



ANNUAL REPORT 2022-23



KALUBOWITIYANA TEA FACTORY LIMITED

Non Cabinet Ministry of State Plantation Enterprise Reform

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KALUBOWITIYANA TEA FACTORY LIMITED

Non Cabinet Ministry of State Plantation Enterprise Reform



TASTE THE SUCCESS

2022/23
Annual Report

Kalubowitiyana Tea Factory Limited



TASTE THE SUCCESS

Tasting success in our context involves a meticulous evaluation of the achievements of our tea manufacturing factories, with a spotlight on attaining the highest profit in its financial history. This accomplishment reflects not only efficient production processes but also strategic market positioning, quality excellence, and adept management.

Adding to this triumph is the celebration of our factory's 30th anniversary, a remarkable milestone that encapsulates three decades of dedication, growth, and resilience. Our journey in tea manufacturing has been marked by innovation, commitment to quality, and responsiveness to changing consumer preferences.

As we commemorate this 30th anniversary, we not only celebrate our past achievements but also set the stage for future endeavours, embracing new opportunities and advancements in the dynamic world of tea production. This anniversary is a testament to our enduring commitment to excellence and a moment to express gratitude to our team, government, and customers who have been integral to our success.

This Annual Report is also available on our website
www.kalubowitiyanatea.lk





VISION

To be the most recognized model in the manufacturing and marketing of the best Sri Lankan CTC and Orthodox Tea.

MISSION

Manufacturing superior quality, tasty and consumer friendly Sri Lankan Tea aiming at Internal and External markets.





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HIGHLIGHTS


Rs. 2,635.41 Mn

Turnover Increased by
Rs. 1,594.28 Mn


Rs. 220.80 Mn

Net Profit After Tax
Increased by Rs. 228.09 Mn


Rs. 47.92

Earning Per Share
Increased by
Rs. 49.50


Rs. 437.82 Per Kg

Highest Ever Bought
Leaf Rate of the Country


69 Top Prices

At
Colombo Tea Auctions


Rs. 19.69 Mn

Finance Income
Increased by
Rs. 11.21 Mn


Rs. 1,204.49 Mn

Overall Company
Asset Base
Increased by Rs.283.28 Mn

Positive



Negative





ABOUT THE REPORT

About Kalubowitiyana Tea Factory Limited

The Kalubowitiyana Tea Factory Ltd looks to play its part in steering the country to a resilient recovery. We are pleased to present our annual report- 2022/2023 for the financial year ending 31st March 2023, during our 30th anniversary year. This report aims to provide a concise, holistic, and balanced review of the Company's financial, social, environmental and governance performance while providing a fair account of how we directed strategy in the context of our operating environment to create value for our stakeholders.

Scope and Boundary

The annual report covers the operations of the Kalubowitiyana Tea Factory Limited. The company adopts an annual reporting cycle, and this report is an extension to the previous report published

for the financial year ending 31st March 2022. Both the financial and non-financial information obtained from the financial accounting systems and management information systems are provided as required by the Companies Act No.07 of 2007, the Sri Lanka Accounting Standards and Circulars and Guidelines issued by the General Treasury. Financial Statements are audited by the National Audit Office of Sri Lanka to express an independent opinion on the Financial Statement.

Reporting Framework

We adhere to the following list of globally recognized reporting frameworks along with the requirements of the government of Sri Lanka and are dedicated to coordinating our reporting with the best practices in corporate reporting guidelines issued by the General treasury.

Table - 01

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	Internal controls established by the management and evaluated by the Audit committee and Internal Audit Division.	National Audit Office
Narrative Reporting		
Guidelines for Preparation of Annual Reports by the Department of Public Enterprises	Reviewed by the Management and evaluated by the Board	National Audit Office
Corporate Governance		
Code of Best Practice on Corporate Governance Sri Lanka Guidelines on Corporate Governance for State-Owned Enterprises	Reviewed by the Management and evaluated by the Board	National Audit Office



ABOUT THE REPORT

Reporting Improvements

- Inclusion of Sustainability Reporting, Board profile, and Risk management practices.
- Increased focus on transformation strategy and stakeholder relationships.

Board Responsibility on Corporate Reporting

The Board of Directors acknowledges its obligation to protect the accuracy of this report. We hereby attest that the 2022/23 Report correctly portrays the Company's integrated performance and covers all pertinent material issues. We further affirm that the Report was prepared in accordance with the instructions given by the General Treasury of Sri Lanka.

Feedback

We value your thoughts and comments and are dedicated to continuously enhancing the standard and readability of our annual report.

Kindly provide any feedback to,

The Managing Director,
Kalubowitiyana Tea Factory Ltd,
No. 53, Rathnayaka Road, Pelawatta,
Battaramulla, Sri Lanka.



HIGHLIGHTS

Financial Highlights

Table - 02

For the Year Ended 31st March	2022/23 (Rs.)	2021/22 (Rs.)
Net Sales	2,635,413,672.26	1,041,133,241
Cost of Sales	(2,285,165,802.89)	(1,026,129,751)
Gross Profit	350,247,869.37	15,003,490
Other Operating Income	60,406,356.64	20,003,552
Profit/(Loss) Before Operating Expenses	410,654,226.01	35,007,042
Administration Expenses	(72,369,962.37)	(36,911,494)
Selling & Distribution & Other Expenses	(1,237,181.17)	(247,805)
Profit/(Loss) From Operating Activities	337,047,082.47	(2,152,257)
Finance Income	19,694,964.91	8,475,019
Finance Expenses	(9,754,534.21)	(9,087,534)
Net Finance Income	9,940,430.70	(612,515)
Net Profit/(Loss) Before Taxation	346,987,513.17	(2,764,772)
Taxation	(126,186,737.83)	(4,533,980)
Net Profit After Taxation	220,800,775.34	(7,298,751)
Earnings Per Share	47.92	(1.58)



CHAIRMAN'S REVIEW



“The spirit of the tea beverage is one of peace, comfort, and refinement.”

- Arthur Gray -

Dear Stakeholder,

It is my great privilege to announce the Chairman's review and present the Annual Report of the Kalubowitiyana Tea Factory Ltd. for the fiscal year 2022/2023.

Although we faced unsettling challenges over the last year, with significant economic and social volatilities. it gives me tremendous pleasure to reveal that our company has achieved an exceptional financial performance, marking a historic milestone in our 30 years of operation.



Industry Overview

The past financial year was riddled with challenge after challenge as we navigated through a post-pandemic world and a country knee-deep in an economic crisis. These challenges included the shortages of fuel and other essential commodities, rising inflation and interest rates and a severely weakened Rupee. Sri Lanka found itself in massive amounts of sovereign debt after extended periods with deficits in the fiscal and current accounts and depleting foreign reserves. A downgrade in Sri Lanka's credit rating combined with the prevalent civil unrest of the time led the country's export customers to be left with little to no confidence regarding the country's stability.

The Agricultural sector suffered greatly in the aftermath of the ban of imported chemical fertilisers in 2021. The impacts of the ban were long lasting, despite the policy being subsequently reversed. The effects of the ban, fuel shortages and rising costs of production all contributed towards the contraction of the Agricultural sector by 4.6% during the last year.

Sri Lanka's overall Tea production declined by 16% yet KTFL's production increased by 2.69%.

The decline in tea production led to higher Tea prices at the Colombo Tea Auction. The stats regarding KTFL Sri Lanka's export earnings from Tea in terms of US Dollars decreased by 4.9% because of the decreased production but in Rupee terms, export revenue grew by 56% due to the depreciation of the Rupee by 81.2% against the US Dollar between December 2021 and December 2022. The impact of this growth was mostly dulled, however, due to the increase of tea production costs caused by the imported inflation and the sky-rocketing of fertiliser prices.

Company Performance

Despite the challenging operating landscape, the Company recorded a turnover of Rs. 2635.4 Mn, which is an increase of 65.3% from the previous financial year.

The Company recorded a Net Profit After Taxation of Rs. 220.80 Mn this year as well, which is an increase of Rs. 228.09 Mn from the financial year 2021/2022.

KTFL is also proud to note that our earning per share increased by Rs. 49.50 to become Rs. 47.92 this financial year.

Achievements and Accolades

KTFL was recognized for offering the highest recorded price for a kilo of PFI at Rs. 3,250 in July 2022.

Despite the challenging landscape the Company had to navigate this past financial year, Kalubowitiyana Tea Factory Limited succeeded in recording the highest ever Net Profit After Taxation of Rs. 220.80 Mn in its operating history of 30 years.

KTFL was also the recipient of 69 Top Price Rankings at the Colombo Tea Auction in the last financial year.

Our Strategy

The Company's primary focus is to be consistent in the production of premium quality products in accordance with Good Manufacturing Practices (GMP). To achieve this goal, the Company maintains strict quality parameters on all aspects of production and marketing.

To also aid in this goal, the Company aims to uplift the competence levels of the Tea Smallholder community through the provision of continuous education as means of improving crop quality. The establishment of the "Randalu" welfare societies has led to a strengthening of the goodwill between the Company and the Smallholder community and



CHAIRMAN'S REVIEW

the Company is constantly engaged in initiatives to better the lives of our suppliers.

The ongoing marketing of the “Kalubowitiyana Tea” brand to the local market remains successful and the Company plans on further expanding along this avenue.

Additionally, KTFL recognizes its people to be its strength and will continue to prioritise the improvement of the knowledge and productivity of its workers through training and development programmes.

Future Prospects

The downward trajectory of the Sri Lankan Tea Industry is evident when considering the myriad of difficulties the industry has been plagued by.

The problems of a low planting rate, high cost of production, low productivity, depletion of available land for plantations and labour shortages have been further exacerbated by the competition faced from India and other tea producing nations in Africa.

The future of the Tea Industry depends greatly on prudent policy considerations and formulation. Policy formulation needs to be carried out strategically with clear short, medium and long term goals in mind. Innovation, value addition, energy saving mechanisms, factory modernization, use of IoT and new digital technologies need to be integrated into the workings of the industry, all while maintaining industry standards.

Above all, it is essential that priority is given to adapting to the ever-changing landscape of consumption patterns and methods. Finding the right balance between innovation and keeping the traditional taste of tea alive is key to propelling the industry.

Appreciation

On behalf of the Board of Directors, I would like to extend my appreciation to the Tea Smallholder sector which is crucial to the success of the company, as well as to the employees and the Management of Kalubowitiyana Tea Factory Limited, whose untiring efforts continue to propel the Company forward. Our sincere appreciation extends to the Minister of Plantation Industries Hon. Dr. Ramesh Pathirana and the State Minister of Plantation Industries Hon. Lohan Ratwatte, to Hon. Ranjith Siyambalapitiya, Non cabinet Minister of State Plantation Enterprises Reforms for their valuable advice and guidance afforded to us at all times, as well as the unstinting support of the Secretaries and officials of the Ministry and the Board of Directors of KTFL. We greatly value the support rendered to us by all the Tea Brokering Companies and buyers of our products, who have constantly given us competitive premiums for our Teas. Despite the significant challenges ahead in the coming year, I find confidence in the support and loyalty of our people and the strong partnerships with our stakeholders. These factors continually inspire us to move forward with determination and confidence.

B.K.A.U. Rodrigo
Chairman



MANAGING DIRECTOR'S / CEO'S REVIEW



We were able to deliver exceptional results to all our stakeholders during the financial year 2022/23 despite the economic recession both nationally and internationally. I am grateful to all our stakeholders for the confidence placed upon us with regard to carrying out our operations successfully amidst the challenges faced both by the industry and the country during the last year.

The agricultural sector suffered heavily due to the shortage of fertilizer and the tea sector also was severely affected. The production of tea declined by 16% due to low yield during the year, threatening the national income and economy as well. However, the company managed to increase production by 2.69% even under these circumstances due to efficient management.



MANAGING DIRECTOR'S / CEO'S REVIEW

The Company produced 1548 MT of teas and earned Rs. 2,635.40 Mn of recorded income which led to the highest profit recorded during the history of KTFL in 2022/23. Similarly, 'Kalubowitiyana Tea' achieved the highest price in the 'Colombo Tea Auction' and paid the highest rate of Rs. 437.82 per kilogram for green leaf supplied by tea smallholders. This is a remarkable achievement by any tea company in the history. We are glad to contribute to both the national economy and tea smallholders with these outstanding performances. The company achieved the highest profit of Rs. 220.80 Mn and earnings per share of Rs. 47.92. In addition to that company received a 'True and Fair' opinion from the Auditor General which reflects the true performance during the year.

These extraordinary performances are mainly due to the following developments introduced:

- Strategies introduced to attract an adequate quantity of quality green leaf despite the competition to maximize the profit.
- Introduction of the latest technology to factories to reduce the COP and to improve the quality of tea in order to increase NSA.
- Implementation of MIS, GPS, CCTV, Face Detection Machines, automation of green leaf weighing, despatch improvements etc. to enhance transparency and good governance.
- Issuance of 303 internal circulars prescribing processes, systems, procedures, job descriptions, targets, KPIs, and performance evaluations etc. to strengthen administration.
- Introduction of incentive and compensation schemes, along with training and appreciation programmes to motivate employees, along with appropriate action taken against underperforming employees to effectively manage the workforce.

Our greatest strength lies in our dedicated employees. Despite the challenges, they remain committed to achieving our desired objectives, and I am immensely grateful to all of them. We are equally committed to assist our tea smallholders and the local community in improving their socio-economic standards through ongoing training and

CSR programs.

The company aims to be a 'lifestyle improvement' partner for our Green Leaf Suppliers, Transporters, and the wider community. The Ministry of Plantation, Treasury, and the Board of Directors have offered tremendous support for all our endeavours.

The company contributed to earn foreign exchange, becoming the top producer of CTC tea and driving our economy forward. Additionally, approximately 400 tea smallholders received the best rates for their harvest, by promoting good agricultural practices and initiatives for implementation of renewable energy sources which reduce carbon footprint. The company contributed to ethical practices, by to ensure promoting the sustainable development.

The campaign united all our strengths to achieve our corporate objectives through continuous development to decrease the cost of production and increase the net sales average. The company will attain a leading position in the tea industry by working as a team and by implementing the planned strategies to maximize revenue. This, in turn, will enhance the 'Quality of Life' for all our stakeholders. Through these endeavours the company is resolved to achieve greater heights.

Our performance as a public enterprise has also been praised at the last COPE meeting and we are really proud to reach these heights in spite of numerous constraints and many challenges, both in the internal and external environment. There is no doubt that all these achievements are a result of team work and dedication of everyone involved both internally and externally to reach our vision.

I thank all the contributors and seek continued support to increase the value of the enterprise and to increase the Gross National Income of the country at a stage when the National Economy is encumbered with a serious financial crisis.

Dr. M.N. Jayawardena
Managing Director/CEO



ABOUT US



Our tea factories are situated in the Low Grown and Western Medium regions of the country and produce 1.5 million kilograms of premium quality tea, accounting for 0.63% of the national tea production.

Our factories produced premium quality tea, achieving 69 top price rankings during the year. We are the industry leader in premium quality CTC tea prices among other competitive tea manufacturing factories. We have consistently held the top position for low-grown elevations at the Colombo tea auction for over 30 years. Our factories are home to 3,500 people, and we support the socio-economic progress of over 15,000 people by purchasing their leaves at the most attractive rates.



ABOUT US



PLUCKING

The green leaf is harvested on a regular basis at intervals ranging from 5 days to 8 days from each field.



WITHERING

No sooner than it is received at the estate, the leaf is weighed and spread on troughs.



ROLLING

Is the process by which the leaf is twisted and the leaf cell walls are ruptured to bring the juices to the surface of the leaf



FERMENTATION

Of the tea juices is an essential process in the manufacture of black tea.



DRYING

The primary objective of drying is the extraction of moisture and the arresting of fermentation. The fermented leaf contains between 45% to 50% moisture.



GRADING (SIFTING)

After cooling, the fired teas are graded/ sifted according to size and shape, as the trade demands.





CORPORATE PROFILE

Kalubowitiya Tea Factory Limited (KTFL) is a limited liability company incorporated under the Companies Act No; 17 of 1982 and re-registered under the new Companies Act No; 07 of 2007. The Company was established to produce Cut, Tear and Curl (CTC) Tea and commenced commercial operations on 1st August 1994, with an initial capital of Rs. 50 million consisting of five million shares valued Rs.10 per share. The initial capital was provided under the Indian line of Credit. Our second tea factory at Derangala was established under the same line of credit and commenced its operations in March 2000. Our third tea factory is the Hiniduma Hills Tea Factory, which was previously under the Tea Shakthi Fund and has been transferred to KTFL through a profit-sharing agreement. The Company re-established this factory using its own funds and the Hiniduma Tea Factory commenced operations in 2012.

The latest addition to the company is the Manikdiwela Factory, which previously belonged to the Tea Shakthi Fund. It is located in Manikdiwela Village, Yatinuwara Electorate in the Kandy District. The Company used its own funds to re-establish this factory as well.

The Company produces approximately 2,000,000 Kgs of quality teas annually, using the selected green leaf purchased from the smallholders.

The Kalubowitiyana Factory produces CTC Teas using the CUT, TEAR and CURL process, whilst Derangala, Hiniduma and Manikdiwela adopt the conventional orthodox process to produce a range of leafy and small grades.

KTFL owns and operates four ISO 22000:2018 certified factories, which produce the highest-quality Pure Ceylon Tea for the global market. This significantly adds to KTFL's credentials as the leading CTC Tea manufacturer in the country, reinforcing our commitment to becoming a world-class tea manufacturer. KTFL has also adopted internationally-accepted best practices, including the Global Gap framework, RA/UTZ standards and guidelines, and Good Manufacturing Practices.

Around 90% of the Company's Tea production is sold at the Colombo Tea Auction through Brokers, whilst a small proportion is destined for the local market through Sales Centers located islandwide, through Factories and the Head Office.

The mandate of the company as per the Articles of Association is as follows:

- To carry on the business of tearing, curing, preparing, processing and manufacturing tea leaf purchased from growers.
- To cultivate, grow, manage and superintend tea plantations.

The Company produces approximately 2,000,000 Kgs of quality teas annually, using the selected green leaf purchase from smallholders.



OUR PRODUCTS

Garden Marks and Types of Teas

Kalubowitiyana, known for its premium grade CTC and its PFI variety that provides a convenient way to experience the true flavors of tea through easy-to-use tea bags, is becoming increasingly popular among local consumers. It has also established itself as a leader in CTC tea manufacturing in the country.

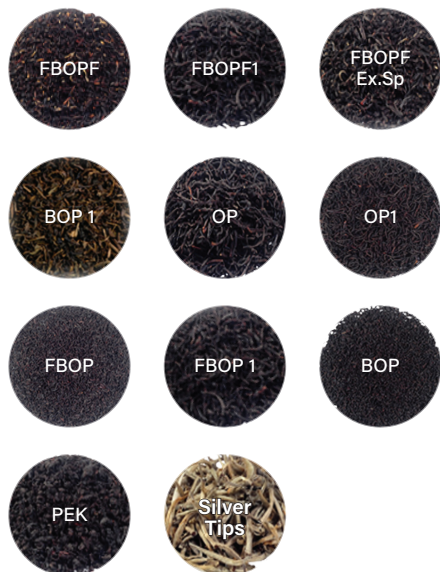
Derangala and Hiniduma marks have a reputation for the appearance of their dark tea leaves of various shapes. When brewed, they materialize as a rich, red liquid that is full-flavored, strong, and robust, creating a liquor that is distinctively unique from the teas of the other six regions.

The Manikdiwela mark produces a typical range of low-grown tea grades, known for their distinctive bright, intensely full-bodied taste.

CTC Products



Orthodox Products



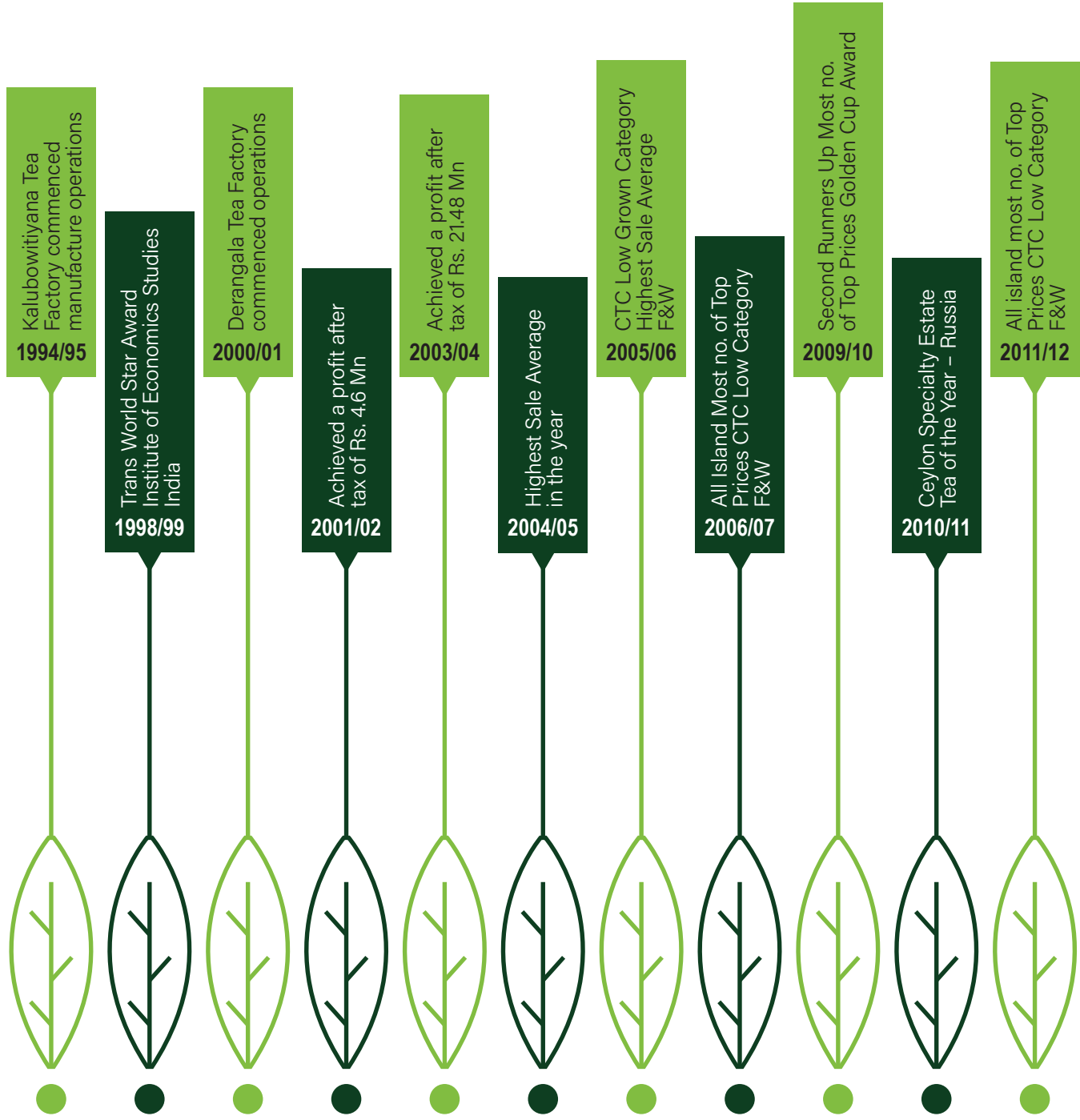
Standard

Our Teas are renowned for their excellent quality, having been certified for accepted quality certifications, product responsibility, and customer health & safety. All products and processes are fully compliant with ISO 22000:2018 and HACCP certification issued by the Sri Lanka Accreditation Board. Additionally, all the factories have received GMP certification. Implementing and maintaining a Food Safety Management System (ISO 22000:2018 and HACCP) in all our black tea manufacturing facilities reinforces our commitment to product responsibility and ensures the maintenance of food safety and quality standards from end to end. Tea quality is tested annually for heavy metals, microbiological criteria, and agrochemical residues in accordance with the requirements of the ISO 3720 standard.



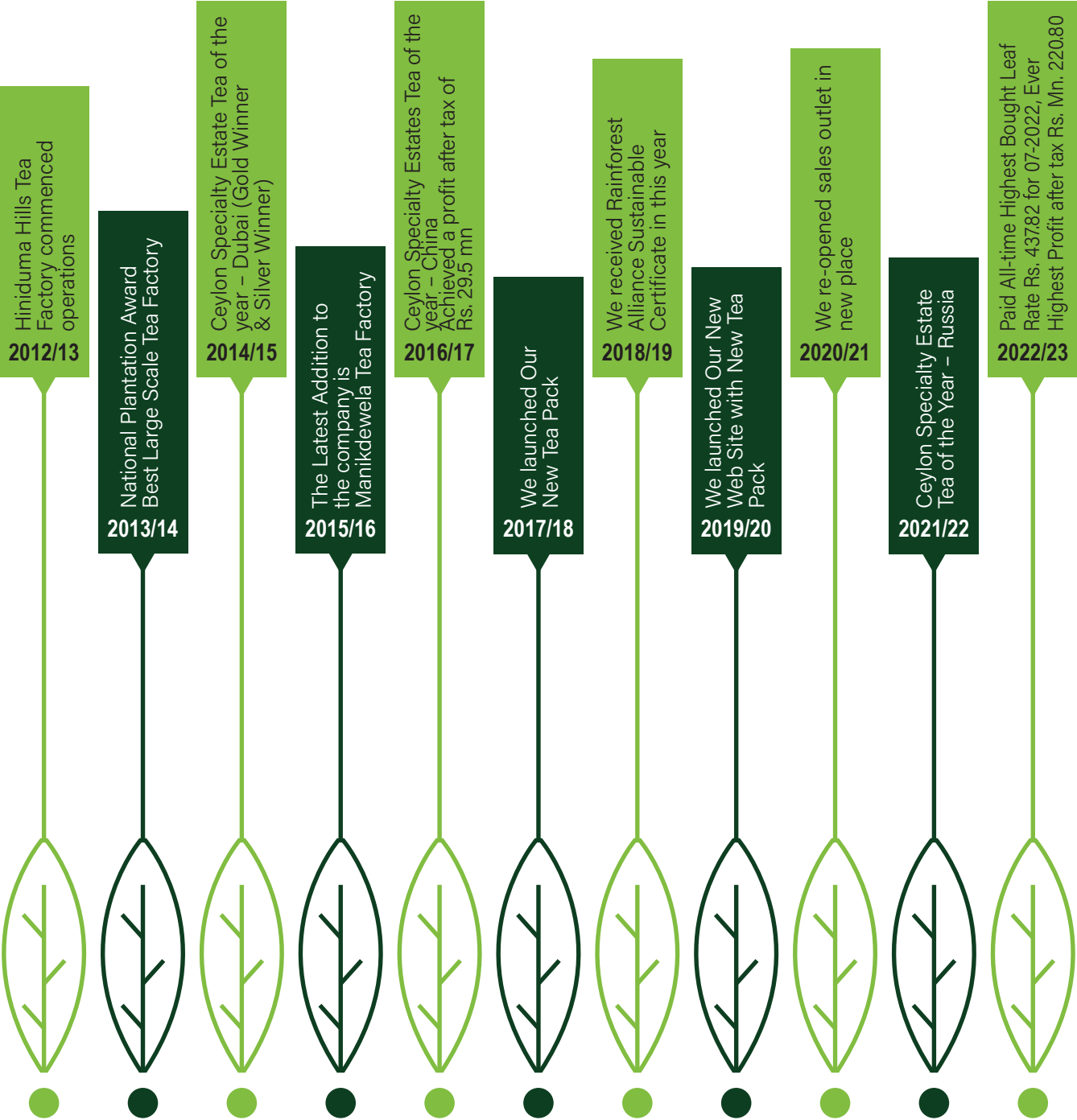








OUR JOURNEY





BOARD OF DIRECTOR'S



Chairman
Mr. B. K. A. U. Rodrigo



Director
Mrs. J.A.T.D.S. Kumara



Director
Mrs. D.M.M. Dissanayake



Director
Mr.S.A. Bandara Herath



Director
Mr.R.C.D. Jayawardane



Director
Mr. Jayantha Wijesinghe



Director
Mr. Don Upul Abeysundara



Director
Mr. W.K.B.T. Kumara Alwis



BOARD OF DIRECTOR'S

B. K. A. U. Rodrigo

Mr. Rodrigo was appointed to the Board of Kalubowitiyana Tea Factory Limited on 01st of May 2020.

He serves as the Group Director of the Rohan Rodrigo Group. Prior to his appointment, Mr. Rodrigo was the Chairman of the Chamber of Young Lankan Entrepreneurs (COYLE) in Sri Lanka. He also held positions in the past including that of Country Director of Sri Lanka for a US based NGO and served as the Second Secretary at the Embassy of Sri Lanka in Washington DC, USA.

Mr Rodrigo holds a BSc (Hons) degree from the University of Leeds.

J. A. T. D. S. Kumara

Ms. Kumara joined the Board of Kalubowitiyana Tea Factory Limited on the 25th March 2022.

She is an officer of the Sri Lanka Administrative Service (SLAS) since 2017. Prior to her appointment, she was a Member of the Board of Management of the Institute of Human Resources Advancement (IHRA), University of Colombo. Currently, she works as an Assistant Director at the Department of Public Enterprises, General Treasury Sri Lanka.

Ms. Kumara is an Associate Member (ACA) of the Institute of Chartered Accountants of Sri Lanka and holds a BBA (Accountancy) Sp. Hons degree from the University of Colombo. Currently, she is reading for her Masters in Economics at the University of Colombo and LLB Degree at The Open University of Sri Lanka.

Ms. D. M. M. Dissanayake

Ms. Dissanayake joined the Board of Kalubowitiyana Tea Factory Limited on the 31st March 2021. She is an officer of Sri Lanka Accountant Service (SLACS) since 2008.

She has served as a board member of the Kithul Development Board and currently, Ms. Dissanayaka is the Chief Accountant of the Ministry of Plantation Industries.

She obtained a BSc (Business Administration) Special degree from the University of Sri Jayawardhenapura, Master's in arts (Economic) from the University of Kelaniya and Higher National Diploma in Public Procurement and Contract Administration from SLIDA.

Mr. D. U. Abeyesundara

Mr Abeyesundara was appointed to the Board of Kalubowitiyana Tea Factory Limited on 30th September 2020.

He has 30 years of experience in the tea industry and tea plantations. Currently, he is working as a government employee in a Divisional Office.

Mr. J. Wijesinghe

Mr Wijesinghe was appointed as a Director to the Kalubowitiyana Tea Factory Limited on 30th September 2020.

He has more than 20 years of experience in the public sector and served as an Assistant Director of Ministry of Provincial Council and Local Government. He is also a Board member of the Tertiary and Vocational Education Commission.

Mr Wijesinghe obtained his BA Degree from The University of Kelaniya.

Mr. R. C. D. Jayawardane

Mr Jayawardane was appointed to the Board of Kalubowitiyana Tea Factory Limited on 22nd January 2021.

He has more than 19 years of experience as a legal professional and has served as panel lawyer for 13 institutions including leading banks and insurance companies in the Kegalle District. Prior to his appointment to the Kalubowitiyana Tea Factory Limited, he held the position of Chairman in The Passenger Transport Authority Sabaragamuwa Province, Corporative Employees Commission and Development & Construction Machinery Authority.



Mr. S.A. B. Herath

Mr. Herath was appointed to the Board of Kalubowitiyana Tea Factory Limited on 02nd December 2022.

He has experience in diverse industries and held the various positions in the past in 9 institutes including Chairman of Southern Development Board, Chairman of Council of Youth Crops, Director at National Wealth Corporation, and Director at Hambanthota International Port Group. Currently, he is the Director General at the Chief of Staff Office of the, Presidential Secretariat

Mr. Herath holds a Bsc (Economics) Hons Degree from the University of Wales, Aberystwyth.

Mr. W. K. B. T. K. Alwis

Mr Alwis was appointed to the Board of Kalubowitiyana Tea Factory Limited on 30th September 2020.

He has more than 33 years of experience in different sectors including Administration responsibilities of Local Government Authorities. He served as a board member of German Tec Sri Lanka.

Mr. Alwis holds a diploma from The Ceylon German Technical Training Institute.



CORPORATE MANAGEMENT



Managing Director / CEO
Dr. M. N. Jayawardena



Manager
(Kalubowitiyana Tea Factory)
Mr. T.A. D. J. C. Thilakarathna



Manager
(Derangala Tea Factory)
Mr. S.A. Thusitha



Acting Manager (Finance / HR)
Mr. Prasanna Dehiwalage



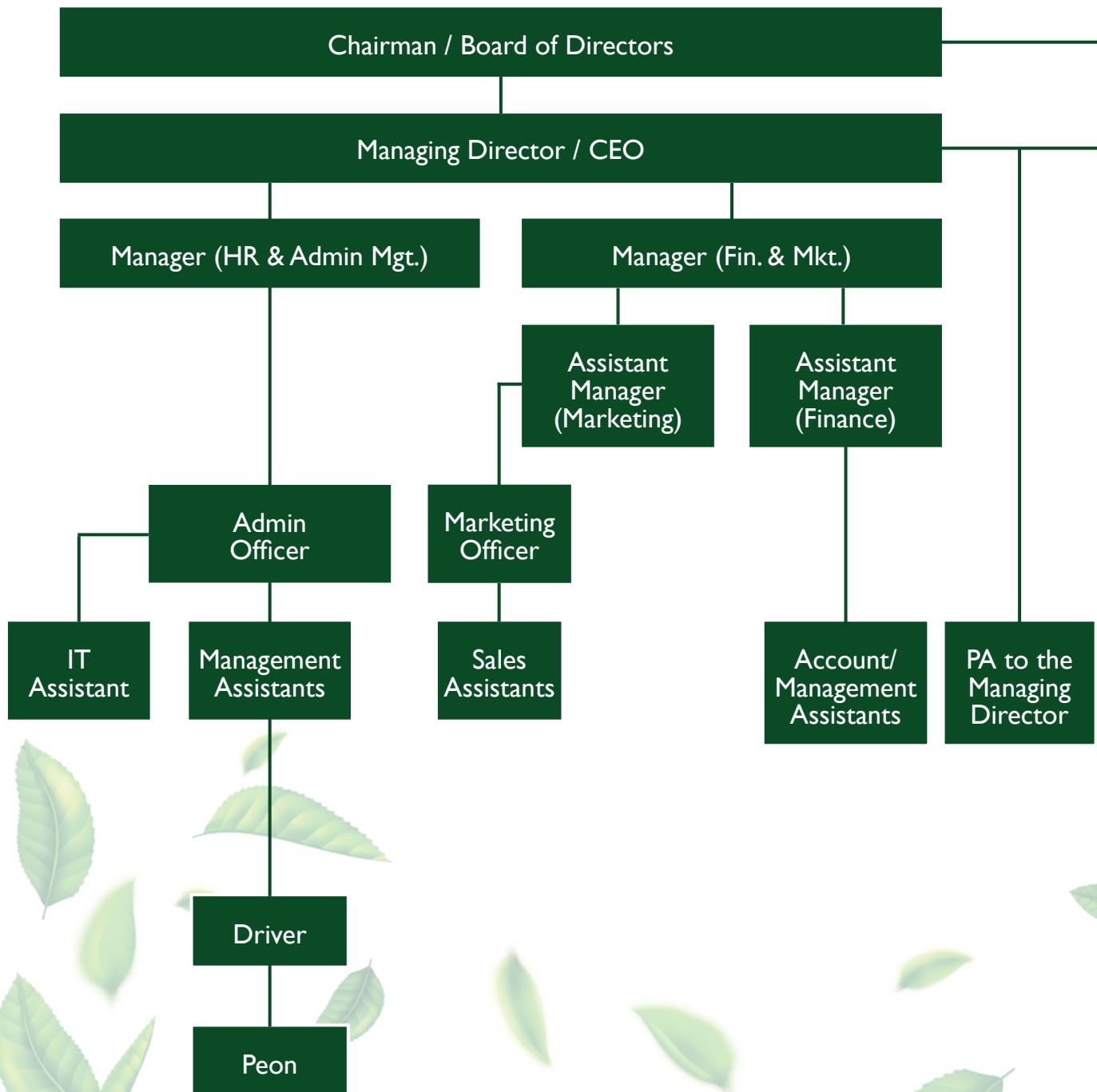
Factory Manager
(Manikdiwela Tea Factory)
Mr. Damith Mohottige



Asst. Manager (Marketing)
Mr. T.W. M.A. Somakumara

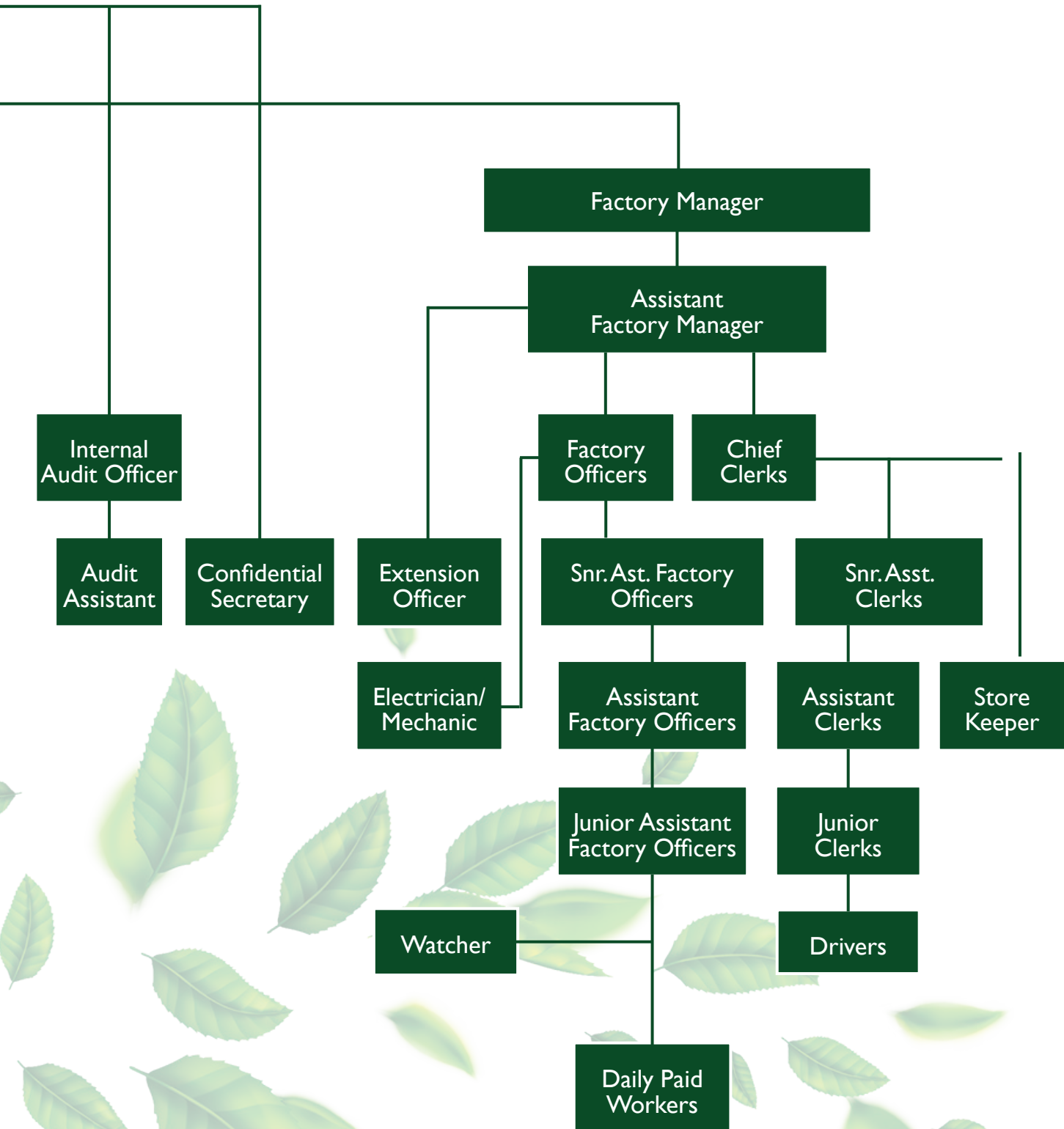


Internal Auditor
Mr. K. Chirantha Amarasena





ORGANIZATIONAL STRUCTURE





OUR TRANSFORMATION

During the first financial year in which all the four factories were in operation, the financial performance was extremely precarious, as the loss recorded by three factories namely Derangala, Hiniduma and Menikdiwela were covered by the profit made by Kalubovitiyana Factory. In 2015/2016 the total loss of the three factories was 35.34Mn and the profit of Kalubovitiyana Factory was 42.46Mn. The 2022/2023 financial year was a remarkable milestone, following the significant management decisions on strategic orientation, factory development, market diversification and sustainability initiatives which added value to shareholders, employees, outgrowers, suppliers and the country's tea sector.

Table - 03

2015/2016	Management Intervention	2022/2023
Rs.775.73 Mn	Revenue Improving product quality.	Rs. 2,635.4 Mn
9.8l Mn	Profit After Tax • Efficient management of costs and resources	Rs. 220.80 Mn
8.62Kg Mn	Annual Green Leaf Intake • Aligned supply chain	7.4 Kg Mn
1.79 Kg Mn	Annual Production • Sustainability policies • Product quality standards	1.54Kg Mn
Rs. 1.14 Mn	Employees' Bonus and Welfare • Training and development • Health Insurance policy.	Rs. 2.9 Mn

Figure - 01

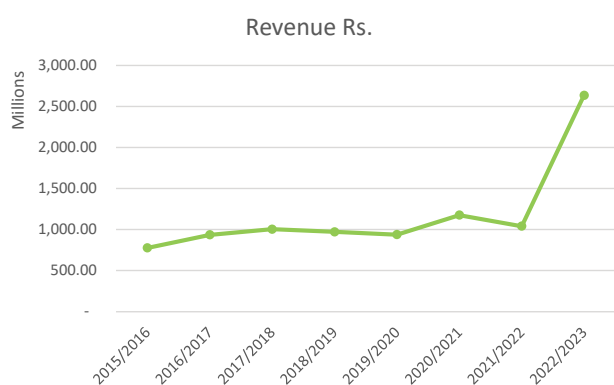


Figure - 02

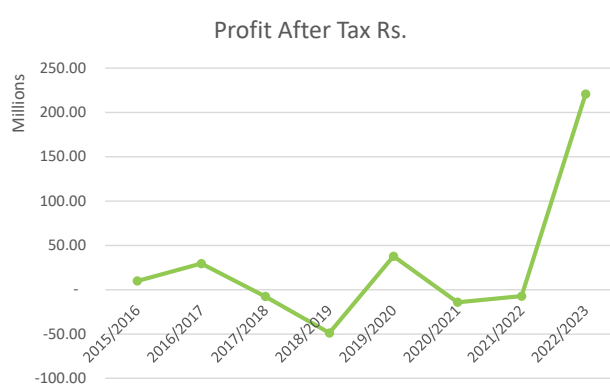


Figure - 03

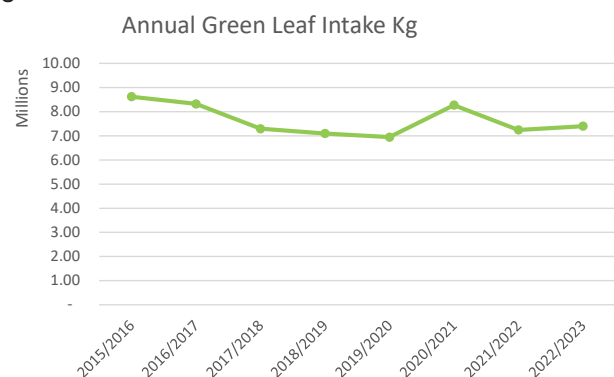
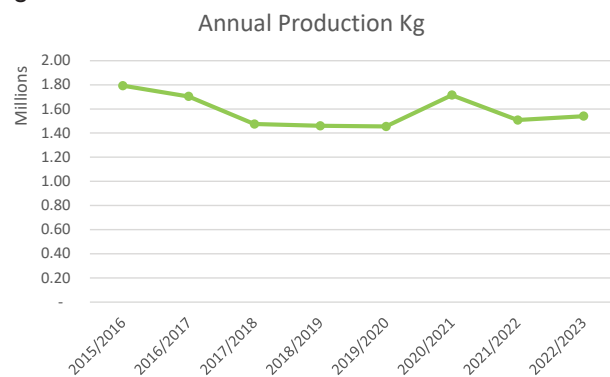


Figure - 04





VALUE CREATION MODEL

The following graphic illustrates the Company's value creation model, which shows how essential capital inputs as defined by the Integrated Reporting Framework are transformed to produce outputs and outcomes for stakeholders in addition to more significant socioeconomic and environmental effects.

KTFL Value Chain





STAKEHOLDER RELATIONSHIPS

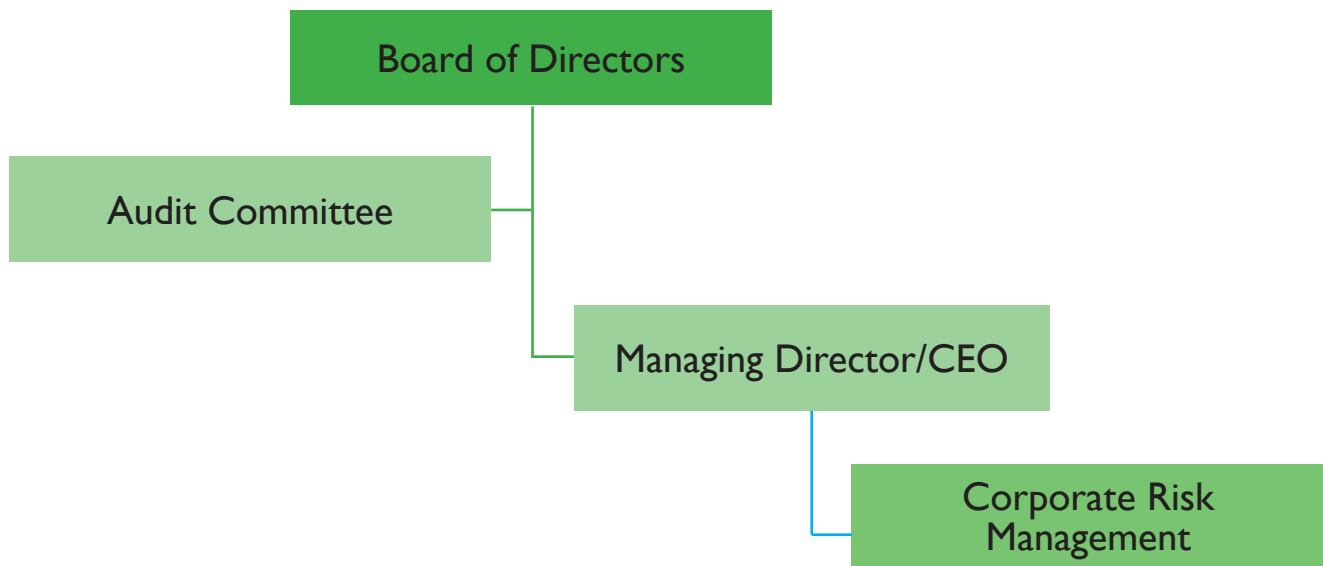
KTFL is aware of how critical it is to recognize and address the issues of our stakeholders. Key stakeholders are identified and given a priority ranking, depending on how much each group may influence or be influenced by our decisions. As a state-owned enterprise, we have enormous responsibility towards the government and the communities. The company's method for choosing involves stakeholders and includes the following list of priorities.

Table - 04

Stakeholder Group	Strategic Plan	Our Response
Shareholders	- Quarterly and annual financial statements - Annual report - Annual general meeting - Earnings per share - Growth & stability	Ongoing communication with the current development status.
Employees	- Job descriptions, targets & KPIs - Circular instructions & review meetings. - Performance appraisals. - Welfare management. - Annual bonus	- Rewards and coherence management. - Training & development. - Career development.
Suppliers	- Awareness programme - Supplying fertilizers - Supplying foodstuffs - Loan schemes - Attractive rates. - On time delivery	- On time payments. - Supplier care.
Out growers	- Quality leaf 50% or High - On time delivery - Compliance with the Tea board requirements. - Attractive leaf rate. - Welfare facilities.	- On time payment. - Appreciations and incentives.
Transports	- Adhere to the Tea board regulations. - Adhere to Agreement. - Welfare scheme.	- On time payment. - Incentive management.
Brokers	- Compliance with the Tea board regulation. - Quantity base on rate.	- Continuous supply. - Recognition.



RISK MANAGEMENT



As a fully government owned company, Kalubowitiyana Tea Factory Limited has given due consideration to its risk management process in order to progress towards achievements of goals and objectives. The ultimate responsibility to manage the risk exposure is held by the Board of Directors. Risk Management is regularly reviewed under two forms of risk, namely, Strategic and Operational risks to ensure that required actions have being taken to minimize the impact where the complete elimination is not possible. Irrespective of the ownership of the business, the nature and the size of the risk is inevitable to manage. Such risk factors can be systematic or unsystematic. Systematic risk cannot be diversified away or avoided. On the other hand, unsystematic risk can be mitigated or avoided with proper risk management activities as it is unique to the respective business operation.

Duties and Responsibilities of the Board of Directors:

- Positioning the limits for the risk appetite of each category of the risk identified
- Reviewing the identified risk policies and approving the required processes

Duties and Responsibilities of the Board Audit Committee:

- Reviewing the identified risk and risk response strategies
- Monitoring the progress of the strategies

Independence Assurance of the External and Internal Auditors:

- Regular reviewing of financials and Internal controls
- Providing recommendation to enhance the existing internal control framework

Duties and Responsibilities of the Corporate Management Committee:

- Analyzing the risk proactively through ongoing discussions with operational level
- Formulating and recommending the appropriate risk mitigating strategies to the Board
- Enhancing and strengthening the risk consciousness among the employees
- Reinforcing adherence to the risk policies and procedures



RISK MANAGEMENT

The following are the highlights of the principal risks and the associated risk mitigating activities of Kalubowitiyana Tea Factory Limited. The Company's method for choosing involves stakeholders and includes the following list of priorities.

Table - 05

Risk	Consequences	Risk Mitigation Actions
Covid 19 Pandemic related issues	- Factory operations getting interrupted due to the pandemic - Supply chain disruptions - High risk for employees' safety and health	Necessary precautions taken to protect employees and suppliers.
Fluctuations in tea prices	The fluctuation in NSA and COP have a direct impact on the profitability in the year under review.	Using market intelligence actions have been taken intelligence, increase NSA whilst taking action to curtail COP as much as possible.
Changing customer preferences	Tea concentrated market can be changed due to number of reasons primarily based on lifestyle and preference of the consumer. There is a trend for increasing health conscious customers in the market and it results in increasing the competition from alternative beverages. Ultimately, this has an impact on the competitive edge.	Identifying the specific customer requirements and continuing to manufacture quality Tea ensuring conformance standards.
Product quality related risk	product quality related issues will directly tarnish the reputation of the company, the competitive edge will be affected by that	Quality assurance has been continually assured by complying with the standards specified under ISO and GMP.
Employee retention	Lack of human resource will interrupt the operation of the company, thereby the profitability and productivity will be affected.	An attractive compensation package and incentive scheme have been introduced while focusing on the welfare needs of all our employees.
Financial risk	Sufficient working capital including readily available funds is crucial for the company. Since there was a downward trend in the interest rate the year under review, both the financing cost and the interest income have decreased compared to the previous year.	Both revenue and cost were effectively and efficiently managed to get the optimal result.



Factory machinery breakdowns	Ensuring the continuous function of the machinery and equipment is crucial to meet the production targets. Disruptions occurred in the operations are ultimately hit the profitability targets.	The required machines were purchased to improve production to reduce the cost of production whilst maintaining the existing machines by attending periodical maintenance and repairs.
Energy Crisis and power interruption and shortage of fuel and firewood	Energy crisis and shortage of fuel and firewood can negatively affect to the day-to-day operations the factories. If this situation prevails in the long run.	The continuous supply of firewood and fuel required for operation was managed by detailed planning. The use of Solar energy for operation was also planned to be introduced next year to manage the energy cost in future.

Corporate Governance

C.G is a system under which entities are directed, controlled, and managed under a system known as corporate governance. It provides the best practices and procedures to oversee an entity's operations and ensure its long-term sustainability. These policies and procedures should essentially support the entity's ability to make decisions and carry out its operations ensuring a sound equilibrium between responsibility, accountability, openness, and fairness.

The Board of Directors is responsible for establishing and maintaining a culture of Good Governance.

Directors

The Board comprise of professionals from different fields experienced in the sectors including Business Management, Finance, Administration, Tea Industry, Law, and Marketing.

The Board of Directors consists of 8 Non-executive directors.

The Board meets at monthly intervals and during the period under review twelve board meetings were held.

Management Committee

The Chairman of the Board headed the Management Committee of the Kalubowitiyana Tea Factory Limited, and the Committee comprises the Managing Director, Finance Manager, Marketing Manager, Factory Managers, and Internal Audit Officer.

Management committee monthly reviews the progress of operations, human resources, administration, finance, marketing, procurement, audit etc. and takes appropriate decisions to effectively manage all these areas.

Management committee plans and implements derived and suitable strategies to handle total operation to achieve the vision, mission, goals, and objectives of the company.

The Committee meets at monthly intervals.

Audit Committee

The Audit Committee is constituted in accordance with the Guidelines on Corporate Governance for State-Owned Enterprises. The Director who represents the General Treasury shall be appointed as Chairman of the committee by the board.

The chairman, Managing Director, and Finance Manager shall attend committee meetings by invitation.

The company's operations are independently examined and assessed by the Audit Committee and authorizes the Internal Audit Function carried out in compliance with the approved "Internal Audit Plan".

Four meetings of the Audit Committee were convened during the period under review.

The report of the audit committee is on page no. 65.



OPERATIONAL INFORMATION

Table - 06

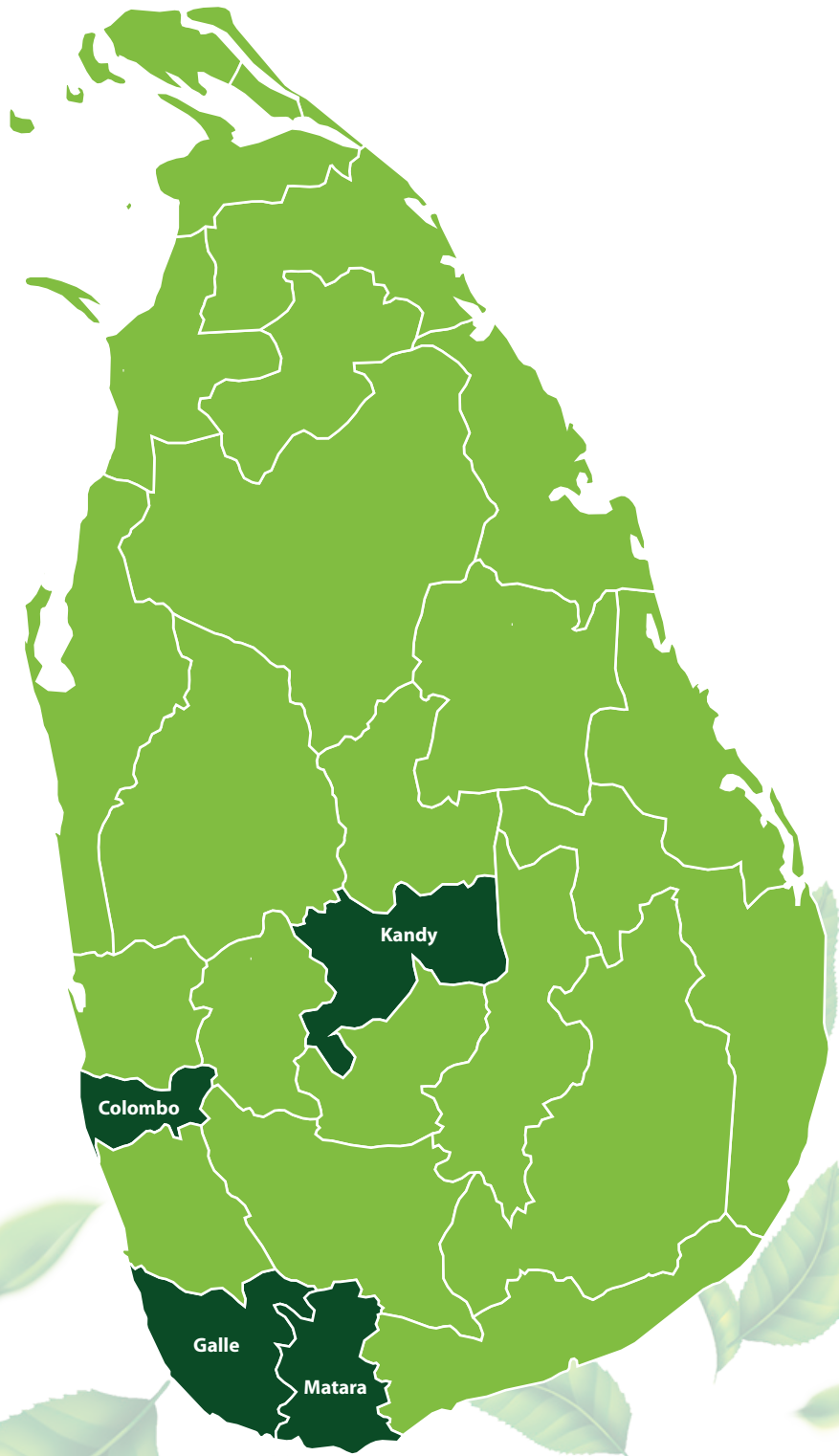
Head Office: Kalubowitiyana Tea Factory Limited					
Address: No. 53, Rathnayaka Mawatha, Pelawatta, Battaramulla, Sri Lanka.					
Human Resources	Managing Director	-	1	Internal Audit Officer	- 1
	Manager/Administration & HR	-	1	Accounts Assistant	- 2
	Manager Finance	-	1	Management Assistant	- 5
	Assistant Manager Finance	-	1	Peon/Office Aid	- 2
	Assistant Manager Marketing	-	1	Driver	- 2

Table - 07 Kalubowitiyana	
	
Kalubowitiyana CTC Factory Abeywila, Kalubowitiyana.	
District	Matara
Sub District	Morawaka
Village	Kalubowitiyana
Elevation	Low Country
Trade Mark	Kalubowitiyana
Type of Production	CTC Teas
Human Resources	
Factory Manager	- 01
Office Staff	- 06
Factory Staff	- 15

Table - 08 Derangala	
	
Derangala Tea Factory Kiriwelkelle, Pitabeddara.	
District	Matara
Sub District	Morawaka
Village	Kiriwelkelle
Elevation	Low Country
Trade Mark	Derangala/Kiriwelkelle
Type of Production	Orthodox Teas
Human Resources	
Factory Manager	- 01
Office Staff	- 04
Factory Staff	- 10

Table - 09 Hinniduma Hills	
	
Hiniduma Hills Tea Factory Jesmin Vally Junction, Thawalama.	
District	Galle
Sub District	Thawalama
Village	Jesmin Vally
Elevation	Low Country
Trade Mark	Hiniduma Hills Thawalama Hills
Type of Production	Orthodox Teas
Human Resources	
Factory Manager	- 01
Office Staff	- 04
Factory Staff	- 13

Table - 10 Manikdewela	
	
Manikdiwela Tea Factory Thismada Road, Manikdewela.	
District	Kandy
Sub District	Yatinuwara
Village	Manikdewela
Elevation	Western Medium
Trade Mark	Manikdewela
Type of Production	Orthodox Teas
Human Resources	
Factory Manager	- 01
Office Staff	- 05
Factory Staff	- 08





AWARDS AND RECOGNITION

2004

Trans World Gold Star Award

Institute of Economic Studies

2005

All Island Highest Sale Average For the Year

F&W

2009

Highest Number of Top Price In the CTC Low - Grown Category From the Year

LCBL

2009

Valued Partner In Progress

LCBL

2011

All Island Most Number of Top Prices For the Year

F&W

2011

Highest Sale Average For the Year CTC Low Category

F&W

2011

All Island Highest Sale Average For the Year Black Tea Category

F&W

2011

Most Number of Top Prices For the Year (Off Grade)

F&W

2011

Most Number of Top Prices For the Year (PD Category)

F&W

2011

Highest Net Sale Average of 434.14 During the 2nd Quarter

Asia Siyaka

2012

All Island Highest Sale Average For the Year

F&W

2012

Most Number of Top Prices For the Year (PD Category)

F&W

2014

Highest Sale Average For the Year CTC Low Category

F&W

2015

Ceylon Specialty Estate Tea of The Year Award Winner at the Competition Held in Dubai (Grade - PFI)

Sri Lanka Tea Board

2015

Ceylon Specialty Estate Tea of The Year Award Winner at the Competition Held in Dubai (Grade - BPI)

Sri Lanka Tea Board



Best Tea Factory Regional Level Sri Lanka Tea Board

2017
Best Tea Factory
Regional Level
National Tea Awards

Best Tea Factory
Regional Level
National Tea Awards

2017
**Ceylon Specialty Estate
Tea of The Year
Finalist at the
Competition Held at
China**
Sri Lanka Tea Board

**Ceylon Specialty Estate
Tea of The Year
Finalist at the
Competition Held at
China**

Sri Lanka Tea Board

2022
**All Time
Record Price**
John Keells

**All Time
Record Price**
John Keells





CERTIFICATIONS






CERTIFICATE OF CONFORMITY



The Sri Lanka Standards Institution certifies that the
Food Safety Management System (FSMS) of
KALUBOWITIYANA CTC TEA FACTORY
ABEWELA, KALUBOWITIYANA, SRI LANKA

has been assessed and approved in accordance with the requirements of
SLS ISO 22000:2018 concerning the products/processes and facilities
described in the authorized schedule bearing the same certificate number
and date as appearing in this certificate

Certificate No: FSC 01244

This certificate granted on **2023-02-24** is valid up to **2024-02-23**

Date of first certification **2014-02-23**


DIRECTOR GENERAL/CEO

SRI LANKA STANDARDS INSTITUTION
No. 17, Victoria Place, Elvitigala Mawatha, Colombo 08, Sri Lanka.
www.slsi.lk

Page 1 of 2


CERTIFICATE OF CONFORMITY

The Sri Lanka Standards Institution
Certifies that the Good Manufacturing Practices System of
KALUBOWITIYANA CTC TEA FACTORY
ABEWELA, KALUBOWITIYANA,
SRI LANKA

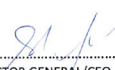
has been assessed and approved in accordance with the requirements of
CXC1 -1969 (REVISED IN 2020) GENERAL PRINCIPLES OF FOOD HYGIENE
SLS 143: 2022 - CODE OF PRACTICE FOR GENERAL PRINCIPLES OF FOOD HYGIENE
(THIRD REVISION)
SLS 1315 PART 2: 2007 CODE OF PRACTICE FOR TEA INDUSTRY-GOOD MANUFACTURING
PRACTICES FOR PROCESSING OF BLACK TEA

Certification No **GMPSC 05253**
This certificate issued on **2023-02-24** is valid up to **2024-02-23**
Date of First Certification **2014-02-23**

SCOPE OF CERTIFICATION

MANUFACTURING CTC BLACK TEA PACKED IN MULTIWALL PAPER SACKS IN BULK

This approval is subject to the continued satisfactory operations of the organization's Good
Manufacturing Practices System.


DIRECTOR GENERAL/CEO

SRI LANKA STANDARDS INSTITUTION
No. 17, Victoria Place, Elvitigala Mawatha, Colombo 08, Sri Lanka
www.slsi.lk


CERTIFICATE OF CONFORMITY



The Sri Lanka Standards Institution certifies that the
Hazard Analysis and Critical Control Points System (HACCP) of
KALUBOWITIYANA CTC TEA FACTORY
ABEWELA, KALUBOWITIYANA, SRI LANKA

has been assessed and approved in accordance with the requirements of
SLS 1266:2011 concerning the products/processes and facilities
described in the authorized schedule bearing the same certificate number
and date as appearing in this certificate

Certificate No: HSC 01924

This certificate granted on **2023-02-24** is valid up to **2024-02-23**

Date of first certification **2014-02-23**


DIRECTOR GENERAL/CEO

SRI LANKA STANDARDS INSTITUTION
No. 17, Victoria Place, Elvitigala Mawatha, Colombo 08, Sri Lanka
www.slsi.lk

Page 1 of 2


Certificate of Conformity

This is to certify that the
Food Safety Management System
of
MENIKDIWELA TEA FACTORY
THISMADA, MENIKDIWELA

is in compliance with the
requirements of ISO 22000:2018

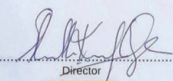
Scope of certification : Activities pertaining to manufacturing of Black Tea

Certificate no. : **FSMS 0127**
This certificate awarded on **2021-11-29** is valid until **2024-11-28**

Date of initial certification : **2021-11-29**

First Servelliance Audit **2022-09-29**
Second Servelliance Audit **2023-09-29**
Recertification Audit **2024-08-29**

Ind-Expo Certification Limited
Apt. No. 20, 1st Floor, Galle Face Court 2,
Colombo 03,
Sri Lanka


Director

Email: info@indexpo.lk
Tel: +94 11 2423452
Web: www.indexpo.lk



RECOGNITION

Rare words of praise from Auditor General for Kalubovitiyana Tea Factory Limited



Chairman of Kalubovitiyana Tea Factory Limited, Aminda Rodrigo, first row (extreme right), with other members of the top management(pic courtesy parliament)

... at last successful public enterprise that adheres to financial regulations

Auditor General W.P.C. Wickremaratne has said the relatively small Kalubovitiyana Tea Factory Ltd., had followed recommendations made by the Committee on Public Enterprises (COPE) way back in 2013 and achieved excellent results.

The AG said so when commenting on the state enterprise recording a significant Rs 2 bn income in 2022, the year of unprecedented turmoil, and a profit of Rs 214 mn after the payment of taxes. Wickremaratne said that such a successful state enterprise hadn't come before COPE for a long time.

The meeting held on 08 Sept., in Parliament, was chaired by Prof. Ranjith Bandara, MP. A statement issued by Parliament's Director Legislative Services/Director Communication (Acting) Janakantha Silva quoted the Chairman of the Kalubovitiyana Tea Factory Limited, Aminda Rodrigo, as having said that their tea factories in the districts of Matara, Galle and Kandy had overcome daunting challenges to achieve success.

The COPE Chair congratulated the institution on its progress.



NON FINANCIAL HIGHLIGHTS

Monthly Production of Tea 2022/2023

Table - II

Month	Kalubowitiyana Tea Factory (Kg)	Derangala Tea Factory (Kg)	Hiniduma Hills Tea Factory (Kg)	Manikdewela Tea Factory (Kg)	Total (Kg)
April '22	60,617	21,351	15,344	26,079	123,391
May	78,563	20,125	13,718	25,838	138,244
June	75,737	16,682	12,116	16,004	120,539
July	89,268	16,844	8,768	6,977	121,857
August	138,749	16,829	9,129	4,953	169,660
September	105,879	17,212	11,979	8,313	143,383
October	72,635	19,705	11,058	6,961	110,359
November	83,574	23,798	12,398	15,363	135,133
December	74,833	22,516	12,697	11,388	121,434
January '23	81,748	21,481	13,865	16,349	133,443
February	66,450	17,302	10,727	19,598	114,077
March	76,519	20,758	16,609	3,211	117,096
Total	1,004,572	234,603	148,406	161,034	1,548,614

Figure 05

Kalubowitiyana Tea Factory

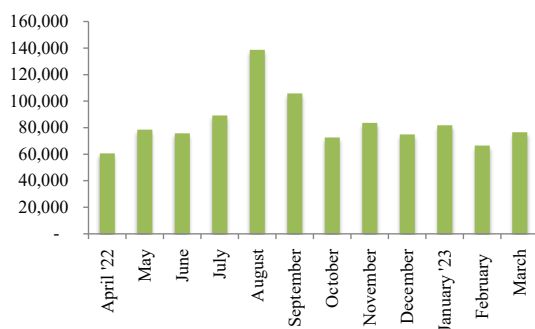


Figure 07

Hiniduma Hills Tea Factory

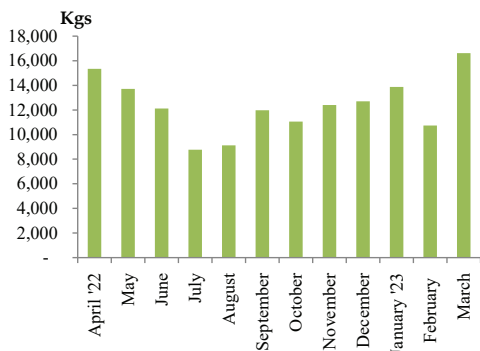


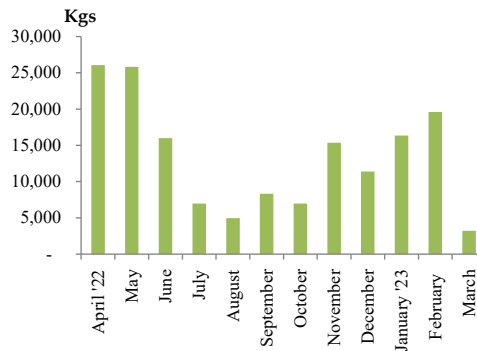
Figure 06

Derangala Tea Factory



Figure 08

Manikdewela Tea Factory





NON FINANCIAL HIGHLIGHTS

Annual Production of Tea

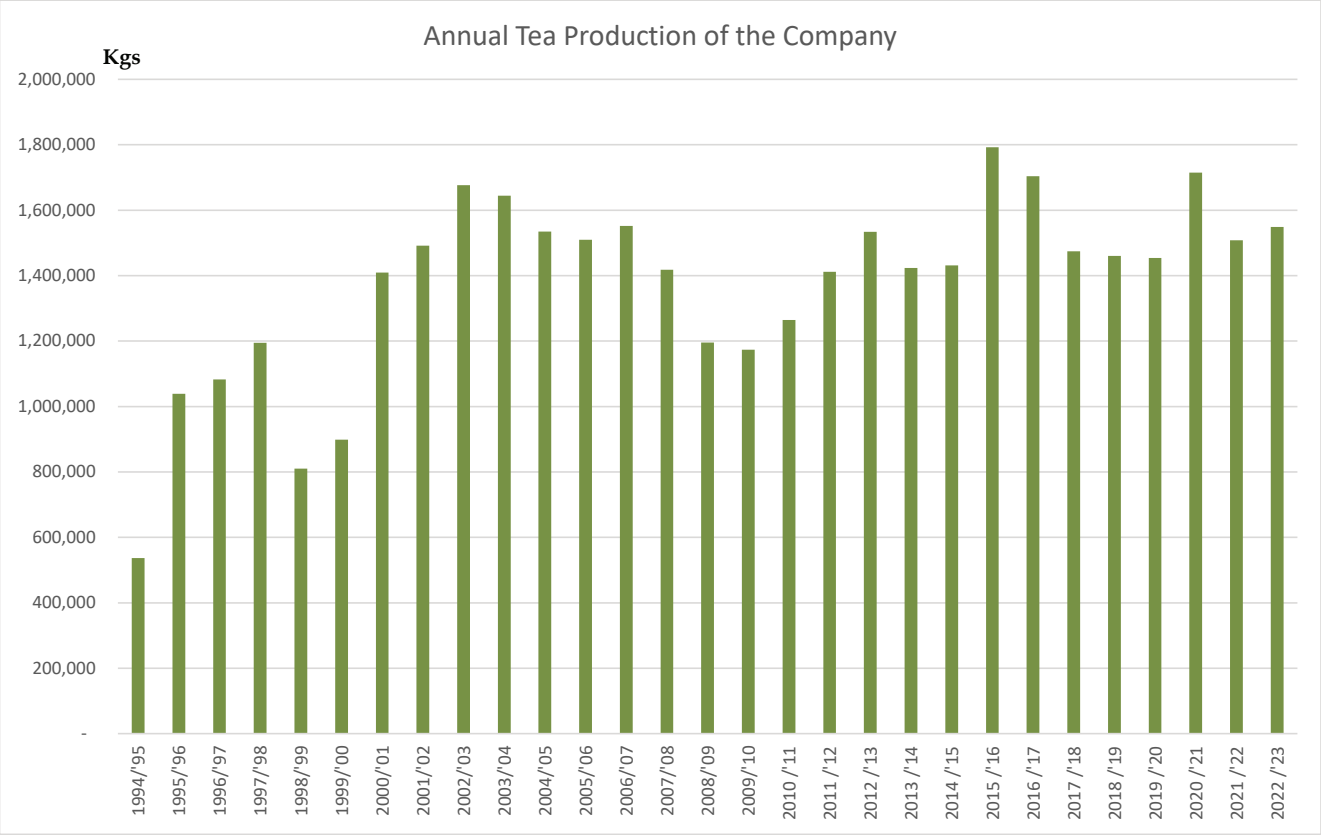
Table - 12

Year	Kalubowitiyana Tea Factory (Kg)	Derangala Tea Factory (Kg)	Hiniduma Hills Tea Factory (Kg)	Manikdewela Tea Factory (Kg)	Total (Kg)
1994/'95	536,780	-	-	-	536,780
1995/'96	1,038,739	-	-	-	1,038,739
1996/'97	1,082,973	-	-	-	1,082,973
1997/'98	1,194,418	-	-	-	1,194,418
1998/'99	809,741	-	-	-	809,741
1999/'00	884,197	14,584	-	-	898,781
2000/'01	914,433	494,894	-	-	1,409,327
2001/'02	954,905	536,601	-	-	1,491,506
2002/'03	1,039,447	636,762	-	-	1,676,209
2003/'04	1,154,969	488,915	-	-	1,643,884
2004/'05	1,173,659	361,154	-	-	1,534,813
2005/'06	1,161,031	348,651	-	-	1,509,682
2006/'07	1,272,903	278,828	-	-	1,551,731
2007/'08	1,097,681	320,512	-	-	1,418,193
2008/'09	967,631	227,617	-	-	1,195,248
2009/'10	950,347	222,824	-	-	1,173,171
2010/'11	994,746	269,314	-	-	1,264,060
2011/'12	1,170,972	240,901	-	-	1,411,873
2012/'13	1,110,907	254,706	168,425	-	1,534,038
2013/'14	995,844	281,666	146,031	-	1,423,541
2014/'15	943,706	315,854	171,751	-	1,431,311
2015/'16	994,541	460,860	219,765	117,017	1,792,183
2016/'17	811,708	429,382	253,157	209,464	1,703,711
2017/'18	731,750	289,634	242,955	210,107	1,474,446
2018/'19	807,843	276,186	174,272	202,120	1,460,421
2019/'20	900,125	290,262	138,805	125,078	1,454,270
2020/'21	916,577	314,349	320,290	163,508	1,714,724
2021/'22	815,525	290,193	209,053	193,272	1,508,043
2022/'23	1,004,572	234,603	148,406	161,034	1,548,614
Total	28,432,669	7,879,251	2,192,910	1,381,600	39,886,430



Annual Tea Production

Figure - 09





NON FINANCIAL HIGHLIGHTS

Monthly Green Leaf Intake 2022/2023

Table - 13

Month	KTF		DTF	
	No. of Suppliers	Qty. Supplied (Kg)	No. of Suppliers	Qty. Supplied (Kg)
April '22	2,269	281,819	727	104,379
May	2,256	378,305	721	101,686
June	2,286	353,160	713	83,345
July	2,384	427,986	700	81,748
August	2,424	647,385	708	81,139
September	2,415	491,997	706	81,958
October	2,389	357,293	707	96,125
November	2,433	388,870	728	117,629
December	2,403	345,314	700	107,214
January '23	2,448	380,424	691	99,165
February	2,417	317,777	685	83,555
March	2,488	367,835	690	102,371
Total		4,738,165		1,140,314

Figure - 10

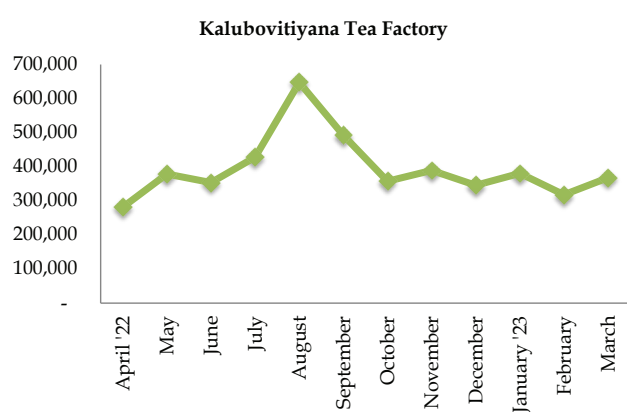


Figure - 11

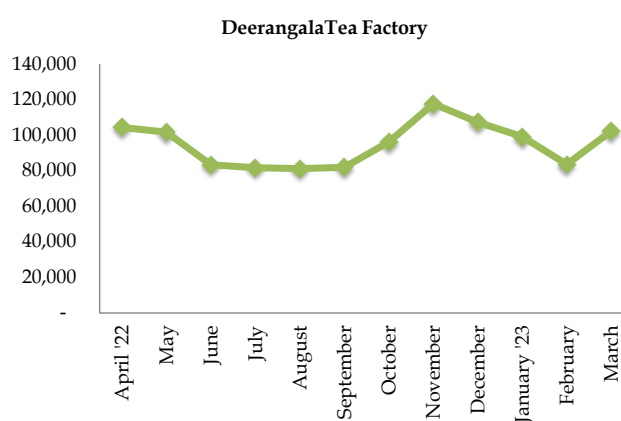




Table - 14

HHTF		MTF			Total
No. of Suppliers	Qty. Supplied (Kg)	No. of Suppliers	Qty. Supplied (Kg)	No. of Suppliers	Qty. Supplied (Kg)
103	75,724	222	120,913	3,321	582,835
97	66,300	209	122,602	3,283	668,893
87	59,715	186	75,122	3,272	571,342
91	42,703	181	32,160	3,356	584,597
92	45,364	174	24,189	3,398	798,077
88	58,382	190	40,708	3,399	673,045
80	54,215	175	32,688	3,351	540,321
84	59,411	166	71,816	3,411	637,726
81	61,735	141	53,479	3,325	567,742
82	66,918	125	71,528	3,346	618,035
84	52,825	111	86,832	3,297	540,989
90	78,585	123	14,820	3,391	563,611
	721,877		746,857		7,347,213

Figure - 12

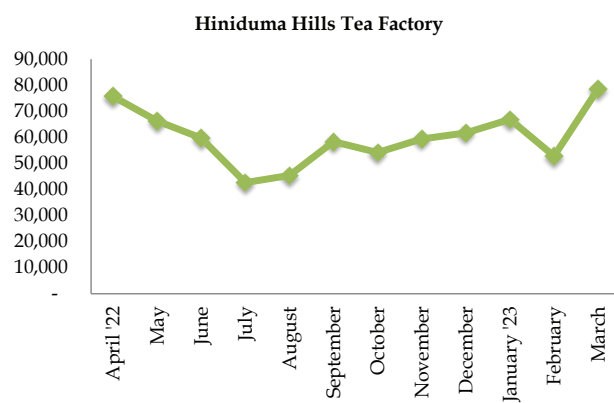


Figure - 13





NON FINANCIAL HIGHLIGHTS

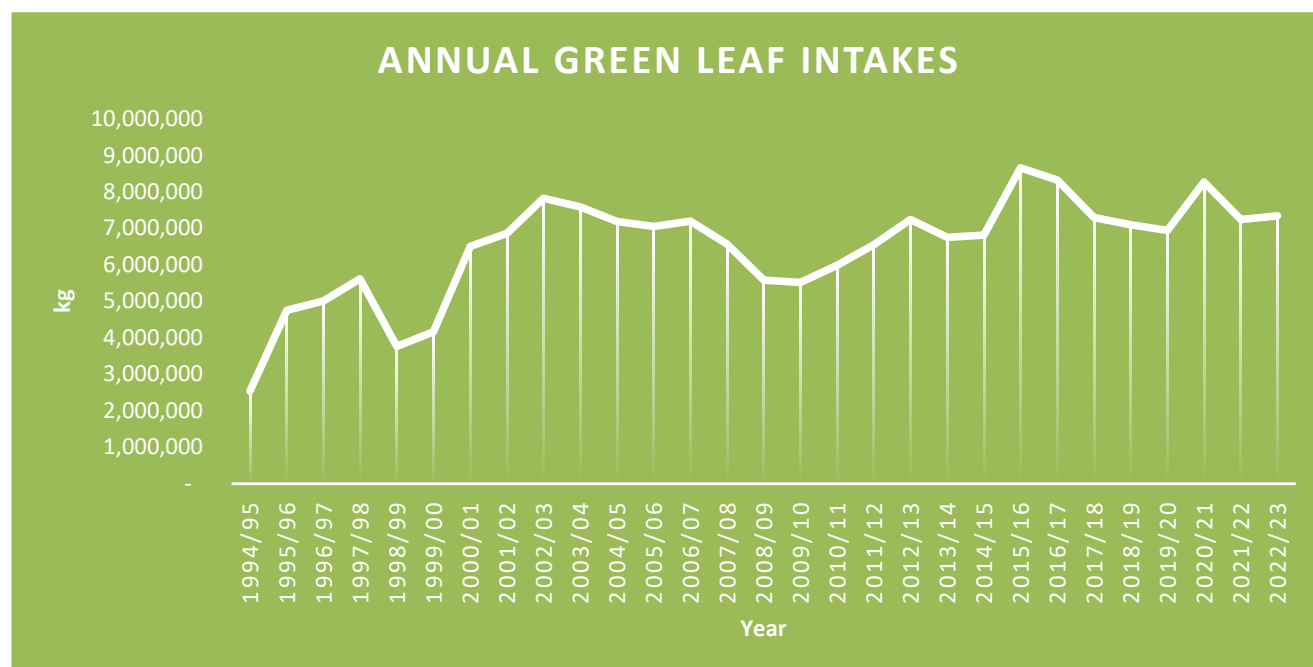
Annual Green Leaf Intakes

Table - 15

Year	Kalubowitiyana	Derangala	Hiniduma Hills	Manikdewela	Total
1994/95	2,539,978	-	-	-	2,539,978
1995/96	4,758,850	-	-	-	4,758,850
1996/97	5,011,298	-	-	-	5,011,298
1997/98	5,619,161	-	-	-	5,619,161
1998/99	3,764,498	-	-	-	3,764,498
1999/00	4,092,958	68,377	-	-	4,161,335
2000/01	4,225,019	2,283,999	-	-	6,509,018
2001/02	4,406,549	2,452,187	-	-	6,858,736
2002/03	4,779,581	3,042,878	-	-	7,822,459
2003/04	5,316,428	2,274,012	-	-	7,590,440
2004/05	5,464,753	1,727,312	-	-	7,192,065
2005/06	5,362,732	1,688,298	-	-	7,051,030
2006/07	5,859,734	1,339,562	-	-	7,199,296
2007/08	5,016,084	1,559,138	-	-	6,575,222
2008/09	4,455,756	1,129,629	-	-	5,585,385
2009/10	4,406,749	1,114,004	-	-	5,520,753
2010/11	4,634,137	1,359,341	-	-	5,993,478
2011/12	5,421,437	1,136,937	-	-	6,558,374
2012/13	5,161,301	1,243,421	838,887	-	7,243,609
2013/14	4,638,578	1,386,298	731,251	-	6,756,127
2014/15	4,446,200	1,539,561	834,380	-	6,820,141
2015/16	4,774,872	2,249,785	1,095,511	542,106	8,662,274
2016/17	3,941,813	2,113,499	1,235,080	1,033,573	8,323,965
2017/18	3,499,414	1,474,475	1,224,781	1,097,625	7,296,295
2018/19	3,855,520	1,342,705	875,077	1,023,085	7,096,387
2019/20	4,237,689	1,399,915	683,988	625,482	6,947,074
2020/21	4,375,283	1,517,906	1,577,904	800,398	8,271,491
2021/22	3,864,328	1,415,917	1,065,152	901,435	7,246,832
2022/23	4,738,165	1,140,314	721,877	746,857	7,347,213
Total	132,668,865	37,999,470	10,883,888	6,770,561	188,322,784



Figure - 14



Contribution to Low Grown CTC Production & National CTC Production

Table - 16

Month	CTC		Production of KTF* Kg 000,	Contribution to the Production	
	Low Grown Kg 000,	National Kg 000,		Low Grown %	National %
April '22	797	1,927	60.62	7.61	3.15
May	891	2,423	78.56	8.82	3.24
June	823	1,526	75.74	9.20	4.96
July	1,000	1,693	89.27	8.93	5.27
August	1,122	1,812	138.75	12.37	7.66
September	940	1,956	105.88	11.26	5.41
October	810	1,727	72.64	8.97	4.21
November	949	1,833	83.57	8.81	4.56
December	863	1,822	74.83	8.67	4.11
January '23	846	1,609	81.75	9.66	5.08
February	724	1,616	66.45	9.18	4.11
March	852	1,872	76.52	8.98	4.09
Total	10,617	21,816	1,004.57	9.46	4.60



NON FINANCIAL HIGHLIGHTS

Table 17 - Contribution to Low Grown Orthodox Production & National Orthodox Production

Month	Orthodox Production			Production	
	Low Grown Kg 000,	Medium Kg 000,	National Kg 000,	DTF,HHTF Kg 000,	MTF Kg 000,
April '22	12,255	3,487	20,885	36.7	26.1
May	13,953	3,814	23,467	33.8	25.8
June	12,303	2,505	18,490	28.8	16.0
July	11,876	2,491	18,047	25.6	7.0
August	11,297	2,048	16,371	26.0	5.0
September	11,767	2,850	18,834	29.2	8.3
October	11,925	2,464	16,855	30.8	7.0
November	11,855	2,541	18,225	36.2	15.4
December	11,411	2,270	17,511	35.2	11.4
January '23	12,222	1,911	17,366	35.3	16.3
February	10,632	2,486	16,908	28.0	19.6
March	12,248	2,837	19,215	37.4	3.2
Total	143,744	31,704	222,174	383.0	161.0

Table 18 - Contribution to Low Grown Orthodox Production & National Orthodox Production

Month	Total Production			Total Production
	Low Grown Kg 000,	Medium Kg 000,	National Kg 000,	Company Kg 000,
April '22	13,052	3,487	22,812	123.4
May	14,844	3,814	25,890	138.2
June	13,126	2,505	20,016	120.5
July	12,876	2,491	19,740	121.9
August	12,419	2,048	18,183	169.7
September	12,707	2,850	20,790	143.4
October	12,735	2,464	18,582	110.4
November	12,804	2,541	20,058	135.1
December	12,274	2,270	19,333	121.4
January '23	13,068	1,911	18,975	133.4
February	11,356	2,486	18,524	114.1
March	13,100	2,837	21,087	117.1
Total	154,361	31,704	243,990	1,548.6



COMPARISON DETAILS - PRODUCTION

Contibution to the production		
Low Grown %	Medium %	National %
0.30	0.75	0.30
0.24	0.68	0.25
0.23	0.64	0.24
0.22	0.28	0.18
0.23	0.24	0.19
0.25	0.29	0.20
0.26	0.28	0.22
0.31	0.60	0.28
0.31	0.50	0.27
0.29	0.86	0.30
0.26	0.79	0.28
0.31	0.11	0.21
0.27	0.51	0.24

Contibution to the production		
Low Grown %	Medium %	National %
0.95	0.75	0.54
0.93	0.68	0.53
0.92	0.64	0.60
0.95	0.28	0.62
1.37	0.24	0.93
1.13	0.29	0.69
0.87	0.28	0.59
1.06	0.60	0.67
0.99	0.50	0.63
1.02	0.86	0.70
1.00	0.79	0.62
0.89	0.11	0.56
1.00	0.51	0.63



NON FINANCIAL HIGHLIGHTS

Comparison of Sales Averages with Elevational

Table - 19

Month	Low Grown Average Rs.	Monthly Average					
		Kalubowitiyana Rs.	Variance	Derangala Rs.	Variance	Hiniduma Hills Rs.	Variance
April '22	1,392.54	1,620.53	227.99	1,585.76	193.22	1,317.92	(74.62)
May	1,372.80	1,855.13	482.33	1,607.90	235.10	1,575.37	202.57
June	1,296.24	2,025.96	729.72	1,608.11	311.87	1,545.40	249.16
July	1,498.00	2,974.15	1,476.15	1,668.84	170.84	1,659.11	161.11
August	1,548.67	2,839.26	1,290.59	1,641.52	92.85	1,620.92	72.25
September	1,666.40	1,930.46	264.06	1,837.79	171.39	1,791.93	125.53
October	1,539.97	1,800.47	260.50	1,675.85	135.88	1,628.33	88.36
November	1,433.75	1,664.92	231.17	1,557.59	123.84	1,575.55	141.80
December	1,504.60	1,737.58	232.98	1,634.78	130.18	1,609.45	104.85
January '23	1,518.89	1,855.92	337.03	1,621.41	102.52	1,561.91	43.02
February	1,484.50	1,782.03	297.53	1,538.62	54.12	1,518.69	34.19
March	1,288.07	1,364.49	76.42	1,038.53	249.54	1,561.91	273.84

Figure - 15

Kalubowitiyana Tea Factory Comparison with Elevational Average

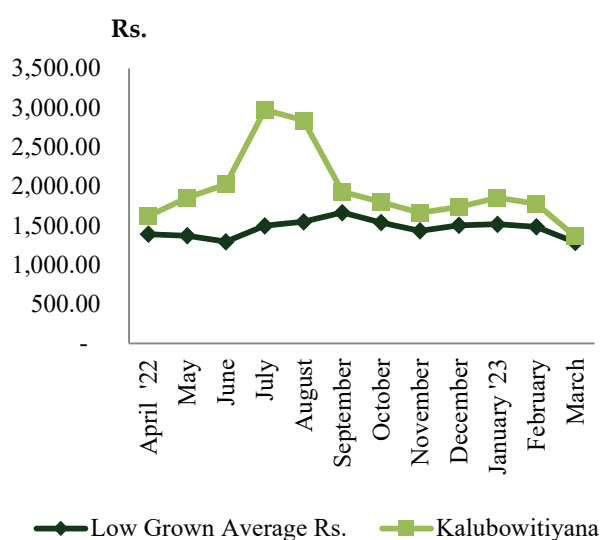
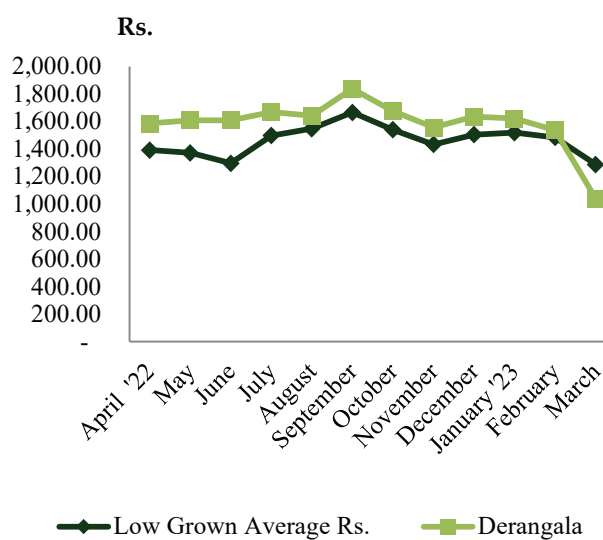


Figure - 16

Derangala Tea Factory Comparison with Elevational Average





Comparison of Sales Averages with Elevational

Month	Medium Grown Average Rs.	Monthly Average	
		Menikdewela Rs.	Variance
April '22	1,148.10	1,118.86	(29.24)
May	1,119.62	1,057.82	(61.80)
June	950.31	972.78	22.47
July	1,113.79	938.27	(175.52)
August	1,211.51	765.19	(446.32)
September	1,298.39	1,126.44	(171.95)
October	1,272.31	1,051.31	(221.00)
November	1,161.33	1,214.86	53.53
December	1,263.14	1,212.30	(50.84)
January '23	1,291.31	1,111.64	(179.67)
February	1,247.74	1,040.45	(207.29)
March	1,113.98	929.89	(184.09)

Figure - 17

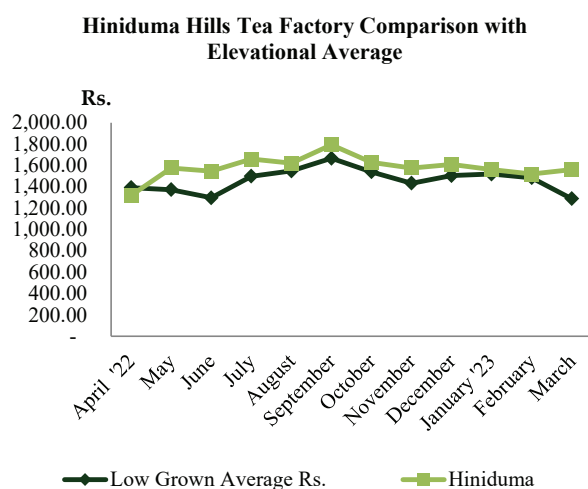
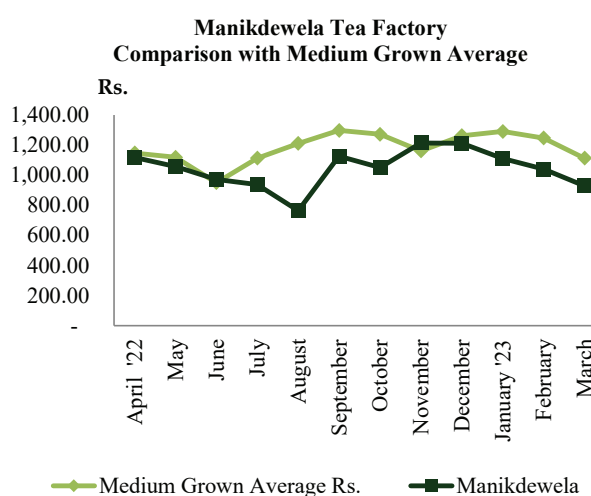


Figure - 18





ANNIVERSARY CELEBRATION







CSR ACTIVITIES



Covid-19 Vaccination campaign



Offering bursaries to Students



Donation of albizia plants to the growers



Tea Cultivation Awareness Programmes





TRAINING & DEVELOPMENT

Training and development form a cornerstone of our efforts toward building our human capital. During the year under review, the Company provided diverse training opportunities to employees in order to enhance their professional and technical skills.

On-the-job training is one of the key methods followed for the training and development of our employees. Further, we have cross-trained our staff in order to empower them to operate in multiple divisions of the Company. Such development procedures have enhanced the flexibility of the Company and enabled it to leverage skill utilisation and maximisation. In return, our employees have been given several opportunities for mobility across the Company and prominence has been given to career development prospects.

Training Programmes for Executives/ Staff/ Workers during the year:

- Staff training on Development of Efficiency (National Institute of Plantation Management).
- Seminar for Executive Staff Regarding Budget 2023 (Colombo Stock Exchange)

Capital Investments

The Company periodically undertakes capacity enhancements in systems, processes and infrastructure to maintain its competitiveness. During the period under review, several projects were embarked upon:

- Plant and Machinery worth Rs.5.4 Mn was added to Derangala Tea Factory.
- Rs. 1.9 Mn worth of Plant and Machinery was added to Hiniduma Tea Factory.

Social Capital

The company considers tea smallholders, staff, and workers to be its key stakeholders and ensures close engagement with them. This strong

stakeholder engagement allows the company to understand the challenges they face. In turn, the company has conducted a host of Corporate Social Responsibility (CSR) projects to benefit and uplift these valued stakeholders.

Healthcare

The health and well-being of the Company's stakeholders is a pivotal concern and several projects are carried out every year to benefit them.

Educational & Other CSR Activities

- The Randalu Welfare Society has been formed for the improvement of quality standards for the welfare of all stakeholders in all four factories.
- Awareness Programmes on Tea Cultivation for the benefit of Tea Small Holders were held in all four factories.
- Keeping in mind the religious nature of our local communities, the Company understands that religion occupies an important part of the lives of its stakeholders' and therefore it facilitates this by organizing alms giving to monks.



FINANCIAL REVIEW

Revenue Analysis

In the year under review, the company reported a revenue of Rs. 2,635 Mn, compared to Rs. 1,041 Mn recorded in the previous financial year, reflecting a 153% year-on-year increase. The tea operation declared exceptional results in the year under review. The main contributory factor for the extraordinary result was the high sales averages gained on the back of the rupee devaluation. KTFL's superior product quality meant the gains were substantially greater and ended up achieving a higher price difference above the auction averages.

Cost of Sales and Operating Expenses

The cost of sales, amounting to Rs. 2,285 million, witnessed a 122.90% increase from the previous financial year. This increase was primarily due to higher costs of green leaf procurement and increased transportation expenses resulting from rising fuel prices. Administration expenses also rose to Rs. 72 million in 2022/23, up from Rs. 36 million in the previous year, in line with increases in various expenditure components.

Other Operating Income

Other Operating Income increased to Rs. 60 Mn from the Rs. 20 Mn recorded in the previous financial year. Consequently the operating Profit was increased to Rs. 337 Mn from the Rs. (2.1) million recorded in the previous year.

Financial Cost

During the year, the company's Finance expenses were Rs. 9.75 Mn. The company earned an interest income amounting to Rs. 19.69 Mn during the current financial year.

Financial Position and Liquidity

Non-Current Assets

The Non-current assets comprise 7.75% of the total assets. During the financial year under review, the company invested Rs. 15.75 Mn in Plant & Machinery, Building and Factory Equipment,

Loan – BCC Lanka Ltd.

During the year, the company made several attempts to recover the loan of Rs. 10 Mn given to BCC Lanka Ltd way back in 2004 along with the accumulated interest of Rs. 51.57 million. However, BCC Lanka Ltd has settled only Rs. 10 million of the capital amount against the company's recovery attempts.

Working Capital

During the year, the company's current assets increased to Rs. 688 million from Rs. 443 million in the previous year. Inventories also increased to Rs. 329 million from Rs. 174 million. The trade payables decreased by Rs. 114 million from Rs. 126 million in the previous year, primarily due to an increase in net short-term assets (NSA). As a result, the company maintained a surplus cash flow, allowing it to keep its working capital cycle within satisfactory limits.

Capital Structure

Equity

During the year, the profit increased to 821 million. However, the financial year under review also saw an increase in brought forward loss reserves.

Borrowings

The company has not obtained any borrowings in this financial year.



DIRECTOR'S REPORT

REPORT OF THE DIRECTORS OF KALUBOWITIYANA TEA FACTORY LTD

The Directors present herewith their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2023 under review.

Summarised Financial Position:

The summarized financial position is as follows:

Table - 20

	2023 RS.	2022 RS.
Revenue	2,635,413,672.26	1,041,133,241
Cost of Sales	(2,285,165,802.89)	(1,026,129,751)
Gross Profit	350,247,869.37	15,003,490
Other Operating Income	60,406,356.64	20,003,552
Profit Before Operating Expenses	410,654,226.01	35,007,042
Administration Expenses	(72,369,962.37)	(36,911,494)
Selling & Distribution Expenses	(1,237,181.17)	(247,805)
Profit from Operating Activities	337,047,082.47	(2,152,257)
Finance Income	19,694,964.91	8,475,019
Finance Expenses	(9,754,534.21)	(9,087,534)
Net Finance Income	9,940,430.70	(612,515)
Net Profit Before Taxation	346,987,513.17	(2,764,772)
Taxation	(126,186,737.83)	(4,533,980)
Net Profit After Taxation	220,800,775.34	(7,298,752)
Earnings Per Share	47.92	(1.58)

Statement of Other Comprehensive Income

For the Year Ended 31st March

Table - 21

Net Profit After Taxation	220,800,775.34	(7,298,752)
Revaluation of Property plant & Equipment	32,052,653.94	210,342,260
Actuarial Gain/(Losses) on Retirement Benefits	725,235.00	2,261,866
Deferred Tax Gain/ (Loss)	(9,833,366.68)	(316,661)
Total Comprehensive Income for the year	243,745,297.60	204,988,713



Financial Statements

The Financial Statements of the Company are given in pages 71 to 76.

Auditors Report

The Auditors Report from the National Audit office is given in page 67 to 70.

Accounting Policies

The Accounting Policies adopted in the preparation of Financial Statements are given on pages 77 to 81. There were no material changes in the Accounting Policies adopted.

Directors' Remuneration And Other Benefits

Directors' remuneration for the financial year ended 31st March 2023 is given in the Notes to the financial statements.

Directors Who Tendered Resignation After The Financial Year

Ms. J.A.T. D. S. Kumara resigned with effect from 07th August 2023.

Directors Appointed After The Financial Year

Mr. B.A.T. Rodrigo was appointed to the Board on 07th August 2023.

Audit Committee Members

- Ms. J.A.T. D. S. Kumara - Chairperson (Resigned w.e.f. 07.08.2023)
- Mr. J. Wijesinghe
- Ms. D. M. M. Dissanayake
- Mr. B.A.T. Rodrigo (Appointed w.e.f. 07.08.2023)

Present Directors

- Mr. B. K.A. U. Rodrigo - Chairman
- Mr. B.A.T. Rodrigo
- Mr. S.A. B. Herath
- Mr. W.A. K. B. T. K. Alwis
- Mr. D. U. Abeyundara
- Mr. J. Wijesinghe
- Mr. R. C. Dinesh
- Ms. D. M. M. Dissanayake

Auditors

The accounts for the year under review were audited by the Auditor General who was for re-appointed. In accordance with the Companies Act No. 7 of 2007 a resolution relating to their re-appointment and authorizing the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

The Auditors were paid Rs. 700,000.00 as audit fees by the Company.

As far as the Directors are aware the Auditors do not have any relationship (other than that of an Auditor) with the Company other than those disclosed above. The Auditors also do not have any interest in the Company.



DIRECTOR'S REPORT

By Order Of The Board

.....
Director

.....
Director

P. R. SECRETARIAL SERVICES (PRIVATE) LIMITED
(PV 2631)

.....
Company Secretary / Director / Authorised Signatory
Company Secretary Reg. No. SEC/(2)/96-25

.....
Secretary

Colombo, 27th November 2023.



AUDIT COMMITTEE

Audit Committee Report

In accordance with Guideline on Corporate Governance for State Owned Enterprises issued by the Department of Public Enterprises, Audit Committee consists of three non-executive directors and chaired by the treasury representative.

As per the guideline, the Audit Committee should assist the Board of Directors in ensuring that financial reporting complies with relevant Sri Lanka Accounting Standards and other applicable legal requirements by continuously reviewing and monitoring compliance with all relevant rules, regulations, and government circulars. Also, Audit Committee is responsible to make recommendations to the Board by reviewing the internal control system and the reports from internal and external audits, and COPE recommendations; enabling the Board in taking corrective actions.

Committee Meetings

The Committee convened four times in the year under review, with all members present, and examined the procedure for evaluating the efficacy of the internal control system in providing an acceptable level of assurance for the safeguard of assets.

Table - 22

Name of the Committee Member	06/06/2022	05/10/2022	30/01/2023	23/03/2023
Ms. J.A.T. D. S. Kumara	√	√	√	√
Ms. D. M. M. Dissanayake	√	√	√	√
Ms. Indrani Sugathadasa / Mr. J. Wijesinghe (Alternate Member to Ms. Indrani Sugathadasa)	√	√	√	√

Attendance by Invitation

Chairman, Managing Director, Finance Manager, and Internal Audit officer attended the meetings by invitation. The Assistant Auditor General representing the National Audit office, Internal Auditor of the Ministry of Plantation Industries participated for the meetings as observers.

Activities of the Committee During the Year

- Examined the annual financial statements of the company.
- Reviewed the internal audit reports, along with the corresponding responses of relevant parties.
- Reviewed the answers prepared to submit for the Audit Queries raised by the National Audit Office relevant to the year and made suitable recommendations.
- Reviewed and discussed the reports relating to disciplinary actions, factory operations, and information system.
- Recommended necessary risk mitigation strategies, necessary controls, and internal control monitoring mechanisms to improve the business operations.

The Audit Committee concludes that terms of reference of the Committee covered the subjects in all material aspects.



AUDIT COMMITTEE

Audit Committee Members

- J.A.T.D.S. Kumara: Chairperson - Director, Kalubovitiyana Tea Factory Limited/ Assistant Director, Department of Public Enterprises
- D.M.M. Dissanayake: Member - Director, Kalubovitiyana Tea Factory Limited/ Chief Accountant, Ministry of Plantations Industries
- J.Wijesinghe: Member - Director, Kalubovitiyana Tea Factory Limited
-

J.A.T.D.S.Kumara
Chairperson- Audit Committee



FINANCIAL STATEMENTS 2022/23

Statement of Profit or Loss

Table - 23

For the Year Ended 31 st March	Note	2023 Rs.	2022 Rs.
Revenue	03	2,635,413,672.26	1,041,133,241
Cost of Sales	04	(2,285,165,802.89)	(1,026,129,751)
Gross Profit		350,247,869.37	15,003,490
Other Operating Income	05	60,406,356.64	20,003,552
Profit Before Operating Expenses		410,654,226.01	35,007,042
Administration Expenses	06	(72,369,962.37)	(36,911,494)
Selling & Distribution Expenses	07	(1,237,181.17)	(247,805)
Profit From Operating Activities		337,047,082.47	(2,152,257)
Finance Income	08.1	19,694,964.91	8,475,019
Finance Expenses	08.2	(9,754,534.21)	(9,087,534)
Net Finance Income		9,940,430.70	(612,515)
Net Profit Before Taxation		346,987,513.17	(2,764,772)
Taxation	09	(126,186,737.83)	(4,533,980)
Net Profit After Taxation		220,800,775.34	(7,298,752)
Earnings Per Share	10.1	47.92	(1.58)

Notes on pages 73 to 105 form an integral part of these Financial Statements.

Statement of other Comprehensive Income

Table - 24

For the year ended 31 st March	Note	2023 Rs.	2022 Rs.
Net Profit After Taxation		220,800,775.34	(7,298,752)
Revaluation of Property plant & Equipment		32,052,653.94	210,342,260
Actuarial Gain/(Losses) on Retirement Benefits		725,235.00	2,261,866
Deferred Tax Gain/(Loss)		(9,833,366.68)	(316,661)
Total Comprehensive Income for the year		243,745,297.60	204,988,713



FINANCIAL STATEMENTS 2022/23

Statement of Financial Position

Table - 25

As at 31 st March		2023	2022
	Note	Rs.	Rs.
Non Current Assets			
Property Plant & Equipment	11	455,278,831.58	408,932,314
Biological Assets	12	9,496,407.44	7,515,076
Receivable From BCC Lanka Limited		51,574,327.25	61,118,342
Total Non Current Assets		516,349,566.27	477,565,732
Current Assets			
Inventories	13	329,654,977.65	174,032,240
Trade & other Receivables	14	84,256,245.09	96,482,877
Income Tax Receivable	24	-	6,687,095
Short Term Investment	15	106,603,103.50	160,388,653
Cash & Cash Equivalents	16	167,631,144.53	6,064,539
Total Current Assets		688,145,470.77	443,655,403
TOTAL ASSETS		1,204,495,037.04	921,221,136
Equity & Liabilities			
Equity			
Stated Capital	17	46,375,070.00	46,375,070
Grant - General Treasury	18	16,881,850.00	18,204,900
Reserves	18	821,703,707.45	578,959,686
Total Equity		884,960,627.45	643,539,656
Non Current Liabilities			
Retirement Benefit Obligation	19	24,165,506.17	23,837,759
Deferred Tax Liability	23	106,580,129.29	44,910,997
Total Non Current Liabilities		130,745,635.46	68,748,757



Current Liabilities			
Trade and Other Payables	20	114,449,763.73	126,054,490
Loans & Borrowing	21	-	6,027,778
Bank Overdrafts	22	-	76,850,455
Income Tax Payable	24	74,339,010.40	-
Total Current Liabilities		188,788,774.13	208,932,723
TOTAL EQUITY & LIABILITIES		1,204,495,037.04	921,221,136

Notes on pages 73 to 105 form an integral part of these Financial Statements.

We certify that the Financial Statements have been prepared in accordance with the requirements of the Companies Act No.7 of 2007.

.....
Managing Director

.....
Manager Finance

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

Singed on behalf of the Board of Directors.

.....
Chairman

.....
Director

27th September 2023



FINANCIAL STATEMENTS 2022/23

Statement of Changes in Equity

Table - 26

	Stated Capital Rs.	General Treasury Rs.
Balance as at 01st April 2021	46,375,070.00	-
Write off - Non Moving Balance from Giragama State		
Accrued Expenses of Lalan Engineering		
Net Profit for the Year	-	-
Other Comprehensive Income		
Grant - General Treasury		18,204,900.00
Balance as at 31st March 2022	46,375,070.00	
Net Profit for the Year	-	-
Write Off - ISO Expenditure of Year 2017		
Interest Income of Saving Accounts of Year 2021/22		
Opening Stock Adjustment		
Other Comprehensive Income		
Amortization of Grant		(1,323,050.00)
Balance as at 31st March 2023	46,375,070.00	16,881,850.00



Capital Reserves Rs.	Retained Profit Rs.	Total Rs.
600,000.00	372,851,741.71	419,826,811.71
		-
	(1,046,770.96)	(1,046,770.96)
		-
	1,566,001.92	1,566,001.92
		-
-	(7,298,751.88)	(7,298,751.88)
		-
	212,287,465.06	212,287,465.06
		-
		18,204,900.00
		-
600,000.00	578,359,685.85	643,539,655.85
		-
-	220,800,775.34	220,800,775.34
		-
	(559,009.00)	(559,009.00)
		-
	500,725.00	500,725.00
		-
	(942,992.00)	(942,992.00)
		-
	22,944,522.26	22,944,522.26
		-
		(1,323,050.00)
		-
		-
600,000.00	821,103,707.44	884,960,627.44

Notes on pages 73 to 105 form an integral part of these Financial Statements.



FINANCIAL STATEMENTS 2022/23

Statement of Cash Flows

Table - 27

For the Year Ended 31 st March		2023	2022
	Note	Rs.	Rs.
Cash From Operating Activities			
Net Profit/ (Loss) Before Taxation		346,987,513	(2,764,772)
Adjustments for:			
Payable Written Back		(3,749,122)	1,566,001
Receivables Written Off		-	(1,046,771)
Depreciation		49,632,166	28,499,468
Provision for Retirement Benefit Costs		5,866,198	4,503,132
ESC Written Off		6,687,095	-
Interest Income		(19,694,965)	(8,475,019)
Depreciation of Biological Assets		213,238	104,845
Bad and Doubtful Debts		2,159,572	121,236
Interest Expenses		9,754,534	9,087,534
Amortization of Government Grant		(1,323,050)	-
Prior Year Adjustment		(1,001,276)	
Operating Profit/(Loss) Before Working Capital Changes		395,531,904	31,595,655
(Increase) / Decrease in Inventory		(155,622,737)	(24,975,524)
(Increase) / Decrease in Receivable from BCC Lanka Limited		9,544,015	(36,630,006)
(Increase) / Decrease in Trade & Other Receivables		23,411,458	
Increase / (Decrease) in Trade & Other Payables		(7,855,604)	42,555,443
Cash Generated From/(Used In) Operations		265,009,035	12,545,567
Gratuity Paid		(4,813,216)	(2,046,568)
Tax Paid		(11,962)	-
Interest Paid		(9,754,534)	(9,087,534)
Net Cash from / (Used in) Operating Activities		250,429,322	1,411,465
Cash Flows from /(Used in) Investing Activities			
Acquisition of Property, Plant & Equipment		(15,756,697)	(22,396,577)
Investment in Capital Work in Progress		1,830,667	(1,577,957)
Acquisition of Biological Assets		(2,194,569)	(1,521,473)
Interest Received		6,350,566	5,739,106
Net Changes In Financial Assets		3,785,549	(672,678)
Net Cash from /(Used in) Investing Activities		5,984,483	(20,429,578)
Net Cash from / (Used in) Finance Activities			
Repayment of Loans & Borrowings		(6,027,778)	(16,933,333)
Grant to General Treasury		-	18,204,900
Net Cash Flows From / (Used in) Finance Activities		(6,027,778)	1,271,567
Net Increase / (Decrease) in Cash & Cash Equivalents		238,417,061	(17,746,546)
Cash & Cash Equivalents at the Beginning of the Year		(70,785,917)	(53,039,371)
Cash & Cash Equivalents at the End of the Year	16	167,631,144	(70,785,917)



NOTE TO THE FINANCIAL STATEMENTS REPORTING ENTITY

1.1 Corporate Information

Kalubowitiyana Tea Factory Limited is a Limited Liability Company incorporated on 30th September 1992 under the Companies Act No. 17 of 1982 and then re-registered under the new Companies Act No. 7 of 2007, on 16th June 2009 and domiciled in Sri Lanka.

The registered office of the Company is located at No. 53, Rathnayaka Mawatha, Pelawatta, Battaramulla.

1.2 Principal Activities & the Nature of Operations

The principle activities of the Company are cultivation, manufacturing and sale of tea from tea leaf purchased from growers and from own estates.

1.3 Directors

The Directors present herewith the audited financial statements for the year ended 31st March 2023. The Directors are responsible for preparing and presenting these financial statements.

The Directors of the Company as at 31st March 2023 were,

- Mr. B. K. Aminda Umesh Rodrigo - (Chairman)
- Mrs. J. A. T. D. S. Kumara
- Mrs. D. M. M. Dissanayake
- Mr. Don Upul Abeysundera
- Mr. W. K. B. T. K. Alwis
- Mr. Jayantha Wijesinghe
- Mr. R. C. D. Jayawardena
- Mr. S. A. B. Herath

1.4 Company Secretaries

RNH Holding (Pvt) Ltd.
RNH House, No. 622B, Kotte Road, Kotte.

1.5 Registered Office

No. 53, Rathnayaka Mawatha,
Pelawatta, Battaramulla.

1.6 Auditors

Auditor General.
National Audit Office
No, 306/72, Polduwa Road,
Battaramulla.

1.7 Date of Authorization for Issuing Financial Statements.

The financial statements of Kalubowitiyana Tea Factory Ltd, for the year ended 31st March 2023 were authorized for issue by the directors on 20th September 2023.

General Policies

2.1 Basis of Preparation

The financial statements of Kalubowitiyana Tea Factory Ltd comprise the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity, accounting policies and notes to the financial statements. These financial statements have been prepared in accordance with the Sri Lanka Accounting Standards (LKAS and SLFRS) laid down by the Institute of Chartered Accountants of Sri Lanka.

2.2 Basis of Measurement

The financial statements have been prepared on historical cost basis except where appropriate disclosures are made with regard to fair value under relevant notes. Assets and liabilities are grouped by nature and in an order that reflects their relative liquidity.

Information about significant areas of estimates, uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements are included in notes to the financial statements.

2.3 Taxation

(a) Current Tax

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and subsequent amendments thereto.



REPORTING ENTITY

(b) Deferred Tax

Deferred Tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for the financial reporting purpose and amounts used for tax purpose. Deferred tax is measured at the tax rate that is expected to apply to temporary differences when they are reversed, based on the laws that have been enacted by the reporting date.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which such timing differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2.4 Valuation of Assets & Their Bases of Measurement

2.4.1 Property, Plant & Equipment

Property, plant and equipment are stated at cost or fair value, less accumulated depreciation and any accumulated impairment in value. The carrying values of property plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. All items of property, plant and equipment are initially recorded at cost. Where items of property, plant and equipment are subsequently revalued, the entire class of such assets is revalued at fair value. Revaluations are done with sufficient regularity. When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the statement of comprehensive income, in which case the increase is recognized in the statement of comprehensive income. Any revaluation deficit that offsets a previous surplus in the same asset is directly offset against the surplus in the revaluation reserve and any excess recognized as an expense.

Upon disposal, any revaluation reserve relating to the asset sold is transferred to retained earnings. Items of property, plant and equipment are derecognized upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the statement of comprehensive income in the year the asset is derecognized.

Depreciation

Provision for depreciation is calculated by using the straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic lives of such assets. The estimated useful lives of assets are as follows;

Asset Category	Years
Buildings	20
Water & Electricity	20
Motor Vehicles	4
Plant & Machinery	8
Equipment	8
Furniture & Fittings	8
Computer Equipment	8
Roads	10
Others	8
Biological Assets (Tea)	30

Freehold land is not depreciated as it is deemed to have an indefinite life.

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

Restoration Cost

Expenditure incurred in repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance, is recognized as an expense when incurred.



2.4.2 Biological Assets

The entity recognizes the biological assets, on cost basis. The biological assets of the company comprise of the tea bushes in Kalubowitiyana & Derangala Factories. The Company recognizes Plants up to 3 years as immature and Tea bushes more than 3 years as matured.

2.4.3 Financial Assets (Non-derivative)

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

For the purpose of classification of financial assets the assessment of the company's financial asset was made as of the date of initial application, 1 April 2020, and then applied retrospectively to those financial assets that were not derecognized before 1 April 2020. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. The classification and measurement requirements of SLFRS 9 did not have a material impact on the company's results and financial position, therefore the company has not restated comparative information for prior periods.

The Company has the following financial assets (non-derivative):

- Loans and receivables
- Cash and cash equivalents

(a) Loans & Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

Cash & Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a Component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents comprise cash in hand and deposits at bank. Bank overdraft is included as a component of cash and cash equivalents for the purpose of the statement of cash flows, which has been prepared using the indirect method.

2.4.4 Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.



REPORTING ENTITY

The Company considers evidence of impairment for receivables at collective level. All receivables with similar risk characteristics are grouped together and collectively assessed for any impairment that has been incurred but not yet identified.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the profit or loss.

2.4.5 Inventories

Inventories comprise processed, unprocessed and semi-processed agricultural produce, and other consumables. Processed, Unprocessed and semi-processed agricultural produce at the end of the financial period is considered as fully processed agricultural produce and is measured at net realizable value.

Other consumables are measured at lower of cost or net realizable value. When the inventories are sold, the Company recognizes the carrying amount of those inventories as an expense in the period in which the related revenue is recognized.

2.5 Liabilities & Provisions

Liabilities are recognized in the statement of financial position when there is a present obligation arising from past event, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Obligations payable at the demand of the creditor or within one year of the financial position date are treated as current liabilities in the statement of financial position. Liabilities payable after one year from the financial

position date are treated as non-current liabilities in the statement of financial position.

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits for which a reliable estimate could be made is required to settle the obligation.

2.5.1 Retirement Benefit Obligations

Defined Benefit Plan – Gratuity

A full provision has been made on account of retiring gratuity from the first year of employment in conformity with the Sri Lanka Accounting Standard No.19- 'Retirement Benefits' according to the actuarial valuation.

The key assumptions used in determining the retirement benefit obligations include the followings:

Disability: 10% of the Mortality Table

Staff Turnover Rates: 1.00% across the board up to age 54 and thereafter zero

Normal Retirement Age: 60 years (The employees who are aged over the specified retirement age have been assumed to retire on their respective next birthdays)

Rate of Discount: 18.00% p.a.

Salary Escalation Rates: Basic Salary: Staff: 13.00% p.a. ; Increments are due every year in the Month specified in the data.

Basic Salary: Daily paid workers: 13.00% p.a.; with next increment due in April 2021.

Allowances: N/A

Retiring Gratuity Formula: Staff: Half month's Salary plus Allowances for each completed year of service for those with at least 5 years' service.

Daily paid workers: 14 days wages for each completed year of service for those with at least 5 years' service.

Defined Contribution Plan - Employees' Provident Fund & Employees' Trust Fund



Employees who are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations.

2.6 Statement of Comprehensive Income

2.6.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of sales discounts and sales taxes.

Sale of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer with the Company retaining neither a continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

Gains & Losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments, are accounted for in the income statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses. Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

Any losses arising from guaranteed rentals are accounted for in the year of incurring the same. A provision is recognized if the best estimate indicates a loss.

Interest Income

Interest income is recognized on accrual basis using effective interest method (EIR).

Other Income

Other income is recognized on an accrual basis.

2.6.2 Expenditure Recognition

Expenses are recognized in the statement of comprehensive income on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency have been charged to the statement of comprehensive income. For the purpose of presentation of the statement of comprehensive income, the "function of expenses" method has been adopted, on the basis that it fairly presents the elements of the Company's performance.

2.7 Basic Earnings/ (Loss) Per Share

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

2.8 Comparatives Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the financial statements in order to enhance the understanding of the financial statements of the current period and to improve the inter- period comparability. When the presentation or classifications of items in the financial statements have been amended, comparative amounts have also been reclassified to conform with the current year in order to provide a better presentation.

2.9 Events Occurring after the Reporting Date

All material post events of statement of financial position have been considered, and where appropriate adjustments or disclosures have been made in respective notes to the financial statements.



AUDIT REPORT 2023



ජාතික විගණන කාර්යාලය தேசிய கணக்காய்வு அலுவலகம் NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

PAL/D/KTFL/FS/01/2022/2023/03

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

23rd October 2023

Chairman,
Kalubovitiyana Tea Factory Limited.

Auditor General's report in terms of Section 12 of the National Audit Act No.19 of 2018 on the financial statements and other legal and regulatory requirements for the year ended 31 March 2023 of Kalubovitiyana Tea Factory Limited.

1. Financial Statements

1.1 Opinion

The audit of the financial statement of Kalubovitiyana Tea Factory Limited ("Company") for the year ended 31 March 2023 comprising the statement of financial position as at 31 March 2023 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No. 19 of 2018 and Finance Act No.38 of 1971. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for the opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Other information contained in the Annual Report 2022/2023 of the Company.

Other information means information, though included in the Annual Report 2022/2023 of the Company which is expected to be handed over to me after the date of this audit but not included in the financial statements and in my audit report thereon. Those charged with management shall be responsible for other information.

My opinion on the financial statements does not cover other information and I do not provide an assurance of any manner or express an opinion on it.

My responsibility in relation to my audit on financial statements is to read other information whenever available and to consider whether there are material inconsistencies between the financial statements or my knowledge gained otherwise and other information in doing so.

On the basis of other information obtained by me and the functions carried out by me prior to the date of this audit report, if I concluded that a material misstatement exists in other information, I am required to report such matters. I have nothing to report in this regard.



1.4 Responsibilities of the management and those charged with governance for the financial statements

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

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

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

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

1.5 Auditor's Responsibility in Auditing Financial Statements

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that



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a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause to cease to continue as a going concern.

- Evaluate the 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.

I have communicated with those charged with governance regarding the significant audit findings, including any significant deficiencies in internal control that I have identified during the audit.

2. Report on other legal and regulatory requirements

2.1 Special provisions are included in respect of the following requirements in the National Audit Act No. 19 of 2018 and the Companies Act No. 7 of 2007.

2.1.1 In terms of the requirements of section 162(2) (d) of the Companies Act No. 7 of 2007 and section 12 (a) of the National Audit Act No. 19 of 2018, except for the effects of the matters described in the section on the 'Basis for the Audit Opinion' of this report, I obtained all information and explanations required for the audit and as far as it appears from my inspection, the Company had maintained proper financial reports.

2.1.2 The financial statements of the Company are in compliance with the requirements indicated in section 151 of the Companies Act No. 7 of 2007.

2.1.3 In terms of the requirement indicated in Section 6(1)(d) (iii) of the National Audit Act No. 19 of 2018, the financial statements presented by the Company are consistent with the preceding year.

2.2 On the basis of the procedures followed and evidence obtained and being restricted within the material matters, nothing that warrants the making of the following statements did not come to my attention.

2.2.1 In terms of the requirement of section 12 (d) of the National Audit Act No. 19 of 2018, whether any member of the governing body of the Company has any interest, direct or otherwise, outside normal business status in any contract entered into by the Company.

2.2.2 In terms of the requirement of section 12 (f) of the National Audit Act No. 19 of 2018, other than the following observations, whether the Company has not complied with any applicable written law, or other general or special directions issued by the governing body of the Company;

Reference to Laws, Rules, Regulations, etc. Observations

Paragraph 3 of Public Enterprises Circular 01/2021 dated 16 November 2021. An operational manual on the operational process and controls including human resources management of the Company had not been prepared and required approvals had not been obtained.

2.1.1 In terms of the requirement of Section 12(f) of the National Audit Act No. 19 of 2018, whether the Company has not performed according to its powers, functions and duties, except for the following observations.



2.1.2 In terms of the requirement of Section 12(f) of the National Audit Act No. 19 of 2018, whether the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

3. Other matters

- (a) The company had failed to recover even by the end of the year under review the deposit of Rs. 1,440,000 made in obtaining the private building at Pelawatta on monthly rent basis in which the head office of the company was maintained for the period from 2013 to 2020, even though the head office had been shifted to another building at Battaramulla.
- (b) Action had not been taken even by the end of the year under review to settle receivable balances of Rs. 536,185 which had not been set off against the advances given to green leaf suppliers of Hiniduma Hills Tea Factory which had been carried forward for more than 04 years.
- (c) A loan amounting to Rs. 10,000,000 had been granted to a public company in the year 2003 at an interest rate of 22 percent on the basis of recovering in 12 installments, and the principal sum was paid back on 22nd June 2022 and the interest of Rs. 51,118,341 recoverable as at the end of the year under review had not been recovered even by 31 March 2023.
- (d) Though a sum of Rs. 1,950,000 had been estimated for the refurbishment of the quarters of the Factory Officer of the Kalubowitiyana Tea Factory which had been accounted to a value of Rs. 1,400,000 in the financial statements during the period from 15 June to 15 July 2022, the work thereof had not been commenced even by the date of the audit i.e. 25 July 2023 and it was observed in the audit that if the quarters which was in an inhabitable condition was not repaired promptly, the company would have to bear a higher cost.
- (e) Though the company had spent Rs. 336,236 by 31 March 2023 for civil activities having awarded the bid for the installation of a water purification system at the Kalubowitiyana Tea Factory Limited at Rs. 534,200, the supplier had not commenced the installation activities of the system even by the date of the audit, i.e. 25 July 2023.
- (f) Though 15 encroachers were residing during the period from 1989-1996 in the 4.075 hectare land whereon the Kalubowitiyana Tea Factory Limited was located which was valued and accounted at Rs. 23,000,00, no action had been taken even by the end of the year review to settle the issue.
- (g) Hiniduma Hills and Menikdiwela tea factories founded under the Tea Shakthi Fund were transferred to the Kalubovitiyana Tea Factory Limited for operational activities in the years 2012 and 2015 respectively and Company had also granted a loan of Rs. 50 million to the Tea Shakthi Fund on 19 March 2019. Though approval had been granted in terms of Cabinet decision No: CP/19/0743/117/024 and dated 19th March 2019 for the lawful acquisition of the ownership of these two factories to the company in lieu of the said capital sum and the interest thereon, the lawful ownership of the said factories had not been acquired even by the end of the year under review.

W.P.C. Wickremaratne
Auditor General



FINANCIAL STATEMENTS 2022/23

Notes to the Financial Statements

Table - 28

For the Year Ended 31 st March		2023	2022
	Note	Rs.	Rs.
NOTE 03 - REVENUE	29.1		
Gross Sales		2,617,924,910.00	997,891,708
Less: Brokerage & Sales Expenses		(32,323,841.16)	(13,517,069)
		2,585,601,068.84	984,374,639
Add: Local Sales		49,812,603.42	56,758,603
Total		2,635,413,672.26	1,041,133,241
NOTE 04 - COST OF SALES	29.2		
Green Leaf Purchases		2,004,613,541.40	746,218,904
Production Cost		277,928,668.92	199,027,577
Production Overheads		118,693,161.70	91,154,926
Cost of Manufacturing		2,401,235,372.02	1,036,401,408
Movement In Finished Goods			
Balance as at the Beginning of the Year		136,006,161.25	126,677,497
Balance as at the End of the Year		(252,075,730.38)	(136,949,153)
Cost of Sales		2,285,165,802.89	1,026,129,751
NOTE 05 - OTHER INCOME			
Refuse Tea Sales Income		32,279,292.89	16,966,740
Welfare Shops Profit/Loss		14,083,386.32	657,751
Tea Fields/Nurseries Profit/Loss		2,354,963.94	719,352
Other Sundry Incomes		6,616,541.80	1,659,709
Amortization of Grant		1,323,050.00	-
Written Back		3,749,121.69	-
Total		60,406,356.64	20,003,552

(Contd...)



Notes to the Financial Statements

For the Year Ended 31 st March	Note	2023 Rs.	2022 Rs.
NOTE 06 - ADMINISTRATION EXPENSES			
Staff Cost	6.1	27,502,839.66	18,024,157
Travelling , Subsistence & Vehicle Hire	6.2	4,338,898.22	3,193,152
Maintenance Expenses - Equipment & Vehicles	6.3	9,404,063.02	4,099,116
Professional Fees	6.4	2,020,848.46	2,115,171
Insurance & License Fees	6.5	2,072,225.66	1,800,374
Printing Stationery & Postage	6.6	2,283,512.91	874,496
Other Administration Expenses	6.7	24,747,574.44	6,805,028
Total		72,369,962.37	36,911,494
NOTE 06.1 - STAFF COST			
Staff Salaries		10,127,174.99	9,749,663
Gratuity		1,005,375.00	845,204
Allowances		5,395,310.35	4,303,090
Overtime & Holiday Payments		772,223.64	236,632
Employee's Provident Fund Contributions		3,876,534.41	1,421,060
Employee's Trust Fund Contributions		351,521.08	349,324
Bonus		1,575,250.00	164,050
Board Member Fees		910,429.82	637,500
Staff Welfare		1,319,944.37	317,634
Other Staff Cost		2,169,076.00	
Total		27,502,839.66	18,024,157
NOTE 06.2 - TRAVELING, SUBSISTENCE & VEHICLE HIRE			
Travelling & Subsistence		1,455,372.84	1,176,844
Hire Charges		2,883,525.38	2,016,308
Total		4,338,898.22	3,193,152
NOTE 06.3 - MAINTENANCE OF OFFICE BUILDING, EQUIPMENT & VEHICLES			
Office Building Maintenance		642,353.50	96,920
Office Equipment Maintenance		1,391,227.01	911,462
Motor Vehicles Maintenance		3,488,276.19	952,616
Vehicle Fuel Cost		3,882,206.32	2,138,118
Total		9,404,063.02	4,099,116



FINANCIAL STATEMENTS 2022/23

NOTE 06.4 - PROFESSIONAL FEES			
Audit Fee		700,000.00	612,000
Other Professional Fees		934,223.46	1,169,747
Secretarial Fees		386,625.00	333,424
Total		2,020,848.46	2,115,171
NOTE 06.5 INSURANCE & LICENCE FEES			
Insurance & License Fees		62,415.71	146,477
Staff Insurance		2,009,809.95	1,653,897
Total		2,072,225.66	1,800,374
NOTE 06.6 - PRINTING, STATIONERY & POSTAGE			
Printing		418,875.00	320,000
Postage		74,351.82	49,360
Stationery		1,790,286.09	505,136
Total		2,283,512.91	874,496

In Note No. 06.01, the company has paid Rs.2,221,659.00 as arrears to the Provident Fund for the period from 2012 to 2018. Additionally, the company accounted as a provision of Rs. 2,169,076.00 on other Staff Costs as compensation against LT Cases filed.

Contd...)



Notes to the Financial Statements

Table - 29

For the Year Ended 31 st March	Note	2023 Rs.	2022 Rs.
NOTE 06.7 - OTHER ADMINISTRATION EXPENSES			
Legal Fees		814,658.00	397,500
Depreciation		3,832,106.41	1,153,586
Donations		-	-
Telephone		1,028,364.67	893,353
Newspapers & Periodicals		22,380.00	-
Rent		1,573,662.73	1,680,000
Electricity		1,789,375.80	937,117
News Paper Advertisements		456,733.00	182,211
Other Utilities & Services		1,048,717.61	1,078,238
Supplies & Requisitions - Others		551,700.27	23,362
Staff Training		127,975.21	25,200
Stamp Duty		16,570.00	13,225
MIS fee		300,000.00	300,000
Bank Charges		1,091,834.10	436,471
Writtn off WHT/ESC (Please see the foot note)		6,687,095.25	-
Doubtful Debts & Inventories (Please see the foot note)		2,159,571.89	121,236
Surcharge (Please see the foot note)		1,110,829.50	-
Factory Lease Rental (Please see the foot note)		2,136,000.00	-
Total		24,747,574.44	6,805,028
NOTE 07 - SELLING & DISTRIBUTION EXPENSES			
Trade Fair & Exhibition		-	-
Meeting Expenses		835,736.17	147,805
Registration Fees		33,150.00	100,000
New Project Expenses		-	-
Promotional Expenses		368,295.00	-
Total		1,237,181.17	247,805
NOTE 08 - NET FINANCE INCOME			
08.01 Finance Income			
Fixed Deposit Interest		18,658,484.71	5,640,600
Treasury Bill Interest		-	20,482
Staff Loan Interest		21,450.88	78,025



FINANCIAL STATEMENTS 2022/23

Savings Account Interest		559,043.92	-
BCC Lanka Limited Loan Interest		455,985.40	2,735,912
Total		19,694,964.91	8,475,019
08.02 Finance Expenses			
Bank Charges		-	
Overdraft Interest		4,409,413.96	6,084,630
Bank Loan Interest		119,269.66	1,135,267
Short Term Loan Interest		5,225,850.59	1,431,167
Total		9,754,534.21	9,087,534
Net Finance Income		9,940,430.70	(612,515)

In Note No. 06.07, the Company has recognised unclaimed ESC/WHT Rs 6,687,095.25 and recognised unusable Packing materials and Inventories with a value of Rs. 1,361,110.74 and Sommerwille & Company value of Rs. 789,461.15 with Board Approval in Bad & Doubtful Debts & Inventories Account, accounted Surcharge paid for EPF unpaid balance from 2012-2018 of Rs 1,110,829.50 in Surcharge Account. Additionally, the company accounted Rs. 2,136,000.00 as payable Lease rentals for Land to LRC and Divisional Secretariat Yatinuwara for Hiniduma & Manikdiwela Factories.

(Contd...)



Notes to the Financial Statements

Table - 30

For the Year Ended 31 st March	Note	2023 Rs.	2022 Rs.
NOTE 09 - TAXATION			
The Company in terms of section 48 (A) of the Inland Revenue Act No 10 of 2006 as amended by the amendment Act No 22 of 2011, profits & Income from agricultural undertaking referred to in section 16 of the Inland Revenue Act is liable at the rate of 14% and 30% as per the first schedule to this Act .Other profits are liable at normal rates.			
9.1 Current Tax Expenses			
Current Year -			-
Under/(Over) provisions of Income tax in previous year		-	-
		-	-
9.2 Reconciliation between Accounting profit to Income Tax			
		-	-
Accounting Profit /(loss) before Taxation		346,987,513.17	(2,764,772)
Income from other sources & exempt Income		62,449,856.00	(33,069,756)
Aggregate Disallowable Items		(74,690,643.07)	33,376,487
Adjusted Profit /(Loss) from the Business		334,746,726.10	(2,458,042)
Income from other sources		-	-
Total Statutory Income			
Sec 32 Deductions		-	-
Qualifying payments			
Taxable Income		-	-
Tax on Agricultural Activities 14%		23,432,270.83	-
Tax on Agricultural Activities 30%		50,212,008.91	-
Tax on Other Income 28%		-	-
Deemed Divident Tax		-	-
Deferred Tax Expenses			
Deferred Tax Charged / (Reversal)		51,835,765.15	(4,533,980)
Total Tax Expense		125,480,044.89	(4,533,980)



FINANCIAL STATEMENTS 2022/23

Notes to the Financial Statements

Table - 3I

For the Year Ended 31st March		2023	2022
	Note	Rs.	Rs.
NOTE 10 - EARNINGS PER SHARE/ DIVIDEND PER SHARE			
10.1 Earnings Per Share			
The basic earnings per share is based on profits attributable to the ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year calculated as follows;			
Net Profit for the Year		220,800,775	(7,298,752)
Weighted Average Number of Shares		4,637,507	4,637,507
Basic Earnings Per Share		47.61	(1.57)
10.2 Dividend Per Share			
Dividend for the Year		-	-
Number of Shares		4,637,507	4,637,507
Dividend Per Share		-	-



Note 11 - Property, Plant & Equipment

Table - 32

Cost (Rs.)	Free Hold Land	Buildings	Plant & Machinery	Factory Equipment
Cost as at 31.03.2022	23,600,000.00	199,783,417.06	142,338,167.31	6,655,455.89
Surplus on revaluation recognized as at 01.04.2022	-	64,124,232.92	11,355,682.07	921,872.71
Cost As at 01.04.2022	23,600,000.00	263,907,649.98	153,693,849.38	7,577,328.60
Additions	-	2,036,821.86	3,238,000.00	1,225,706.54
Surplus on revaluation				
Disposals	-	-	-	-
Transfer	-	-		-
Cost as at 31.03.2023	23,600,000.00	265,944,471.84	156,931,849.38	8,803,035.14

Accumulated Depreciation (Rs.)	Free Hold Land	Buildings	Plant & Machinery	Factory Equipment
Accumulated Depreciation As at 01.04.2022	-			
Current Year Depreciation		17,708,857.81	20,601,770.64	1,859,117.14
Disposals	-	-	-	-
Accumulated Depreciation As at 31.03.2023	-	17,708,857.81	20,601,770.64	1,859,117.14
Net Book Value As at 31.03.2023	23,600,000.00	248,235,614.03	136,330,078.74	6,943,918.00



FINANCIAL STATEMENTS 2022/23

Computer Equipment	Office Equipment	Furniture & Fittings	Tools	Motor Vehicles	Other	Total
2,125,974.54	752,398.17	3,177,803.51	305,048.49	21,770,000.20	4,316,976.94	404,825,242.11
2,101,679.78	1,734.45	547,641.27	-	-	2,999,810.66	82,052,653.86
4,227,654.32	754,132.62	3,725,444.78	305,048.49	21,770,000.20	7,316,787.60	486,877,895.97
2,840,663.50	-	732,938.75	16,500.00	-	5,666,066.06	15,756,696.71
						-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
7,068,317.82	754,132.62	4,458,383.53	321,548.49	21,770,000.20	12,982,853.66	502,634,592.68

Computer Equipment	Office Equipment	Furniture & Fittings	Tools	Motor Vehicles	Other	Total
						-
1,112,750.69	188,156.43	942,850.23	76,262.12	5,442,500.08	1,699,901.00	49,632,166.14
-	-	-		-	-	-
1,112,750.69	188,156.43	942,850.23	76,262.12	5,442,500.08	1,699,901.00	49,632,166.14
5,955,567.13	565,976.19	3,515,533.30	245,286.37	16,327,500.12	11,282,952.66	453,002,426.54



Note 12.1 - Biological Asset

Table - 33

Cost (Rs.)	Immature Plantation	Mature Plantation	Total
Cost as at 01.04.2022	4,773,261.82	3,145,337.47	7,918,599.29
Additions	2,194,568.57	3,251,789.32	5,446,357.89
Disposals			-
Transfer	(3,251,789.32)	-	(3,251,789.32)
Cost as at 31.03.2023	3,716,041.07	6,397,126.79	10,113,167.86
Accumulated Depreciation (Rs.)	Immature Plantation	Mature Plantation	Total
Accumulated Depreciation as at 01.04.2022		403,522.86	403,522.86
Current Year Depreciation		213,237.56	213,237.56
Disposals	-	-	-
Accumulated Depreciation as at 31.03.2023	-	616,760.42	616,760.42
Net Book Value as at 31.03.2023	3,716,041.07	5,780,366.37	9,496,407.44

"The revaluation of the company's assets was performed by the Department of Valuation, recognized as of 31st March 2022. Additionally, the company recognized the value of Hiniduma and Manikdiwela Factories acquired from Tea Shakthi Fund as of April 1, 2022, and depreciated this year. The company recognised and accounted Tea Shakthi Assets against receivable amount of Rs.50,000,000.00 as per Cabinet Approval. Due to non receipt of valuation report from Department of Valuation the company was unable to revalue Derangala Factory Land in the accounts of the year."

(Contd...)



FINANCIAL STATEMENTS 2022/23

Notes to the Financial Statements

Table - 34

As at 31 st March		2023	2022
	Note	Rs.	Rs.
NOTE 12 - BIOLOGICAL ASSETS			
At the Beginning of the Year	12.1	7,515,076.43	6,098,449
Additions During the Year		2,194,568.57	1,521,473
Current Year Depreciation		(213,237.56)	(104,845)
At the End of the Year		9,496,407.44	7,515,076
NOTE 13 - INVENTORIES			
Food & Beverages		27,750,771.47	4,528,041
Finished Goods		256,508,739.50	142,854,159
Consumables Stocks		944,082.46	470,957
General & Other		44,451,384.22	26,179,083
Total		329,654,977.65	174,032,240
NOTE 14 - TRADE & OTHER RECEIVABLES			
Trade Debtors		51,077,392.01	41,960,421
Staff Debtors		1,587,021.99	1,170,958
Deposits		4,608,124.34	11,924,329
Pre payments & Other Receivables		28,802,479.81	40,694,229
Non Moving Balances		27,258.70	2,424,730
Other Debit Balances		-	154,241
		86,102,276.85	98,328,908
Less; Provision For Bad Debts		(1,846,031.76)	(1,846,032)
Total		84,256,245.09	96,482,877
NOTE 15 - SHORT TERM INVESTMENT			
Treasury Bills		269,187.00	269,187
Fixed Deposits - People's Bank		98,144,793.59	97,405,343
Fixed Deposits (Gratuity Investment) - People's Bank		7,364,122.91	7,364,123
Tea Shakthi Fund		-	50,000,000
Short Term Investments -ISA		825,000.00	5,350,000
Total		106,603,103.50	160,388,653
NOTE 16 - CASH & CASH EQUIVALENTS			
People's Bank - Account No. 204100140084885 - Headquarters		23,000.00	25,000
People's Bank - Account No. 204100130084961 - Headquarters		25,000.00	25,000
People's Bank - Account No. 204100140084911 - Headquarters		2,080,177.63	2,883,999
People's Bank - Account No. 060100110000681 - Morawaka		38,400.00	325,563



As at 31 st March	2023	2022
People's Bank - Account No. 060100100000592 - Morawaka	15,000.00	17,000
Bank of Ceylon - Account No. 0006065711 - Neluwa	91.55	92
Bank of Ceylon - Account No. 75958665 - Pelawatta	25,000.00	25,000
Bank of Ceylon - Account No. 205604 - Thawalama	15,000.00	57,966
People's Bank - Account No. 256100110021039 - Pilimathalawa	-	-
People's Bank - Account No. 208100100084885 - Battaramulla	155,351,000.93	-
Savings Accounts - People's Bank	9,542,596.95	2,704,918
Cash in Hand	-	
Cash in Transit	515,877.47	
Total	167,631,144.53	6,064,539

(Contd...)



FINANCIAL STATEMENTS 2022/23

Notes to the Financial Statements

Table - 35

As at 31 st March	2023	2022
	Rs.	Rs.
Unfavourable Cash & Cash Equivalents		
Bank Overdraft	-	(76,850,455)
Total Cash & Cash Equivalents For The Purpose of Cash Flow Statements	167,631,144.53	(70,785,917)
NOTE 17 - STATED CAPITAL		
Issued & Fully Paid		
4,637,507 Numbers Ordinary Shares	46,375,070.00	46,375,070
Total	46,375,070.00	46,375,070
NOTE 18 - RESERVES		
Grant - General Treasury	-	18,204,900
Capital Reserves	600,000.00	600,000
Profit & Loss Account	821,103,707.44	578,359,686
Total	821,703,707.45	597,164,586
NOTE 19 - RETIREMENT BENEFIT OBLIGATION		
Movement in the Present Value of Defined Benefit Obligation		
At The Beginning of the Year	23,837,759.42	23,643,061
Current Service cost	2,290,534.50	2,611,687
Interest Cost	3,575,663.70	1,891,445
Actuarial Gain/Loss	(725,235.20)	(2,261,866)
Prior Year Adjustments		
Payments During the Year	(4,813,216.25)	(2,046,568)
At the End of the Year	24,165,506.17	23,837,759
NOTE 20 - CREDITORS & ACCRUED CHARGES		
Bought Leaf Suppliers	57,843,653.04	47,247,365
Trade Creditors	16,086,150.50	28,655,418
Service Contractors	4,515,985.61	3,329,743
Staff Creditors	4,779,768.73	4,650,477
Accrued Expenses	30,332,724.60	37,713,813
Unclaimed Balances	891,481.25	1,354,125
Other Credit Balances	-	3,103,549
Total	114,449,763.73	126,054,490
NOTE 21 - LOAN BORROWINGS- PEOPLES BANK		
Balance at the Beginning of the Year	6,027,778.19	22,961,111
Loans Obtained During the Year	-	-
Balance of the Year	-	6,027,778



As at 31 st March	2023	2022
Long term Borrowings - Peoples Bank		
Short Term Borrowings - Peoples Bank	-	6,027,778
	-	6,027,778
NOTE 22- BANK OVERDRAFTS		
People's Bank	-	76,850,455
Bank of Ceylon Neluwa 000606571	-	
Total	-	76,850,455
NOTE 23 - DEFERRED TAX LIABILITY/(ASSET)		
At the Beginning of the Year	44,910,997.46	5,450,383
Transferred To / (from) Income Statement	51,835,765.15	39,460,615
Transferred To / (from) P&L	9,833,366.68	
At the end of the Year	106,580,129.29	44,910,997



FINANCIAL STATEMENTS 2022/23

Notes to the Financial Statements

Table - 36

As at 31st March		2023	2022
	Note	Rs.	Rs.
NOTE 24 - INCOME TAX PAYABLE/RECEIVABLE			
Balance as at the Beginning of the Year		(6,687,095.25)	(6,687,095)
Provision for the Year		74,350,972.68	-
		67,663,877.43	(6,687,095)
Payments for the Previous Year			
Payments for the Year			
Gross			
		67,663,877.43	(6,687,095)
Tax Credits			
Economic Service Charge/WHT		6,687,095.25	
Withholding Tax		(11,962.28)	
Net Payable / (Receivable)		74,339,010.40	(6,687,095)

NOTE 25 - CAPITAL COMMITMENTS

There is no Capital expenditure commitment at the balance sheet date.

NOTE 26 - CONTINGENCIES

Pending Legal Cases

1. A labour case has been filed (Case No. LT/KP/34/18/07) by Mr. G. Hemachandra at Kotapola Labour Tribunal against the Company pleading the courts to reinstate him at his duties stating his dismissal from the service is unfair.
2. The Company has filed a appeal case at High Court Matara (HC/AP/232/19) against the decision of Mr. L.S. Wijayamanna's Case no. LT/KP/34/19/07 given by the Kotapola Labour Tribunal
3. The Company has filed an appeal case at High Court Matara (HC/72/23/APPL) against the decision of Mr.H.C.L.P.Heendeniya's Case No. LT/KP/34/06/2018 Decision given the Kotapola Labour Tribunal
4. A case has been filled (Case No. 5186/M) by Mr. H.P.S. Jeewaka Perera at District Court, Kaduwela against the Company for not paying the balance payment for the constrcution carried out at Manikdewela Tea Factory.
5. A case has been filled (Case No. 5187/M) by Mr.Tamaring Tree (Pvt) Ltd at District Court, Kaduwela against the Company for not paying the balance payment for the constrcution carried out at Manikdewela Tea Factory.
6. A labour case has been filed (Case No. 01/Add/15/2022) by Mrs. H.N.I. Malkanthi at Battamulla Labour Tribunal against the Company pleading the courts her dismissal of service is unfair.
7. A labour case has been filed (Case No. 02/1205/2023) by Mr.T.W. M. S. P. Bandara at Borella Labour Tribunal against the Company pleading the courts his termination of service is unfair.



8. A labour case has been filed (Case No. LT/01/64/2022) by Mr. B.G.Nishantha (Hiniduma Hills Tea Factory) at Galle Labour Tribunal against the Company pleading the courts his dismissal of service is unfair.
9. A labour case has been filed (Case No. LT/06/03/2023) by Mrs.W.Gamini (Hiniduma Hills Tea Factory) at Galle Labour Tribunal against the Company pleading the courts her termination of service is unfair.
10. A labour case has been filed (Case No. LT/KP/34/05/2022) by Mrs.Karawitage Vishad Kumara (Derangala Tea Factory) at Kotapola Labour Tribunal against the Company pleading the courts his dismissal of service is unfair.
11. Company has filed a case no.8258/M at Kaduwela District Court against Dr.Samudra Tharangani Kathriarachchi for unsettlement of rent advance deposit for building at No.556, Nagahamulla, Baththaramulla, which the company has rented.

NOTE 27 - EVENTS AFTER THE REPORTING DATE

None

Going Concern

Explanation Transition to SLFRS/LKAS

NOTE 28 - RELATED PARTY DISCLOSURES

Transactions with the related parties in the ordinary course of business carried out on an arm's length basis.

28.1. Transactions With Key Management Personnel (KMP)

KMPs are persons who have authority and responsibility directly or indirectly for planning, directing and controlling the activities of the Company.

The KMP of the Company comprise of the Board of Directors of the Company.

28.1.1. The compensation of KMPs are disclosed in the note 6 to the accounts

28.1.2. No loans were given to KMPs during the Year.

28.1.3. The shareholdings of the KMPs together with their close family members

None

28.1.4. The names of the Directors of the Company, who are also directors of other companies:

None

28.2. Transactions with Close Family Members

Close family members are those who may be expected to influence or be influenced in their dealings with the Company.

There were no transactions with close family members during the year.

28.3. Dealing with Subsidiaries, Associates & Joint Ventures - None

(Contd...)



FINANCIAL STATEMENTS 2022/23

NOTE 29 - FACTORY SEGMENTS

Table - 37

29.1 Sales	Kalubowitiyana Factory Rs.	Derangala Factory Rs.	Hiniduma Hills Factory Rs.
Gross Sales	1,886,137,960.00	349,505,630.00	220,325,030.00
Less: Brokerage & Sales Expenses	(21,816,283.76)	(5,058,760.42)	(3,035,761.41)
	1,864,321,676.24	344,446,869.58	217,289,268.59
Add/Less - Inter Factory Transaction			
Add: Local Sales	20,485,687.47	5,841,900.53	1,010,072.50
Total	1,884,807,363.71	350,288,770.11	218,299,341.09
29.2 Cost of Sales			
Bought Leaf	1,396,936,014.62	298,329,157.58	180,896,754.00
Manufacturing Cost			
Production Cost	151,916,568.31	45,876,354.22	32,810,293.86
General Charges	46,429,144.81	29,570,829.93	19,972,009.49
	1,595,281,727.74	373,776,341.73	233,679,057.35
Add: Opening Stock	58,803,889.88	37,106,350.35	21,000,870.70
Less: Closing Stock	(139,008,586.54)	(50,844,175.72)	(38,636,411.39)
Total	1,515,077,031.08	360,038,516.36	216,043,516.66
Profit/(Loss)	369,730,332.63	(9,749,746.25)	2,255,824.43



Manikdiwela Factory Rs.	Sales Centre Rs.	Total Rs.
161,956,290.00		2,617,924,910.00
(2,413,035.57)	-	(32,323,841.16)
159,543,254.43	-	2,585,601,068.84
		-
4,468,419.32	18,006,523.60	49,812,603.42
164,011,673.75	18,006,523.60	2,635,413,672.26
128,451,615.20		2,004,613,541.40
		-
31,980,098.37	15,345,354.16	277,928,668.92
18,400,850.10	4,320,327.37	118,693,161.70
178,832,563.67	19,665,681.53	2,401,235,372.02
18,764,113.38	330,936.94	136,006,161.25
(22,692,403.09)	(894,153.64)	(252,075,730.38)
174,904,273.96	19,102,464.83	2,285,165,802.89
(10,892,600.21)	(1,095,941.23)	350,247,869.37



FINANCIAL STATEMENTS 2022/23

Table - 38

As at 31st March	2023 Rs.	2022 Rs.
01. TRADE & OTHER RECEIVABLES		
I .1 Trade Debtors		
Bought Leaf Supplier Debts	1,167,767.83	1,405,539
Bought Leaf Supplier Loans	-	-
Bought Leaf Transport Debts	174,771.06	132,928
Fertilizer Debtors	38,833.34	2,922,050
Accounts Payable	4,248,724.77	4,813,511.06
Trade Debtors	45,447,295.01	37,499,904
Subtotal	51,077,392.01	41,960,421
I .2 Staff Debtors		
Checkroll Debts	16,079.68	42,166
Distress Loans	681,978.05	907,351
Festival Advances	613,000.00	30,252
Staff Debtors	273,564.26	175,962
Payee tax Receivable	2,400.00	15,227
Subtotal	1,587,021.99	1,170,958
I.3 Deposits		
Deposits Receivable	4,608,124.34	11,924,329
Subtotal	4,608,124.34	11,924,329
I.4 Prepayments & Other Receivables		
Accounts Receivable	-	11,034,249
Cargills Bank Loan	-	28,593
FD Interest Receivable	17,191,445.62	3,847,047
Arriconut Planting Project	-	2,700
Pepper Planting Project	-	12,900
Ginger Planting Project	-	62,640
Banana Planting Project	-	60,900
Local Sale Receivable	-	12,688
Tea Packet Production	2,207,821.00	4,453,815
Laugh Petroleum	-	8,485
Short Delivery	-	43,896
Organic Fertilizer Project	-	70,757
Tea Sales Centre	-	89,965
Markfred	-	5,854
Officers Welfare Society	-	11,525,610
Sundry Abetment/Bank Remittance	145,152.35	-
Other Advances	370,180.02	1,408,882
Pre payments	4,173,405.73	4,591,627
Pepper Planting Project	15,900.00	-



As at 31st March	2023 Rs.	2022 Rs.
Ginger Planting Project	70,320.00	-
Banana Planting Project	92,820.00	-
Stamps	2,780.50	4,081
Sundry Debtors	3,300,904.59	2,543,300
Refuse Tea Suppliers	1,231,750.00	884,660
Subtotal	28,802,479.81	40,694,229



FINANCIAL STATEMENTS 2022/23

Table - 39

As at 31st March	2023 Rs.	2022 Rs.
1.5 Non Moving Balances		
Tea Small Holding Development Authority	-	18,931
Somerville & Company	-	798,461
T.G. Hemachandra	27,258.70	27,259
CIC Fertilizer	-	348,750
Hayleys Agro	-	366,030
ISO Programme	-	356,972
M.P.C.S.Agalawatta	-	227,025
Unidil Packaging	-	52,914
SITE Preparation	-	202,038
WHMU Priyantha	-	26,350
Withholding Tax Receivable	-	-
Staff Debts	-	-
Subtotal	27,258.70	2,424,730
1.5 Other Debit Balances		
Sundry Abetment/Bank Remittance	-	154,241
Subtotal	-	154,241
Grand Total	86,102,276.85	98,328,908
Provision For Bad & Doubtful Debts	(1,846,031.76)	(1,846,032)
Net Total	84,256,245.09	96,482,877
02. CREDITORS & ACCRUED CHARGES		
2.1 Bought Leaf Creditors		
Bought Leaf Suppliers	57,843,653.04	47,247,365
Subtotal	57,843,653.04	47,247,365
2.2 Trade Creditors		
Agstar Fertilizer	-	97,298
Bank Loan	1,000.00	3,000
Baurs Fertilizer	-	282,000
Ceylon Fertilizer	-	348,750
Chandana Engineering	-	10,400
Eastern Trading	-	10,083
Firewood Contractors	41,400.00	10,225
Helix Engineering	40,871.68	381,227
Hightech Engineeres	-	74,350
Jayasinghe & Company	106,000.00	101,000
Liyanage Stores	-	30,400



As at 31st March	2023 Rs.	2022 Rs.
Rent Payable To BCC Lanka	750,000.00	750,000
Unpaid B'Leaf Suppliers	53,706.65	43,282
Retention Payable	70,000.04	70,000
Sundry Creditors	1,677,593.95	21,626,711
Other Suppliers	13,109,022.12	
Trade Creditors	236,556.06	3,183
Subtotal	16,086,150.50	28,655,418

(Contd...)



FINANCIAL STATEMENTS 2022/23

Table - 40

As at 31st March	2023 Rs.	2022 Rs.
2.3 Service Contractor Payments	-	
Green Leaf Transport	4,515,985.61	3,329,743
Subtotal	4,515,985.61	3,329,743
2.4 Staff Creditors		
Check Roll/Casual Work	2,769,994.14	2,906,339
Provision for Holiday Wages	615,130.13	924,595
Salary Payable	313,092.68	
Staff Overtime/Travelling	598,679.78	376,881
Provision for incentive bonus	-	-
Gratuity Payable	482,872.00	442,662
Subtotal	4,779,768.73	4,650,477
2.5 Accrued Expenses		
Audit fee Payable	700,000.00	1,224,000
B'Leaf Supplier Deposits Payable	5,008,147.99	4,317,757
Cancelled Cheques	-	970,691
CCC Plantation	-	1,515,501
ACEW Union	1,100.00	
CESU	18,406.00	25,246
Cargills Bank	-	175,930
Co-operative Yatinuwara	84,099.53	-
Deposit Payable	241,650.00	206,650
Employees' Provident Fund	4,894,150.50	1,942,293
Employees' Trust Fund	239,385.56	278,514
CPPS	70,183.72	59,978
Filling Station	-	-
Gamini Engineering	-	144,915
Holiday Payments	145,397.97	-
Head Office STN	-	1,105,254
Tea Packet Production	210,310.51	4,453,815
Insurance	51,027.23	-
Laudgh Petroleum	169,850.69	43,516
Co-operative Marketing Federation	-	139,967
Other Accrued Expenses	9,309,805.28	4,443,004
PAYE Surcharge	59,344.00	59,344
B/F Coins	(1,264.98)	-
Return Cheque	3,293,677.23	1,395
Sri Lanka Telecom	-	2,020
Stamp Duty Payable	74,707.74	25,506
Ranmeer Holding	61,566.39	61,566



As at 31st March	2023 Rs.	2022 Rs.
Tea Shakthi Fund	-	2,054,160
Other Staff Cost Payable	2,169,076.00	-
Land Reform Commission	1,888,000.00	-
Divisional Secretariat Yatinuwara	960,000.00	-
Paye Tax Payable	85,492.66	-
WHT Payable	35,400.00	-
Welfare Society	20,000.00	28,600
Randalu Welfare Society	271,270.00	451,030
Factory Welfare Society	271,940.58	18,436,976
Subtotal	30,332,724.60	37,713,813
2.6 Other Credits		
Short Advance	-	3,103,549
Subtotal	-	3,103,549
2.7 Unclaimed Balances		
Checkroll Wages	144,170.62	136,518
Salaries & Wages	358,933.64	432,980
Staff Salaries	361,416.68	-
Bonus	26,960.31	784,627
Sub Total	891,481.25	1,354,125
Grand Total	114,449,763.73	126,054,490

(Contd...)



Table - 4I

	2013/2014	2014/2015	2015/2016	2016/2017
Net Sales	779,486,292	751,044,477.30	775,730,199.81	935,591,884.34
Cost of Sales	(747,630,426)	(737,909,957.50)	(767,358,579.26)	(881,617,227.76)
Gross Profit	31,855,865	13,134,519.80	8,371,620.55	53,974,656.58
Other Income	26,770,146	42,923,956.86	43,465,176.11	19,676,356.10
Profit Before Operating Expenses	58,626,011	56,058,476.66	51,836,796.66	73,651,012.68
Administration & Establishment Expenses Selling & Distribution & Other Expenses	(28,971,387)	(36,183,737.86)	(31,413,579.54)	(33,262,579.21)
Profit From Operating Activities	29,654,625	19,874,738.80	20,423,217.12	40,388,433.47
Finance Expenses	(2,105,842.47)	(2,885,464.36)	(8,428,981.00)	(9,164,033.62)
Net Profit Before Taxation	27,548,782	16,989,274.44	11,994,236.12	31,224,399.85
Income Tax	(8,213,713)	(3,851,962.00)	(2,178,708.00)	(1,723,391.30)
Net Profit After Taxation	19,335,069	13,137,312.44	9,815,528.12	29,501,008.55



TEN YEARS SUMMARY

2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
1,004,319,623.10	971,792,179.69	937,789,275.06	1,175,716,247.36	1,041,133,241.45	2,635,413,672.26
(983,007,160.69)	(985,257,848.93)	(845,680,912.52)	(1,158,860,303.57)	(1,026,129,751.47)	(2,285,165,802.89)
21,312,462.41	(13,465,669.24)	92,108,362.54	16,855,943.79	15,003,489.98	350,247,869.37
26,091,300.53	24,262,802.24	21,925,980.98	26,749,129.73	20,003,552.09	60,406,356.64
47,403,762.94	10,797,133.00	114,034,343.52	43,605,073.52	35,007,042.07	410,654,226.01
(41,116,894.46)	(45,165,514.15)	(51,113,071.98)	(44,560,549.03)	(37,159,299.02)	(73,607,143.54)
6,286,868.48	(34,368,381.15)	62,921,271.54	(955,475.51)	(2,152,256.95)	337,047,082.47
(13,219,529.74)	(18,579,649.64)	(19,653,694.91)	(14,189,483.93)	(612,515.30)	9,940,430.70
(6,932,661.26)	(52,948,030.79)	43,267,576.63	(15,144,959.44)	(2,764,772.25)	346,987,513.17
(654,697.98)	4,167,928.45	(5,535,371.27)	1,001,556.55	(4,533,979.64)	(126,186,737.83)
(7,587,359.24)	(48,780,102.34)	37,732,205.36	(14,143,402.89)	(7,298,751.89)	220,800,775.34

