experience.

Board Refreshment in 2021/22: During the year, the Board was refreshed with the retirement of Ms. B.W.G.C.S. Bogahawatta representing the Secretary to the Treasury and the appointment of Ms. D.A.S. Dahanayake as her replacement.

Board composition



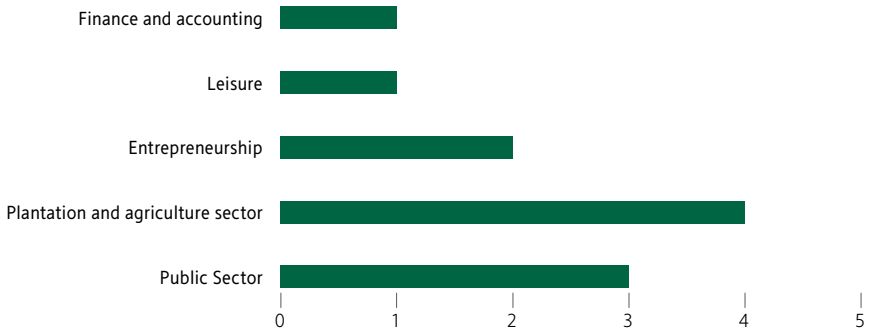
Executive Directors	3
Non - Independent Non-Executive Directors	4
Independent Non-Executive Directors	2

Skills and Qualifications

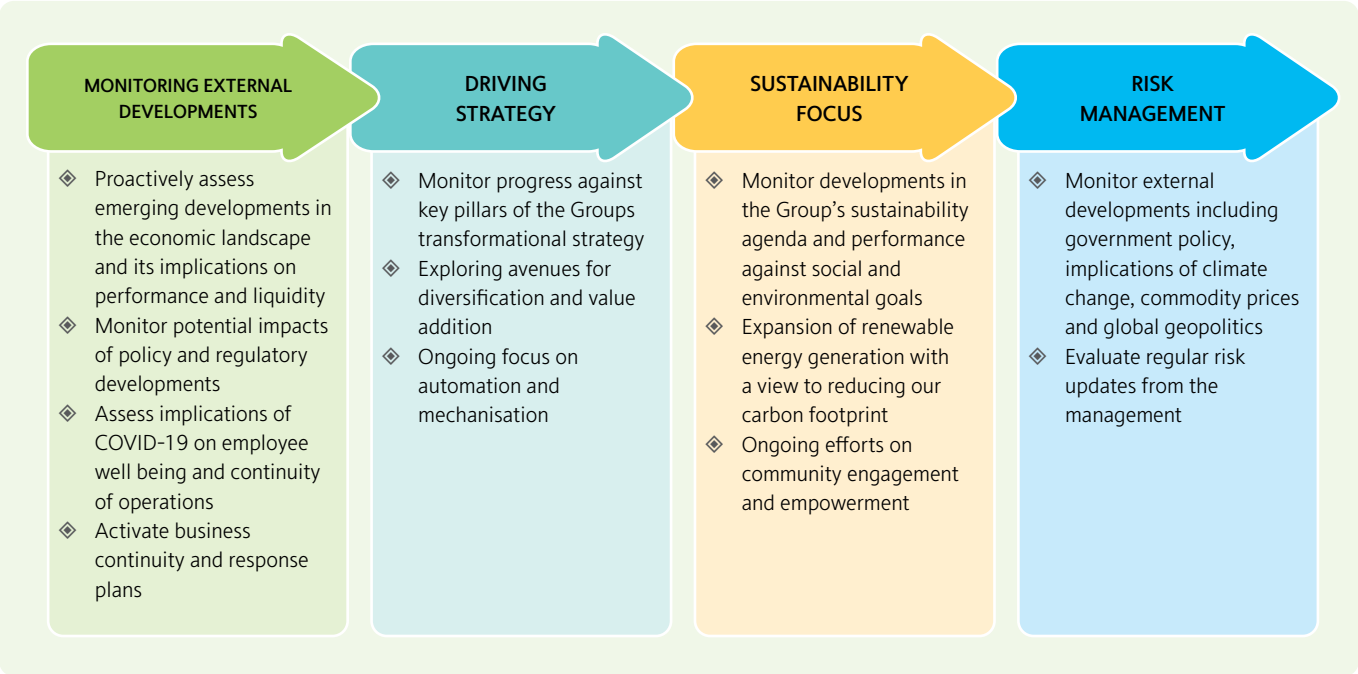
%

General management	43%
Marketing	14%
Plantation management	14%
Economics	14%
Finance	14%

Industry Experience



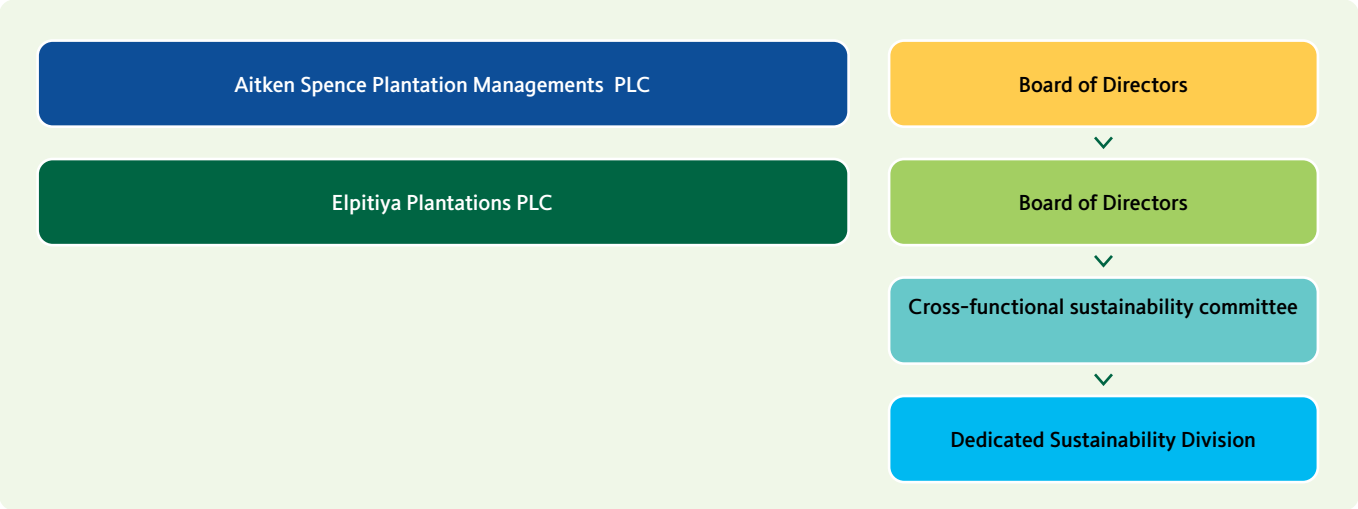
BOARD CONTRIBUTION TO VALUE CREATION



BOARD OVERSIGHT ON SUSTAINABILITY

The Group's Board and that of its parent entity benefits from the expertise of globally renowned sustainability practitioners and industry veterans, who have long-since driven EPP towards embedding sustainability as a core element of its strategy. The Group's Sustainability Strategy, which is aligned to 6 SDGs is therefore a vital part of its transformational strategy and entails the identification, monitoring and reporting of all significant impacts on the economy, environment and society. This is facilitated through continued reporting to the Board on key sustainability indicators which are compiled at estate level and aggregated by the Group Sustainability Team on a monthly basis. The Board regularly monitors performance through sustainability dashboards and scorecards which form part of the Group's holistic performance assessments.

Sustainability Governance: The Group has implemented robust governance structures and policies to ensure that sustainability impacts are managed on a consistent and proactive basis. As set out alongside, this includes a cross-functional Sustainability Committee and a dedicated Sustainability Division which is responsible for the implementation of the Group's Sustainability Strategy.



Sustainability Reporting: EPP produces an Integrated Annual Report which complies with the GRI Standards on Sustainability Reporting and disclosures recommended under the SASB standards. The Board of Directors holds ultimate responsibility for ensuring that the Report is accurate, credible and addresses all relevant material matters and fairly represents the Group's integrated performance.

Grievance mechanisms: The culture within the Group's estates as well as within its own operations ensure that any grievances, concerns and/or complaints are proactively escalated to the relevant persons. The interdependency and strength of relationships within the estates encourages an open dialogue between workers, estate communities and the Group, with critical concerns being escalated to Board level. The Group also has in place a whistleblowing policy, which encourages employees to put forward their grievances while preserving anonymity (refer to page 96)

REMUNERATION PRACTICES ON SUSTAINABILITY

The Group's Sustainability Division's key performance indicators (which ultimately determine the variable component of its remuneration) includes specific targets on managing environmental and social impacts. Performance against these targets are assessed annually, during the performance appraisal and remuneration determined accordingly. In addition, the Group also has a reward scheme in place to recognise and reward individuals demonstrating strong commitment to sustainability through identified behaviour and actions.

Board remuneration is aligned with the practices of Aitken Spence PLC and is discussed in further detail in the Remuneration Committee Report on page 161 of this Report. There is no process currently in place for linking Board remuneration with the Group's sustainability performance.

1. MANDATORY COMPLIANCES

1.1 Compliance with the Companies Act No. 07 of 2007

Section Reference	Requirement	Compliance Status	Reference
168 (1) (a)	Any change during the accounting period in the nature of business of the Company or any of its subsidiaries, and the classes of business in which the Company has an interest, whether as a shareholder of another company or otherwise.	Compliant	There has been no change in the nature of business of the Company and its subsidiaries during the year under review.
168 (1) (b)	Financial Statements of the Company and the Group for the accounting period completed and signed.	Compliant	Please refer Financial Statements on pages 168 to 230 of this Annual Report.
168 (1) (c)	Auditor's Report on the Financial Statements of the Company and the Group.	Compliant	Please refer Independent Auditor's Report on pages 164 to 167 of this Annual Report.
168 (1) (d)	Change of accounting policies during the accounting period.	Compliant	Please refer Note 3 to the Financial Statements on pages 177 to 191 of this Annual Report.
168 (1) (e)	Particulars of entries in the Interest Register made during the accounting period.	Compliant	Please refer the Annual Report of the Board of Directors on pages 155 to 157 of this Annual Report.
168 (1) (f)	Remuneration and other benefits paid to the Directors during the accounting period.	Compliant	Please refer Note 9 to the Financial Statements on page 195 of this Annual Report.
168 (1) (g)	Total amount of donations made by the Company and the Group during the accounting period.	Compliant	Please refer Note 9 to the Financial Statements on page 195 of this Annual Report.
168 (1) (h)	Directorate of the Company and the Group as at the end of the accounting period along with the changes that occurred during the accounting period.	Compliant	Please refer Corporate Information on inner back cover of this Annual Report.

Section Reference	Requirement	Compliance Status	Reference
168 (1) (i)	Amounts payable to the Auditors as audit fees and fees payable for other related services provided by them.	Compliant	Please refer Note 9 to the Financial Statements on page 195 of this Annual Report.
168 (1) (j)	Relationship or interest of the Auditors with the Company or any of its subsidiaries.	Compliant	Please refer the Annual Report of the Board of Directors on pages 155 to 157 of this Annual Report.
168 (1) (k)	The Annual Report of the Board of Directors be signed on behalf of the Board.	Compliant	Please refer the Annual Report of the Board of Directors on pages 155 to 157 of this Annual Report.

1.2 Compliance with the continuing listing requirements - Section 7.6, section 7.10 and section 9.3.2 on corporate governance rules for listed companies, issued by the Colombo Stock Exchange.

Section Reference	Requirement	Compliance Status	Reference
7.6	**Contents of Annual Report**		
7.6.(i)	Names of persons who during the financial year were Directors of the entity	Compliant	Please refer Corporate Information on inner back cover of this Annual Report.
7.6.(ii)	Principal activities of the entity and its subsidiaries during the year and any changes therein	Compliant	Please refer the Annual Report of the Board of Directors on pages 155 to 157 and the Corporate Information on inner back cover of this Annual Report.
7.6.(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	Compliant	Please refer Shareholder and Investor Information on pages 235 to 237 of this Annual Report.
7.6.(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	Compliant	Please refer Shareholder and Investor Information on pages 235 to 237 of this Annual Report.
7.6.(v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the entity at the beginning and end of each financial year	Compliant	Please refer Shareholder and Investor Information on pages 235 to 237 of this Annual Report.
7.6.(vi)	Information pertaining to material foreseeable risk factors of the Entity	Compliant	Please refer Risk Management on pages 135 to 139 of this Annual Report.
7.6.(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Compliant	Please refer Human Capital on pages 92 to 97 of this Annual Report.
7.6.(viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Compliant	Please refer Note 15 to 16 to the Financial Statements on pages 202 to 205 of this Annual Report.
7.6.(ix)	Number of shares representing the Entity's stated capital	Compliant	Please refer Shareholder and Investor Information on pages 235 to 237 of this Annual Report.
7.6.(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Compliant	Please refer Shareholder and Investor Information on pages 235 to 237 of this Annual Report.

Section Reference	Requirement	Compliance Status	Reference
7.6.(xi)	Ratios and market price information	Compliant	Please refer Shareholder and Investor Information on pages 235 to 237 of this Annual Report.
7.6.(xii)	Significant changes in the entity's or its subsidiaries fixed assets and the market value of land	Compliant	Please refer Note 15 to 16 to the Financial Statements on pages 202 to 205 of this Annual Report.
7.6.(xiii)	If during the year the entity has raised funds either through an initial public offering and/or a further issue of securities (as applicable)	Compliant	The Company had no public issues, rights issues or private placements during the year under review.
7.6.(xiv)	Employee share option/purchase schemes (if any)	Compliant	As at date, the Company has no share option/ purchase schemes made available to its Directors or employees.
7.6.(xv)	Corporate Governance Disclosures.	Compliant	Please refer Corporate Governance on pages 114 to 134 of this Annual Report.
7.6.(xvi)	Related Party Transactions in terms of Sections 9	Compliant	Please refer Note 32 to the Financial Statements on pages 221 to 224 of this Annual Report, and the Related Party Transactions Review Committee Report on page 62
7.10 and 9.3.2	**Corporate Governance Compliance**		
7.10.1	**Non-Executive Directors (NED)**		
(a)	The Board of Directors shall include at least two NEDs or equivalent to one third of the total number of Directors whichever is higher	Compliant	Six out of the nine Board Members are NEDs.
7.10.2	**Independent Directors**		
(a)	Two or one-third of NEDs, whichever is higher, should be independent	Compliant	Two out of the six NEDs are independent.
(b)	Annual submission of a signed and dated declaration of independence/non-independence by all NEDs.	Compliant	A declaration is submitted by all NEDs annually confirming their independence/non-independence in compliance with the relevant statutory regulations.
7.10.3	**Disclosures relating to Directors**		
(a)	The Board shall make a determination annually as to the Independence/ Non-Independence of each NED. The names of Directors determined to be independent shall be disclosed in the Annual Report	Compliant	Independence of the NEDs has been determined by the Board based on the annual declaration and taking into the account of all the other information and circumstances. The criteria for determining the independence of the NEDs could be found in Corporate Governance on page 119 of this Annual Report.
(b)	Criteria not met by the Non-Executive Directors and basis for determining to be independent	Compliant	The criteria for determining the independence of the NEDs could be found in Corporate Governance on page 119 of this Annual Report.

Section Reference	Requirement	Compliance Status	Reference
(c)	Publication of a brief resume of each Director including the Director's areas of expertise.	Compliant	Please refer the Profiles of the Directors on pages 30 to 34 listing out the names and a brief resume of each Director set out in this Annual Report.
(d)	Submission of a brief resume to the Colombo Stock Exchange (CSE) upon appointment of a new Director to the Board	Compliant	Upon appointment of a new Director to the Board, the Company makes an announcement to the Colombo Stock Exchange with a brief resume of such Director containing the nature of his expertise, relevant interest, other directorships held, membership in Board Committees and the nature of appointment.
7.10.4	**Criteria for Defining Independence**		
a.to h.	Requirements for determining independence of a Director	Compliant	Our Independent Non-Executive Directors neither participate in day-to-day operations of the Company nor take part in any business dealings with the Company. This enables them to be free from any conflict of interest with the Company. **Dr. S. A. B. Ekanayake** The Board is of the view that although the period of service of Dr. Ekanayake exceeds nine years as a Board member, it does not compromise his independence and objectivity in discharging his duties as a Director. Therefore, in consideration of the above, the Board determined that Dr. Ekanayake is "independent" as per the Listing Rules. **Mr. S. C. Ratwatte** Mr. Ratwatte is construed to be an Independent Non-Executive Director as he conforms to the relevant criterion for independence.
7.10.5	**Remuneration Committee**		
(a)	The Committee shall comprise of two independent Directors or Non-Executive Directors a majority of whom shall be independent, whichever is higher. One Non-Executive Director shall be appointed as Chairman of the committee by the Board of Directors.	Compliant	Two out of the three members of the Remuneration Committee are Independent Non- Executive Directors. Mr. Malik J. Fernando, Non-Executive Director is the Chairman of the Committee.
(b)	The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer (CEO) and the Executive Directors	Compliant	The Remuneration Committee is responsible of reviewing policy of remuneration packages of Executive Directors and the CEO, and recommend the same to the Board.

Section Reference	Requirement	Compliance Status	Reference
(c)	The Annual Report should set out; a) Names of the Directors comprising the Remuneration Committee b) Statement of Remuneration policy c) Aggregate remuneration paid to Executive and Non- Executive Directors	Compliant	Please refer Remuneration Committee Report on page 161 and Note 9 to the Financial statements on page 195 of this Annual Report.
7.10.6	**Audit Committee**		
(a)	The Audit Committee shall comprise of a minimum of two Independent Non-Executive Directors or of Non-Executive Directors a majority of whom are Independent, whichever shall be higher. One Non-Executive Director shall be appointed as Chairman of the Committee by the Board of Directors.	Compliant	The Audit Committee is composed of Non- Executive Directors, two of whom are Independent Directors. Dr. S. A. B. Ekanayake who is an Independent Non-Executive Director is the Chairman of the Committee.
	Chief Executive Officer (CEO) and the Chief Operating Officer (COO) - Finance shall attend committee meetings.	Compliant	Mr. B. Bulumulla, Director/CEO and Mr. J. A. R. Nissanka, COO - Finance attend the meetings by invitation.
	The Chairman of the Audit Committee or one member shall be a member of a professional accounting body.	Compliant	Mr. S. C. Ratwatte, member of the Committee is a fellow member of the Chartered Institute of Management Accountants, UK.
(b)	Audit Committee Functions Should be as outlined in the Section 7.10 of the Listing Rules:	Compliant	Please refer Audit Committee Report on page 159 and the Board of Director's Statement on Controls on page 163 of this Annual Report.
(c)	Disclosure in the Annual Report: The Annual Report should set out the Names of the Directors comprising the Audit Committee Determination of the independence of the Auditors and disclose the basis for such determination A Report of the Audit Committee setting out the manner of compliance	Compliant	Please refer Audit Committee Report on page 159 and Annual Report of the Board of Directors on pages 155 to 157 of this Annual Report.
9.3.2	**Related Party Transactions Review Committee**		
9.3.2	◈ Details pertaining to Non-Recurrent Related Party Transactions ◈ Details pertaining to Recurrent Related Party Transactions ◈ Report of the Related Party Transactions Review Committee ◈ 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	Compliant	Please refer Related Party Transactions Review Committee Report on page 162 and Annual Report of the Board of Directors on pages 155 to 157 of this Annual Report.

2. VOLUNTARY COMPLIANCES

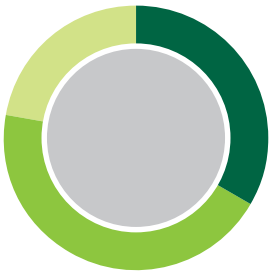
The Compliance levels with the Code of Best Practice on Corporate Governance 2017, issued by the Institute of Chartered Accountants of Sri Lanka

SECTION 1 : THE COMPANY
A. DIRECTORS
A.1 The Board

The Board consists of three Executive Directors and six Non-Executive Directors out of which two Directors are independent Directors and four of whom are Non-Independent Directors. The Chairman, Managing Director and Director/CEO serve as Executive Directors.

Our Board represent a well-balanced mix of professions with wide knowledge and experience which enable them to impart substantial value, knowledge and independent judgment towards decision making and providing effective leadership to the Company. The names and profiles of each Director are on pages 30 to 34 of this Annual Report.

Board composition



Executive Directors	3
Non - Independent Non-Executive Directors	4
Independent Non-Executive Directors	2

Quality of the Board

Executive Directors

Dr. M. P. Dissanayake
Chairman
Dr. Dissanayake holds extensive experience in maritime and logistics including Chairman/ Board positions in public service. He is an Alumni of the University of Sri Jayawardenapura, NORAD, JICA, Business Alumni of the University of Oxford (UK) and a fellow of Havard Business School (EEP).

Dr. R. M. Fernando
Managing Director
Dr. Fernando counts in-depth experience in plantation management and played a pivotal role in the Plantations Privatization Programme. He holds a PhD and an MBA from the University of Colombo and is also a Chartered Marketer and a Fellow of the Chartered Institute of Marketing (CIM) UK.

Mr. B. Bulumulla
Director/CEO
Employed at Elpitiya Plantations for a period of over 20 years, and a career spanning in the plantation sector for over 30 years, Mr. Bulumulla holds a Diploma in Plantation Management from the National Institute of Plantation Management (NIPM) along with a B.Sc (Hons) Degree in Plantation Management awarded by the Wayamba University of Sri Lanka. He also holds a M.Sc degree in Environment Science from the Open University of Colombo.

Independent Non-Executive Directors

Dr. S. A. B. Ekanayake

Dr. Ekanayake held numerous senior positions in the public sector which includes the Plantations Sector. He holds a PhD in Economics from Australia National University where he conducted research on 'Economics of Human Capital'. He has widely published on economics, human capital, agriculture and environment related areas in Sri Lanka and overseas.

Mr. S. C. Ratwatte

Mr. Ratwatte is a fellow of the Chartered Institute of Management Accountants, UK and has over 30 years of work experience in the fields of financial and treasury management, project evaluation and development.

Non-Independent Non-Executive Directors

Deshamanya Merrill J. Fernando

Deshamanya Merrill J. Fernando is the founder of the MJF Group of Companies and Sri Lanka's global tea brand, DILMAH. DILMAH pioneered value addition, packaging, branding and marketing consumer ready tea from source, enabling Sri Lanka to retain profits which traditionally enriched foreign traders at the expense of tea producers. He re-launched Ceylon Tea in the 1980s.

Mr. Malik J. Fernando

Mr. Fernando holds a B.Sc. in Business Management from Babson College U.S. He is a Director of MJF Holdings & Dilmah Tea established by Deshamanya Merrill J. Fernando. Mr. Fernando is also the Managing Director of Resplendent Ceylon, the first Sri Lankan luxury resort brand.

Mr. D. A. de S. Wickremanayake

Mr. Wickremanayake is the founder Chairman/Managing Director of Master Divers (Pvt) Ltd., which created a landmark area of activity in the shipping industry and is a Member of the University Grant Commission Standing Committee on Agriculture, Veterinary Medicine and Animal Science.

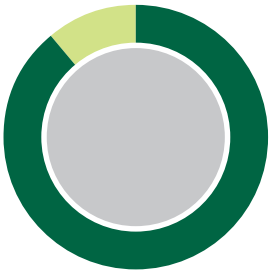
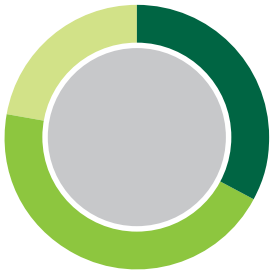
Mrs. D.A.S. Dahanayake

Mrs. Dahanayake possesses a career spanning over 17 years in the public sector and is an Acting Director of the Department of Trade and Investment Policy of the Ministry of Finance. She obtained a B.Sc. General Degree from the University of Kelaniya, Sri Lanka and a Masters Degree in Applied Science from the University of Colombo, Sri Lanka.

Code Reference	Corporate Governance Principle	Compliance Status	Disclosure
A.1.1	Board Meetings and Provision of regular and structured information to the Board	Compliant	The Board Meetings are held quarterly to review the business performance of the Company. In addition to attending meetings, the Directors make decisions via circular resolutions. The Meetings were convened three times during the year under review and the attendance of the Directors at the meetings were as follows:

Director	18th June 2021	24th September 2021	15th February 2022
Dr. M. P. Dissanayake (Chairman)	√	√	√
Dr. R. M. Fernando (Managing Director)	√	√	√
Mr. B. Bulumulla (Director/CEO)	√	√	√
Mr. Malik J. Fernando/ Ms. M. D. A. Perera (Alternate to Mr. Malik J. Fernando)	√	√	√
Deshamanya Merrill J. Fernando/ Mr. A. T. S. Sosa (Alternate to Deshamanya Merrill J. Fernando)	√	√	√
Dr. S. A. B. Ekanayake	√	√	√
Mr. S. C. Ratwatte	√	√	√
Mrs. B. W. G. C. S. Bogahawatte (Resigned w.e.f. 28.02.2022)	*	*	*
Mr. D. A. de S. Wickremanayake	√	√	*
Mrs. D.A.S. Dahanayake (Appointed w.e.f. 28.02.2022)	-	-	-

Present - √ Excused - *

Code Reference	Corporate Governance Principle	Compliance Status	Disclosure
			Board's Gender Diversity %  Male 89% Female 11% **Age Distribution** %  50 - 60 Years 33% 61 - 70 Years 45% Above 71 Years 22%
A.1.2	Role of the Board	Compliant	The Board provides entrepreneurial leadership to the Company, working within the Company's framework of prudent and effective controls that enables the Company to effectively mitigate risks. In performing its duties, the Board's key responsibilities are: Maximizing shareholder value, ◈ Formulating, communicating, implementing and monitoring the business goals, objectives, strategies and policies of the Company, ◈ Ensuring adherence to appropriate accounting policies and practices, ◈ Setting priorities and communicating values and ethical standards for Management, ◈ Ensuring proper risk management and audit systems covering all aspects of the business are in place and implemented, ◈ Ensuring due compliance with applicable laws of the country and institute best practices on ethical, legal, health, environmental and safety standards for the Company, ◈ Reviewing and approving the Operational and Financial Budgets and monitoring performance against the Budgets, ◈ Reviewing and approving major investments and business proposals recommended by the Management Committee, ◈ Approving the annual and interim Financial Statements and recommending dividends for approval by the shareholders, ◈ The Board is responsible ultimately, for the Company's financial performance, ◈ The Directors obtain independent professional advice, whenever required at the Company's expense in discharging their duties.

Code Reference	Corporate Governance Principle	Compliance Status	Disclosure
Key Areas of Board Focus In 2021/22			

Strategy	Leadership & Risk	Governance	Finance
◈ Reviewed the group strategy and implemented new ventures. ◈ Strategized the Group's business segments and gave direction to implement new ventures.	◈ Succession Planning ◈ Entrepreneurial direction and support. ◈ Determining the Group's risk appetite and principle risks. ◈ Evaluation of re-appointment of Directors. ◈ Review performance of sub- committees.	◈ Evaluation of the Governance structure. ◈ Ensure compliance ◈ Implementation of regulation to accommodate necessary changes.	◈ Overview of preparation and presentation. ◈ Optimization of implementation. ◈ Capital allocation, financing and funding.

A.1.3	Compliance with laws and access to independent professional advice and services and training of Directors	Compliant	All Directors are encouraged to attend appropriate seminars and training programmes to enhance their business insight and professionalism in efficiently and effectively discharging their duties. The Directors are further encouraged to participate in workshops and/ or seminars in the capacities as speakers, moderators or panelists in their respective areas of proficiency. The Directors are briefed on changes in laws and regulations as applicable from time to time. The Board, in discharging its duties, seek independent professional advice from external parties as and when required at the Company's expense which enables the Directors to ensure that the Company complies with the laws and regulations of the country, as applicable, regulations of authorities, professional institutes and trade associations.
A.1.4	Access to advice from the Company Secretary and duties of the Company Secretary and indemnifying the Board, Directors and Key Management Personnel	Compliant	All Directors have access to obtain advice and the services of the Company Secretaries who are responsible for assuring that the Board follows the best practices in respect of Corporate Governance by strictly complying with the necessary statutory and regulatory rules and regulations. Directors of Elpitiya Plantations PLC and the Group are indemnified by the Company.
A.1.5	Independent Judgement	Compliant	All Directors exercise independent judgement in all matters relating to issues of strategy, performance, resources and standards of business conduct, considered by the Board and acts free from any bias and from any undue influence from other parties.
A.1.6	Dedication of sufficient time and effort	Compliant	The Board collectively and the Directors individually allocate adequate time to fulfil their duties as Directors of the Company. The Board has delegated its day to day operations of the Company to the Managing Director together with the Management Committee.
A.1.7	Call for Resolutions	Compliant	One third of the Directors could request for a resolution to be presented to the Board in the best interest of the Company.

Code Reference	Corporate Governance Principle	Compliance Status	Disclosure
A.2 Chairman and Chief Executive Officer (CEO)			
A.2.1	Decision to combine the posts of Chairman and CEO	Not Applicable	The functions of the Chairman, Managing Director and CEO are distinct and separate which ensures the balance of power and authority within the Company so that no individual has unfettered powers of decision making.
A.2 Chairman's Role			
A.3.1	Chairman's role in preserving good corporate governance	Compliant	Our Chairman, Dr. M. P. Dissanayake is responsible for: The effective discharge of the Board's functions, ◈ Ensuring effective participation by the individual Directors to make their contribution on matters under consideration prior to taking decisions, ◈ Ensuring the balance between the Executive and Non-Executive Directors is maintained and views considered and ascertained, ◈ Ensuring that the Board is in complete control of the Company's affairs and alert to its obligations to all shareholders and stakeholders.
A.4 Financial Acumen			
A.4	Ensuring the availability of sufficient financial acumen within the Board	Compliant	Please refer the Profiles of the Directors on pages 30 to 34 in this Annual Report. Ms. M. D. A. Perera, Alternate Director to Mr. Malik J. Fernando 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. Mr. A. T. S. Sosa, Alternate Director to Deshamanya Merrill J. Fernando is an Associate Member of the Chartered Institute of Management Accountants – UK, Fellow member of Certified Management Accountants of Sri Lanka.
A.5 Board Balance			
Board Composition Elpitiya Plantations PLC is governed by a well-balanced Board. It is composed of three Executive Directors (the Chairman, Managing Director and Director/CEO), two Independent Non-Executive Directors and four Non- Independent Non-Executive Directors. The Board is comprised of a balanced number of Executive and Non- Executive Directors that no individual or small group could dominate the decision making.			
A.5.1	Inclusion of sufficient Non-Executive Directors	Compliant	The Board consists of six Non-Executive Directors of whom two are Independent Directors. The profiles of the Non-Executive Directors are provided on pages 31 to 34 of this Annual Report.
A.5.2	Constitution of the Board of Directors only with three Non- Executive Directors (NEDs)	Compliant	The Board consist of six Non-Executive Directors, of whom two are Independent.

Code Reference	Corporate Governance Principle	Compliance Status	Disclosure
A.5.3/ A.5.4	Determination of independence, Annual Declaration of independence by the NEDs	Compliant	The Board is composed of two Independent Non-Executive Directors namely, Dr. S. A. B. Ekanayake and Mr. S. C. Ratwatte. Our Independent Non-Executive Directors neither participate in day-to-day operations of the Company nor take part in any business dealings with the Company. This enables them to be free from any conflict of interest with the Company. Annually, the Non-Executive Directors submit a signed declaration of his independence/non-independence in accordance with the requirements of the relevant statutory regulations.
A.5.5	Board's determination on independence of NEDs	Compliant	The Board having considered the declarations made by the Non-Executive Directors and the criteria for independence determined that Dr. S. A. B. Ekanayake and Mr. S. C. Ratwatte are Independent Directors as they conform to the relevant criterion for independence.
A.5.6	Independence of Alternate Directors	Compliant	Mr. A. T. S. Sosa, Alternate Director to Deshamanya Merrill J. Fernando and Ms. M. D. A. Perera, Alternate Director to Mr. Malik J. Fernando are not executives of the Company.
A.5.8	Senior Independent Director (SID)	Not Applicable	The Roles of the Chairman and the CEO are distinct.
A.5.9	Annual meeting of Chairman with Non-Executive Directors	Compliant	The Chairman meets with the Non-Executive Directors as and when necessary.
A.5.10	Recording of dissent in minutes	Compliant	Any concerns raised by the Directors which cannot be resolved unanimously are recorded in the Board minutes.
A.6 Supply of Information			
A.6.1/ A.6.2	Obligation of the Management to provide appropriate and timely information	Compliant	Directors are furnished with monthly reports of performance and are given appropriate information and board papers are circulated at least seven days ahead of each Board Meeting enabling the Directors to study the matters that would be discussed. This enables Board Members to actively participate at Board Meetings. The Board is provided with appropriate information well ahead of each Board meeting providing them sufficient time to review and obtain clarification if required enabling their active and effective participation.
A.7 Appointments to the Board			
A.7.1	Presence of the Nomination Committee	Not Applicable	
A.7.2	Annual assessment of Directors	Compliant	Assessment of the performance of the Board, its subcommittees and individual Directors is an integral part and takes place annually on a self- appraisal basis.

Code Reference	Corporate Governance Principle	Compliance Status	Disclosure
A.7.3	Disclosure of Appointment of a New Director	Compliant	The Articles of Association of the Company empowers the Board of Directors to either fill a casual vacancy or appoint additional Directors to the Directorate of the Company. A formal and transparent procedure is adopted for the appointment of Directors to the Board. Upon the appointment of a Director, the Company discloses same to the Colombo Stock Exchange (CSE) together with a brief resumé of such Director containing the nature of his expertise, other directorships held, memberships in Board Committees and the nature of the appointment.
A.8 Re-Election			
A.8.1/ A.8.2	Re-election of NEDs and re-election and re-appointment of Directors	Compliant	All newly appointed Directors hold office until the next Annual General Meeting at which they are eligible for election. Further, the Articles of Association of the Company require one-third of the Directors in office to retire at each Annual General Meeting. The Directors to retire each year are those who have been longest in office since their last re-appointment. Retiring Directors are eligible for re-election by the shareholders with the exception of the Managing Director and the Director nominated by the Secretary to the Treasury who do not retire by rotation.
A.8.3	Resignation of a Director	Compliant	In the event that a Director recommended for re-election or re-appointment wishes to resign from his/her position as a Director, he/she is expected to provide a written communication to the Board formally tabling his/her resignation along with reasons for such resignation.
A.9 Appraisal of Board Performance			
A.9.1/ A.9.2	Review of Performance of the Board and its Committees and self-evaluation of Directors and of its Committees	Compliant	Assessment of the performance of the Board, its committees and individual Directors is an integral part and takes place annually on a self- appraisal basis.
A.9.3/ A.9.4	Presence of a process to review participation, contribution and engagement of Directors and Disclosure of performance evaluation	Compliant	The self-appraisal provides an avenue to highlight area for improvement and remedial action as well as evaluation of the progress of such areas identified. It also ensures that any gaps pertaining to investor relations and Board administration and processes are rectified.
A.10 Disclosure of information in respect of Directors			
A.10.1	Profiles of the Board of Directors and other related information	Compliant	Please refer Board Profiles on pages 30 to 34 of this Annual Report.
A.11 Appraisal of the Chief Executive Officer (CEO)			
A.11.1/ A.11.2	Setting financial and non-financial targets and performance evaluation	Compliant	The performance evaluation of the Managing Director and the CEO is carried out by the Chairman, in line with the financial and non-financial objectives set out in consultation with the Board at the commencement of every financial year.

Code Reference	Corporate Governance Principle	Compliance Status	Disclosure
B. DIRECTORS' REMUNERATION			
B.1 Remuneration Procedure			
B.1.1/ B.1.5	Establish process for developing policy on executive remuneration and individual Director's remuneration.	Compliant	The Remuneration Committee which is a sub-committee of the Board is entrusted with the responsibility of formulating and reviewing the remuneration packages of Executive Directors and Executive employees. The evaluation of performance is conducted annually and bi-annually. No Director is involved in deciding his/her own remuneration. Please refer Remuneration Committee Report on page 161 of this Annual Report.
B.2 The Level and Make up of Remuneration			
B.2.1/ B.2.5	Standard of making the remuneration packages of Executive Directors	Compliant	Please refer Remuneration Committee Report on page 161 of this Annual Report.
B.2.6	Executive share options	Compliant	As at date, the Company has no share options available to its Directors.
B.2.7	Performance-related remuneration	Compliant	Please refer Remuneration Committee Report on page 161 of this Annual Report.
B.2.8/ B.2.9	Early termination in Directorate	Compliant	The Remuneration Committee determines the remuneration of Directors in the event of early termination.
B.2.10	Levels of remuneration for NEDs	Compliant	Please refer Remuneration Committee Report on page 161 of this Annual Report.
B.3 Disclosure of Remuneration			
B.3.1	Disclosure of names of the members of the Remuneration Committee, statement of the remuneration policy and set out the aggregate remuneration paid to Directors	Compliant	Please refer Remuneration Committee Report on page 161 and note 9 to the Financial Statements on page 195 of this Annual Report.
C. RELATIONS WITH SHAREHOLDERS			
C.1 Constructive use of the Annual General Meeting (AGM) and conduct of General Meetings			
C.1.1	Dispatch of Notice of AGM and related papers to shareholders	Compliant	Notices of meetings are circulated to the shareholders within the stipulated time in accordance with the Articles of Association. Board use the AGM to communicate with shareholders and encourage their participation.
C.1.2	Separate resolution for each issue	Compliant	A separate resolution on each issue is proposed at the Annual General Meeting of the Company.
C.1.3	Accurate recording and counting valid proxy appointments received for General Meetings	Compliant	All proxy appointments received are duly recorded and counted in respect of each resolution, where a vote has been taken on a show of hands.
C.1.4	Availability of Chairmen of Board Committees at the AGM	Compliant	The Chairmen of the Audit, Remuneration and Related Party Transactions Review Committees are present at the AGMs.
C.1.5	Notice of General Meetings and the summary of the procedures governing voting at General Meetings	Compliant	In the event the appropriate numbers of shareholders give their intimation, in writing and request for a poll, the procedures involved in voting would be circulated. In the absence of such intimation, all issues at the General Meeting will be passed by show of hands.

Code Reference	Corporate Governance Principle	Compliance Status	Disclosure
C.2 Communication with Shareholders			
C.2.1 / C.2.3	Effective communication with shareholders and disclosure of the method of communication with the shareholders	Compliant	The Company encourages effective communication with the shareholders and answers queries and concerns of shareholders through the Company Secretaries and the Registrars. Any matters relating to the shareholders are effectively and efficiently dealt by the Company Secretaries and the Registrars of the Company.
C.2.4.	Contact person in relation to shareholder matters	Compliant	Company Secretaries and/or the Registrars could be contacted in relation to shareholder matters.
C.2.5 / C.2.7	Process to make Directors aware of the issues and concerns of Shareholders and disclosing same and the process responding to shareholder matters	Compliant	The Company Secretaries maintain a record of all correspondence received and would deliver such correspondence to the Board or individual Director as applicable. The Board or individual Director, as applicable will generate an appropriate response to all validly received shareholder correspondence and will direct the Company Secretaries to send the response to the particular shareholder.
C.3 Major and Material Transactions			
C.3.1/ C.3.2	Disclosure of Major related party transactions with a related party	Compliant	The Company ensures that in the event of a major related party transaction takes place, all required approvals are obtained and that the disclosure requirements of the Listing Rules of the Colombo Stock Exchange are strictly adhered to.
D. ACCOUNTABILITY AND AUDIT			
D.1 Financial and Business Reporting (The Annual Report)			
D.1.1/ D.1.2	Board responsibility in Financial Reporting	Compliant	The Board of Directors confirm that the Financial Statements of the Company and its subsidiaries have been prepared in accordance with the provisions of the Companies Act No. 7 of 2007, the Sri Lanka Financial Reporting Standards/ Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange. The Company has duly complied with all the relevant laws and reporting requirements of the regulatory authorities. Further, the consolidated Financial Statements and the Financial Statements of the Company were audited by Messrs. Ernst & Young, Chartered Accountants.
D.1.3	Declaration made by the Chief Executive Officer (CEO) and Chief Operating Officer (COO) - Finance in maintaining accurate financial records and in compliant with the appropriate accounting standards	Compliant	Please refer the Statement of Financial Position of this Annual Report which contains a declaration by the Chairman, Managing Director and the Chief Operating Officer - Finance.
D.1.4	Directors' Report declarations	Compliant	Please refer Annual Report of the Board of Directors on the Affairs of the Company on pages 155 to 157 of this Annual Report.

Code Reference	Corporate Governance Principle	Compliance Status	Disclosure
D.1.5	Statements on responsibilities for preparation of Financial Statements and internal control	Compliant	Please refer Statement of Directors' Responsibilities on page 158, Independent Auditor's Report on pages 164 to 167 and Board of Directors' Statement on Internal Controls on page 127 of this Annual Report.
D.1.6	Contents of Management Discussion & Analysis	Compliant	Please refer About the Company on pages 10 to 12, Chairman's Message on pages 21 to 22 and Managing Director's Report on pages 24 to 25 of this Annual Report.
D.1.7	Serious loss of capital	Compliant	In the unlikely event that the net assets of the Company fall below half of shareholders' funds, the shareholders of the Company would be notified, and an Extraordinary General Meeting (EGM) would be called to propose the way forward.
D.1.8	Disclosure of Related Party Transactions	Compliant	Please refer the Related Party Transactions Review Committee Report on page 162 of this Annual Report.
D.2 Risk Management and Internal Control			
D.2.1	Board's responsibility to monitor the company's risk management and internal control systems	Compliant	Please refer Board of Directors' Statement on Internal Controls on page 163 of this Annual Report.
D.2.2	Confirmation by the Directors on carrying out a robust assessment of the principal risks faced by the Company	Compliant	Please refer Board of Directors' Statement on Internal Controls on page 163 of this Annual Report.
D.2.3	Presence of an internal audit function	Compliant	Aitken Spence Group's internal audit division carries out the Company's internal audit function. The internal audit division carries out regular audits in the estates as well as the head office and submits quarterly reports to the Audit Committee on the findings.
D.2.4	Review the process and effectiveness of risk management and internal control by the Audit Committee	Compliant	The Internal Audit Division carries out regular reviews on the internal control system including internal control over financial reporting. The Audit Committee monitors, reviews and evaluates the effectiveness of the internal control system as well as the internal controls over financial reporting.
D.2.5	The Statement of Internal Control	Compliant	Please refer Board of Directors' Statement on Internal Controls on page 163 of this Annual Report.
D.3 Audit Committee			
D.3.1	Composition of the Committee	Compliant	Please refer Audit Committee Report on pages 159 to 160 of this Annual Report.
D.3.2	Duties of the Committee	Compliant	Please refer Audit Committee Report on pages 159 to 160 of this Annual Report.
D.3.3	Disclosures	Compliant	Please refer Audit Committee Report on pages 159 to 160 of this Annual Report.
D.4 Related Party Transactions Review Committee			
D.4.1/ D.4.2	Composition of the Committee	Compliant	Please refer Related Party Transactions Review Committee Report on page 162 of this Annual Report.
D.4.3	Authority and duties of the Committee	Compliant	Please refer Related Party Transactions Review Committee Report on page 162 of this Annual Report.

Code Reference	Corporate Governance Principle	Compliance Status	Disclosure
D.5 Code of Business Conduct & Ethics			
D.5.1	Disclosure of the presence of a Code of Business Conduct & Ethics for Directors, Key Management Personnel and Employees and declaration of compliance	Compliant	The Company has adopted the Aitken Spence Group's Code of Ethics & Professional Conduct which provides employees with guidance in recognizing and handling areas of ethical ambiguity with guidance on how to report unethical conduct and to nurture a culture of openness and accountability.
D.5.2	Presence of a process to promptly identify and report material and price sensitive information	Compliant	The Company ensures that material and price sensitive information is promptly identified and reported in accordance with the requirements of the Listing Rules of the Colombo Stock Exchange.
D.5.3	Policy, process for monitoring and disclosure of share transactions made by related parties	Compliant	Please refer Related Party Transactions Review Committee Report on page 162 of this Annual Report.
D.5.4	Chairman's affirmation that he is not aware of any violation of the provision of the Code of Business Conduct and Ethics	Compliant	The Chairman affirms that there has not been any violation of any of the provisions of Group's Code of Ethics & Professional Conduct. Please refer Board of Directors' Statement on Internal Controls on page 163 of this Annual Report.
D.6 Corporate Governance Disclosures			
D.6.1	Disclosure of a Corporate Governance Report in the Company's Annual Report	Compliant	The Company aims to achieve greater growth and value creation, improve stakeholder satisfaction and relationships in all business activities while adhering to the highest standards of Corporate Governance as evident in this Report.
SECTION 2 : SHAREHOLDERS			
E. INSTITUTIONAL INVESTORS			
E.1 Shareholder Voting			
E.1.1	Regular and structured dialogue with shareholders	Compliant	The Company conducts regular discussions with Institutional Investors. Existing and prospective investors are given a balanced report that enable them to make well-informed decisions in their dealings with the Company.
E.2 Evaluation of Governance Disclosures			
E.2	Institutional investors should be encouraged to give due weight to all relevant factors when evaluating the Company's governance arrangements	Compliant	The Institutional Shareholders are provided with the opportunity of holding discussions with the Company. The existing and prospective investors are provided with a balanced, comprehensive report that enable them to make well-informed decisions in their dealings with the Company. Shareholders are encouraged and provided the opportunity to raise their concerns, seek clarifications on relevant matters with the Chairman and the Board of Directors at the Annual General Meeting.

Code Reference	Corporate Governance Principle	Compliance Status	Disclosure
F. OTHER INVESTORS			
F.1 Investing/Divesting Decision			
F.1	Encouraging shareholders to carry out adequate analysis and seek independent advice	Compliant	The Annual Report and the Interim Financial Statements which are readily available in the Colombo Stock Exchange website and the Company's website, provide sufficient information required for investors to make well-informed decisions.
F.2 Shareholder Voting			
F.2	Encouraging shareholders to participate in General Meetings	Compliant	Elpitiya Plantations engage with shareholders through open, meaningful dialogue that helps us to understand their expectations. All shareholders are encouraged to attend and actively participate and vote at the Annual General Meeting. As the Company doesn't have any non-voting ordinary shares, all shareholders are entitled to one vote per individual present or one vote per share in case of a poll.
G. INTERNET OF THINGS AND CYBERSECURITY			
G.1	Process to identify how the external IT devices could connect to the organization's network	Compliant	Please refer Risk Management on pages 135 to 139 of this Annual Report.
G.2	Appointment of a Chief Information Security Officer (CISO)	Compliant	The functions of the CISO is carried out by the Aitken Spence Group IT Division who is also overlooking the IT function of Elpitiya Plantations PLC.
G.3	Allocation of adequate time on the Board Meeting agenda for discussions on cyber risk management	Compliant	Please refer Risk Management on pages 135 to 139 of this Annual Report.
G.4	Independent periodic review of the effectiveness on the cybersecurity risk management and the scope and the frequency of the review	Compliant	Please refer Risk Management on pages 135 to 139 of this Annual Report.
G.5	Cybersecurity process	Compliant	Please refer Risk Management on pages 135 to 139 of this Annual Report.

Code Reference	Corporate Governance Principle	Compliance Status	Disclosure
H. ENVIRONMENT, SOCIETY AND GOVERNANCE (ESG)			
H.1 ESG Reporting			
H.1.1	Provision of information in relation to ESG factors, effects of ESG issues to the business and how risks and opportunities pertaining to ESG are recognized, managed, measured and reported		Please refer the Capital Management on pages 82 to 113 of this Annual Report.
H.1.2	Environmental Factors		Please refer Natural Capital section on pages 108 to 113 of this Annual Report.
H.1.3	Social Factors		Please refer Human Capital and Social & Relationship Capital section on page 92 to 103 of this Annual Report.
H.1.4	Governance		Please refer Risk Management on pages 135 to 137 and Corporate Governance Report on pages 114 to 134 of this Annual Report.
H.1.5	Board's role on ESG Factors		ESG concerns of the Group is spearheaded by Dr. R. M. Fernando with the support and leadership of the Chairman. The Group conducted a formal stakeholder engagement study through a third party under the guidance of Dr. R. M. Fernando, and results of this study were shared with the Board of Management with exclusive sessions conducted for specific SBUs as well. Similar briefings are routinely carried out on key sustainability priorities for the Group where all Managing Directors and the Executive Directors of the Main Board are informed about the Group's progress in social and environmental governance and impact control.

Risk Management

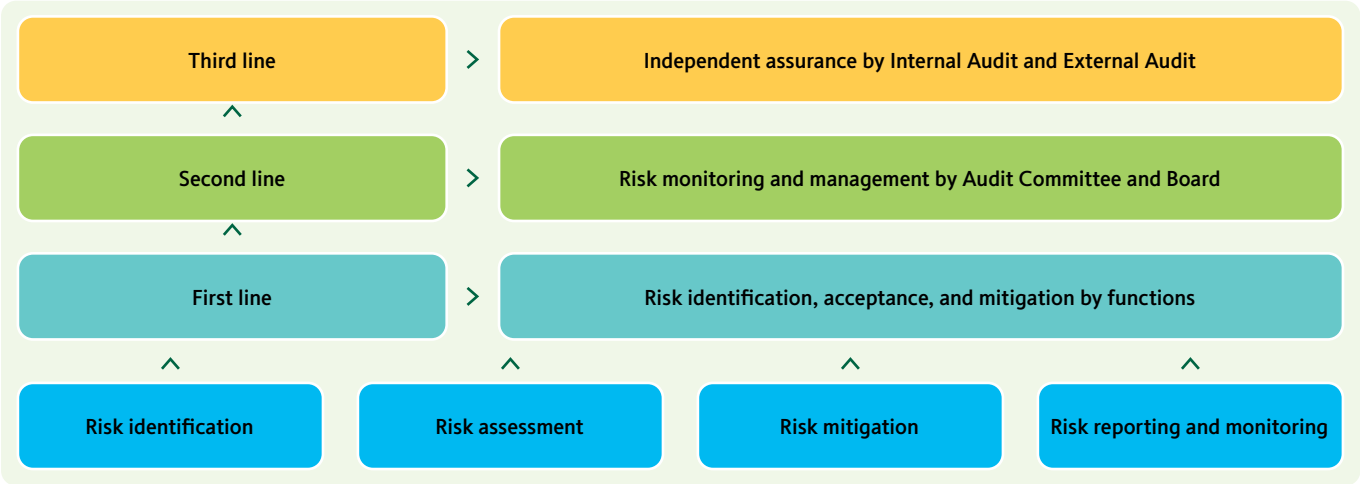
As an Organisation with significant interests in the plantation sector, the Group is inevitably exposed to a range of external and internal risks which can have a significant impact on its ability to create value. The Group's risk management process sets out to drive an optimum balance between minimising the risks associated with the business and maximising shareholder value creation. Risk management is also an organisation-wide discipline, with clearly defined governance structures, policy frameworks and procedures in place to identify, manage and mitigate risks in a consistent manner.

RISK GOVERNANCE

The Board of Directors hold apex responsibility for managing the Group's risk profile in an effective manner. The Board is supported by the Audit Committee in its risk-oversight duties, which plays a central role in identifying, monitoring, and managing financial risks as well as selected employee, customer and environmental related risks. Non-financial risks arise primarily at business unit/functional level, and employees are responsible for the proactive identification and monitoring of risks throughout the organisation.

PRINCIPLES AND APPROACH TO RISK MANAGEMENT

In line with its parent entity, the Group adopts the globally accepted three lines of defense model in managing and measuring its risks, which ensures clear segregation of duties in risk management.

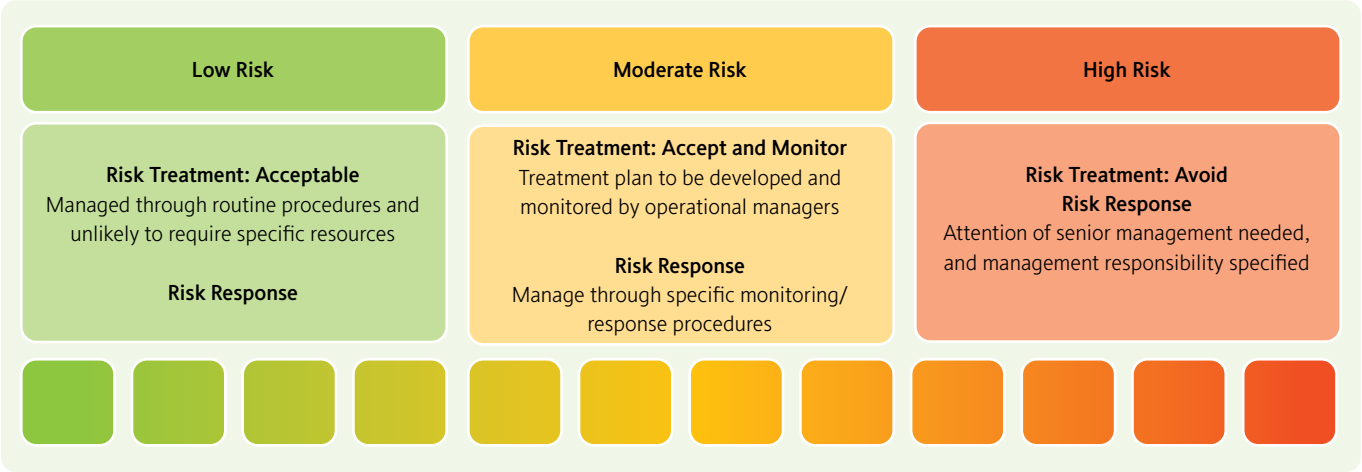


- **Risk identification:** Involves the proactive identification of risks across all business units and functions, with the engagement of all employees.
- **Risk assessment:** Assessment of risks based on the potential likelihood and magnitude of impact.
- **Risk mitigation:** Development and implementation of action plans to effectively mitigate risks.
- **Risk monitoring/reporting:** Reporting on key risk indicators to the Audit Committee and continuous monitoring of key exposures on an ongoing basis.

Risk Management

RISK APPETITE AND TOLERANCE

Risk appetite and tolerances vital to our risk management process, as it integrates risk management with business planning, resource allocation and operational management. The risk tolerance level demonstrates the threshold of risk that the Group is willing to accept when pursuing its objectives and targets.



RISK LANDSCAPE IN 2021/22

The Group's risk landscape shifted considerably during the year, in view of disruptions stemming from the pandemic and macro-economic stress. Key risk exposures in 2021/22, along with mitigation measures and links to our strategy is summarised in the table below:

Developments in 2021/22	Potential impact on EPP	Mitigating actions	Link to strategy
MACRO-ECONOMIC STRESS			
Sri Lanka's economy entered an unprecedented crisis during the year. A sharp fall in tourism inflows and worker remittances coupled with significant international debt payments led to a rapid decline in the country's foreign reserves in 2021. The crisis deepened in 2022, with inflation escalating and the exchange rate falling sharply against the USD. This has led to a shortage in essential items, medicine, and fuel, with broad-based impacts across industries. 2021/22: Risk rating — ; Direction ↑ 2020/21: Risk rating —	◈ The crisis has led to an acute shortage in foreign currency, which impact the Group through, 1. Shortage in imported input materials 2. Disruptions to power supply ◈ Escalating interest rates and resultant increase in cost of funding of new investments and working capital management ◈ Impacts on employees' quality of life and concerns on purchasing power, given escalating inflation	◈ Proactively monitor developments in the policy landscape and macro-economic environment ◈ Diversification of businesses to reduce exposure to specific risk factors ◈ Use of organic fertilizer and cultural crop protection methods to reduce reliance on imported agrochemicals and fertilizer ◈ Measures to support employees through the crisis through market adjustment of remuneration	◈ Agriculture and Processing Strategy ◈ Sustainability Strategy ◈ Design 2020

Developments in 2021/22	Potential impact on EPP	Mitigating actions	Link to strategy
LIMITED ACCESS TO INPUT MATERIALS			
While the import ban on fertilizer was reversed, the industry is seeing the implications of limited access to crop protection material with increased pest and weedicide attacks likely to affect crops. Meanwhile, the price of chemical based fertilizer has surged, in line with the increase in global urea prices. 2021/22: Risk rating — Direction 2020/21: Risk rating	◈ Plantation companies remained somewhat resilient to the import ban on fertilizer and crop protection material in the first half of 2021/22 as they had previously increased inventories in view of potential disruptions. ◈ However production is likely to be affected in 2022, as evidenced by the sharp fall in the country's tea volumes in the first quarter of 2022. ◈ Limited application of chemical-based protection material is expected to result in a drop in volumes and yields. ◈ The surge in prices of fertilizer is likely to impact application and margins	◈ Use of organic fertilizer and cultural crop protection methods to reduce reliance on imported agrochemicals and fertilizer ◈ Close engagement with suppliers and banks in facilitating the importation of chemical fertilizer	◈ Agriculture and Processing Strategy ◈ Sustainability Strategy
INTERRUPTIONS TO ENERGY AND FUEL SUPPLY			
The acute foreign currency liquidity crisis has led to shortages in the supply of fuel and interruptions to the electricity supply. 2021/22: Risk rating — Direction 2020/21: Risk rating	Direct impact on factory operations and higher cost of production given the need to rely on diesel powered generators Adverse implications on our supply chain partners	Increasing reliance on renewable energy The Group maintains buffer stocks of fuel supply in other manufacturing facilities to ensure uninterrupted production Increased diversification of operations	◈ Design 2020

Risk Management

Developments in 2021/22	Potential impact on EPP	Mitigating actions	Link to strategy
IMPLICATIONS OF CLIMATE CHANGE			
Weather conditions remained relatively conducive to tea production which increased by 7% in 2021. However, rubber production was impacted by adverse weather with volumes coming down by 2% during the year. 2021/22: Risk rating — Direction 2020/21: Risk rating	◈ As an agriculture-sector entity, climate change implications and natural disasters have a direct impact on our crop volumes, yields and worker incomes ◈ Fluctuations in the production quantities of regional countries have a direct impact on pricing at the Colombo Tea Auction	◈ Strategic focus on diversifying our businesses to relatively resilient sectors ◈ Sustainable agriculture practices aim to improve the resilience of the business ◈ Crop diversification and value addition	◈ Sustainability Policy
EMPLOYEE HEALTH AND SAFETY			
The outbreak of COVID-19 has exposed organisations to increased health and safety risks, particularly in estate communities in which the risk of spread is higher. With the emergence of the 2nd and 3rd waves of the pandemic, Sri Lanka saw a surge in infections; however most organisations leveraged the learnings obtained from the first wave of the pandemic to support the well-being of our employees while ensuring continuity of production. 2021/22: Risk rating — Direction 2020/21: Risk rating	◈ Inevitable impact on the continuity of estate and manufacturing operations ◈ Increased costs associated with ensuring the well-being of all employees ◈ Impact on employee morale when working from home	◈ Stringent health and safety protocols including regular PCR testing, cleanliness and hygiene protocols, rotation of shifts and a range of other practices to minimise the risk of cross infection ◈ Mechanisms to support employees' families and estate communities in case of infection and quarantine. ◈ Facilitate work from home arrangements for all office employees	◈ Sustainability Policy

Developments in 2021/22	Potential impact on EPP	Mitigating actions	Link to strategy
INTEREST RATES			
Following an extended period of low interest rates, the tightening of monetary policy during the second half of 2021/22 has led to the gradual uptick in market interest rates; which are expected to remain elevated over the short-to-medium term, given the regulator's efforts to stem inflationary pressures and preserve further devaluation of the Rupee 2021/22 — Risk rating: ■; Direction: ↑ 2020/21 — Risk rating: ■	◈ Higher borrowing costs and resultant impact on profitability ◈ Increased cost of maintaining working capital ◈ Higher finance costs associated with debt-funded capacity expansions	◈ The Group's exposure to borrowings remain relatively low, thereby mitigating the exposure to the increase in interest rates ◈ Ongoing negotiation with banks in securing favourable terms ◈ However, future diversification plans which were intended to be funded through debt are likely to be deferred given the higher cost of funding	-
GEOPOLITICAL RISK			
Demand for Sri Lankan tea also remained resilient, given supply constraints in other tea-producing regions. Meanwhile the increased prevalence towards healthy and immunity boosting beverages have also supported resilient demand for orthodox black tea. The Russian-Ukranian conflict, however, is likely to have an impact on demand for Sri Lankan tea, given that the latter is a key export market for the country. 2021/22 — Risk rating: ■; Direction: ↑ 2020/21 — Risk rating: ■	◈ Our tea output is sold primarily in export markets and socio economic and political tensions in buying markets directly impact demand and pricing.	◈ Diversification of operations beyond traditional crops ◈ Increased value addition of products ◈ Strengthen presence in local market for berries and value-added products ◈ Proactively monitoring emerging developments in export markets	◈ Design 2020

Appendix 1: Disclosures on Material Topics

The following table maps the Group's material topics with the relevant topics prescribed by the GRI Standards. There were no significant changes to the Group's topic boundaries during the year under review.

Material Topic	Relevant GRI Disclosure	Topic Boundary
Pandemic related disruptions	-	Relates to the Group's operations and external stakeholders in our communities
Financial performance	-	Group's operations
Sustainable business growth	GRI 201: Economic performance GRI 202: Market presence	Group's operations and impacts along the value chain
Government policy		Group's operations
Availability of labour	GRI 401: Employment	Group's operations
Labour productivity	GRI 404: Training and education	Group's operations
Labour management relations	GRI 402: Labour management relations GRI 407: Freedom of association and collective Bargaining GRI 405: Diversity and equal opportunity GRI 406: Non discrimination GRI 408: Child labour GRI 409: Forced or compulsory labour	Group's operations and impacts across the supply chain
Occupational health and safety	GRI 403: Occupational health and safety	Group's operations and community relationships
Competitive pricing	-	Group's operations
Product quality and reliability	GRI 416: Customer health and safety GRI 417: Marketing and labelling	Group's operations
Corporate governance and risk management	GRI 307: Environmental compliance GRI 419: Socio economic compliance	Group's operations and risks stemming from external environment
Responsible consumption of resources	GRI 301: Materials GRI 302: Energy GRI 303: Water	Group's operations
Environmental impacts	GRI 304: Biodiversity GRI 305: Emissions GRI 306: Effluents and Waste	Group's operations
Relationships with surrounding communities	GRI 203: Indirect economic impacts GRI 413: Local communities	Group's operations and adjacent communities
Relationships with suppliers	GRI 204: Procurement Practices GRI 414: Supplier social assessment GRI 308: Supplier environmental assessment	Group's operations and impacts across the supply chain

GRI Context Index

Statement of use	Elpitiya Plantations PLC has reported in accordance with the GRI Standards for the period 1st April 2021 to 31st March 2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	[Titles of the applicable GRI Sector Standards]

GRI Standard/ Other Source	Disclosure	Location	Omission			Gri Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	6, 241	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	6				
	2-3 Reporting period, frequency and contact point	6, 8				
	2-4 Restatements of information	6				
	2-5 External assurance	7, 149 - 150				
	2-6 Activities, value chain and other business relationships	9				
	2-7 Employees	93				
	2-8 Workers who are not employees	N/A	Workers who are not employees	Not applicable	All workers are engaged as employees	
	2-9 Governance structure and composition	115				
	2-10 Nomination and selection of the highest governance body	128				
	2-11 Chair of the highest governance body	30				
	2-12 Role of the highest governance body in overseeing the management of impacts	124				
	2-13 Delegation of responsibility for managing impacts	116				
	2-14 Role of the highest governance body in sustainability reporting	117				
	2-15 Conflicts of interest	120				

GRI Context Index

GRI Standard/ Other Source	Disclosure	Location	Omission			Gri Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
GRI 2: General Disclosures 2021	2-16 Communication of critical concerns	117				
	2-17 Collective knowledge of the highest governance body	115				
	2-18 Evaluation of the performance of the highest governance body	127				
	2-19 Remuneration policies	117				
	2-20 Process to determine remuneration	117				
	2-21 Annual total compensation ratio	-	Annual total compensation ratio	Confidentiality	The Group does not wish to disclose this due to confidentiality related reasons	
	2-22 Statement on sustainable development strategy	22				
	2-23 Policy commitments	52				
	2-24 Embedding policy commitments	55				
	2-25 Processes to remediate negative impacts	117				
	2-26 Mechanisms for seeking advice and raising concerns	117				
	2-27 Compliance with laws and regulations	109				
	2-28 Membership associations	103				
	2-29 Approach to stakeholder engagement	42				
	2-30 Collective bargaining agreements	92				
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	18	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	19				

GRI Standard/ Other Source	Disclosure	Location	Omission			Gri Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	226				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	232				
	201-2 Financial implications and other risks and opportunities due to climate change	48				
	201-3 Defined benefit plan obligations and other retirement plans	188				
Market presence						
GRI 3: Material Topics 2021	3-3 Management of material topics	93				
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	57				
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics	102				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	102				
	203-2 Significant indirect economic impacts	102				
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	112				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	112				
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	111				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	111				
	302-3 Energy intensity	111				
	302-4 Reduction of energy consumption	111				

GRI Context Index

GRI Standard/ Other Source	Disclosure	Location	Omission			Gri Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	110				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	110				
	303-2 Management of water discharge-related impacts	110				
	303-3 Water withdrawal	110	Same as water consumption			
	303-4 Water discharge	110				
	303-5 Water consumption	110				
Biodiversity						
GRI 3: Material Topics 2021	3-3 Management of material topics	112				
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	112				
	304-2 Significant impacts of activities, products and services on biodiversity	112				
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	111				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	111				
	305-2 Energy indirect (Scope 2) GHG emissions	111				
	305-3 Other indirect (Scope 3) GHG emissions		N/A	Information unavailable		
	305-4 GHG emissions intensity	111				
	305-5 Reduction of GHG emissions	111				
	305-6 Emissions of ozone-depleting substances (ODS)		N/A	Information unavailable		
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		N/A	Information unavailable		

GRI Standard/ Other Source	Disclosure	Location	Omission			Gri Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	112				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	112				
	306-2 Management of significant waste-related impacts	112				
	306-3 Waste generated	112				
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	93				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	93				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	96				
	401-3 Parental leave	97				
Labor/management relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	96				
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	96				
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	96				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	96				
	403-2 Hazard identification, risk assessment, and incident investigation	96				
	403-3 Occupational health services	96				
	403-4 Worker participation, consultation, and communication on occupational health and safety	96				
	403-5 Worker training on occupational health and safety	96				
	403-6 Promotion of worker health	96				

GRI Context Index

GRI Standard/ Other Source	Disclosure	Location	Omission			Gri Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
GRI 403: Occupational Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	96				
	403-8 Workers covered by an occupational health and safety management system	96				
	403-9 Work-related injuries	96				
	403-10 Work-related ill health	96				
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	95				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	95				
	404-2 Programs for upgrading employee skills and transition assistance programs	95				
	404-3 Percentage of employees receiving regular performance and career development reviews	95				
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	97				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	97				
	405-2 Ratio of basic salary and remuneration of women to men	97				
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	93				
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	93				

GRI Standard/ Other Source	Disclosure	Location	Omission			Gri Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
Local communities						
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	102				
	413-2 Operations with significant actual and potential negative impacts on local communities	102				
Marketing and labeling						
GRI 3: Material Topics 2021	3-3 Management of material topics	100				
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	100				
	417-2 Incidents of non-compliance concerning product and service information and labeling	100				
	417-3 Incidents of non-compliance concerning marketing communications	100				

Topics in the applicable GRI Sector Standards determined as not material	
TOPIC	EXPLANATION
[Title of GRI Sector Standard]	
[Topic]	[Explanation]
[Topic]	[Explanation]

Agricultural Products Standard- Sustainability Disclosure Topics & Accounting Metrics

Table: Agricultural Products Standard- Sustainability Disclosure Topics & Accounting Metrics

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	CODE	DISCLOSURE/ Pg. reference
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Metric tons (t) CO -e	FB-AG-110a.1	111
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	-	FB-AG-110a.2	
	Fleet fuel consumed Percentage renewable (total renewable energy % from the fleet fuel consumed)	GJ %	FB-AG-110a.3	
Energy Management	(1) Operational energy consumed	GJ	FB-AG-130a.1	111
	(2) Percentage grid electricity	%		
	(3) Percentage renewable	%		
Food Safety	Global Food Safety Initiative (GFSI) audit	Rate	FB-AG-250a.1	58
	(1) non-conformance rate and			
	(2) associated corrective action rate for (a) major and (b) minor non-conformances			
	Percentage of agricultural products sourced from suppliers certified to a Global Food Safety Initiative (GFSI) recognized food safety certification program	%	FB-AG-250a.2	
	(1) Number of recalls issued	Number	FB-AG-250a.3	
	(2) total amount of food product recalled	MT		
Workforce Health & Safety	(1) Total recordable incident rate (TRIR)	Rate	FB-AG-320a.1	96
	(2) Fatality rate			
	(3) Near miss frequency rate (NMFR) for (a) direct employees and (b) seasonal and migrant employees			
Environmental & Social Impacts of Ingredient Supply Chain	Percentage of agricultural products sourced that are certified to a third-party environmental and/or social standard, and percentages by standard	Percentage (%) by cost	FB-AG-430a.1	98
	Suppliers' social and environmental responsibility audit	Rate	FB-AG-430a.2	
	(1) non-conformance rate			
	(2) associated corrective action rate for (a) major and (b) minor non-conformances			
	Discussion of strategy to manage environmental and social risks arising from contract growing and commodity sourcing		FB-AG-430a.3	
GMO Management	Discussion of strategies to manage the use of genetically modified organisms (GMOs)		FB-AG-430b.1	N/A
Ingredient sourcing	Identification of principal crops and description of risks and opportunities presented by climate change		FB-AG-440a.1	N/A
	Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress		FB-AG-440a.1	
ACTIVITY METRICS				
Production by principal crop Tea Rubber		MT	FB-AG-000.A	64 & 68
Number of processing facilities		Number	FB-AG-000.B	234
Total land area under active production		Hectares	FB-AG-000.C	233
Cost of agricultural products sourced externally		Rs. mn	FB-AG-000.D	112

Independent Assurance Report on Sustainability Reporting

Building a better working world

Ernst & Young
Chartered Accountants
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ey.com

Independent Assurance Report to the Board of Directors of Elpitiya Plantations PLC on the Sustainability Reporting Criteria Presented in the Integrated Annual Report- 2021/22

SCOPE

We have been engaged by the management of Elpitiya Plantations 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 232 of the Report.
- Limited assurance on other information presented in the Report, prepared in accordance with the GRI Standards.

CRITERIA APPLIED BY ELPITIYA PLANTATIONS 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.

ELPITIYA PLANTATIONS PLC'S RESPONSIBILITIES

Elpitiya Plantations 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 Elpitiya Plantations PLC in the engagement letter dated 22 April 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.

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,

Independent Assurance Report on Sustainability Reporting

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.

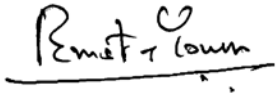
RESTRICTED USE

This report is intended solely for the information and use of Elpitiya Plantations 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 232 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

03rd June 2022

Independent Assurance Report on Integrated Reporting

Building a better working world

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Independent Assurance Report to the Board of Directors of Elpitiya Plantations PLC in the Integrated Annual Report-2021/22

SCOPE

We have been engaged by the management of Elpitiya Plantations 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 pages 86 - 88 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 ELPITIYA PLANTATIONS 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"

ELPITIYA PLANTATIONS PLC'S RESPONSIBILITIES

Elpitiya Plantations 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 Elpitiya Plantations PLC in the engagement letter dated 22 April 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.

Independent Assurance Report on Integrated Reporting

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 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 Elpitiya Plantations 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 86 - 88 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

03rd June 2022

Financial Reports

Financial Calendar 2021/22

Interim Financial Statements	
Interim Financial Statement for the 3 months ended 30th June 2021	- Approved on 13th August 2021
Interim Financial Statement for the 6 months ended 30th September 2021	- Approved on 12th November 2021
Interim Financial Statement for the 9 months ended 31st December 2021	- Approved on 10th February 2022
Interim Financial Statement for the 12 months ended 31st March 2022	- Approved on 26th May 2022

Audited Financial Statements	
Audited Financial Statements for the year ended 31st March 2022	- Approved on 03rd June 2022

Dividends	
Final Dividend for the year ended 31st March 2021	- Paid on 04th October 2021
Interim Dividend for the year ended 31st March 2022	- Recommended on 13th May 2022

Annual General Meeting	
29th Annual General Meeting	- 24th September 2021
30th Annual General Meeting	- 28th June 2022

Annual Report of the Board of Directors

The details set out herein provide the pertinent information required by the Companies Act No.7 of 2007, Listing Rules of the Colombo Stock Exchange and the best accounting practices. The Directors are pleased to submit their Report together with the Audited Financial Statements for the year ended 31st March 2022.

1. PRINCIPAL ACTIVITIES OF THE COMPANY

The principal activities of the Company are cultivation, manufacturing and sale of black Tea, Rubber and Palm Oil and other crop.

2. GROUP STRUCTURE

The Group Structure is given on page 176.

3. REVIEW OF PERFORMANCE

The Chairman's and the Managing Director's reviews contain detailed accounts of the year's operations and developments of the Group.

4. BUSINESS REVIEW/FUTURE DEVELOPMENT

Review of financial and operational performance and future business developments of the Group are contained in the Chairman's Message on pages 20 to 22, Managing Director's Report on pages 23 to 25 and about the Company on pages 6 to 12.

5. 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 164 to 167.

6. ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

The Company and the Group prepared the financial statements in accordance with the Sri Lanka Accounting Standards (SLFRS/ LKAS). The significant accounting policies adopted in the preparation of the financial statements of the Company and the Group are given on pages 177 to 191.

7. REVENUE AND PROFITS

1. Revenue for the Year

The revenue of the Group for the year ended 31st March 2022 was Rs. 5,095,987,303/- (2020/2021 – Rs. 4,062,190,951/-) while the Company's revenue was Rs. 5,068,443,737/- (2020/2021 –Rs. 4,039,616,202/-). An analysis of the income is given in note 6 to the Financial Statements.

2. Financial Results

The profit earned by the Group for the year ended 31st March 2022 amounted to Rs. 1,532,625,206/- (2020/21 – Rs. 874,991,874/-), whilst the Company recorded a profit amounted to Rs.1,390,746,108/- (2020/21– Rs. 882,509,775/-).

The Group's total comprehensive income for the year is Rs. 1,581,411,649/- (2020/21 – Rs. 891,998,000/-) while the Company recorded a total comprehensive income of Rs. 1,439,532,551/- (2020/21 – Rs. 899,515,901/-).

The Consolidated Income Statement along with the Company's Income Statement for the year are given on page 168 Details of transfers to/from reserves in respect of the Group and the Company are shown in the Statement of Changes in Equity on page 173.

3. DONATIONS

During the year donations amounting to Rs. 2,098,471/- were made by the Company, while no donations were made by the other Group entities during the year.

4. TAXATION

A detailed statement of the income tax rates applicable is set out on pages 195 to 197.

5. DIVIDEND

The Directors recommended an Interim dividend payment of Rs. 3.00 per share for the year ended 31st March 2022. The dividend is paid out of profits by the Company. The Directors are satisfied that the Company would meet the solvency test requirement under Section 56(2) of the Companies Act No. 7 of 2007, immediately after the payment of the Interim dividend.

8. STATEMENT OF FINANCIAL POSITION OF THE COMPANY AND THE GROUP

1. Stated Capital and Reserves

The Capital and the Reserves of the Company as at 31st March 2022 are given below:

Details are as follows:

Stated Capital (Rs.)	694,236,120
Timber Reserve	818,603,796
Retained Earnings	5,130,705,618
Total Equity	6,643,545,535

2. Property, Plant and Equipment

Details of the Property, Plant and Equipment are given in note 16 to the Financial Statements on pages 204 to 205 of the Annual Report.

3. Contingent Liabilities

Details of the contingent liabilities are disclosed in note 35 to the Financial Statements on page 225 of the Annual Report.

9. EVENTS OCCURRING AFTER THE REPORTING DATE

The events occurred after the reporting date have been disclosed in Note 36 to the Financial Statements page 225 of the Annual Report.

10. HUMAN RESOURCE

The number of persons employed by the Company at year end was 4,747 (31.03.2021 – 4,865) of which 4,774 (31.03.2021 – 4,769) are engaged in employment outside the District of Colombo.

11. SHAREHOLDER INFORMATION

There were 12,175 shareholders as at 31st March 2022. The distribution schedule of the number of shareholders and their shareholdings are detailed on pages 235 to 237of this Annual Report.

The names of the twenty largest shareholders, together with their shareholdings as at 31st March 2022 are given on page 237 of this Annual Report. The percentage of the shares held by the public as at 31st March 2022 was 16.93% which was in the hands of 11,186 public shareholders.

Information relating to earnings, net assets, market price per share are given in the financial highlights on pages 238 to 239 and the shareholders and the investor information on pages 235 to 237 of the Annual Report.

12. CORPORATE GOVERNANCE

The Company's corporate governance practices are set out on pages 114 to 135 of the Annual Report.

13. THE BOARD

13.1 Board of Directors

The Board of Directors of the Company as at the date of the Report are as follows:

	Executive	Non-Executive	Independent
Dr. M. P. Dissanayake (Chairman)	√		
Dr. R. M. Fernando (Managing Director)	√		
Mr. B. Bulumulla	√		
Deshamanya Merrill J. Fernando *		√	
Mr. Malik J. Fernando **		√	
Dr. S. A. B. Ekanayake		√	√
Mr. S. C. Ratwatte		√	√
Mrs. B. W. G. C. S. Bogahawatta *(Resigned w.e.f. 28.02.2022)*		√	
Mr. D. A. de S. Wickremanayake		√	
Mrs. D. A. S. Dahanayake *(Appointed w.e.f. 28.02.2022)*		√	

* Mr. A. T. S. Sosa holds the office as the Alternate Director to Deshamanya Merrill J. Fernando

** Ms. M. D. A. Perera holds the office as the Alternate Director to Mr. Malik J. Fernando

13.2 Board Sub-Committees

Audit Committee

Dr. S. A. B. Ekanayake (Chairman)
Mr. S. C. Ratwatte
Mr. Malik J. Fernando/Ms. M. D. A. Perera (Alternate Director to Mr. Malik J. Fernando)

Related Party Transactions Review Committee

Mr. S. C. Ratwatte (Chairman)
Dr. S. A. B. Ekanayake
Mr. Malik J. Fernando/Ms. M. D. A. Perera (Alternate Director to Mr. Malik J. Fernando)

Remuneration Committee

Mr. Malik J. Fernando (Chairman)
Dr. S. A. B. Ekanayake
Mr. S. C. Ratwatte

14 RE- APPOINTMENT OF DIRECTORS WHO ARE OVER 70 YEARS OF AGE AND RE-ELECTION OF DIRECTORS

The Board recommended that Deshamanya Merrill J. Fernando and Mr. D. A. de S. Wickremanayake who are over 70 years of age and vacate office in terms of Section 210(2)(b) of the Companies Act No. 07 of 2007 be re-appointed as Directors of the Company in terms of Section 211 of the Companies Act No. 07 of 2007 specially declaring that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Directors.

Mr. Malik J. Fernando who retires by rotation in terms of Article 92 and 93 of the Articles of Association of the Company and offers himself for re-election at the forthcoming Annual General Meeting. The Board recommended his re-election.

15 DIRECTORS' INTEREST IN TRANSACTIONS

The Directors have disclosed to the Board their interests in transactions with the Company during the year under review, the details of which are set out in the notes to the financial statements on page 223. The disclosures so made were duly recorded in the Interest Register.

16 INTEREST REGISTER

The Interest Register is maintained as per the requirements of the Companies Act No. 7 of 2007 and is available for inspection.

17 DIRECTORS' REMUNERATION

A sum of Rs. 32,336,984/- (2020/21 – Rs. 79,730,143/-) was paid as Directors' fees during the financial year 31st March 2022.

18 DIRECTORS' SHAREHOLDINGS

None of the Directors hold shares in the Company.

19. RELATED PARTY TRANSACTIONS

Related party transactions of the Group are disclosed in note 32 to the Financial Statements. These interests have been duly declared by the Directors.

There were no non-recurrent Related Party Transactions which in aggregate value exceeding lower of 10% of the equity or 5% of the total assets of the Company as per the audited financial

statements as at 31st March 2022, which required additional disclosures in the Annual Report under Section 9.3.2(a) of the Listing Rules.

The Key Management Personnel of the Company disclose on a quarterly basis the proposed Related Party Transactions (if any) along with the post quarterly confirmations of RPTs falling under the ambit of Section 9 of the Listing Rules of the Colombo Stock Exchange. The disclosures so made are tabled at the Related Party Transactions Review Committee meetings, in compliance with the requirements of the above-mentioned rule.

The Related Party Transactions Review Committee declare that the Company is in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2022.

20. GOING CONCERN

The Directors are satisfied that the Company, its subsidiaries and joint ventures have adequate resources to continue in operational existence for the foreseeable future, to justify adopting the going concern basis in preparing these Financial Statements.

21. RATIOS AND MARKET PRICE INFORMATION

The ratios relating to equity and debt as required by the Listing Rules of the Colombo Stock Exchange are given under Financial Highlights on pages 238 to 239 and Shareholders and Investor Information on pages 235 to 237 of this Report.

22. RISK MANAGEMENT

The Board confirms that there is an ongoing process of identifying, evaluating and managing any significant risks faced by the Group. Risks faced by the Group are identified, the significance they pose are evaluated and mitigatory strategies are adopted by the Group. The Board reviews the risk management process through the Audit Committee. Risk Management Report of the Group is on pages 135 to 139 of this Report.

23. ANNUAL GENERAL MEETING

The Thirtieth (30th) Annual General Meeting of your Company will be held virtually, on 28th June 2022 at 2.00 p.m.

24. INTERNAL CONTROLS

The Board of Directors ensures that the Group has an effective internal control system which ensures that the assets of the Company and the Group are safeguarded and appropriate systems are in place to minimize and detect fraud, errors and other irregularities. The system ensures that the Group adopts procedures which result in financial and operational effectiveness and efficiency.

Board of Directors' Statement on Internal Control, the Statement of Directors' Responsibilities and the Audit Committee Report set out in this Annual Report provide further information in respect of the above.

25. STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory financial obligations to the Government and to the employees have been either duly paid or adequately provided in the financial statements. A confirmation of same is included in the Statement of Directors' Responsibilities of this Annual Report.

26. AUDITORS

The Financial Statements for the year ended 31st March 2022 have been audited by Messrs. Ernst & Young, Chartered Accountants who offer themselves for re- appointment. The Report of the Auditors on the Financial Statements is given on pages 164 to 167 of the Annual Report.

The audit fee payable by the Company to the Auditors' Messrs. Ernst & Young, Chartered Accountants was Rs. 3,336,300/- (2020/21 – Rs. 3,033,000/-). In addition to the above, Rs. 247,369/- was payable by the Company for the permitted audit related and non audit related services including tax advisory services in respect of the year under review.

Messrs. Ernst & Young, Chartered Accountants, the Auditors are also the auditors of subsidiaries and joint ventures of the group. The amount payable by the Group to Messrs. Ernst & Young, Chartered Accountants as audit fees for the year ended 31st March 2022 was Rs. 3,528,536/- (2020/21 – Rs. 3,208,900/-) while a further sum of Rs. 435,233/- is payable for permitted audit and non-audit related services including tax advisory services in respect of the year under review.

As far as the Directors are aware, the auditors do not have any relationship with the Company that would have an impact on their independence.

By Order of the Board

Dr. M. P. Dissanayake
Chairman

Dr. R. M. Fernando
Managing Director

Aitken Spence Corporate Finance (Private) Limited
Secretaries

Colombo
03rd June 2022

Statement of Directors' Responsibilities

The Companies Act No. 07 of 2007 requires the Directors of the Company to be responsible for the preparation and presentation of the Financial Statements and other statutory reports. The responsibilities of the Directors, in relation to the Financial Statements of Elpitiya Plantations PLC and the Consolidated Financial Statements of the Group are set out in this Report.

The Directors confirm that the Financial Statements and other statutory reports of the Company and the Group for the year ended 31st March 2022 incorporated in this Report have been prepared in accordance with the Companies Act No. 07 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

The Directors have taken appropriate steps to ensure that the companies within the Group maintain adequate and accurate records which reflect the true financial position of each such company and hence the Group.

The Directors have taken appropriate and reasonable steps to safeguard the assets of the Company and the Group. The Directors have instituted appropriate systems of internal control in order to minimize and detect fraud, errors and other irregularities. The Directors in maintaining a sound system of internal control and in protecting the assets of the Company, have further adopted risk management strategies to identify and evaluate the risks which the Company could be exposed to and its impact to the Company. The Directors having considered the Group's business plans, and a review of its current and future operations, are of the view that the Company and the Group have adequate resources to continue in operation. The Directors have adopted the going concern basis in preparing the Financial Statements.

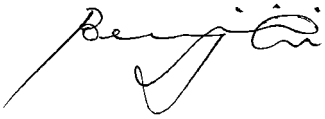
The Financial Statements presented in this Annual Report for the year ended 31st March 2022, have been prepared based on the Sri Lanka Accounting Standards (SLFRS/LKASs). The Directors have selected the appropriate accounting policies and such policies adopted by the Group are disclosed and explained in the Financial Statements.

The Board of Directors confirm that the Company and the Group's Consolidated Statements of Financial Position as at 31st March 2022 and the Comprehensive Income Statements for the Company and the Group for the financial year ended 31st March 2022 reflect a true and fair view of the Company and the Group.

The Directors have provided the Auditors with every opportunity to carry out any reviews and tests that they consider appropriate and necessary for the performance of their duties. The responsibility of the Independent Auditors in relation to the Financial Statements is set out in the Independent Auditors Report.

The Directors confirm that to the best of their knowledge all payments to employees, regulatory and statutory authorities due and payable by the Company and its subsidiaries have been either duly paid or adequately provided for in the Financial Statements. The Directors further confirm that they promote the highest ethical, environmental and safety standards within the Group. The Directors also ensure that the relevant national laws, international laws and codes of regulatory authorities, professional institutes and trade associations have been complied with by the Group.

By order of the Board,
Elpitiya Plantations PLC



Aitken Spence Corporate Finance (Private) Limited
Company Secretaries

Colombo
03rd June 2022

Audit Committee Report

COMPOSITION

Chairman	**Dr. S. A. B. Ekanayake** *Independent Non-Executive*
Members	**Mr. S. C. Ratwatte** *Independent Non-Executive*
	Mr. Malik J. Fernando / Ms. M. D. A. Perera *(Alternate Director to Mr. Malik J. Fernando)* *Non-Executive*

The Audit Committee comprises of two Independent Non-Executive Directors and a Non-Executive Director. The Committee is chaired by Dr. S. A. B. Ekanayake, an Independent Non-Executive Director. Mr. S. C. Ratwatte, a Member of the Committee is a member of a recognized professional accounting body. The profiles of the Committee Members are given on pages 32 to 33 of this Report.

COMMITTEE MEETINGS

The Committee met three times during the year under review with the attendance of the entirety of its members and reviewed the process to assess the effectiveness of the internal control system to provide reasonable assurance that assets are safeguarded, and financial reporting system can be relied upon.

All other matters including interim Financial Statements were approved by way of Circular Resolutions where necessary.

Name of Committee Member/ Director	17th June 2021	10th February 2022	31st March 2022
Dr. S. A. B. Ekanayake	√	√	√
Mr. S. C. Ratwatte	√	√	√
Mr. Malik J. Fernando / Ms. M. D. A. Perera *(Alternate Director to Mr. Malik J. Fernando)*	√	√	√

ATTENDANCE BY INVITATION

Dr. R. M. Fernando, Managing Director, Mr. B. Bulumulla, Director / Chief Executive Officer and Mr. R. Nissanka, Chief Operating Officer-Finance together with Mr. D. D. M. A. Saparamadu , General Manager, Internal Audit of Aitken Spence PLC and Mr. R. Vigneshwaran, Manager - Internal Audit, Plantations, attended the meetings by invitation. In addition to the above, the estate General Managers and Managers whose audit reports are reviewed and discussed were also present at the respective meetings.

RESPONSIBILITIES

The Audit Committee undertakes on behalf of the Board, the responsibility for ensuring the integrity of the Company's financial reports by having oversight of the internal control, the financial reporting process and compliance with regulatory requirements.

Scope of Work

- Ensure that the financial statements are prepared, presented and the information are adequately disclosed in accordance with the Sri Lanka Accounting Standards (SLAS).
- Ensure that financial reporting requirements and information requirements of the Companies Act and other relevant financial reporting requirements are duly complied.
- Ensure that Group internal control and risk management processes are adequate to meet the SLAS requirements.
- Assessment of the independence and the performance of the External Auditors.
- Make recommendation to the Board pertaining to the appointment, reappointment and/ or removal of the External Auditors and to approve their remuneration and terms of engagement.

ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

Financial Statements and Financial Control

- Reviewed the Quarterly and Annual Financial Statements of the Company.
- Ensured that the Financial Statements are in line with the accounting policies and that methods adopted are in compliance with the Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS).
- Ensured the adoption of effective internal controls, and compliance with the prevailing laws of the country based on guidelines provided by the respective regulatory authorities in all aspects and in the preparation of financial statements.

Audit Committee Report

Risk Management and Internal Control

- Reviewed and discussed the reports relating to office, factory and field operations of the respective estates.
- Reviewed and discussed financial reports.
- Recommended necessary controls, risk mitigation strategies and internal monitoring mechanisms to eliminate frauds, discrepancies and other financial risks and issues that could occur in the estates and in the Company.

Internal Audit

- Reviewed the audit reports submitted by Internal Audit Department along with the respective Estate response.
- Reviewed and evaluated the independence, effectiveness and competency of the Group's Internal Audit function, their resource requirements, and made recommendations for improvements .
- Continued to ensure the co-ordination between Group Internal Audit and the External Auditors.

External Audit

- Assessed the performance of the External Auditors, Messrs. Ernst & Young.
- Ensured that the External Auditors do not have any relationship with the Company that would have an impact on their independence.
- Reviewed the external audit reports and areas of concern highlighted in the Management Letter.
- Discussed with External Auditors the significant accounting and auditing issues, impact of new or proposed changes in accounting standards and regulatory requirements applicable to the Group.

Reporting

- The Chairman of the Audit Committee reports to the Board at each meeting on the activities of the Committee by tabling the Minutes of the Audit Committee meetings and Resolutions of the Audit Committee at Board Meetings.
- The Chairman of the Committee attends the Annual General Meeting.

CRITERIA DETERMINING THE INDEPENDENCE OF EXTERNAL AUDITORS

The Committee is of the view that Messrs. Ernst & Young, Chartered Accountants meet the criteria in determining their independence and the following factors were taken into consideration by the Committee to ascertain the independence:

- the Company did not have any transactions with the External Auditors.
- no significant material transactions between the External Auditors and the companies in the Group.
- no shares held by the External Auditors.

The Committee having considered the independence and the performance of the External Auditors, Messrs. Ernst & Young, Chartered Accountants recommended to the Board to re-appoint the External Auditors of the Company for the current financial year, subject to the approval of the Shareholders at the forthcoming Annual General Meeting.

Dr. Anura Ekanayake
Chairman
Audit Committee

Colombo
03rd June 2022

Remuneration Committee Report

COMPOSITION

Chairman	**Mr. Malik J. Fernando/ Ms. M. D. A. Perera** *(Alternate to Mr. Malik J. Fernando)* *Non-Executive Director*
Members	**Dr. S. A. B. Ekanayake** *Independent Non-Executive*
	Mr. S. C. Ratwatte *Independent Non-Executive*

The Remuneration Committee comprises of two Independent Non-Executive Directors and a Non-Executive Director. Their profiles are given on pages 32 to 33 of this Report.

COMMITTEE MEETINGS

The Committee met once during the year under review with the attendance of all Committee members. Dr. R. M. Fernando, Managing Director of Elpitiya Plantations PLC attended the meeting by invitation.

INDEPENDENCE OF THE COMMITTEE MEMBERS

The members are independent of management and are able to exercise independent judgment when making decisions of the Committee, as they do not have any business or other relationships with the Company or its employees.

REMUNERATION POLICY

The Group remuneration policy which was reviewed by the Committee remained unchanged during the year under review.

The remuneration policy is formulated based on competitive remuneration structures of other plantation companies. The objective of retaining professional and managerial talent and encouraging and motivating good performers to perform at a higher level was also considered in making the policy. The Company has a formal performance appraisal system and regular evaluations are carried out to evaluate each employee's performance.

The remuneration policy adopted also takes into consideration, the cost of living and inflation and the basic needs of the employees particularly in the lower income groups. The performance of the Company and affordability together with economic conditions which prevail were also considered in recommending increases in remuneration.

ACTIVITIES OF THE REMUNERATION COMMITTEE DURING THE YEAR

- Evaluated the performance of all employees in the Company.
- Approved revisions of individual remuneration packages based on individual performance, industry norms and the contribution of the individuals in the performance of the Company,
- Evaluated the achievements as well as unaccomplished targets and results which are used to determine the performance-based incentives,
- Reviewed and evaluated the effectiveness and applicability of the Remuneration Policy.

No Director was involved in deciding his/her own remuneration package.

Mr. Malik J. Fernando
Chairman
Remuneration Committee

Colombo
03rd June 2022

Related Party Transactions Review Committee Report

COMPOSITION

Chairman	**Mr. S. C. Ratwatte** *Independent Non-Executive*
Members	**Mr. Malik J. Fernando / Ms. M. D. A. Perera** *(Alternate Director to Mr. Malik J. Fernando)* *Non-Executive*
	Dr. S. A. B. Ekanayake *Independent Non-Executive*

The Related Party Transactions Review Committee is composed of three Non-Executive Directors, of whom, 02 are Independent Non-Executive Directors. The Committee is chaired by Mr. S. C. Ratwatte who is an Independent Non-Executive Director. Their profiles are given on pages 32 to 33 of this Report.

COMMITTEE MEETINGS

The Committee met once in every quarter during the year under review with the attendance of all its members.

Name of Committee Member/Director	17th June 2021	30th September 2021	21st December 2021	10th February 2022
Mr. S. C. Ratwatte	√	√	√	√
Mr. Malik J. Fernando / Ms. M. D. A. Perera (Alternate Director to Mr. Malik J. Fernando)	√	√	√	√
Dr. S. A. B. Ekanayake	√	√	√	√

KEY RESPONSIBILITIES OF THE COMMITTEE

The Committee's main objective is to review all proposed Related Party Transactions prior to the completion of the transactions according to the procedures laid down by the Section 9 of the Listing Rules of the Colombo Stock Exchange and its responsibilities on behalf of the Board are as follows:

- Evaluate any proposed related party transactions on a quarterly basis and recommend to the Management and the Board, the appropriate course of action immediately in order to adhere to the compliance regulations of the Listing Rules and the Code of Best Practices on Related Party Transactions
- Review any post quarter confirmations on related party transactions
- Obtain approval from the Board wherever necessary
- Review the threshold for related party transactions which require either shareholders' approval or immediate market disclosures
- Review the criteria of Key Management Personnel (KMP)
- Regularly report to the Board on the Committee's activities

KEY MANAGEMENT PERSONNEL

The key management personnel of the Company are the Board of Directors of the Company.

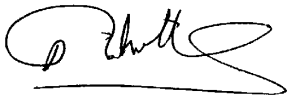
Declarations were obtained from each KMP of the Company and subsidiaries for the purpose of identifying related parties and for the purpose of annual disclosure.

KEY FUNCTIONS PERFORMED DURING THE YEAR UNDER REVIEW

- All proposed Related Party Transactions as well as post quarter confirmations were reviewed at quarterly meetings of the Committee.
- Reviewed the thresholds for related party transactions which require either shareholders' approval or immediate market disclosure based on the financial statements for the year ended 31st March 2021.
- Activities of the Committee are communicated to the Board quarterly by tabling the minutes of the Committee meeting at Board Meetings.
- The Committee reviewed the Group Related Party Transactions Review Committee Charter and no changes were made thereto.

DISCLOSURE IN TERMS OF SECTION 9.3.2 OF THE LISTING RULES

Note number 32.7 on page 223 of this Annual Report carries the Disclosure in terms of Section 9.3.2 (b).



Mr. S. C. Ratwatte
Chairman
Related Party Transactions Review Committee

Colombo
03rd June 2022

The Board of Directors' Statement on Internal Controls

The Board is responsible for formulating and implementing a sound system of internal controls and for periodically reviewing its effectiveness and integrity in terms of mitigating any risks associated with such, safeguarding the Group assets and prevention of their misuse or unauthorized disposal.

The Board believes the system of internal controls is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and the preparation of Financial Statements for external stakeholders and that they are in accordance with acceptable accounting principles and the applicable regulatory requirements.

INTERNAL AUDIT

Board believes that any internal control system has its limitations. However, companies must ensure that adequate internal controls are in place to mitigate such limitations. The Internal Audit Department of Aitken Spence PLC who overlooks the Internal Audit function of the Group, is fully equipped to assist the maintenance of our sound system of internal control for purposes of protecting all stakeholder interests and the group assets.

The Group's Internal Audit function is an independent function that reports directly to the Audit Committee. It undertakes regular reviews of the Group's operations and system of internal controls based on annual audit plans approved by the Audit Committee. The Internal Audit function carries out the reviews with impartiality, proficiency and due professional care. The Internal Audit findings are discussed at estate management level and actions are agreed in response to the Internal Audit function's recommendations. The progress of implementation of the agreed actions is reviewed and verified by the Internal Audit function through its follow-up reviews. The Audit Committee reviews all internal audit findings, estate management responses and the adequacy and effectiveness of the internal controls.

Review Adequacy and Effectiveness
The Board and the Audit committee have reviewed the effectiveness of the financial, operational and compliance controls, and internal control systems, including risk management for the period and have taken appropriate remedial steps where necessary.

In this connection, the Board and the Audit committee concludes that an effective system of risk management and internal control is in place to safeguard the shareholders' investment and the Group's assets.

WHISTLE BLOWING POLICY

The Group has implemented a whistle blowing policy which aims to provide an avenue for employees to raise concerns about possible irregularities in financial reporting, internal controls or other matters within the Group. Proper arrangements have been put in place to facilitate fair and independent investigation for such matters (if any). The effectiveness of this policy will be monitored and reviewed regularly by the Audit Committee.

CODE OF BUSINESS CONDUCT AND ETHICS

The Aitken Spence Group Code of Ethics, which is articulated to Directors and all employees includes a strong set of corporate values and required conduct. The Board ensures that Directors and employees strictly comply with the Group's Code of Ethics at all levels in the performance of their official duties, communications, role modelling and in any other circumstances, so as to prevent the tarnishing of the Group's image in any manner. The violation of the Code of Ethics is an offence that is subject to disciplinary action.

GOING CONCERN

The Statement of Going Concern is set out in the 'Annual Report of the Directors' on page 157.

RISK MANAGEMENT

An overview of the Group's framework for identifying and managing risk, both at an operational and strategic level, is set out on pages 135 to 139.

ANNUAL REPORT

The Board of Directors is responsible for the preparation of the Annual Report and confirm that the quarterly reports, Annual Financial Statements and the annual review of operations of the Company and its subsidiary, joint venture and associate companies that are incorporated in this Annual Report have been prepared and presented in a reliable manner, based on a balanced and comprehensive assessment of the financial performance of the entire Group.

CONFIRMATION

All Financial Statements are prepared in accordance with the requirements of the Companies Act No. 7 of 2007, the Sri Lanka Accounting and Auditing Standards Act, the Listing Rules of the Colombo Stock Exchange and other regulatory bodies as applicable for the Group.

We have duly complied with all the requirements prescribed by the regulatory authorities including the Colombo Stock Exchange and the Registrar of Companies. The consolidated Financial Statements for the year ended 31st March 2022 have been audited by Messrs. Ernst & Young, Chartered Accountants.

Dr. M. P. Dissanayake
Chairman

Dr. R. M. Fernando
Managing Director

Dr. S. A. B. Ekanayake
Chairman - Audit Committee

Colombo
03rd June 2022

Independent Auditor's Report

Building a better working world

Ernst & Young
Chartered Accountants
201, De Saram Place
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Colombo 10, Sri Lanka

Tel: +94 11 246 3500
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Email: eysl@lk.ey.com
ey.com

BW/MR/IPA

TO THE SHAREHOLDERS OF ELPITIYA PLANTATIONS PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Elpitiya Plantations 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 31 March 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 31 March 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.

KEY AUDIT MATTERS COMMON TO BOTH GROUP AND COMPANY

Key Audit Matter	How our audit responded to the key audit matter
1. Measurement of Bearer Biological Assets	
The Bearer Biological Asset is a significant non-current asset of the Group representing 41% of the total assets consisting with Rs 3,059 Mn as Mature and Rs 717 Mn as Immature 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 (41%) of the group. ◈ 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. ◈ Assessed the adequacy of depreciation provided on the matured plantations by performing independent computation. ◈ 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. ◈ We also assessed the adequacy of the related disclosures given in Notes 3.8.7.1 and 18.1 in the financial statements.
2. Retirement Benefit Obligation	
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. Measurement of the retirement benefit obligation was a key audit matter due to following reasons: ◈ The retirement benefit obligation of the Group is significant (Rs.600 Mn) in the context of the total liabilities of the Group (25% of total liabilities). ◈ The actuarial valuation involves making significant assumptions about discount rates and future salary increases. Further, the complexity of the valuation and the changes in underlying assumptions are highly sensitive in assessing the value of retirement benefit obligation. ◈ The determination of the base salary/wage rate and the future salary/wage growth rates for the purpose of measuring retirement benefit obligation as of year-end, required significant management judgments giving due consideration to wage/salary negotiations which are currently under discussions. The matter is also referred to the Court of Appeal as at the statement of financial position date as disclosed under Note 29 to the financial statements. Key areas of significant judgments, estimates and assumptions included the following: ◈ Discount rate ◈ Future salary increase rate & Wage Rate	Our audit procedures were based on the latest available information up to the date of our report and included the following: ◈ We assessed the competency, capability and objectivity of the external actuary engaged by the Group. ◈ 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. ◈ We assessed the assumption for salary increases against the historical collective agreements. ◈ We agreed the discount rate used, to our internally developed benchmarks. ◈ We validated the key data used by the actuary to the underlying data held by the Group. ◈ We evaluated the impact on retirement benefit obligation resulting from wage negotiations and assessed the adequacy of disclosures given in Note 35.2 to the financial statements. We have also assessed the adequacy of the disclosures made in Notes 29 to the financial statements relating to the significant judgements and estimates.

Key Audit Matter	How our audit responded to the key audit matter
3. Valuation of Consumable Biological Assets	
As at 31 March 2022, Group consumable biological assets carried at fair value in accordance with its accounting policy note 3.8.7.4 amounted to Rs.1,118 Mn, while gain on such valuation for the year amounted to Rs.34 Mn. This was a key audit matter due to: ◈ Magnitude of the balance and its significance to total assets (12%) of the Group; and ◈ Complexity of the valuation process and degree of judgments and estimates involved in the valuation, as disclosed in Note 18.2 and 18.3 to the financial statements. Key areas of significant judgments, estimates and assumptions included the following: ◈ Discount Rate ◈ Expected timber volume ◈ Price per cubic foot	Our audit procedures included the following amongst others; ◈ We evaluated the competence, capability and objectivity of the external valuer engaged by the Group. ◈ We read the external valuer's report and understood the key estimates made and the approach taken by the valuer in determining the fair value of consumable biological assets. ◈ We assessed the completeness and accuracy of the key data used by the external valuer, by tracing those to the underlying books and records maintained by the group. This also included assessing the appropriateness & consistency of the application of the formula used for deriving the expected timber volume. ◈ We assessed the reasonableness of the key assumptions used, in particular the discount rate, expected timber volume and price per cubic foot by comparing that with the industry practices that are generally used in determining fair value of consumable biological assets. We have also assessed the adequacy of the disclosures made in Notes 18.2 and 18.3 to the financial statements.

OTHER INFORMATION INCLUDED IN THE 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. Other information is expected to be made available to us after the date of this auditor's report.

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.

RESPONSIBILITIES OF THE 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:

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

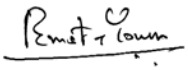
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and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



27 May 2022
Colombo

Statement of Profit or Loss

For the year ended 31 March	Notes	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Revenue	6	5,095,987,303	4,062,190,951	5,068,443,737	4,039,616,202
Cost of sales		(3,357,879,541)	(3,083,824,605)	(3,344,654,038)	(3,070,389,302)
Gross profit		1,738,107,762	978,366,346	1,723,789,700	969,226,900
Gains on change in fair value of biological assets	21.2	38,969,763	40,219,780	38,969,763	40,219,780
Other income and gains	7	198,777,566	139,535,620	299,437,454	233,769,017
Administrative expenses		(424,908,707)	(355,714,488)	(421,136,723)	(352,348,576)
Management fee and workers profit share		(145,992,593)	(121,134,566)	(145,992,593)	(121,134,566)
Finance expenses	8.1	(49,921,735)	(48,315,004)	(49,921,735)	(48,315,004)
Finance income	8.2	45,134,115	2,102,742	45,056,349	1,908,855
Share of profit from joint ventures	20.2.1	233,584,328	90,455,307	-	-
Profit before taxation	9	1,633,750,500	725,515,735	1,490,202,215	723,326,405
Tax expense	10	(101,125,294)	149,476,139	(99,456,106)	159,183,370
Profit for the year		1,532,625,206	874,991,874	1,390,746,108	882,509,775
Attributable to:					
Equity holders of the parent		1,532,744,006	875,266,508	1,390,746,108	882,509,775
Non-controlling interest		(118,800)	(274,634)	-	-
Profit for the year		1,532,625,206	874,991,874	1,390,746,108	882,509,775
Earnings per share	12.1	21.03	12.01	19.09	12.11

Figures in brackets indicate deductions.
Notes to the Financial Statements from pages 176 to 230 form an integral part of these Financial Statements.

Statement of Comprehensive Income

For the year ended 31 March	Notes	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Profit for the year		1,532,625,206	874,991,874	1,390,746,108	882,509,775
Other comprehensive income					
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods (net of tax)					
Actuarial gain/(loss) on retirement benefit obligations	29	54,509,992	19,001,258	54,509,992	19,001,258
Tax effect	10.4.2	(5,723,549)	(1,995,132)	(5,723,549)	(1,995,132)
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods (net of tax)		48,786,443	17,006,126	48,786,443	17,006,126
Total other comprehensive income for the year, net of tax		48,786,443	17,006,126	48,786,443	17,006,126
Total comprehensive income for the year net of tax		1,581,411,649	891,998,000	1,439,532,551	899,515,901
Attributable to:					
Equity holders of the parent		1,581,530,449	892,272,634	1,439,532,551	899,515,901
Non-controlling interest		(118,800)	(274,634)	-	-
Total comprehensive income for the year (net of tax)		1,581,411,649	891,998,000	1,439,532,551	899,515,901

Figures in brackets indicate deductions.
Notes to the Financial Statements from pages 176 to 230 form an integral part of these Financial Statements.

Statement of Financial Position

As at 31 March	Notes	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
ASSETS					
Non-current assets					
Right-of-use asset	15	365,292,491	381,198,970	365,292,491	381,198,970
Freehold property, plant and equipment	16	1,486,086,640	1,303,341,731	1,303,131,864	1,111,148,252
Intangible assets	17	20,271,470	17,866,451	17,667,813	15,262,794
Bearer biological assets	18.1	3,776,841,221	3,678,079,866	3,776,841,221	3,678,079,866
Consumable biological assets	18.2	1,118,133,234	1,072,435,279	1,118,133,234	1,072,435,279
Other non current asset	19	45,225,569	43,835,428	45,225,569	43,835,428
Investments	20	353,245,909	220,948,469	239,290,290	239,290,290
Total non-current assets		7,165,096,533	6,717,706,196	6,865,582,482	6,541,250,881
Current assets					
Produce on bearer biological assets	21	21,429,007	16,528,034	21,429,007	16,528,034
Inventories	22	440,942,143	323,530,078	440,886,208	323,495,673
Trade and other receivables	23	390,723,090	235,655,044	376,611,961	229,942,844
Income Tax recoverable		108,907	89,037	89,037	89,037
Amounts due from related parties	32.4	126,686,139	97,033,734	184,545,773	163,468,420
Short Term Investment		950,000,000	-	950,000,000	-
Cash and cash equivalents	24	209,970,037	212,101,772	204,400,071	209,697,664
Total current assets		2,139,859,325	884,937,699	2,177,962,057	943,221,672
Total assets		9,304,955,858	7,602,643,895	9,043,544,539	7,484,472,554
EQUITY AND LIABILITIES					
Equity					
Stated capital	25	694,236,120	694,236,120	694,236,120	694,236,120
Timber reserve		818,603,796	797,640,002	818,603,796	797,640,002
Retained earnings		5,391,329,475	3,976,495,680	5,130,705,618	3,857,869,721
Total equity attributable to equity holders of the parent		6,904,169,391	5,468,371,802	6,643,545,535	5,349,745,843
Non-controlling interest		(4,923,988)	(4,805,188)	-	-
Total equity		6,899,245,403	5,463,566,614	6,643,545,535	5,349,745,843

As at 31 March	Notes	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Non-current liabilities and deferred income					
Interest bearing borrowings	27	210,194,435	103,574,000	210,194,435	103,574,000
Lease liabilities	28	348,528,633	340,249,799	348,528,633	340,249,799
Retirement benefit obligations	29	600,620,060	623,264,833	600,392,111	623,092,358
Deferred income	30	166,808,853	185,557,842	166,808,853	185,557,842
Deferred tax liability	11	412,796,579	332,754,226	410,146,521	331,016,238
Total non-current liabilities		1,738,948,560	1,585,400,699	1,736,070,553	1,583,490,238
Current liabilities					
Interest bearing borrowings	27	108,657,340	29,508,000	108,657,340	29,508,000
Lease liabilities	28	3,289,663	2,836,566	3,289,663	2,836,566
Trade and other payables	31	520,650,377	378,867,430	518,962,684	376,862,380
Amounts due to related parties	32.5	20,170,388	142,029,527	20,170,388	142,029,527
Income tax liabilities		13,994,126	435,059	12,848,376	-
Total current liabilities		666,761,894	553,676,582	663,928,451	551,236,473
Total liabilities		2,405,710,454	2,139,077,281	2,399,999,004	2,134,726,711
Total equity and liabilities		9,304,955,858	7,602,643,895	9,043,544,539	7,484,472,554
Net Assets Per Share (Rs.)		94.68	74.98	91.17	73.42

These financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

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Chief Operating Officer - Finance

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by.

Director

1.....

2.....

Managing Agent

1 .....

2 .....

Notes to the Financial Statements from pages 176 to 230 form an integral part of these Financial Statements.

27 May 2022
Colombo

Statement of Changes In Equity

Group	Attributable to equity holders of the parent				Non-controlling interest	Total equity
	Stated capital Rs.	Timber reserve Rs.	Retained earnings Rs.	Total Rs.	Rs.	Rs.
Balance as at 01 April 2020	694,236,120	790,869,691	3,145,643,179	4,630,748,990	(4,530,554)	4,626,218,436
Profit for the year	-	-	875,266,508	875,266,508	(274,634)	874,991,874
Other comprehensive income for the year	-	-	17,006,126	17,006,126	-	17,006,126
Total comprehensive income for the year	-	-	892,272,634	892,272,634	(274,634)	891,998,000
Gains/(loss) on change in fair value of Consumable biological assets transferred to the timber reserve	-	34,076,666	(34,076,666)	-	-	-
Realised gain on harvested timber trees	-	(27,306,356)	27,306,356	-	-	-
Interim & Final dividend	-	-	(54,649,822)	(54,649,822)	-	(54,649,822)
Balance as at 31 March 2021	694,236,120	797,640,002	3,976,495,680	5,468,371,802	(4,805,188)	5,463,566,614
Profit for the year	-	-	1,532,744,006	1,532,744,006	(118,800)	1,532,625,206
Other comprehensive income for the year	-	-	48,786,443	48,786,443	-	48,786,443
Total comprehensive income for the year	-	-	1,581,530,449	1,581,530,449	(118,800)	1,581,411,649
Gains/(loss) on change in fair value of Consumable biological assets transferred to the timber reserve	-	34,068,790	(34,068,790)	-	-	-
Realised gain on harvested timber trees	-	(13,104,996)	13,104,996	-	-	-
Interim & Final dividend	-	-	(145,732,860)	(145,732,860)	-	(145,732,860)
Balance as at 31 March 2022	694,236,120	818,603,796	5,391,329,475	6,904,169,391	(4,923,988)	6,899,245,403

Figures in brackets indicate deductions.

Notes to the Financial Statements from pages 176 to 230 form an integral part of these Financial Statements.

Company	Stated capital Rs.	Timber reserve Rs.	Retained earnings Rs.	Total Equity Rs.
Balance as at 01 April 2020	694,236,120	790,869,691	3,019,773,952	4,504,879,764
Profit for the year	-	-	882,509,775	882,509,775
Other comprehensive income for the year	-	-	17,006,126	17,006,126
Total comprehensive income for the year	-	-	899,515,901	899,515,901
Gains/(loss) on change in fair value of Consumable biological assets Transferred to the timber reserve	-	34,076,666	(34,076,666)	-
Realised gain on harvested timber trees	-	(27,306,356)	27,306,356	-
Interim & Final dividend	-	-	(54,649,822)	(54,649,822)
Balance as at 31 March 2021	694,236,120	797,640,002	3,857,869,721	5,349,745,843
Profit for the year	-	-	1,390,746,108	1,390,746,108
Other comprehensive income for the year	-	-	48,786,443	48,786,443
Total comprehensive income for the year	-	-	1,439,532,551	1,439,532,551
Gains/(loss) on change in fair value of Consumable biological assets transferred to the timber reserve	-	34,068,790	(34,068,790)	-
Realised gain on harvested timber trees	-	(13,104,996)	13,104,996	-
Interim & Final dividend	-	-	(145,732,860)	(145,732,860)
Balance as at 31 March 2022	694,236,120	818,603,796	5,130,705,618	6,643,545,535

Figures in brackets indicate deductions.

Notes to the Financial Statements from pages 176 to 230 form an integral part of these Financial Statements.

Statement of Cash Flows

For the year ended 31 March	Notes	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Cash flows from operating activities					
Profit before tax		1,633,750,500	725,515,735	1,490,202,215	723,326,405
Adjustments for;					
Depreciation and amortization	9	315,763,371	279,874,438	306,524,669	270,604,331
Provision for defined benefit plans	29	94,711,808	114,612,869	94,656,334	114,566,254
Items written back	7	(4,101,114)	(1,064,832)	(4,101,114)	(1,064,832)
Amortization of grants	7	(14,872,954)	(13,833,295)	(14,872,954)	(13,833,295)
Finance expenses	8.1	49,921,735	48,315,004	49,921,735	48,315,004
Finance income	8.2	(45,134,115)	(2,102,742)	(45,056,349)	(1,908,855)
Gain on biological assets	18.2	(38,969,763)	(40,219,780)	(38,969,763)	(40,219,780)
Amortisation of deferred income from sub lease	7	(4,543,967)	(4,395,036)	(4,543,967)	(4,395,036)
Profit on sale of other trees	7	(29,013,657)	(19,682,655)	(29,013,657)	(19,682,655)
Profit from sale of Timber Trees	7	(18,665,654)	(20,664,394)	(18,665,654)	(20,664,394)
Amortization of Right of use asset - Land	7	(5,479,310)	(5,479,310)	(5,479,310)	(5,479,310)
Share of profit of joint venture	20.2.1	(233,584,328)	(90,455,307)	-	-
Dividend Income	7	-	-	(100,659,888)	(94,368,645)
Provision for Doubtful Receivables		4,376	14,076	4,376	14,076
Provision for nurseries		-	10,255,160	-	10,255,160
Gain on PPE disposal	7	(260,952)	(4,850,000)	(260,952)	(4,850,000)
Operating profit before working capital changes		1,699,525,975	975,839,932	1,679,685,720	960,614,428
(Increase)/decrease in inventories	21	(92,214,858)	5,591,408	(92,193,328)	5,591,408
(Increase)/decrease in trade and other receivables	22	(168,295,457)	12,304,732	(159,874,489)	12,430,386
(Increase)/decrease in amounts due from related parties	32.4	21,440,509	3,514,924	30,119,486	82,316,759
Increase/(decrease) in trade and other payables	31	141,221,394	85,512,100	140,852,081	84,469,948
Increase/ (decrease) in amount due to related parties	32.5	(121,859,139)	(48,087,189)	(121,859,139)	(48,087,189)
Cash generated from operating activities		1,479,818,424	1,034,675,907	1,476,730,331	1,097,335,740
Cash received from sublease of land	30.2	2,841,923	3,330,636	2,841,923	3,330,636
Cash received from sale of trees		60,784,307	67,653,405	60,784,307	67,653,405
Finance cost paid		(6,783,975)	(6,288,172)	(6,783,975)	(6,288,172)
Finance income received		43,743,974	755,330	43,666,208	561,443
Retirement benefit obligations paid	29	(61,462,092)	(74,628,477)	(61,462,092)	(74,628,477)
Grants received	30.1	3,305,319	5,582,092	3,305,319	5,582,092
Net cash flow from operating activities		1,522,247,880	1,031,080,720	1,519,082,020	1,093,546,667

For the year ended 31 March	Notes	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Cash flows from investing activities					
Field development expenditure	18	(326,174,467)	(303,093,464)	(326,174,467)	(303,093,464)
Purchase of property, plant and equipment	16	(295,916,684)	(319,806,855)	(295,916,684)	(327,330,208)
Proceeds from sale of property, plant and equipments		317,500	4,850,000	317,500	4,850,000
Dividend Received		100,659,888	94,368,645	100,659,888	94,368,645
Investment in Short term deposit		(950,000,000)	-	(950,000,000)	-
Investment in Subsidiary / Joint venture		(47,232,000)	-	(47,232,000)	(50,000,000)
Net cash used in investing activities		(1,518,345,762)	(523,681,674)	(1,518,345,762)	(581,205,027)
Net cash Inflow before financing activities		3,902,118	507,399,048	736,258	512,341,640
Cash flows from financing activities					
Payment of government lease rentals	28.1	(46,070,768)	(44,555,868)	(46,070,768)	(44,555,868)
Payment of lease	28.2	-	(2,002,468)	-	(2,002,468)
Proceeds from loans		250,000,000	159,368,797	250,000,000	159,368,797
Settlement of loans		(64,230,225)	(113,955,841)	(64,230,225)	(113,955,841)
Dividend paid		(145,732,860)	(54,649,822)	(145,732,860)	(54,649,822)
Net cash used in financing activities		(6,033,853)	(55,795,202)	(6,033,853)	(55,795,202)
Net increase in cash and cash equivalents		(2,131,735)	451,603,846	(5,297,594)	456,546,440
Cash and cash equivalents at the beginning of the year	A	212,101,772	(239,502,074)	209,697,664	(246,848,776)
Cash and cash equivalents at the end of the year	B	209,970,037	212,101,772	204,400,071	209,697,664
NOTE: A					
Cash and cash equivalents at the beginning of the year					
Cash and bank balances		212,101,772	29,480,015	209,697,664	22,133,313
Bank overdrafts		-	(268,982,089)	-	(268,982,089)
		212,101,772	(239,502,074)	209,697,664	(246,848,776)
NOTE: B					
Cash and cash equivalents at the end of the year					
Cash and bank balances		209,970,037	212,101,772	204,400,071	209,697,664
		209,970,037	212,101,772	204,400,071	209,697,664

Figures in brackets indicate deductions.
Notes to the Financial Statements from pages 176 to 230 form an integral part of these Financial Statements.

Notes to the Financial Statements

1. REPORTING ENTITY

1.1 Domicile and legal form

Elpitiya Plantations PLC (the Company) 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 Act No. 23 of 1987.

The registered office of the Company is located at No. 315, Vauxhall Street, Colombo 02, and Plantations are situated in the planting districts of Nuwara Eliya and Galle.

The Consolidated Financial Statements of Elpitiya Plantations PLC as at and for the year ended 31 March 2022 comprise the Company and its Subsidiaries namely, EPP Hydro Power Company (Pvt) Ltd, Water Villas (Pvt) Ltd, Escape Parks Ceylon (Pvt) Ltd and Joint Venture Companies namely, Elpitiya Lifestyle Solutions (Pvt) Ltd, AEN Palm Oil Processing (Pvt) Ltd and Elpitiya Dianhong Jin Ya Tea Company (Pvt) Ltd (together referred to as the 'Group').

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 Flows together with Accounting Policies and Notes to the Financial Statements.

The Financial Statements of all companies in the Group are prepared for a common financial year, which ends on 31 March.

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.

1.2 Principal activities and nature of operations

During the year, the principal activities of the Company were cultivation, manufacture and sale of Black Tea, Rubber, Oil Palm and other crops.

Principal activities of the other companies in the Group are as follows;

Company	Nature of the Business	Principle Place of Business
EPP Hydro Power Company (Pvt) Ltd.	Generating Hydro Power	Dunsinane Estate
Water Villas (Pvt) Ltd	Intended Hotel Operator	Talgaswella Estate
Elpitiya Lifestyle Solutions (Pvt) Ltd	Manufacture of all types of wooden materials (Under the liquidation process)	Devitura Estate
AEN Palm Oil Processing (Pvt) Ltd	Processing crude palm oil	Baduraliya
Elpitiya Dianhong Jin Ya Tea Company (Pvt) Ltd	Manufacturing & Selling of speciality Tea	Fernland Estate- Harrow Factory
Escape Parks Ceylon (Pvt) Ltd	Designing, developing & operating an adventure park & its associated activities	Devitura Estate

1.3 Parent enterprise

The Company's parent undertaking is Aitken Spence Plantation Managements PLC.

1.4 Date of authorization for issues

The Financial Statements of Elpitiya Plantations PLC for the year ended 31 March 2022 were authorized for issue in accordance with a resolution of the Board of Directors on 27 May 2022.

1.5 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 have been prepared in accordance with 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 Financial Statements have been prepared in accordance with the historical cost convention other than consumable biological assets and produce on bearer biological assets that have been measured at fair value and where appropriate specific policies are explained in the succeeding notes.

No adjustments have been made for inflationary factors in the Financial Statements.

2.3 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.

2.4 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

3.1 Comparative information

The presentation and classification of the financial statements of the current year are comparable with those of the previous year.

3.2 Going concern

In preparing these financial statements, the management has assessed the prevailing macroeconomic conditions and its effect on the Company and its subsidiaries and the appropriateness of the use of the going concern basis. The Group has evaluated the resilience of its businesses, considering a wide range of factors such as expected revenue streams, profitability, cost management initiatives implemented by the Group, changes in working capital, management of capital expenditure, debt repayments, cash reserves and available sources of financing including unutilized facilities and in order to be able to continue business under current global economic conditions.

Having presented the outlook to the Board, the Directors are satisfied that the Company, Subsidiaries and Joint Ventures have adequate resources to continue in operational existence for the foreseeable future, to justify adopting the going concern basis in preparing these financial statements.

Liquidity Risk Management

The Group has ensured that it maintains sufficient liquidity reserves to meet all its operational and investment requirements by closely monitoring and forecasting future funding needs and securing funding sources for both regular and emergency requirements.

3.3 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 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 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(s) 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.

3.3.1 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value and the amount of any Non-Controlling Interest in the acquiree. For each business combination, the Group elects whether to measures the Non-Controlling Interest in the acquiree 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. This includes the separation of embedded derivatives in host contracts by the acquiree.

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.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 09 Financial Instruments, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with SLFRS 09. Other contingent consideration that is not within the scope of SLFRS 09 is measured at fair value at each reporting date with changes in fair value recognized 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 (CGU) 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.

3.3.2 Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its joint venture are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognizes the loss as 'Share of profit of a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment

and proceeds from disposal is recognised in profit or loss.

Based on the contractual terms (Joint Venture agreements), the Group assessed that Elpitiya Dianhong Jin Ya Tea Company (Pvt) Ltd and AEN Palm Oil Processing (Pvt) Ltd are joint ventures.

3.4 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 realized or intended to sell or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized 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

- There is no right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, results in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.5 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:

- Consumable biological assets Note 18.2
- Produce on Bearer Biological Assets Note 21

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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as Consumable biological assets, and significant liabilities, such as retirement benefit obligation. Involvement of external valuers is decided upon annually by the Management 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.

3.6 Foreign currency transactions

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 other comprehensive income (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 recognized in other comprehensive income.

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).

3.7 Cash dividend 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.

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.

3.8 Property, plant and equipment

3.8.1 Recognition and measurement

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.

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

3.8.2 Owned assets

The cost of property, plant and equipment includes expenditures that are directly attributable to the acquisition of the asset. Such costs include the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling 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 recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is preformed, its cost is recognized 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 statement 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, the asset is ready for utilization or at the time the asset is commissioned.

3.8.3 De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised 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 profit or loss statement when the asset is derecognized and gains are not classified as revenue.

3.8.4 Leased assets

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement 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 recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives 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, as follows:

- Motor vehicles 10 years

Depreciation
The leasehold rights of assets taken over from JEDB/SLSPC are amortized in equal amounts over the shorter of the remaining lease periods and the useful lives as follows:

	No. of years	Rate (%)
Land	25	4.00
Mature plantations	30	3.33
Buildings	25	4.00
Machinery	20	5.00
Improvements to land/ Other vested assets/ Unimproved lands	53	1.89

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

b) Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate (i.e. for an example JEDB/SLSPC Government lease rentals linked with GDP Deflator), and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Note 28 to the financial statements.

c) Short-term leases and leases of low-value assets
The Group does not contain the short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and low values assets.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

3.8.5 Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost.

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 Income Statement in the period 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 amortized over the useful economic life 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 recognised in the Income Statement in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, 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 Income Statement when the asset is derecognized.

Amortization
The following intangible assets are amortized in equal amounts over their useful lives as follows:

Intangible assets name	Useful Lives	Amortization method used	Internally Generated Or acquired
Software	5 Years	amortized on straight- line Basis over the period of Expected future sales from the related project.	Acquired

3.8.6 Land improvement cost
Permanent land improvement costs are those costs incurred in making major infrastructure development and building new access roads on leasehold lands.

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

3.8.7 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 specifications. Tea, rubber, other plantations and nurseries are classified as biological assets.

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

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

3.8.7.1 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 and Oil Palm) which comes into bearing during the year, is transferred to mature plantations.

3.8.7.2 Infilling Cost on Bearer Biological Assets

The land development costs incurred in the form of infilling have been capitalized where infilling results in an increase in the economic life of the relevant field beyond its previously assessed standard of performance. Infilling costs so capitalized are depreciated over the newly assessed remaining economic useful life of the relevant nature plantation or the unexpired lease period, whichever is lower.

Infilling costs that are not capitalized have been charged to the Profit or Loss Statement in the year in which they are incurred.

3.8.7.3 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 recognized as expenses in the period in which they are incurred and charged to the Profit or Loss Statement.

The amounts of the borrowing costs which are eligible for capitalization are determined in accordance with the in LKAS 23 - Borrowing Costs'. The Borrowing Cost Capitalization rate for the year 2021/2022 is 3.9% (2020/2021 – 3.03%).

The amount so capitalized is disclosed in Note 8.1 to the Financial Statements.

3.8.7.4 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 18.3.1

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.

Impairments to Biological Asset are charged to the Profit or Loss Statement in full and reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

Consumable biological assets initially recognised is derecognised 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 profit or loss statement when the asset is derecognised and gains are not classified as revenue.

3.8.7.5 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.

3.8.7.6 Produce on Bearer Biological Assets

In accordance with LKAS 41, Group recognize 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 Group 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

Oil Palm – Bought Mill NSA less cost of harvesting & transport

3.8.8 Depreciation and amortization

a) Depreciation

Depreciation is recognized in 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. 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 JEDB/SLSPC will be expired in year 2045. The estimated useful lives for the current and comparative periods are as follows:

	No. of years	Rate (%)
Building	40	2.50
Electronic machinery	10	10.00
Plant and other machinery	20	5.00
Motor vehicles – Supervisory and motorbikes	8	12.50
Motor vehicles – Others	10	10.00
Equipment – Tools	4	25.00
Equipment – Computer and other equipment	5	20.00
Furniture and fittings	10	10.00
Water sanitation	20	5.00
Civil construction and other	40	2.50
Solar Power Assets	20	5.00

Mature plantations (Replanting and new planting)	No. of years	Rate (%)
Tea	33 1/3	3.00
Rubber	20	5.00
Oil Palm	20	5.00
Coconut	50	2.00
Cinnamon	20	5.00
Passion Fruit	5	20.00
Strawberry	2	50.00

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date on which the asset 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 lower.

No depreciation is provided for immature plantations.

3.9 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.

3.9.1 Financial Assets

3.9.1.1 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 cash equivalents and trade and other receivables.

3.9.1.2 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.

and

- 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

and

- 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 definition of equity under IAS 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 recognized 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 recognized in the statement of profit or loss.

3.9.1.3 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 risk +s 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.

3.9.1.4 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).

3.9.2 Financial liabilities

3.9.2.1 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.

3.9.2.2 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 (EIR). 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 and amounts due to related parties.

3.9.2.3 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.

3.9.3 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 37.

3.10 Inventories

Finish goods manufactured from agricultural produce of biological assets

These are valued at the lower of cost and estimated net realizable value. Net realizable value is the estimated selling price at which stocks can be sold in the ordinary course of business after allowing for cost of realization and/or cost of conversion from their existing state to saleable condition.

Input materials, Spares and consumables
At actual cost on weighted average basis.

Agricultural produce harvested from biological assets
Agricultural produce harvested from its biological assets are measured at their fair value less cost to sell at the point of harvest. The finished and semi-finished inventories from agriculture 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 and integral part of the Group's cash management and those are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

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 OCI. For such properties, the impairment is recognised in OCI 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 31 March 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 31 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 Profit or Loss Statement net of any reimbursement.

3.14 Employees' benefits

(a) Defined contribution plans – Employees' Provident Fund and Employees' 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 recognized as an expense in profit and loss in the periods during which services are rendered by employees.

The Group 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 Group are members of the Employees Trust Fund to which the Group 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 in Other Comprehensive Income in the period in which they arise. Actuarial gains & losses recognised in other comprehensive income are recognised immediately in retained earnings and are not reclassified to profit or loss. Past service costs are recognised immediately in the 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 29.2.

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 period

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 Parent by the weighted average number or ordinary shares outstanding during the period.

3.18 Deferred income - Grants and subsidies

Government grants are recognized 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 recognized 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 relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the 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 installments.

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 amortized over their useful lives or unexpired lease period, whichever is less.

Sanitation & water supply	20 years

Grants received for forestry are initially deferred and credited to income once when the related blocks of trees are harvested.

3.19 Statement 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, oil palm(FFB) 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 oil palm (FFB) and 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.

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 and equipment in a state of efficiency is charged to revenue in arriving at the profit for the year.

3.19.3 Financing income and expenses

Finance income comprises interest income on funds invested. Interest income is recognized in the Statement of Profit or Loss as it accrues.

Finance expenses comprise interest payable on borrowing. 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 payment 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.

Foreign currency gains and losses are reported on a net basis.

3.19.4 Taxes

3.19.4.1 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 (refer Note 4.1.1).

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.

EPP Hydro Power Company (Pvt) Ltd
Company is liable for income tax on its business profit at the rate of 14% and investment income at the rate of 24%. (2020/2021 – Business income is liable at 14%; interest income is liable at 24%).

Escape Parks Ceylon (Pvt) Ltd (Pvt) Ltd
Company is liable for Investment income at the rate of 24% to 31 March 2022 (2020/2021 – 24%).

3.19.4.2 Surcharge Tax
The Group is not liable for the surcharge tax individually as well as a subsidiary of Aitken Spence Plantation Managements PLC since the taxable income does not exceeded the threshold of LKR 2000 Mn.

3.19.4.3 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 asset to be utilised. Unrecognized 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 realized 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 OCI 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 flow
The Statement of Cash Flow has been prepared using the "Indirect Method". Interest paid is classified as operating cash flows; dividends received are classified as investing cash flows while dividends paid are classified as financing cash flows, for the purpose of presenting the Statement Cash Flows.

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 14 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 utilization, wherever possible.

Assets and liabilities directly attributable to each segment are allocated to the respective segments. Assets and liabilities, which are not directly attributable to a segment, are allocated on a reasonable basis wherever possible. Unallocated items comprise mainly 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. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of Financial Statements of the Group in conformity with Sri Lanka Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

The most significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have most significant effect on the amounts recognised in the Financial Statements of the Group are as follows:

4.1 Taxation

4.1.1 Current Tax

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 with effect 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.

4.1.2 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 (Amendment) Bill issued on 18.03.2021, company is identified separately business income as agro farming & agro processing for the purpose of calculating income tax liability. Accordingly, the company has separated assets and liabilities as at 31 March 2022 as Agro farming and Agro processing for the deferred tax purpose.

Further, Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The details of deferred tax computation is given in Note 11 to the Financial Statements.

4.1.3 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.

4.2 Retirement benefit obligations

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 Group.

Further details about Retirement benefit obligations are provided in Note 29.

4.3 Fair Valuation of Consumable Biological Assets

The fair value of managed timber depends on number of factors that are determined on a discounted cash flow method using various different financial and non-financial assumptions. The growth of the trees is determined by various biological factors that are highly unpredictable. Any change to the assumptions will impact the fair value of biological assets. All assumptions are reviewed at each reporting period. Key assumptions and sensitivity analysis of the biological assets are given in Note 18.3.

4.4 Bearer Biological Assets

A mature plantation is an area of land developed with crops such as tea, rubber, oil palm 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 plant, 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.

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. SRI LANKA ACCOUNTING STANDARDS (SLFRS / LKAS) 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.

6. REVENUE

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Tea	2,919,589,208	2,802,321,184	2,919,589,208	2,802,321,184
Rubber	276,507,711	263,933,512	276,507,711	263,933,512
Oil Palm	1,793,982,964	950,151,602	1,793,982,964	950,151,602
Others	105,907,419	45,784,653	78,363,854	23,209,904
	5,095,987,303	4,062,190,951	5,068,443,737	4,039,616,202

7. OTHER INCOME

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Amortisation of Leasehold right to use of Land (Note 30.3)	5,479,310	5,479,310	5,479,310	5,479,310
Amortisation of deferred income from sub lease	4,543,967	4,395,036	4,543,967	4,395,036
Amortisation of capital grants	14,872,954	13,833,295	14,872,954	13,833,295
Gain on PPE disposal	260,952	4,850,000	260,952	4,850,000
Income from sub lease	5,778,095	5,504,400	5,778,095	5,504,400
Item written back	4,101,114	1,064,832	4,101,114	1,064,832
Income from Solar Power Projects	40,142,498	33,791,120	40,142,498	33,791,120
Sale of other trees	29,013,657	19,682,655	29,013,657	19,682,655
Profit from sale of Timber Trees	18,665,654	20,664,394	18,665,654	20,664,394
Revenue on Sheen mini hydro power project	17,600,188	13,237,277	17,600,188	13,237,277
Revenue on dunsinane mini hydro power project	5,033,129	9,053,348	5,033,129	9,053,348
Sundry income	53,286,048	7,979,952	53,286,048	7,844,704
Dividend Income	-	-	100,659,888	94,368,645
	198,777,566	139,535,620	299,437,454	233,769,017

8. FINANCE INCOME AND FINANCE EXPENSES

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
8.1 Finance expenses				
Overdraft interest	580,731	8,163,803	580,731	8,163,803
Term loan interest	12,953,244	5,549,369	12,953,244	5,549,369
Interest on government lease	43,137,759	42,026,833	43,137,759	42,026,833
	56,671,735	55,740,004	56,671,735	55,740,004
Amount capitalised	(6,750,000)	(7,425,000)	(6,750,000)	(7,425,000)
	49,921,735	48,315,004	49,921,735	48,315,004
8.2 Finance Income				
Interest income	37,601,045	560,895	37,523,279	367,008
Interest Income on lease	1,390,141	1,347,412	1,390,141	1,347,412
Exchange Gain	6,142,929	194,435	6,142,929	194,435
	45,134,115	2,102,742	45,056,349	1,908,855
8.3 Net Finance Expense	4,787,619	46,212,262	4,865,386	46,406,149

9. PROFIT BEFORE TAXATION IS STATED AFTER CHARGING

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Auditors fees	3,528,536	3,208,900	3,336,300	3,033,000
Depreciation and amortisation	315,763,371	279,874,438	306,524,669	270,604,331
Define benefit plan costs	94,711,808	114,612,869	94,656,334	114,566,254
Defined contributions plan cost - EPF and ETF	314,272,387	254,249,219	314,272,387	254,249,219
Staff costs	2,089,802,100	1,661,688,023	2,087,492,799	1,661,688,023
Director fees & other emoluments	79,730,143	44,150,817	79,730,143	44,150,817
Donations	2,098,471	1,160,000	2,098,471	1,160,000

10. INCOME TAX

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
10.1 Income tax expense				
10.1.1 Income Tax				
Tax on current year profits	26,450,404	8,379,114	25,500,000	8,046,926
Under / (Over)provision in respect of previous years	(3,501,770)	(1,662,875)	(3,308,483)	204,214
Unclaimable ESC and WHT Written Off	3,857,856	10,000,000	3,857,856	10,000,000
Deferred tax expense/ (reversal)	74,318,803	(166,192,378)	73,406,733	(177,434,510)
	101,125,294	(149,476,139)	99,456,106	(159,183,370)
10.1.2 Statement of Comprehensive Income				
Deferred tax expense / (Reversal)	5,723,549	1,995,132	5,723,549	1,995,132
	5,723,549	1,995,132	5,723,549	1,995,132

10.2 Reconciliation of the accounting profit and tax on current year

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Profit before tax	1,633,750,500	725,515,735	1,490,202,215	723,326,405
Profit from equity accounted investees	(233,584,336)	(90,455,307)	-	-
Adjusted accounting profit chargeable to income taxes	1,400,166,164	635,060,428	1,490,202,215	723,326,405
Aggregate disallowed items	646,283,334	764,996,639	536,329,270	755,312,908
Aggregate allowed items	(723,125,904)	(858,640,841)	(709,067,508)	(845,128,088)
Business profit	1.323,323,595	541,416,226	1,317,463,977	633,511,225
Interest income	-	560,895	-	367,008
Tax exempt	(1,033,781,130)	(424,717,312)	(1,033,781,130)	(424,717,312)
Tax loss brought forward and utilized	(179,258,376)	(81,676,654)	(179,258,376)	(175,632,064)
Current year Losses not utilised - Subsidiaries	873,428	-	-	-
Taxable income	111,157,516	35,583,155	104,424,470	33,528,857
Income Tax @ 14%	931,740	285,655	-	-
Income Tax @ 24%	25,518,664	8,093,459	25,500,000	8,046,926
Income tax expense charged to Statement of Profit or Loss	26,450,404	8,379,114	25,500,000	8,046,926

10. INCOME TAX (CONTD.)

10.3 Tax losses carried forward

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Tax losses brought forward	542,747,920	708,078,071	540,319,384	706,072,589
Adjustments on finalisation of liability	4,387,298	10,715,148	4,396,780	9,878,859
Tax losses arising during the year	873,428	-	-	-
Utilisation of tax losses	(179,258,376)	(176,045,299)	(179,258,376)	(175,632,064)
Tax losses carried forward	368,750,270	542,747,920	365,457,788	540,319,384

10.4 Deferred tax expense

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
10.4.1 Statement of Profit or Loss				
Origination and (reversal) of temporary differences	74,318,803	(166,192,378)	73,406,733	(177,434,510)
	74,318,803	(166,192,378)	73,406,733	(177,434,510)
10.4.2 Statement of Comprehensive Income				
Tax effect on actuarial gain/(loss) on retirement benefit obligations	5,723,549	1,995,132	5,723,549	1,995,132
	5,723,549	1,995,132	5,723,549	1,995,132
Total Deferred tax expense/ (reversal)	80,042,353	(164,197,246)	79,130,283	(175,439,378)

11. DEFERRED TAX LIABILITY

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
At the beginning of the year	332,754,226	496,951,471	331,016,238	506,455,616
Amount originated during the year transferred to Statement of Profit or Loss	74,318,803	(166,192,378)	73,406,733	(177,434,510)
Amount originated during the year transferred to Other Comprehensive Income	5,723,549	1,995,132	5,723,549	1,995,132
At the end of the year	412,796,579	332,754,226	410,146,521	331,016,238

Composition of deferred tax liabilities;	Group		Company	
	2022	2021	2022	2021
Deferred tax liabilities;	Rs.	Rs.	Rs.	Rs.
Tax effect on temporary difference of Property, plant and equipment	65,605,333	50,897,225	62,923,362	49,141,616
Tax effect on temporary difference of biological assets	462,623,962	422,846,229	462,623,962	422,846,229
Tax effect on temporary difference of Right-of-use-of-land	33,541,726	33,775,243	33,541,726	33,775,243
	561,771,021	507,518,696	559,089,050	505,763,087
Deferred tax assets;				
Tax effect on temporary difference of provisions for obsolete items	(1,334,125)	(1,334,309)	(1,334,125)	(1,334,309)
Tax effect on temporary difference of expected credit losses	(797,859)	(6,173,067)	(797,859)	(6,173,067)
Tax effect on temporary difference of lease liability	(36,940,921)	(36,024,068)	(36,940,921)	(36,024,068)
Tax effect on temporary difference of retirement benefit obligation	(58,737,447)	(55,588,313)	(58,705,534)	(55,570,692)
Tax effect on tax losses available for offsetting future taxable income	(51,164,090)	(75,644,714)	(51,164,090)	(75,644,714)
	(148,974,442)	(174,764,471)	(148,942,529)	(174,746,850)
	412,796,579	332,754,226	410,146,521	331,016,238

The effective tax rate used to calculate deferred tax liability for all the Temporary Differences as at 31 March, 2022 is 10.5% (2020/2021 -10.5%) for the company and 14% for the subsidiary (2020/2021 -14%).

12. EARNINGS PER SHARE

	Group		Company	
	2022	2021	2022	2021
12.1 Earnings Per Share				
Profit attributable to ordinary shareholders of the parent (Rs.)	1,532,744,006	875,266,508	1,390,746,108	882,509,775
Weighted average number of ordinary shares	72,866,430	72,866,430	72,866,430	72,866,430
Earnings per share (Rs.)	21.03	12.01	19.09	12.11

The computation of the basic earnings per share is based on profit attributable to ordinary shareholders for the year , divided by weighted average number of ordinary shares outstanding during the year .

13. DISTRIBUTIONS MADE AND PROPOSED

	Company	
	2022	2021
Cash dividends on ordinary shares declared and paid	Rs.	Rs.
Final dividend for 2021 : Rs. 2 per share (2020 :Rs. 0.75 per share)	145,732,860	54,649,823
	145,732,860	54,649,823

Notes to the Financial Statements

14. SEGMENT INFORMATION

	Tea		Rubber	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
14.1.a Segment results				
Group				
Revenue	2,919,589,208	2,802,321,184	276,507,711	263,933,512
Operating expenses				
Revenue expenditure	(2,376,700,598)	(2,244,103,293)	(132,201,629)	(183,533,665)
Depreciation / amortisation	(105,528,675)	(100,323,235)	(73,858,223)	(71,591,619)
Other non cash expenses - gratuity	(40,559,612)	(50,336,774)	(13,352,020)	(16,298,231)
Segmental results	396,800,323	407,557,883	57,095,839	(7,490,004)
Gain on fair value of biological assets				
Other income				
Unallocated expenses				
Management fees & workers profit share				
Profit from investments in joint ventures				
Profit from operating activities				
Finance income				
Finance cost				
Profit from ordinary activities before taxation				
Tax expenses				
Profit for the year				
14.1.b Segment Assets				
Group				
Non current assets				
Cost	3,584,400,941	3,501,981,543	2,066,912,689	2,040,885,929
Accumulated depreciation and amortisation	(1,209,948,409)	(1,169,692,788)	(723,884,931)	(657,348,444)
	2,374,452,532	2,332,288,754	1,343,027,758	1,383,537,485
Unallocated non current assets Cost				
Accumulated depreciation and amortisation				
Investments				
Other non current asset				
Total non current assets				
Current assets	503,638,768	239,671,057	137,131,373	11,877,760
	503,638,768	239,671,057	137,131,373	11,877,760
Unallocated current assets				
Total current assets				
Total assets				
14.1.c Segment Liabilities				
Group				
Non current liabilities	262,175,571	444,426,313	86,307,867	29,788,730
Current liabilities	246,512,809	398,880,521	81,150,777	26,735,915
	508,688,380	843,306,834	167,458,644	56,524,644
Unallocated non current liabilities				
Total liabilities				
Capital and resources				
Total equity and liabilities				
14.1.d Segment capital expenditure				
Group				
Cost	533,816,390	233,167,683	38,370,968	35,215,218

	Oil Palm		Others		Total	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
	1,793,982,964	950,151,602	105,907,419	45,784,653	5,095,987,303	4,062,190,951
	(437,560,323)	(282,167,485)	(43,729,691)	(16,261,213)	(2,990,192,241)	(2,726,065,656)
	(87,031,163)	(70,051,874)	(15,882,498)	(12,833,112)	(282,300,560)	(254,799,840)
	(30,113,529)	(35,671,087)	(1,361,579)	(653,018)	(85,386,740)	(102,959,109)
	1,239,277,948	562,261,156	44,933,651	16,037,309	1,738,107,762	978,366,346
					38,969,763	40,219,780
					198,777,566	139,535,620
					(424,908,707)	(355,714,488)
					(145,992,593)	(121,134,566)
					233,584,328	90,455,307
					1,638,538,119	771,727,998
					45,134,115	2,102,742
					(49,921,735)	(48,315,004)
					1,633,750,500	725,515,736
					(101,125,294)	149,476,139
					1,532,625,206	874,991,874
	2,551,406,456	2,476,083,539	1,174,615,912	592,415,541	9,377,335,998	8,611,366,552
	(621,202,741)	(544,965,363)	(163,442,232)	(52,065,736)	(2,718,478,313)	(2,424,072,331)
	1,930,203,715	1,931,118,176	1,011,173,681	540,349,805	6,658,857,686	6,187,294,221
					234,249,341	406,170,417
					(129,085,630)	(143,145,998)
					6,764,021,397	6,450,318,641
					353,245,906	220,948,466
					47,829,226	46,439,085
					7,165,096,533	6,717,706,196
	132,820,567	10,255,160	18,424,879	61,726,102	792,015,587	323,530,078
	132,820,567	10,255,160	18,424,879	61,726,102	792,015,587	323,530,078
					1,347,843,738	561,407,622
					2,139,859,325	884,937,700
					9,304,955,858	7,602,643,894
	194,654,772	147,755,011	9,029,235	1,294,778	552,167,445	623,264,833
	183,023,710	132,612,751	10,383,127	3,447,392	521,070,423	561,676,578
	377,678,482	280,367,762	19,412,362	4,742,170	1,073,237,867	1,184,941,411
					1,332,472,588	962,135,867
					2,405,710,454	2,139,077,278
					6,899,245,403	5,463,566,614
					9,304,955,858	7,602,643,895
	68,074,733	108,334,848	294,320,232	248,326,923	934,582,323	625,044,669

14. SEGMENT INFORMATION (CONTD.)

	Tea		Rubber	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
14.2.a Segment results				
Company				
Revenue	2,919,589,208	2,802,321,184	276,507,711	263,933,512
Operating expenses				
Revenue expenditure	(2,376,700,598)	(2,244,103,293)	(132,201,629)	(183,533,665)
Depreciation / amortisation	(105,528,675)	(100,323,235)	(73,858,223)	(71,591,619)
Other non cash expenses - gratuity	(40,559,612)	(50,336,774)	(13,352,020)	(16,298,231)
Segmental results	396,800,323	407,557,883	57,095,839	(7,490,004)
Gain on fair value of biological assets				
Other income				
Unallocated expenses				
Management fees & workers profit share				
Profit from operating activities				
Finance cost				
Finance income				
Profit from ordinary activities before taxation				
Tax Expense				
Profit for the year				
14.2.b Segment Assets				
Company				
Non current assets				
Cost	3,584,400,941	3,501,981,543	2,066,912,689	2,040,885,929
Accumulated depreciation and amortisation	(1,209,948,409)	(1,169,692,788)	(723,884,931)	(657,348,444)
	2,374,452,532	2,332,288,754	1,343,027,758	1,383,537,485
Unallocated non current assets Cost				
Accumulated depreciation and amortisation				
Investments				
Other non current asset				
Total non current assets				
Current assets	503,638,768	239,671,057	137,131,373	11,877,760
	503,638,768	239,671,057	137,131,373	11,877,760
Unallocated current assets				
Total current assets				
Total assets				
14.2.c Segment Liabilities				
Company				
Non current liabilities	262,175,571	444,426,313	86,307,867	29,788,730
Current liabilities	246,512,809	398,880,521	81,150,777	26,735,915
	508,688,380	843,306,834	167,458,644	68,275,500
Unallocated non current liabilities				
Total liabilities				
Capital and resources				
Total equity and liabilities				
14.2.d Segment capital expenditure				
Company				
Cost	533,816,390	233,167,683	38,370,968	35,215,217

	Oil Palm		Others		Total	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
	1,793,982,964	950,151,602	78,363,854	23,209,904	5,068,443,737	4,039,616,202
	(437,560,323)	(282,167,485)	(39,742,890)	(12,546,016)	(2,986,205,439)	(2,722,350,459)
	(87,031,163)	(70,051,874)	(6,643,797)	(3,113,005)	(273,061,858)	(245,079,734)
	(30,113,529)	(35,671,087)	(1,361,579)	(653,018)	(85,386,740)	(102,959,109)
	1,239,277,948	562,261,156	30,615,589	6,897,865	1,723,789,700	969,226,900
					38,969,763	40,219,780
					299,437,454	233,769,017
					(421,136,723)	(352,348,576)
					(145,992,593)	(121,134,566)
					1,495,067,601	769,732,554
					(49,921,735)	(48,315,004)
					45,056,349	1,908,855
					1,490,202,215	723,326,405
					(99,456,106)	159,183,370
					1,390,746,108	882,509,775
	2,551,406,456	2,476,083,539	911,846,751	592,415,541	9,114,566,837	8,611,366,552
	(621,202,741)	(544,965,363)	(83,627,844)	(52,065,736)	(2,638,663,925)	(2,424,072,331)
	1,930,203,715	1,931,118,176	828,218,907	540,349,805	6,475,902,912	6,187,294,221
					234,249,341	143,401,254
					(129,085,630)	(72,570,312)
					105,163,711	70,830,942
					239,290,290	239,290,290
					45,225,569	43,835,428
					6,865,582,482	6,541,250,880
	132,820,567	10,255,160	56,527,609	61,691,697	830,118,317	323,495,674
	132,820,567	10,255,160	56,527,609	61,691,697	830,118,317	323,495,674
					1,347,843,738	619,725,999
					2,177,962,057	943,221,674
					9,043,544,539	7,484,472,553
	194,654,772	147,755,011	8,801,285	1,122,303	551,939,495	623,092,358
	183,023,710	132,612,751	8,275,388	1,007,287	518,962,684	559,236,473
	377,678,482	338,653,157	17,076,674	2,129,590	1,070,902,179	1,182,328,831
					1,329,096,825	960,397,879
					2,399,999,004	2,134,726,710
					6,643,545,535	5,349,745,843
					9,043,544,539	7,484,472,554
	68,074,733	108,334,848	294,320,232	248,326,923	934,582,323	625,044,672

15. RIGHT-OF-USE-ASSETS

	Notes	Group / Company 2022 Rs.	2021 Rs.
Right -of - use - asset- land	15.1	319,445,007	321,668,980
Right - of - use - asset - immovable bearer biological assets	15.2.1	37,207,453	49,785,493
Right - of - use - asset - other property plant and equipments	15.2.2	4,042,897	4,227,936
Right - of - use - asset - motor vehicles	15.3	4,597,135	5,516,562
		365,292,491	381,198,970

15.1 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 January 2020 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 years.

	Group / Company 2022 Rs.	2021 Rs.
Cost		
At the beginning of the year	335,071,854	321,380,699
Adjustment on reassessment of lease liability	11,664,940	26,051,951
Transferred in due to reassessment of lease liability	(13,402,874)	(12,360,796)
At the end of the year	333,333,920	335,071,854
Amortisation		
At the beginning of the year	13,402,874	12,360,796
Transferred out due to reassessment of lease liability	(13,402,874)	(12,360,796)
Amortisation for the year	13,888,913	13,402,874
At the end of the year	13,888,913	13,402,874
Written down value	319,445,007	321,668,980

15.2 Right-of-use asset- Immovable estate assets on lease other than Right-of-use asset- land

At the time of privatisation of plantation estates, all immovable assets in these estates (Note 15.2.1 and Note 15.2.2) have been taken into the books of the Company retroactive to 22nd June 1992 under finance lease. These assets have accounted in accordance with SLFRS 16 - Leases.

15.2.1 Right - of - use asset - immovable bearer biological assets

	Group / Company		
	Immature Plantations Rs.	Mature Plantations Rs.	Total Rs.
At Cost			
Balance as at 22.06.1992	283,368,199	95,362,391	378,730,590
Transferred to mature plantations	(283,368,199)	283,368,199	-
Acquired by government in 2002/2003	-	(1,389,400)	(1,389,400)
Transferred to joint venture in 2015/2016	-	(19,773,222)	(19,773,222)
Balance as at 31.03.2022		357,567,968	357,567,968
Amortisation			
Accumulated amortization as at 01.04.2021	-	307,782,475	307,782,475
Amortization during the year	-	12,578,040	12,578,040
Accumulated amortization as at 31.03.2022	-	320,360,515	320,360,515
Written down value as at 31.03.2022	-	37,207,453	37,207,453
Written down value as at 31.03.2021	-	49,785,493	49,785,493

15.2.2 Right -of - use - of - other property plant and equipments

	Group/Company					
	Improvements to land Rs.	Other vested assets Rs.	Unimproved lands Rs.	Buildings Rs.	Plant and machinery Rs.	Total Rs.
At Cost						
Balance as at 22.06.1992	4,214,618	4,028,217	1,564,267	73,002,143	47,785,047	130,594,292
Acquired by government in 2002/2003	-	-	-	(3,390,250)	-	(3,390,250)
Transferred to joint venture in 2015/2016	-	-	-	(5,536,000)	-	(5,536,000)
Balance as at 31.03.2022	4,214,618	4,028,217	1,564,267	64,075,893	47,785,047	121,668,042
Amortisation						
As at 1 April 2021	2,673,750	2,189,688	715,726	64,075,893	47,785,047	117,440,106
Amortisation for the year	79,521	76,004	29,514	-	-	185,040
As at 31 March 2022	2,753,272	2,265,693	745,241	64,075,893	47,785,047	117,625,145
Written down value as at 31.03.2022	1,461,346	1,762,524	819,026	-	-	4,042,897
Written down value as at 31.03.2021	1,540,868	1,838,529	848,541	-	-	4,227,936

15. RIGHT- OF- USE- ASSETS (CONTD.)

15.3 Right-of-use asset - motor vehicles

	Group / Company	
	2022	2021
	Rs.	Rs.
Cost		
As at 1 April	16,855,000	16,855,000
At the end of the year	16,855,000	16,855,000
Amortisation		
At the beginning of the year	11,338,439	10,419,012
Amortisation during the year	919,427	919,427
At the end of the year	12,257,865	11,338,439
Written Down Value	4,597,135	5,516,562

16. FREEHOLD PROPERTY, PLANT AND EQUIPMENT

	Group				Company			
	As at 1 April 2021	Additions/ Transfer In	Disposals	As at 31 March 2022	As at 1 April 2021	Additions/ Transfer In	Disposals	As at 31 March 2022
At Cost	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Buildings	159,176,713	20,518,436	-	179,695,150	159,176,713	20,518,436	-	179,695,150
Motor vehicles	282,395,362	21,964,500	(924,200)	303,435,662	282,395,362	21,964,500	(924,200)	303,435,662
Plant and machinery	449,704,490	183,829,473	-	633,533,963	449,704,490	183,829,473	-	633,533,963
Furniture and fittings	15,554,828	2,297,468	-	17,852,295	15,554,828	2,297,468	-	17,852,295
Equipment	161,848,510	23,345,071	-	185,193,581	161,848,510	23,345,071	-	185,193,581
Water sanitation	256,167,728	1,629,250	-	257,796,978	256,167,728	1,629,250	-	257,796,978
Solar power assets	205,106,737	23,290,429	-	228,397,166	205,106,737	23,290,429	-	228,397,166
Irrigation	-	7,924,083	-	7,924,083	-	7,924,083	-	7,924,083
Poltunnel	-	87,543,862	-	87,543,862	-	87,543,862	-	87,543,862
	1,529,954,368	372,342,573	(924,200)	1,901,372,741	1,529,954,367	372,342,573	(924,200)	1,901,372,741
Assets on Mini Hydro Power Projects								
Plant and machinery	150,811,101	-	-	150,811,101	57,744,429	-	-	57,744,429
Equipment	12,821,693	-	-	12,821,693	4,152,104	-	-	4,152,104
Motor vehicles	263,089	-	-	263,089	99,889	-	-	99,889
Furniture and fittings	24,500	-	-	24,500	24,500	-	-	24,500
Civil constructions	215,502,891	5,456,423	-	220,959,314	81,380,332	-	-	81,380,332
	379,423,274	5,456,423	-	384,879,697	143,401,254	-	-	143,401,254
Total cost	1,909,377,642	377,798,996	(924,200)	2,286,252,437	1,673,355,621	372,342,573	(924,200)	2,044,773,995

Depreciation	As at 1 April 2021 Rs.	Charge for the year Rs.	Disposals Rs.	As at 31 March 2022 Rs.	As at 1 April 2021 Rs.	Charge for the year Rs.	Disposals Rs.	As at 31 March 2022 Rs.
Buildings	16,733,053	4,094,107	-	20,827,160	16,733,053	4,094,107	-	20,827,160
Motor vehicles	188,041,297	23,722,233	(867,652)	210,895,877	188,041,297	23,722,233	(867,652)	210,895,877
Plant and machinery	218,880,837	19,387,682	-	238,268,519	218,880,837	19,387,682	-	238,268,519
Furniture and fittings	12,309,197	521,746	-	12,830,943	12,309,197	521,746	-	12,830,943
Equipment	130,821,112	14,525,678	-	145,346,791	130,821,112	14,525,678	-	145,346,791
Water sanitation	174,149,535	12,828,473	-	186,978,008	174,149,535	12,828,473	-	186,978,008
Solar Power Assets	11,454,015	10,350,402	-	21,804,417	11,454,015	10,350,402	-	21,804,417
Irrigation	-	588,918	-	588,918	-	588,918	-	588,918
Poltunnel	-	4,353,437	-	4,353,437	-	4,353,437	-	4,353,437
	752,389,045	90,372,676	(867,652)	841,894,068	752,389,045	90,372,676	(867,652)	841,894,068
Assets on Mini Hydro Power Projects								
Plant and machinery	69,880,837	7,540,555	-	77,421,392	35,756,388	2,887,221	-	38,643,609
Equipment	12,528,566	94,216	-	12,622,782	4,152,104	-	-	4,152,104
Motor vehicles	239,300	20,400	-	259,700	99,889	-	-	99,889
Furniture and fittings	9,800	2,450	-	12,250	9,800	2,450	-	12,250
Civil constructions	60,487,496	6,505,261	-	66,992,757	32,552,131	2,034,509	-	34,586,640
	143,145,998	14,162,882	-	157,308,880	72,570,312	4,924,180	-	77,494,492
Total depreciation	895,535,044	104,535,558	(867,652)	999,202,949	824,959,357	95,296,856	(867,652)	919,388,560
Written down value	1,013,842,598			1,287,049,488	848,396,264			1,125,385,435

	Group				Company			
Capital work in progress	As at 1 April 2021 Rs.	Additions Rs.	Transfer Out Rs.	As at 31 March 2022 Rs.	As at 1 April 2021 Rs.	Additions Rs.	Transfer Out Rs.	As at 31 March 2022 Rs.
Buildings	129,756,847	156,109,692	(158,205,310)	127,661,228	103,009,703	156,109,692	(152,748,887)	106,370,507
Solar power assets	23,444,429	71,375,924	(23,444,429)	71,375,924	23,444,429	71,375,924	(23,444,429)	71,375,924
Plant and machinery	136,297,857	-	(136,297,857)	-	136,297,857	-	(136,297,857)	-
	289,499,133	227,485,615	(317,947,596)	199,037,151	262,751,989	227,485,615	(312,491,173)	177,746,431
Total carrying value	1,303,341,731			1,486,086,640	1,111,148,252			1,303,131,864

16.1 The cost of fully depreciated and still in use assets of the company amounts to Rs. 304 Mn as of 31 March 2022.

17. INTANGIBLE ASSETS

	Notes	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Software	17.1	17,667,813	15,262,794	17,667,813	15,262,794
Goodwill	17.2	2,603,657	2,603,657	-	-
		20,271,470	17,866,451	17,667,813	15,262,794

17.1 Software

	Group/Company Balance As at 01.04.2021 Rs.	Additions Rs.	Disposals Rs.	Balance As at 31.03.2022 Rs.
At Cost				
Software	30,125,329	8,579,669	-	38,704,998
	30,125,329	8,579,669	-	38,704,998

	Group/Company Balance As at 01.04.2021 Rs.	Amortisation for the year Rs.	Disposals Rs.	Balance As at 31.03.2022 Rs.
Amortisation				
Software	14,862,535	6,174,650	-	21,037,185
	14,862,535	6,174,650	-	21,037,185
Carrying Value	15,262,794			17,667,813

17.2 Goodwill

	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
At cost				
At the beginning of the year	2,603,657	2,603,657	-	-
At the end of the year	2,603,657	2,603,657	-	-

The recoverability amount of goodwill is determined with reference to the value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering five year periods. The key assumptions used are given below,

Business growth - Based on the long term average growth rate used in consistent with the forecast included in industry reports.
Inflation rate - Based on current inflation rate.
Discount rate - Risk free rate adjusted for the specific risk relating to the industry.
Margin - Based on past performance and budgeted expectations.

18. BIOLOGICAL ASSETS

18.1 Bearer Biological Assets

	Group/Company	
	2022	2021
	Rs.	Rs.
Cost		
At the beginning of the year	4,872,575,927	4,596,385,731
Additions during the year	301,440,306	282,780,335
Transfer to nursery	(25,197,207)	-
Cost of Disposals	(8,786,435)	(6,590,138)
At the end of the year	5,140,032,589	4,872,575,927
Depreciation		
At the beginning of the year	1,194,496,061	1,042,990,786
Charge for the year	177,481,743	158,095,413
Cost of Disposals	(8,786,435)	(6,590,138)
At the end of the year	1,363,191,369	1,194,496,061
Carrying amount	3,776,841,221	3,678,079,866

	Immature Plantations				
	Tea	Rubber	Oil Palm	Other	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
At cost					
At the beginning of the year	124,337,303	188,501,154	305,787,279	262,428,024	881,053,760
Additions during the year	88,511,725	27,718,111	44,048,772	141,161,697	301,440,306
Transfers to	(57,360,932)	(87,039,751)	(255,838,763)	(64,760,900)	(465,000,347)
At the end of the year	155,488,096	129,179,514	93,997,288	338,828,821	717,493,719

	Mature Plantations				
	Tea	Rubber	Oil Palm	Other	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
At cost					
At the beginning of the year	1,130,063,194	1,351,962,183	1,451,347,306	58,149,484	3,991,522,167
Transfers from	57,360,932	87,039,751	255,838,763	39,563,693	439,803,139
Disposal Cost	-	(8,786,435)	-	-	(8,786,435)
At the end of the year	1,187,424,126	1,430,215,498	1,707,186,069	97,713,177	4,422,538,870
Depreciation					
At the beginning of the year	334,631,556	458,162,135	378,991,605	22,710,765	1,194,496,061
Charge for the year	33,901,872	67,588,094	71,179,369	4,812,408	177,481,743
Disposal Cost	-	(8,786,435)	-	-	(8,786,435)
At the end of the year	368,533,428	516,963,794	450,170,974	27,523,173	1,363,191,369
Carrying amount of Mature Plantations	818,890,698	913,251,705	1,257,015,096	70,190,003	3,059,347,501

These are investments in Mature/Immature Plantations since the formation of the Company. The assets (including plantation assets) taken over by way of estate leases are set out in Note 15 to the Financial Statements. Further investments in Immature Plantations taken over by way of leases are shown in this note. When such Plantations become mature, the additional investments since taken over to bring them to maturity are transferred from Immature to Mature.

During the year Company has capitalised Borrowing Cost amounting to Rs. 6,750,000/- (2021 - Rs. 7,425,000/-) as part of the immature plantations.

18. BIOLOGICAL ASSETS (CONTD.)

18.2 Consumable Biological Assets

Managed timber plantation	Group/Company 2022 Rs.	2021 Rs.
At the beginning of the year	1,072,435,279	1,045,351,839
Increase due to development	24,734,161	20,313,129
Cost of harvested timber trees	(13,104,996)	(27,306,356)
Gain arising from changes in fair value less cost to sell due to physical changes	34,068,790	34,076,666
At the end of the year	1,118,133,234	1,072,435,279

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.

The fair value of managed trees was ascertained since the LKAS 41 is only applicable for managed agricultural activities in terms of the ruling issued by The Institute of Chartered Accountants of Sri Lanka. The valuation was carried by Mr. W.M. Chandrasena, Chartered Valuation Surveyor, using Discounted Cash Flow (DCF) method. In ascertaining the fair value of timber, physical verification was carried out covering all the estates.

18.3 Consumable Biological Assets

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
			2021/2022	2020/2021	
Consumable Biological Assets	Discounted Cash Flow Method (DCF)	Discount Rate	14%	14%	The higher the discount rate, the lesser the fair value
		Optimum rotation (Maturity)	15-20 Years	15-20 Years	Lower the rotation period, the higher the fair value
		Volume at rotation	17 - 251 cu.ft	17-239 cu.ft	The higher the volume, the higher the fair value
		Price per Cubic foot	Rs.150/= to Rs.750/=	Rs.150/= to Rs.750/=	The higher the price per cu. ft., the higher the fair value

Other key assumptions used for valuation are as follows.

1. The harvesting is approved by the PMMD and Forest Department based on the forestry development plan.
2. When considering the market price of the estimated output of standing timber, average value of the market price was taken after deducting costs of harvesting , transportation and administrative costs.

18.3.1 Sensitivity Analysis

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:

	Impact on Consumable Biological Assets (In Rs. Mn)	
	Rs.	Rs.
Sensitivity variation sales price	-10%	+10%
As at 31 March 2022	(111.81)	111.81
As at 31 March 2021	(107.24)	107.24

18.3.1 Sensitivity Analysis

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 estimated future discount rate has the following effect on the net present value of biological assets:

	Impact on Consumable Biological Assets (In Rs. Mn)	
Percentage increase/decrease in discount rate	+ 1%	- 1%
As at 31 March 2022	(20.40)	22.05
As at 31 March 2021	(19.76)	22.04

The carrying amount of biological assets pledged as securities for liabilities are nil for year 2021 (2020 - Nil).
There are no commitments for the development or acquisition of biological assets .

19. OTHER NON CURRENT ASSETS

	Group/Company	
	2022	2021
	Rs.	Rs.
Lease Receivable		
Gross lease receivable	71,400,000	71,400,000
Less: Finance income allocated to future periods	(26,174,431)	(27,564,572)
Net lease receivable	45,225,569	43,835,428

During the year 2016, Elpitiya Plantations PLC had transferred its some of the assets (i.e. JEDB/SLSPC Leasehold Land, Mature Plantation – Tea & Factory Building) to its joint Venture company namely, Elpitiya Dianhong Jin Ya Tea Company (Pvt) Ltd, by setting up a sublease arrangement. As a result of that, above balance represents, lease rental receivables from ELpitiya Dianhong Jin Ya Tea Company (pvt) Ltd over a period of 24 years from 31March 2022 to 31 March 2045.

19.1 Future minimum rentals receivable as at 31st March are as follows;

	Group/Company	
	2022	2021
	Rs.	Rs.
More than five years	71,400,000	71,400,000
	71,400,000	71,400,000

20. INVESTMENTS

	Note	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Investments in subsidiaries	20.1	-	-	151,300,010	151,300,010
Investments in joint ventures	20.2	353,245,909	220,948,466	87,990,280	87,990,280
		353,245,909	220,948,466	239,290,290	239,290,290

20.1 Investments in subsidiaries

Unquoted	Percentage of holding 2022	Percentage of holding 2021	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
EPP Hydro Power Company (Pvt) Ltd	100%	100%	-	-	150,000,000	150,000,000
Water Villas (Pvt) Ltd	50%	50%	-	-	10	10
Escape Parks Ceylon (Pvt) Ltd	100%	100%	-	-	1,300,000	1,300,000
			-	-	151,300,010	151,300,010

20.2 Investments in joint ventures

Unquoted	Percentage of holding 2022	Percentage of holding 2021	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
AEN Palm Oil Processing (Pvt) Ltd	33.33%	33.33%	337,717,477	214,414,440	6,990,270	6,990,270
Elpitiya Dianhong Jin Ya Tea Company (Pvt) Ltd	50%	50%	15,528,432	6,534,026	81,000,010	81,000,010
Elpitiya Lifestyle Solution (Pvt) Ltd	70%	50%	47,232,000	-	47,232,000	-
Impairment			(47,232,000)	-	(47,232,000)	-
			353,245,909	220,948,466	87,990,280	87,990,280

20.2.1 Share of profit from joint ventures

	Note	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
AEN Palm Oil Processing (Pvt) Ltd	20.2.2	224,589,921	99,422,436	-	-
Elpitiya Dianhong Jin Ya Tea Company (Pvt) Ltd	20.2.3	8,994,406	(8,967,129)	-	-
		233,584,328	90,455,307	-	-

20.2.2 AEN Palm Oil Processing (Pvt) Ltd

The Group has a 33.33% interest in AEN Palm Oil Processing (Pvt) Ltd, a joint venture involved in the business of processing crude Palm Oil. The Group's interest in AEN Palm Oil Processing (Pvt) Ltd is accounted for using the equity method in the consolidated financial statements. Summarised financial information of this joint venture are set out below.

	Company	
	2022	2021
	Rs.	Rs.
Current assets, including cash and cash equivalents Rs. 353,939,033/- (2021 - Rs. 81,409,494/-)	582,189,846	283,527,101
Non current assets	869,426,156	740,210,329
Current liabilities, including tax payable. Rs. 32,736,899/- (2021 - Rs. 1,249,608/-)	(253,724,931)	(173,008,101)
Non current liabilities, including deferred tax liabilities. Rs. 47,895,233/- (2021- Rs. 37,848,773/)	(184,738,640)	(207,486,009)
Total Equity	1,013,152,431	643,243,320
Group's carrying amount of the investment	337,717,477	214,414,440
Summarised statement of profit or loss of AEN Palm Oil Processing (Pvt) Ltd.		
Revenue	7,132,238,091	3,740,213,029
Cost of sales	(6,241,722,128)	(3,251,267,704)
Other income	6,609,631	7,023,945
Administration expenses including depreciation Rs. 2,573,781 /- (2021- Rs. 3,705,195/-)	(136,257,193)	(129,618,676)
Finance cost	(14,261,743)	(15,636,792)
Profit Before Tax	746,606,658	350,713,803
Income tax expense	(72,836,894)	(52,446,496)
Profit for the year	673,769,764	298,267,307
Total comprehensive income for the year	673,769,764	298,267,307
Group's share of profit for the year	224,589,921	99,422,436
Group's share of profit / (loss) for the year after previous year tax adjustment	224,589,921	99,422,436
Group's share of profit before tax	248,868,886	116,904,601
Group's share of profit after tax	224,589,921	99,422,436

	Group	
	2022	2021
	Rs.	Rs.
Number of shares invested	699,027	699,027
Dividend received	100,659,888	94,368,645

20. INVESTMENTS (CONTD.)

20.2 Investments in joint ventures (Contd.)

20.2.3 Elpitiya Dianhong Jin Ya Tea Company (Pvt) Ltd.

The Group has a 50% interest in Elpitiya Dianhong Jin Ya Tea Company (Pvt) Ltd, a joint venture involved in the business of manufacturing & exporting of specialty tea. The Group's interest in Elpitiya Dianhong Jin Ya Tea Company (Pvt) Ltd is accounted for using the equity method in the consolidated financial statements. Summarised financial information of this joint venture are set out below.

	Company	
	2022 Rs.	2021 Rs.
Current assets, including cash and cash equivalents Rs. 4,152,016/- (2021 - Rs. 3,305,792/-)	102,808,912	71,420,468
Non current assets	151,540,340	160,731,458
Current liabilities, including tax payable Rs. -188,486/- (2021- Rs. 480,068/-)	(71,168,560)	(69,005,597)
Non current liabilities	(71,299,914)	(69,254,363)
Total Equity	111,880,778	93,891,965
Group's carrying amount of the investment	55,940,389	46,945,983
Unrealized gain on assets transferred to Joint Venture	(40,411,957)	(40,411,957)
Total Group's carrying amount of the investment	15,528,432	6,534,026
Summarised statement of profit or loss of Elpitiya Dianhong Jin Ya Tea Company (Pvt) Ltd.		
Revenue	1,438,649	11,837,187
Cost of sales including depreciation Rs. 2,988,462/= (2021- Rs. 3,041,585/-)	(13,298,010)	(25,309,712)
Other income	33,734,696	3,087,844
Administration expenses	(2,241,710)	(3,126,560)
Finance cost	(4,169,592)	(2,740,676)
Profit/ (Loss) Before Tax	15,464,033	(16,251,916)
Income tax expense	2,524,780	(1,682,342)
Profit / (Loss) for the year	17,988,813	(17,934,258)
Total comprehensive income for the year	17,988,813	(17,934,258)
Group's share of profit / (loss) for the year	8,994,406	(8,967,129)
Group's share of profit / (loss) for the year after previous year tax adjustment	8,994,406	(8,967,129)
Group's share of profit/(loss) before tax	7,732,016	(8,125,958)
Group's share of profit/(loss) after tax	8,994,406	(8,967,129)

	Group	
	2022 Rs.	2021 Rs.
Number of shares invested	8,100,001	8,100,001
Dividend received	-	-

20.2.4 Elpitiya Lifestyle Solutions (Pvt) Ltd.

The Company has another 70% joint venture interest in Elpitiya Lifestyle Solutions (Pvt) Ltd established by Elpitiya Plantations PLC and Life Style Sri Lanka (Pvt) Ltd at a cost of Rs. 5,000,000/- which was fully impaired as at 31 March 2022.

21. PRODUCE ON BEARER BIOLOGICAL ASSETS

	Group/Company	
	2022 Rs.	2021 Rs.
As at 1st April	16,528,034	10,384,921
Change in fair value less cost to sell	4,900,973	6,143,113
As at 31st March	21,429,007	16,528,034

21.1 Fair Value Hierarchy for Non Financial Assets as at 31 March

Group/Company Non Financial Asset Type	Date of Valuation	Level 1 (Quoted prices in active markets) Rs.	Level 2 (Significant observable inputs) Rs.	Level 3 (Significant unobservable inputs) Rs.
Produce on Bearer Biological Assets*	31-Mar-22	-	21,429,007	-
	31-Mar-21	-	16,528,034	-

*For the Inputs and valuation technique used refer Note 3.8.7.6 of the Financial statements

21.2 Gain/(Loss) On Fair Value Of Biological Assets

	Note	Group/Company	
		2022 Rs.	2021 Rs.
Consumable Biological Assets - Gain/(loss) arising from changes in fair value less cost to sell	18.2	34,068,790	34,076,666
Produce on Bearer Biological Assets - Gain/(Loss) arising from changes in fair value less cost to sell	21.1	4,900,973	6,143,113
Total Change in Fair Value of Biological Assets		38,969,763	40,219,780

22. INVENTORIES

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Nurseries	56,483,878	28,911,340	56,483,878	28,911,340
Harvested crop	237,135,790	252,070,501	237,135,790	252,070,501
Spares and consumables	160,028,426	55,254,188	159,972,491	55,219,783
	453,648,094	336,236,029	453,592,159	336,201,624
Less: Provisions for Inventories	(12,705,951)	(12,705,951)	(12,705,951)	(12,705,951)
	440,942,143	323,530,078	440,886,208	323,495,673

23. TRADE AND OTHER RECEIVABLES

	Note	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Produce debtors		157,112,010	72,889,765	157,112,010	72,889,765
Advance and prepayments		35,024,608	29,227,915	35,024,608	29,227,915
Employee related debtors		26,778,593	23,560,844	26,778,593	23,560,844
Other debtors		179,406,533	117,570,799	165,295,404	111,858,599
		398,321,744	243,249,322	384,210,615	237,537,122
Impairment of doubtful debtors	23.1	(7,598,654)	(7,594,278)	(7,598,654)	(7,594,278)
		390,723,090	235,655,044	376,611,961	229,942,844

23.1 Movement for impairment of doubtful debtors

	Group/Company 2022 Rs.	Group/Company 2021 Rs.
At the beginning of the year	7,594,278	7,580,202
Impairment Provision	4,376	14,076
At the end of the year	7,598,654	7,594,278

23.2 As at 31 March , the ageing analysis of trade and other receivables is, as follows:

Company	Total Rs.	Neither Past due nor impaired Rs.	Past due but not impaired < 30 days Rs.	30-60 days Rs.	61-90 days Rs.	91-120 days Rs.	>120 days Rs.
2022	384,210,615	155,744,002	104,043,791	37,743,080	43,015,894	36,065,194	7,598,654
2021	237,537,122	97,202,585	66,328,443	10,853,367	20,146,337	35,412,112	7,594,278

24. CASH AND CASH EQUIVALENTS

	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
24.1 Favorable cash and bank balances				
Cash at bank	209,726,284	211,871,533	204,156,318	209,467,425
Cash in Hand	243,753	230,239	243,753	230,239
	209,970,037	212,101,772	204,400,071	209,697,664

25. STATED CAPITAL

	Company			
	2022 Number	2021 Number	2022 Rs.	2021 Rs.
25.1 Stated Capital				
Issued and Fully Paid Number of Ordinary Shares	72,866,430	72,866,430	694,236,120	694,236,120
	72,866,430	72,866,430	694,236,120	694,236,120

Stated capital includes one golden share held by Secretary to the Treasury which has special rights.

26. RESERVES

Timber Reserve

Timber reserve represent the fair value change in the carrying value of manage timber plantations. Managed trees include commercial timber plantations cultivated on estates. The fair value of managed trees was ascertained since LKAS 41 is only applicable for managed agricultural activities.

27. INTEREST BEARING LOANS AND BORROWINGS

	2022			2021		
	Payable within one year Rs.	Payable after 1year less than 5years Rs.	Total payable Rs.	Payable within one year Rs.	Payable after 1year less than 5years Rs.	Total payable Rs.
27.1 Group						
Term loan facilities (Note 27.2.1)	108,657,340	210,194,435	318,851,775	29,508,000	103,574,000	133,082,000
	108,657,340	210,194,435	318,851,775	29,508,000	103,574,000	133,082,000
27.2 Company						
Term loan facilities (Note 27.2.1)	108,657,340	210,194,435	318,851,775	29,508,000	103,574,000	133,082,000
	108,657,340	210,194,435	318,851,775	29,508,000	103,574,000	133,082,000

27.2.1 Term loan facilities

Company	Repayable within 1 year Rs.	Repayable after 1 year less than 5 years Rs.	Repayable after 05 years Rs.	Total As At 31.03.2022 Rs.	Total As At 31.03.2021 Rs.	Facility details
Other long term loan facilities						
National Development Bank PLC	4,500,000	8,250,000	-	12,750,000	17,250,000	I
Bank of Ceylon I	10,412,000	-	-	10,412,000	22,916,000	II
Bank of Ceylon II	10,412,000	-	-	10,412,000	22,916,000	III
Sampath Bank	-	70,000,000	-	70,000,000	70,000,000	IV
Bank of Ceylon	83,333,340	131,944,435	-	215,277,775	-	V
	108,657,340	210,194,435	-	318,851,775	133,082,000	

27. INTEREST BEARING LOANS AND BORROWINGS (CONTD.)

27.3 Details of the interest bearing loans and borrowing facilities

Group

Facility details	Rate of interest	Terms of repayment
I	6.73% (Annual)	Installments shall be repayable to bank monthly on or before last banking day of each and every month over the 6 years commencing from twelve months after the date of the first disbursements of the loan is made in 72 equal monthly installments of Rs.375,000/- .
II	AWPLR- 0.4% p.a	Installments shall be repaid in 24 equal monthly installments of Rs.1,042,000/-
III	AWPLR- 0.4% p.a	Installments shall be repaid in 24 equal monthly installments of Rs.1,042,000/-
IV	AWPLR- 0.5% p.a	Installments shall be repaid in 47 equal monthly installments of Rs.2,100,000/- and a final installment of Rs.1,300,000 after a grace period of 12 months.
V	5.5% p.a	Installments shall be repaid in 36 equal monthly installments of Rs.6,944,445/-.

27.4 Changes in Liabilities arising from financing activities

Company	01-Apr-21	Non Cash Movement	Cash Flows	New leases	31-Mar-22
	Rs.	Rs.	Rs.	Rs.	Rs.
Current interest- Bearing loans and Borrowings	29,508,000	-	79,149,340	-	108,657,340
Current Obligations under lease liabilities	2,836,566	-	453,097	-	3,289,663
Non- Current interest- Bearing loans and Borrowings	103,574,000	-	106,620,435	-	210,194,435
Non-Current Obligations under lease liabilities	340,249,799	11,664,940	(3,386,107)	-	348,528,633
	476,168,365	11,664,940	182,836,766	-	670,670,071

Group	01-Apr-21	Non Cash Movement	Cash Flows	New leases	31-Mar-22
	Rs.	Rs.	Rs.	Rs.	Rs.
Current interest- Bearing loans and Borrowings	29,508,000	-	79,149,340	-	108,657,340
Current Obligations under lease liabilities	2,836,566	-	453,097	-	3,289,663
Non- Current interest- Bearing loans and Borrowings	103,574,000	-	106,620,435	-	210,194,435
Non-Current Obligations under lease liabilities	340,249,799	11,664,940	(3,386,107)	-	348,528,633
	476,168,365	11,664,940	182,836,766	-	670,670,071

28. LEASE LIABILITIES

		Group/Company	
		2022	2021
	Note	Rs.	Rs.
Lease liability on right-of-use asset- land	28.1	351,818,296	343,086,365
		351,818,296	343,086,365

28.1 Lease liability on right-of-use asset- land

	Group/Company	
	2022	2021
	Rs.	Rs.
Balance as at the beginning of the year	343,086,365	319,563,450
Adjustment on reassessment of lease liability	11,664,940	26,051,951
Accretion of interest	43,137,759	42,026,833
Payments	(46,070,768)	(44,555,868)
Balance as at the end of the year	351,818,296	343,086,365
Current	3,289,663	2,836,566
Non - Current	348,528,633	340,249,799

28.1.1 Maturity analysis of lease liabilities are as follows;

	Group/Company	
	2022	2021
	Rs.	Rs.
Payable within one year		
Gross liability	46,070,768	44,555,868
Finance cost allocated to future periods	(42,781,105)	(41,719,302)
	3,289,663	2,836,566
Payable within two to five years		
Gross liability	230,353,840	178,223,472
Finance cost allocated to future periods	(206,839,195)	(162,982,392)
Net liability	23,514,645	15,241,080
Payable after five years		
Gross liability	783,203,056	846,561,492
Finance cost allocated to future periods	(458,189,068)	(521,552,773)
Net liability	325,013,988	325,008,719

28.2 Lease liability on right-of-use asset - motor vehicles

	Group/Company	
	2022	2021
	Rs.	Rs.
Balance as at the beginning of the year	-	2,002,468
Transferred from interest bearing loans and borrowings	-	-
Accretion of interest	-	-
Payments	-	(2,002,468)
Balance as at the end of the year	-	-
Current	-	-
Non - Current	-	-

29. RETIREMENT BENEFIT OBLIGATIONS

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs	Rs.	Rs
At the beginning of the year	664,176,997	643,193,863	664,004,522	643,068,003
Current service cost	44,864,420	48,330,201	44,808,946	48,283,586
Interest cost	49,847,388	66,282,668	49,847,388	66,282,668
Liability experience loss/ (gain) arising during the year	95,006,211	(16,425,122)	95,006,211	(16,425,122)
Liability loss/ (gain) due to changes in assumptions during the year	(149,516,203)	(2,576,136)	(149,516,203)	(2,576,136)
Payments	(61,462,092)	(74,628,477)	(61,462,092)	(74,628,477)
At the end of the year	642,916,721	664,176,997	642,688,772	664,004,522
Current (Classified under Trade & Other Pyables - Note 31)	42,296,661	40,912,164	42,296,661	40,912,164
Non - Current	600,620,060	623,264,833	600,392,111	623,092,358

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 require 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 retirement benefit obligation as at 31 March 2022 of the Group is based on the actuarial valuation carried out by Messers Piyal S Gunatilleke and Associates. According to the actuarial valuation report issued by the actuarial valuer as at 31 March 2022, the actuarial present value of promised retirement benefits obligation amounted to Rs. 642,688,772/-. If the company had provided for gratuity on the basis of 14 days wages and half months salary for each completed year of service, the liability would have been Rs. 726,542,384/-.

The expenses are recognised in the income statement in the following line items;

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs	Rs.	Rs
Cost of sales	85,386,740	126,266,629	85,386,740	102,959,109
Administrative expenses	9,325,068	11,653,760	9,269,594	11,607,145
	85,386,740	114,612,869	94,656,334	114,566,254

Actuarial gain on defined benefit plan has been recognized in Statement of Other Comprehensive Income in terms of provisions in LKAS 19.

29.1 Maturity analysis of the payments

The following payments are expected on retirement benefit obligation in future years

	Group		Company	
	2022 Rs.	2021 Rs	2022 Rs.	2021 Rs
Within the next 12 months	59,115,639	64,399,924	59,115,639	64,399,924
Between 1 and 5 years	380,567,174	300,718,024	380,567,174	300,718,024
Beyond 5 years	203,233,908	299,059,049	203,005,959	298,886,574
Total expected payments	642,916,721	664,176,997	642,688,772	664,004,522
Weighted average duration (years) of defined benefit obligation	8.5 years	9.4 years	8.5 years	9.4 years

29.2 The principal assumptions used in determining the retirement benefit obligation were;

	Retirement age	Salary increment rate	Discount rate
2021/2022			
Workers	60 years	10.00%	15.00%
Staff	60 years	12.00%	15.00%
2020/2021			
Workers	60 years	5.68%	8.00%
Staff	55 years	7.50%	8.00%

29.3 Sensitivity Analysis

Values appearing in the financial statements are sensitive to the changes of financial and non-financial assumptions used. The sensitivity was carried for both the rate of wage increment and discount rate as key contributors to the entire obligation. Simulations made for retirement benefit obligation show that a rise or decrease by 1% of the rate of wage and discount rate has the following effect on the retirement benefit obligation:

	Impact on Retirement benefit obligations (In Rs. Mn)	
Percentage increase/decrease in discount rate	+ 1%	- 1%
As at 31 March 2022	(40.78)	46.41
As at 31 March 2021	(49.13)	56.82

	Impact on Retirement benefit obligations (In Rs. Mn)	
Percentage increase/decrease in salary / wage increment rate.	+ 1%	- 1%
As at 31 March 2022	44.76	(39.97)
As at 31 March 2021	53.56	(47.24)

30. DEFERRED INCOME

	Note	Group/Company 2022 Rs.	2021 Rs.
Deferred grants and subsidies	30.1	78,630,858	90,198,492
Sub lease income	30.2	33,553,857	35,255,902
Deferred income on right of use asset - land	30.3	54,624,138	60,103,448
		166,808,853	185,557,842

30.1 Deferred grants and subsidies

	Group/Company 2022 Rs.	2021 Rs.
At the beginning of the year	90,198,492	98,449,695
Add: Grants received during the year	3,305,319	5,582,092
Less: Amortisation for the year	(14,872,953)	(13,833,295)
At the end of the year	78,630,858	90,198,492

The company has received funding from the Plantation Housing and Social Welfare Trust and Asian Development Bank for the development of workers facilities such as re-roofing of lines, latrines, water supply and sanitation etc. The amount spent are included under the relevant classification of Property, Plant & Equipment and the grant component is reflected under Deferred Grants and Subsidies. Further this includes the C.T.C Machinery subsidy which represents the funds received from Sri Lanka Tea Board in relation to C.T.C project.

30.2 Sub lease income

	Group/Company 2022 Rs.	2021 Rs.
At the beginning of the year	35,255,902	36,320,302
Add: Cash received for the year	2,841,923	3,330,636
Less: Amortisation for the year	(4,543,967)	(4,395,036)
At the end of the year	33,553,857	35,255,902

30.3 Deferred income on Right of use asset - Land

	Group/Company	
	2022	2021
	Rs.	Rs.
At the beginning of the year	60,103,448	65,582,758
Less: Amortisation for the year	(5,479,310)	(5,479,310)
At the end of the year	54,624,138	60,103,448

This represents the lease rental received in advance on leasehold right to use of land which was subleased to Elpitiya Dianhong Jin Ya Tea Company (Pvt) Ltd. This lease rental received in advance on land lease would be amortized on straight line basis commencing from 1st April 2016.

31. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Trade creditors	130,773,399	48,245,240	130,773,399	48,245,240
Employee related creditors	250,627,604	189,022,322	250,627,604	189,022,322
Other payables and accruals	139,249,374	141,599,868	137,561,681	139,594,818
	520,650,377	378,867,430	518,962,684	376,862,380

32. RELATED PARTY TRANSACTIONS

32.1 Terms and conditions of transactions with related parties

The Group and the Company carried out transactions in the ordinary course of business with the following related entities. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash

32.2 Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Group as per 31 March 2021 audited financial statements, which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

32.3 Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2021 audited financial Statements, which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act other than the matters disclosed in Note 32.7 to the financial statements.

32. RELATED PARTY TRANSACTIONS (CONTD.)

32.4 Amounts due from related parties

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Subsidiaries				
EPP Hydro Power Company (Pvt) Ltd	-	-	30,509,851	39,307,702
Water Villas (Pvt) Ltd	-	-	6,846,286	6,608,686
Escape Parks Ceylon (Pvt) Ltd	-	-	20,503,497	20,518,309
	-	-	57,859,633	66,434,697
Equity Accounted Investees				
Joint Venture Companies				
AEN Palm Oil Processing (Pvt) Ltd	28,998,678	11,509,497	28,998,678	11,509,497
Elpitiya Dianghong Jin Ya Tea Company (Pvt) Ltd	68,856,161	65,088,050	68,856,161	65,088,050
Elpitiya Lifestyle Solutions (Pvt) Ltd (Note 32.4.1)	5,316,682	5,510,935	5,316,682	5,510,935
	103,171,521	82,108,483	103,171,521	82,108,483
Other Related Companies				
Aitken Spence C & T Inv.	298,462	298,472	298,462	298,462
Aitken Spence Agriculture (Pvt) Ltd	23,216,157	14,626,778	23,216,157	14,626,778
	23,514,619	14,925,251	23,514,619	14,925,241
	126,686,139	97,033,734	184,545,773	163,468,420

32.4.1 Elpitiya Lifestyle Solutions (Pvt) Ltd

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Current account balance	5,316,682	56,707,774	5,316,682	56,707,774
	5,316,682	56,707,774	5,316,682	56,707,774
Impairment	-	(51,196,839)	-	(51,196,839)
	5,316,682	5,510,935	5,316,682	5,510,935

32.5 Amounts due to related parties

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Significant Investee of the Parent Company				
Aitken Spence PLC	2,085,613	4,825,485	2,085,613	4,825,485
	2,085,613	4,825,485	2,085,613	4,825,485
Parent				
Aitken Spence Plantation Managements PLC	18,084,774	137,204,042	18,084,774	137,204,042
	18,084,774	137,204,042	18,084,774	137,204,042
	20,170,388	142,029,527	20,170,388	142,029,527

32.6 Transactions with related parties

Significant Investee of the Parent Company	Company 2022 Rs.	Company 2021 Rs.
Short term Investments	950,000,000	-
Rendering of services	(4,208,287)	(5,046,365)
Receiving of services	355,182,456	272,962,621
Parent		
Rendering of services	(237,134,874)	(156,004,638)
Receiving of services	118,032,856	108,301,194
Subsidiaries		
Issue of ordinary shares	-	(50,000,000)
Rendering of services	8,155,431	10,821,535
Equity Accounted Investees		
Issue of ordinary shares	(47,232,000)	-
Sale of goods	1,649,394,125	933,866,471
Rendering of services	48,609,927	34,790,844
Other Related Companies		
Rendering of services	11,033,668	11,828,431

32.7 Joint Venture

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of Related Party transactions entered into during 2021/2022 Rs.	Aggregate value of Related Party transactions entered into during 2020/2021 Rs.	Aggregate value of related party transactions as a % of Net Revenue	Terms and Conditions of the Related Party Transactions
AEN Palm Oil Processing (Pvt) Ltd	Joint Venture	Sale of goods	1,649,394,125	916,721,162	33%	Sale of Fresh Fruit Bunches (FFB) as day to day operations of the Company - Price will decide based on Ripe & Unripe weight of bunches.
		Rendering of services	42,338,920	30,829,885		

During the year company supplied Rs. 1.6 BN (2020/21 - Rs. 917 MN) worth of oil palm FFB to AEN Palm Oil processing (Pvt) Ltd in day to day operations of the company and aggregate value of these transactions are exceed 10% of the gross revenue/income of the company as per latest audited financial statements.

32.8 Transactions with the key management personnel of the Company and Parent

There are no transactions with the key management personnel of the company and its parent other than those disclosed in Note 9.

32. RELATED PARTY TRANSACTIONS (CONTD.)

32.9 Management Fee

The managing agent shall be paid at the contractual price for each financial year as 10% of EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) subject to a maximum limit of Rs. 85 Mn per annum excluding taxes.

32.10 Other related party transactions

Guarantees given by Aitken Spence Plantation Managements PLC on behalf of the company.

- Corporate guarantee of Rs.175 Mn for Bank of Ceylon Overdraft Facility
- Corporate guarantee of Rs.50 Mn for Hatton National Bank PLC permanent Overdraft Facility
- Corporate guarantee of Rs.100 Mn for Sampath Bank Berry project loan
- Corporate guarantee of Rs.50 Mn for Bank of Ceylon Working capital loan
- Corporate guarantee of Rs. 250 Mn for Bank of Ceylon Working Capital Loan

33. ASSETS PLEDGE

Facility obtained from	Security	Facility amount Rs.	Outstanding Balance as at 31.03.2022 Rs.	Carrying amount pledged	
				2022 Rs.	2021 Rs.
Bank of Ceylon - Bank overdraft	Primary mortgage over estate produce consisting of Tea, Rubber, Oil Palm, Coffee, Coconuts, Clove and Paddy on estate. Primary floating mortgage bond for Rs. 25 Mn. over stock of estate produce consisting of Tea, Rubber, Oil Palm and Coconut stored at Dunsinane, Sheen, Fernlands and Meddecombra estates at Pundaluoya.	250,000,000	-	36,504,660	38,076,699
Hatton National Bank PLC- Bank overdraft	Primary floating mortgage bond for Rs. 10 Mn. over leasehold property at "Talgaswella Estate" in Galle. Corporate guarantee of Aitken Spence Plantation Managements PLC.	111,000,000	-	10,422,217	10,871,041
Money market loan	Primary floating mortgage bond for Rs. 75 Mn. over leasehold property at "Fernlands Estate" and "Harrow Estate" Pundaluoya, Nuwara Eliya.	111,000,000	-	8,110,180	8,459,438

34. CAPITAL COMMITMENTS

Followings are the capital commitments as at the Statement of Financial Position date.	2021 Rs. Mn	2020 Rs. Mn
Approved by Board and Contracted for	76.22	12.34
Approved by Board and Not contracted for	1,477.99	811.52

35. CONTINGENCIES

No known contingent liabilities exist as at the date of financial position other than the matters disclosed in below note to the financial statements.

35.1 The company was issued a Value Added Tax (VAT) assessment under the Value Added Tax Act No. 14 of 2002 and its amendments thereto in relation to the taxable period from 1st April 2008 to 31st March 2011. The Tax Appeals Commission hearing the appeal, has determined the VAT assessment in favour of the Department of Inland Revenue. Pursuant to the determination of the Tax Appeals Commission, the company has appealed against the determination to the Court of Appeal. The contingent liability to the company is estimated to be Rs. 14.3 Mn. inclusive of any penalties for the said period. Based on expert advice, the Directors are confident that the ultimate resolution of the case will not have an adverse impact on financial statements of the company.

35.2 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 RPC's decided the daily wage rate of Tea / Rubber workers as Rs 1,000/- per day and gazette 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. 84 Mn charge on 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.

36. EVENTS AFTER THE REPORTING PERIOD

On 27 March 2022 the entity's financial statements for the year ended 31 March 2022 were authorised for issue. On 13 May 2022 the entity declared a interim dividend of Rs.218,599,290 (Rs.3 per share) in respect of profits earned in the year ended 31 March 2022.

There have been no other material events occurring after the statement of financial position date that require adjustment or disclosure in the financial statements.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations. Accordingly the Group has exposure to namely Credit Risk, Liquidity Risk, Currency Risk and Interest Rate Risk 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.

Credit risk

This 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.

Liquidity risk

Liquidity risk arises when the Group is unable to meet its financial obligations due to insufficient cash flow situations. 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.

Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Group. The currency in which these transactions primarily denominated is in USD.

Interest rate risk

Interest Rate Risk is the potential for losses that may arise due to adverse movement of interest rates, mainly on 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.

37.1 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 Audit Committee of the Company 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.

37.2 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.

37.2.1 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.

The Group establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade and other receivables.

The maximum exposure to credit risk for trade receivables of the Group at the reporting date is Rs. 157 Mn (2021 – Rs. 73 Mn).

The Company has a minimal credit risk of its trade receivables as the repayment is guaranteed within seven days by the Tea and Rubber auction systems.

37.2.2 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 Rs 950 Mn as at 31st March 2022 (2021 – Rs. Nil).

37.2.3 Cash and Cash Equivalents

The Group held cash and Cash Equivalents of Rs. 207 MN as at 31st March 2022 (2021 – Rs. 212 MN) which represents its maximum credit exposure on these assets.

37.2.4 Amounts due from

The Group held amounts due from related parties of Rs. 128 MN as at 31st March 2022 (2021 – Rs. 97 MN) which represents its maximum credit exposure on these balances.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

37.3 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.

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.	Less than 3 Months Rs.	3 to 12 Months Rs.	2 to 5 years Rs.	>5 years Rs.	Total Rs.
Group						
Interest bearing loans & borrowing	-	42,782,335	65,875,005	210,194,435	-	318,851,775
Lease Liabilities	-	11,517,692	34,553,076	230,353,840	783,203,056	1,059,627,664
Trade & other payables	-	478,353,716	42,296,661	-	-	520,650,377
Amounts due to related parties	20,170,388	-	-	-	-	20,170,388
	20,170,388	532,653,743	142,724,742	440,548,275	783,203,056	1,919,300,204
Company						
Interest bearing loans & borrowing	-	42,782,335	65,875,005	210,194,435	-	318,851,775
Lease Liabilities	-	11,517,692	34,553,076	230,353,840	783,203,056	1,059,627,664
Trade & other payables	-	476,666,023	42,296,661	-	-	518,962,684
Amounts due to related parties	20,170,388	-	-	-	-	20,170,388
	20,170,388	530,966,050	142,724,742	440,548,275	783,203,056	1,917,612,511

As at 31st March 2021	On Demand	Less than 3 Months	3 to 12 Months	2 to 5 years	>5 years	Total
Group						
Interest bearing loans & borrowing	-	9,323,227	27,841,030	103,574,000	-	140,738,257
Lease Liabilities	-	11,138,967	33,416,901	178,223,472	846,561,492	1,069,340,832
Trade & other payables	-	327,957,656	9,997,611	-	-	337,955,267
Amounts due to related parties	142,029,527	-	-	-	-	142,029,527
	142,029,527	348,419,850	71,255,542	281,797,472	846,561,492	1,690,063,883
Company						
Interest bearing loans & borrowing	-	9,323,227	27,841,030	103,574,000	-	140,738,257
Lease Liabilities	-	11,138,967	33,416,901	178,223,472	846,561,492	1,069,340,832
Trade & other payables	-	325,952,605	9,997,611	-	-	335,950,216
Amounts due to related parties	142,029,527	-	-	-	-	142,029,527
	142,029,527	346,414,799	71,255,542	281,797,472	846,561,492	1,688,058,832

37.4 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 & derivative financial instruments.

37.4.1 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 held long term and Short term borrowings with floating interest rates of Rs.319 Mn (2021 – Rs.133 Mn) which represents its maximum credit exposure on these liabilities.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the group's Profit Before Tax is affected through the impact on floating rate borrowings as follows:

	Increase/ decrease in Interest rate	Effect on profit before tax Rs.
Group		
2022	+5%	(647,662)
	-5%	647,662
2021	+1%	(137,132)
	-1%	137,132
Company		
2022	+5%	(647,662)
	-5%	647,662
2021	+1%	(137,132)
	-1%	137,132

37.4.2 Foreign Currency Risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Group. The Group is exposed to currency risk on sales, purchases and borrowings. These currency primarily is USD.

The Group hedges its exposure to fluctuation on the transaction of its foreign operations mainly by forward contracts.

Foreign currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in the USD exchange rates, with all other variables held constant. The impact on the Group's Profit Before Tax is due to changes in fair value of monetary assets and liabilities.

Group	Increase/ decrease in basis points	Effect on profit before tax Rs.
2022		
USD	+10%	10,801,106
USD	-10%	(10,801,106)
2021		
USD	5%	3,107,207
USD	-5%	(3,107,207)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

37.4 Market Risk (Contd.)

37.4.3 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 reporting date.

37.4.4 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.

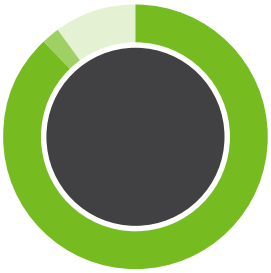
	Group		Company	
	As at 31.03.2022 Rs.'000	As at 31.03.2021 Rs.'000	As at 31.03.2022 Rs.'000	As at 31.03.2021 Rs.'000
Interest bearing borrowing				
Current portion of long term interest bearing borrowings	108,657	29,508	108,657	29,508
Payable after one year	210,194	103,574	210,194	103,574
	318,852	133,082	318,852	133,082
Equity	6,899,245	5,463,567	6,643,546	5,349,746
Equity & debts	7,218,097	5,596,649	6,962,397	5,482,828
Gearing ratio	4%	2%	5%	2%

SUPPLEMENTARY INFORMATION

Value Added Statement

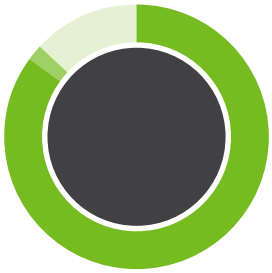
Figures in Rs.000'	Year ended 31.03.22	As a %	Year ended 31.03.21	As a %
Value Added				
Turnover	5,095,987		4,062,191	
Other Income	243,912		141,638	
	5,339,899	100	4,203,829	100
Purchase of goods and Services	(2,596,926)	(48)	(1,957,912)	(39)
Total Value Added	2,742,973	52	2,245,917	61
Distributed as follows				
To Employee, as remuneration	2,404,074	87.65	1,915,937	85.31
To Government, as lease rental	46,071	1.68	44,556	1.98
To Lenders,nt, as Interest on short & long term Borrowings	12,953	0.47	5,549	0.24
Retained for re-investment and future growth	279,874	10.20	279,874	12.46
Depreciation	279,874	10.20	279,874	12.46
Reserves	-	-	-	-
	2,742,973	100	2,245,917	100

Distribution of Value Added
2021/2022



Remuneration	88%
Lease rental	2%
Borrowings	0%
Depreciation	10%

Distribution of Value Added
2020/2021



Remuneration	85%
Lease rental	2%
Borrowings	0%
Depreciation	13%

Information on Estates

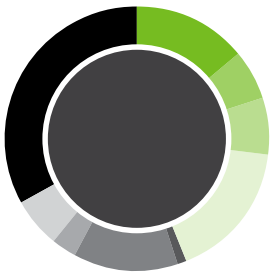
Year Ended 31st March 2022	Cultivated Area (ha.)						Total Area (ha.)	Annual Production Kg'000			Factory Details Crop Manfd.	No. of Workers
Estate	Tea	Rubber	Oil Palm	Speciality Project (Tea)	Others	Total		Tea	Rubber	Oil Palm		
Nuwaraeliya District												
Dunsinane	445.71	-	-	66.58	106.74	619.03	790.00	1,101	-	-	Tea	657
Sheen	204.19	-	-	65.28	131.25	400.72	503.75	610	-	-	Tea	397
Fernlands	299.93	-	-	52.23	67.31	419.47	484.25	594	-	-	Tea	544
Meddecombra	361.72	-	-	58.10	305.29	725.11	890.00	666	-	-	Tea	631
Kandy District												
New Peacock	271.99	-	-	-	183.79	455.78	535.73	793	-	-	Tea	410
Nayapane	232.50	-	-	-	248.56	481.06	576.50	592	-	-	Tea	407
Galle District												
Devitura	23.58	114.68	260.70	-	110.45	517.84	896.22	14	79	3,436	Tea Rubber	257
Talgaswella	29.59	95.01	549.53	-	35.64	726.46	1,033.85	120	56	8,589	Tea Rubber	317
Gulugahakande	1.50	29.70	101.70	-	34.63	167.53	418.18	1	29	1,287	-	85
Lelwala	5.72	50.90	66.11	-	13.37	138.10	240.35	7	38	988	Tea	90
Ketandola	4.55	27.04	239.14	-	30.39	301.12	832.69	6	28	2,451	Tea	143
Bentota	-	215.60	81.24	-	24.12	320.96	726.14	-	91	858	Rubber	183
Elpitiya	-	207.60	290.24	-	34.88	525.27	910.36	-	120	3,876	Rubber	265
Total	1,880.98	740.53	1,588.66	242.19	1,326.42	5,798.45	8,838.02	4,504	441	21,485		4,386

2021/2022	Tea	Rubber	Oil Palm
Total Crop (Kg.000's)	4,504	441	21,485
Total NSA (Rs/Kg)	603	619	83
Y P H	1,786	746	16,140

2020/2021	Tea	Rubber	Oil Palm
Total Crop (Kg.000's)	4,451	650	16,555
Total NSA (Rs/Kg)	586	380	57
Y P H	1,794	1,073	12,662

Land Utilisation (In Hectares)

%



VP - Tea	14%
Seedling - Tea	6%
Rubber	7%
Oilpalm	17%
Cinnamon	1%
Immature	13%
Other Projects - Tea	3%
Nurseries & Other Cultivation	7%
Buildings, Gardens, Jungle & Roads etc.,	33%

Information on Estates

Type of Buildings	Region/No of units			
	UP	MID	LOW	TOTAL
No. of Factories	6	2	10	18
No. of Bungalows (Managers/Asst. Managers)	19	6	26	51
No. of Staff Bungalows/Quarters	119	48	58	225
No. of Double Barrack Lines	112	31	37	180
No. of Single Barrack Lines	104	73	157	334
No. of Creches	23	8	13	44
No. of Dispensaries	3	3	5	11
No. of Maternity Wards	3	-	1	4
No. of Muster Sheds	19	6	37	62
No. of Office Buildings	5	3	8	16
No. of Stores Buildings	8	4	14	26
No. of Training Centers	4	4	2	10
No. of Self Help Housing	205	114	471	790
No. of Indian Housing	666	-	50	716
Any Other Buildings*	309	36	126	471

*(Factory/Field Rest Rooms, Community Center, Twin Cottages,Temples, Motor garage etc.,)

Shareholders and Investor Information

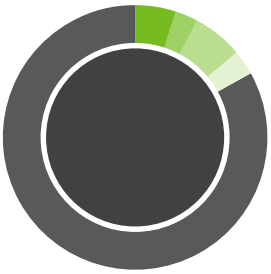
1. DISTRIBUTION OF SHAREHOLDING

Category	No. of shareholders	No. of shares	%
1-1,000	11,258	3,571,361	4.91
1,001-10,000	746	2,458,386	3.37
10,001-100,000	161	4,424,732	6.07
100,001-1,000,000	8	1,881,505	2.58
Over 1,000,000 Shares	2	60,530,446	83.07
	12,175	72,866,430	100.00

2. COMPOSITION OF SHAREHOLDERS

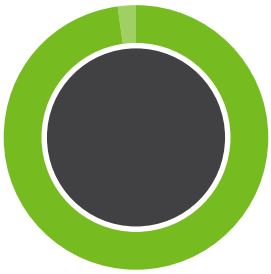
Category	No. of shareholders	No. of shares	%
Residents	12,153	71,762,683	98.48
Non Residents	22	1,103,747	1.52
Individuals	11,954	9,490,973	13.03
Institutions	221	63,375,457	86.97

Distribution of Shareholding
%



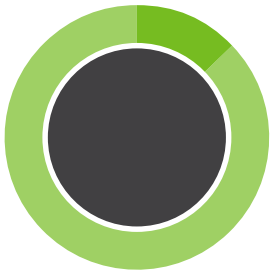
- 1-1,000 5%
- 1,001-10,000 3%
- 10,001-100,000 6%
- 100,001-1,000,000 3%
- Over 1,000,000 Shares 83%

Composition of Shareholders
%



- Residents 98%
- Non Residents 2%

Composition of Shareholders
%



- Individuals 13%
- Institutions 87%

Shareholders and Investor Information

3. SHARE TRADING DURING THE YEAR

	2021/22	2020/21
Highest Price Traded (Rs)	175.00	58.90
Lowest Price Traded (Rs)	38.00	12.50
Last Traded Price (Rs)	75.50	43.80
Number of share transactions	30,726	18,935
Number of shares traded	24,110,462	22,665,780
Value of shares traded	2,502,891,246	874,822,097
Market Capitalisation	5,501,415,465	3,191,549,634

The float adjusted Market Capitalization as at 31st March 2022 was Rs 931,076,117/-. As the float adjust market capitalization less than Rs. 01 Bn with more than 10% public holding , Elpitiya Plantations PLC complies under option 2 in terms of rule 7.14.1 (b) (for Diri Savi Board companies) of the Listing Rules of the Colombo Stock Exchange.

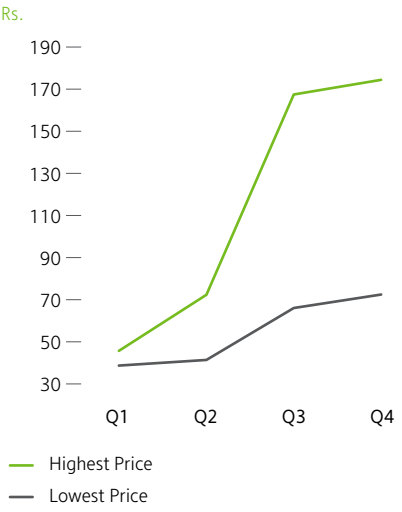
4. NET ASSETS AND CLOSING PRICE PER SHARE

	2021/22	2020/21	2019/20
Net Assets per share (Rs.)	91.17	73.42	61.82
Closing Price (Rs.)	75.50	43.80	13.00

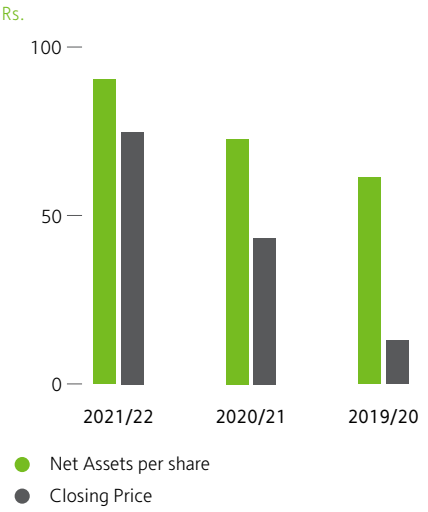
5. PUBLIC HOLDING:

	No. of shares	%
Total no of shares	72,866,430	
Less: Holding by the parent company (ASPM)	44,917,354	61.64
Less: Shareholder exceeding 10%(S & T)	15,613,092	21.43
Public holding	12,335,984	16.93

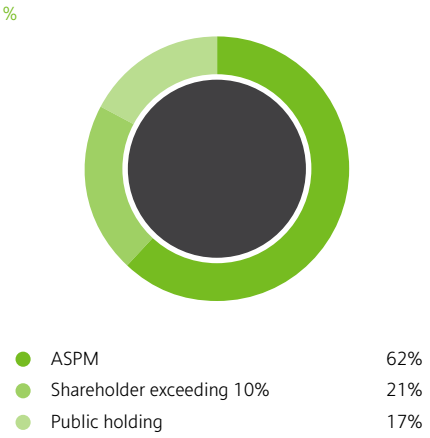
Share Trading During The Year



Net Assets and closing price per share



Public Holding:



Public Holding:
Excludes:
1. Parent, subsidiary or associate companies .
2. Subsidiaries or associates of the parent company
3. Directors, CEO, their spouses & children under 18 & their nominees.
4. Co. in which a director's holding exceeds 50% of the equity or where the Director controls the composition of the Board.
5. Shareholders whose holding exceeds 10% of the issued capital.

6. 20 MAJOR SHAREHOLDERS HOLDING AS AT 31ST MARCH 2022

	Name of the Shareholder	Shareholding	%
1	Aitken Spence Plantation Managements PLC	44,917,354	61.64
2	Secretary to the Treasury	15,613,092	21.43
3	Mr. T. T. T. Al-Nakib (Deceased)	500,000	0.69
4	Mr. K. C. Vignarajah	367,097	0.50
5	Tranz Dominion, L.L.C	315,000	0.43
6	Dr. R D Bandaranaike	210,696	0.29
7	Almas Organization (Pvt) Ltd	140,700	0.19
8	Melbourne Rolling Mill Private Limited	120,660	0.17
9	CDB Finance PLC/ Dilum Chinthaka Maddumage	120,000	0.16
10	Mr. H.M. Wijerathna	107,352	0.15
11	Pepoles Merchant Finance PLC / R.M.A.P. Rathnayake & P.V.D.S.S. Saparamadu	100,000	0.14
12	Mr. G.D.M. Ranasinghe / Mrs. O.R.K. Ranasinghe	100,000	0.14
13	Pepoles Leasing & Finance PLC /Hi Line Tower (Pvt) Ltd	85,000	0.12
14	Mr. N.R. Selvadurai	81,707	0.11
15	Mr. S. Malalasekera	71,001	0.10
16	Sampath Bank PLC/ Mr. G.S.N. Peiris & Mrs. I.R.Peiris	70,000	0.10
17	Hatton National Bank PLC/ R.E. Rambukwelle	66,000	0.09
18	Mr. E.P.I. Fernando	65,949	0.09
19	Mr. D.A. Cabraal	65,000	0.09
20	Mr. V.C. Mahtani / Mrs. M.V. Mahtani	64,957	0.09
	Total No. of Shares	63,181,565	86.72

Golden Shareholder
The Golden Share has been allotted to the Secretary to the Treasury for and on behalf of the State of Democratic Socialist Republic of Sri Lanka. The rights attached to the Golden Share are set out in the Articles of Association which are as follows:

1. The Golden Share shall only be held by the Secretary to the Treasury in his official capacity
2. The Golden Shareholder 's prior written concurrence is required
   (a) To amend the definition of the words Golden Share or Golden Shareholder and the Articles setting out specific rights attached to such share
   (b) To sub-lease, cede or assign the rights in part or all of the lands assigned to the Company
3. The Golden Shareholder is entitled to
   (a) Call upon the Directors once in every three months if desired to meet with him or his nominees to discuss matters of the Company of interest to the State
   (b) Inspect the books of accounts of the Company either by himself or by his nominees with due notice
   (c) Receive within 60 days of the end of every quarter, a quarterly report relating to the performance of the Company
   (d) Receive within 90 days from the end of each financial year, information relating to the Company in a pre-specified format.

Ten Year Summary

Year ended 31st March * Group	2021/22 Rs.' 000	2020/21 Rs.' 000	2019/20 Rs.' 000	2018/19 Rs.' 000
Trading Summary				
Revenue	5,095,987	4,062,191	3,307,620	3,547,947
Profit/ Loss Before Taxation	1,633,751	725,516	335,389	512,405
Income Tax Expences	(101,125)	149,476	(27,663)	(73,725)
Profit/ Loss After Taxation	1,532,625	874,992	307,726	438,681
Non- Controlling Interest	(119)	(275)	(128)	(125)
Profit Attributable to Owner of the Parent	1,532,744	875,267	307,854	438,806
Funds Employed				
Stated Capital	694,236	694,236	694,236	694,236
Timber Reserve	818,604	797,640	790,870	765,958
Accumulated Profits	5,391,329	3,976,496	3,145,643	2,945,536
Equity Attributable to Equity Holder of the Parent	6,904,169	5,468,372	4,630,749	4,405,730
Non Controlling Interest	(4,924)	(4,805)	(4,531)	(4,403)
Lease Liability	351,818	343,086	321,566	165,676
Interest Bearing Loan and Borrowings(Short and Long Term)	318,852	133,082	341,126	185,427
Assets Employed				
Non-Current Assets	7,165,097	6,717,706	6,309,473	5,762,297
Current Assets	2,139,859	884,938	780,405	805,184
Current Liabilities Net of Borrowing	554,815	521,332	754,424	518,679
Retirement Benefit Obligation	600,620	623,265	602,696	609,807
Differed Tax Liability	412,797	332,754	496,951	474,351
Differed Income	166,809	185,558	200,353	212,214
Capital Employed	7,569,915	5,939,735	5,304,435	4,752,430
Cash Flows				
Net Cash inflow/outflow from the Operating Activities	1,522,248	1,031,081	503,095	701,429
Net Cash inflow/outflow from the Investing Activities	1,518,346	523,682	561,701	595,344
Net Cash inflow/outflow from the Finance Activities	6,034	55,795	230,435	148,844
Increase/Decrease in Cash and Cash Equavalents	209,970	212,102	239,502	49,539
Key Indicators				
EPS (Basic)	21.03	12.01	4.22	6.02
Dividend Per Share (Company)	3.00	2.00	0.75	1.25
Dividend Payout Ratio (Company) (%)	16	17	23	22
Net Assets Per Share	94.75	75.05	63.55	60.46
Market Price Per Share	75.50	43.08	13.00	18.10
Price Earnings Ratio	4	4	3	3
Current Ratio	3.21	1.60	0.94	1.28
Return on equity (%)	25	17	7	10
Equity to Total Assets (%)	74	72	65	67
Debt to equity (%)	5	2	7	4

*Company has commenced to prepare consolidated financial statements from 31 March 2013, accordingly last reported comparative figures has also been restated.

2017/18 Rs.' 000	2016/17 Rs.' 000	2015/16 Rs.' 000	2014/15 Rs.' 000	2013/14 Rs.' 000	2012/13 Rs.' 000
3,700,200	3,009,791	2,444,426	2,606,132	2,786,043	2,833,456
598,481	463,289	219,812	389,549	416,019	500,235
(72,493)	(43,452)	(24,270)	(29,894)	(42,367)	(66,432)
335,426	419,837	195,541	359,656	373,652	433,803
(91)	(333)	(357)	(191)	(224)	(224)
335,518	420,170	195,899	359,847	373,877	434,027
694,236	694,236	694,236	694,236	694,236	694,236
780,376	778,722	756,836	725,733	685,902	747,128
2,549,910	24,398,287	1,942,661	1,744,201	1,528,170	1,079,010
4,024,522	3,912,787	3,393,732	3,164,170	2,908,308	2,520,374
(4,278)	(4,186)	(3,854)	(3,496)	(3,305)	(3,081)
169,218	172,123	175,528	178,676	181,704	184,614
297,530	363,042	684,380	658,662	781,525	1,020,514
5,398,245	5,162,864	5,054,251	4,752,313	4,530,267	4,263,893
709,807	639,454	480,868	529,563	488,477	546,999
448,773	474,509	311,923	405,194	352,669	288,988
530,975	451,820	583,690	623,059	542,459	573,472
183,631	409,987	125,918	90,816	76,866	42,873
231,325	248,592	263,801	164,796	178,519	183,139
4,486,992	4,443,766	4,249,787	3,998,012	3,868,231	372,242
749,542	631,368	334,965	439,635	600,088	533,220
433,755	216,292	271,092	220,488	337,007	304,367
275,839	204,476	52,750	336,987	176,525	199,543
92,298	52,351	158,249	169,372	51,532	138,088
4.60	5.77	2.69	4.94	5.13	5.96
2.25	1.00	0.50	0.75	0.75	0.50
48	15	17	16	16	8
55.23	53.70	46.57	43.42	39.91	34.59
27.40	19.00	19.20	20.00	16.60	17.20
6	3	7	4	3	3
1.25	1.05	0.72	0.66	0.73	0.65
8	12	6	12	14	19
66	67	61	60	58	52
7	9	20	21	27	41

Definitions

FINANCIAL TERMS

Accounting policies
Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting financial statements.

Borrowings
All interest bearing liabilities.

Capital Employed
Total assets less interest free liabilities and provisions.

Cash Equivalents
Liquid investments with original maturities of three months or less.

Contingent Liabilities
Conditions or situations at the Balance Sheet date, the financial effect of which are to be determined by future events which may or may not occur.

Current Ratio
Current assets divided by current liabilities.

Debt to equity ratio
Shareholders' funds divided by Borrowings.

Equity to assets ratio
Shareholders' funds divided by Total Assets.

Earnings Per Share
Profits attributable to ordinary shareholders divided by the number of ordinary shares in issue.

Effective Tax Rate
Income tax expenses divided by profit from ordinary activities before tax.

Equity
Shareholders' funds, i.e. share capital and reserves.

Net Assets Per Share
Shareholders' funds divided by the number of ordinary shares.

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 Shareholder's Funds
Attributable profits (including other Comprehensive Income) to the shareholders divided by shareholders funds.

Return on assets
Net Income divided by Total Assets.

Return on capital
Net Income divided by Shareholders' funds and Borrowings.

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

SLAS
Sri Lanka Accounting Standards.

UITF
Urgent Issues Tasks Force of The Institute of Chartered Accountants of Sri Lanka.

Working capital
Capital required to finance the day - to -day operations (current assets minus current liabilities).

LKAS/SLFRS
Sri Lanka Accounting Standards. (New)

NON - FINANCIAL TERMS

COP
The Cost of Production. This generally refers to the Cost of producing a Kilo of produce. (Tea / Rubber / Oil Palm).

Crop
The total produce harvested over a given period of time (usually during a financial year).

Extent in Bearing
The extent of land from which crop is being harvested. Also see "Immature Plantation".

Field
An unit extent of land. Estates are divided in to fields in order to facilitate management.

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.

Mature Plantation
The extent of plantation from which crop is being harvested. Also see "Extent in Bearing".

NSA
The Net Sales Average. This is the average sale price obtained (over a period of time) after deducting Brokerage fees and cost of Gratis teas.

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 trees, bushes and replanting with new trees / bushes.

Yield
The average crop per unit extent of land over a given period of time (usually kgs. per hectare per year).

Corporate Information

NAME
ELPITIYA PLANTATIONS PLC

LEGAL FORM
A Public Quoted Company with Limited Liability, incorporated in Sri Lanka on 22nd June 1992.

COMPANY REGISTRATION NUMBER
PQ 171

REGISTERED OFFICE
315, Vauxhall Street,
Colombo 02,
Sri Lanka

BUSINESS ADDRESS
No. 305, Vauxhall Street, Colombo 02,
Sri Lanka

DIRECTORS
Dr. M. P. Dissanayake - *Chairman*
Dr. R. M. Fernando - *Managing Director*
Mr. B. Bulumulla - *Director/CEO*
Deshamanya Merrill J. Fernando
Mr. Malik J. Fernando
Dr. S. A. B. Ekanayake
Mr. S. C. Ratwatte
Mr. D. A. de S. Wickremanayake
Mrs. B. W. G. C. S. Bogahawatta
(Resigned w.e.f. 28th February 2022)
Mrs. D. A. S. Dahanayake
(Appointed w.e.f. 28th February 2022)

ALTERNATE DIRECTORS
Ms. M. D. A. Perera
Alternate Director to Mr. Malik J. Fernando
Mr. A. T. S. Sosa
Alternate Director to Deshamanya Merrill J. Fernando

CHIEF EXECUTIVE OFFICER
Mr. B. Bulumulla

MANAGING AGENT
Aitken Spence Plantation Managements PLC

GROUP COMPANIES

E P P Hydro Power Company (Private) Limited
Generates hydro electricity and supply to the national grid.
Directors:
Dr. R. M. Fernando
Deshamanya Merrill J. Fernando
Mr. Malik J. Fernando
Mr. D. A. de S. Wickremanayake
Mr. B. Bulumulla

Water Villas (Private) Limited
Intended Hotel Operator
Directors:
Dr. R. M. Fernando
Deshamanya Merrill J. Fernando
Mr. Malik J. Fernando
Mr. D. A. de S. Wickremanayake
Mr. B. Bulumulla

Escape Parks Ceylon (Private) Limited
Develop and operate an Adventure Theme Park at Deviturai Estate to promote Tourism in the region
Directors:
Dr. M. P. Dissanayake
Dr. R. M. Fernando

JOINT VENTURE COMPANIES

Elpitiya Lifestyle Solutions (Private) Limited
The company has ceased its commercial operations.
Directors:
Mr. S. Pathiratne (Chairman)
Dr. R. M. Fernando (Managing Director)
Mr. Malik J. Fernando
Mr. D. A. de S. Wickremanayake
Mr. A. Kanthasamy
Ms. C. D. Piyaratne
Mr. B. Bulumulla
(Alternate Director to Dr. R. M. Fernando)

A E N Palm Oil Processing (Private) Limited
Joint Venture project between Agalawatte Plantations PLC, Elpitiya Plantations PLC and Namunukula Plantations PLC to process Oil Palm Fruit bunches and extract crude palm oil.
Directors:
Mr. N. S. Yaddhige
(Chairman until 28.04.2022)
Dr. M. P. Dissanayake
(Chairman w.e.f. 28.04.2022)
Dr. R. M. Fernando
Mr. M. P. K. Udugampola
Mr. G. P. N. A G. Gunathilake
Mr. P. de S. A. Gunasekara

Elpitiya Dianhong Jin Ya Tea Company (Private) Limited
A Joint Venture Project with Yunnan Dianhong Group of China to cultivate, process and market speciality teas for overseas market.
Directors:
Dr. R. M. Fernando (Chairman)
Mr. B. Bulumulla (MD/CEO)
Mr. W. Hao
Dr. X. Chen
(Resigned w.e.f. 24th January 2022)
Mr. T. Wang
(Alternate Director to Mr. W. Hao)

SECRETARIES
Aitken Spence Corporate Finance (Private) Limited

REGISTRARS
S S P Corporate Services (Private) Limited
101, Inner Flower Road,
Colombo 03.

AUDITORS
Messrs. Ernst & Young,
Chartered Accountants
201, De Saram Place, Colombo 10.

LAWYERS
Julius & Creasy Attorneys – at – Law

BANKERS
Bank of Ceylon – Corporate Branch
Sampath Bank PLC – Nawam Mawatha Branch
Hatton National Bank PLC – Panchikawatta Branch
Seylan Bank PLC – Millennium Corporate

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Notes

Notice of Meeting

Notice is hereby given that the Thirtieth (30th) Annual General Meeting of Elpitiya Plantations PLC will be held at No. 315, Vauxhall Street, Colombo 02 on Tuesday, 28th June 2022 at 2.00 p.m., as a virtual meeting using a digital platform for the following purposes:-

1. To receive and consider the Annual Report of the Board of Directors together with the Financial Statements for the year ended 31st March 2022 and the Report of the Auditors thereon.

2. To re-appoint Deshamanya Merrill J. Fernando who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Deshamanya Merrill J. Fernando who is 92 years of age and that he be re-appointed a Director of the Company."

3. To re-appoint Mr. D. A. de S. Wickremanayake who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. D. A. de S. Wickremanayake who is 72 years of age and that he be re-appointed a Director of the Company."

4. To re-elect Mr. Malik J. Fernando who retires in terms of Article 92 & 93 of the Articles of Association, as a Director.

5. To authorise the Directors to determine contributions to charities.

6. To re-appoint the retiring External Auditors, Messrs. Ernst & Young, Chartered Accountants and authorise the Directors to determine their remuneration.

7. To consider any other business of which due notice has been given.

By Order of the Board
Elpitiya Plantations PLC

Aitken Spence Corporate Finance (Private) Limited
Secretaries

03rd June 2022
Colombo

Notes

Note:

1. In view of the prevailing pandemic conditions, this year too the Annual General Meeting of Elpitiya Plantations PLC will be held as a virtual meeting by participants joining in person or by proxy, through audio or audio visual means in the manner specified below:

   i. Shareholder participation

   a) The shareholders are encouraged to appoint a Director of the Company as their proxy to represent them at the meeting.

   b) The shareholders may also appoint any other persons other than a Director of the Company as their proxy and the proxy so appointed shall participate at the meeting through **audio or audio visual means only.**

   c) The shareholders who wish to participate at the meeting will be able to join the meeting through **audio or audio visual means only.** To facilitate this process, the shareholders are required to furnish their details by perfecting *Annexure II* to the circular to shareholders and forward same to reach the Company Secretaries via e-mail to achinia@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 02 **not less than five (05) days before the date of the meeting** so that the **meeting login information** could be forwarded to the e-mail addresses so provided. The circular to the shareholders will be posted to all the shareholders along with the Notice of Meeting and the Form of Proxy.

   d) To facilitate the appointment of proxies, the Form of Proxy is attached hereto and the duly filled Forms of Proxy should be sent to reach the Company Secretaries via e-mail to achinia@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 02, **not less than forty eight (48) hours before the time fixed for the meeting.**

   ii. Shareholders' queries

   The shareholders are hereby advised that if they wish to raise any queries, such queries should be sent to reach the Company Secretaries, via e-mail to achinia@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 2, **not less than five (05) days before the date of the meeting.** This is in order to enable the Company Secretaries to compile the queries and forward same to the attention of the Board of Directors so that such queries could be addressed at the meeting.

2. The Annual Report of the Company for the year 2021/2022 will be available for perusal on the Company website on www.elpitiya.com, and the Colombo Stock Exchange website on www.cse.lk.

Form of Proxy

I/We ..... of

.....being

a shareholder/shareholders of Elpitiya Plantations PLC hereby appoint .....

..... of .....

..... (whom failing)

Mahinda Parakrama Dissanayake (whom failing)
Rohan Marshall Fernando (whom failing)
Bhathiya Bulumulla (whom failing)
Merrill Joseph Fernando (whom failing)
Malik Joseph Fernando (whom failing)
Sumitha Anura Bandara Ekanayake (whom failing)
Sarath Carlyle Ratwatte (whom failing)
Don Ariyaseela de Silva Wickremanayake (whom failing)
Dahanayakege Anusha Sajeewani Dahanayake

as my/our Proxy to represent me/us, to speak and to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on the 28th June 2022, and at any adjournment thereof and at every poll which may be taken in consequence thereof.

I/We the undersigned hereby authorize my/our proxy to vote on my/our behalf in accordance with the preference indicated below:

Resolution	For	Against
1. To re-appoint Deshamanya Merrill J. Fernando who is over the age of 70 years		
2. To re-appoint Mr. D. A. de S. Wickremanayake who is over the age of 70 years		
3. To re-elect Mr. Malik J. Fernando who retires in terms of Article 92 and 93 of the Articles of Association		
4. To authorise the Directors to determine contributions to charities		
5. To re-appoint the retiring External Auditors, Messrs. Ernst & Young, Chartered Accountants and authorise the Directors to determine their remuneration.		

Signed this ..... day of ..... Two Thousand Twenty Two.

.....	.....	.....
Shareholder's signature /(s)	Shareholder's NIC / Folio No.	Proxyholder's NIC No.

Note: Instructions as to completion are noted on the reverse hereof.

Form of Proxy

Instructions as to Completion

1. Kindly perfect the Form of Proxy by filling in the mandatory details required above, signing in the space provided and filling in the date of signature.

2. If the Form of Proxy is signed by an Attorney, the relative power of attorney should also accompany the proxy form for registration, if such power of attorney has not already been registered with the Company.

3. In the case of a Company/Corporation, the Form of Proxy shall be executed in the manner specified in its Articles of Association.

4. In the absence of any specific instructions as to voting, the proxy may use his/her discretion in exercising the vote on behalf of his/her appointor.

5. Duly filled Forms of Proxy should be sent to reach the Company Secretaries via e-mail to achinia@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 02, **not less than forty eight (48) hours before the time fixed for the meeting.**

Please provide the following details (mandatory):	
NIC/PP/Company Registration No. of the Shareholder/s	
Folio No.	
E-mail address of the Shareholder/(s) or proxy holder (other than a Director appointed as proxy)	
Mobile No.	
Fixed Line	

Shareholder Feedback Form

Name (Optional):	
Address (Optional):	
Number of shares held (Optional):	

1. BUSINESS DEVELOPMENT

Please rate the following areas (where applicable) on a scale of 1 to 5 (where 1 is the lowest and 5 is the highest);

	Lowest				Highest
	1	2	3	4	5
a) Quality and presentation of the Annual Report					
b) Usefulness of the information in the Interim Financial Statements					
c) Likelihood of the financial information in the Annual Report to influence investment decisions					
d) Likelihood of the environmental information in the Annual Report to influence investment decisions					
e) Likelihood of the social information in the Annual Report to influence investments decisions					
f) Level of awareness about the Company's work towards ecosystem conservation after reading the Annual Report					
g) Level of awareness about the Company's work towards socially inclusive development after reading the Annual Report					

Please tick more than one where applicable:

2. What channels of communication are preferred to receive information about Elpitiya Plantations PLC? :

News Articles		Social Media		Digital/Electronic Media	
Internet/Company Website		Annual Report		Others	

3. Out of the current sustainability priorities the Company is committed to work on, what areas do you feel Elpitiya Plantations PLC should focus more on?

Climate Change Risk Management		Socially Inclusive Development		Ecosystem Conservation	
Energy Management		Water Security		Management of Solid Waste, Effluents and Emissions	

4. Suggestions / Recommendations

The completed Feedback Form could be handed over to a Company representative at the end of the Annual General Meeting or mailed or hand delivered to the Company Secretary at the Registered Office of the Company at No. 315, Vauxhall Street, Colombo 02, Sri Lanka.

Elpitiya Plantations PLC
No. 315, Vauxhall Street, Colombo 2, Sri Lanka