

**DNA  
testing  
technology**



**Supply Chain**

In line with traceability, we are in the process of introducing diagnostic DNA testing technology to verify fibre content and assure quality and label compliance

Implementing product transformation initiatives to bring new patent products to create more exclusive product ranges for the Group and maintain our exclusivity



**new patent  
products**

**Innovations**

# transfo



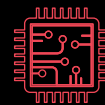
**Finance**

**USD 250 Mn  
Revenue**

Unmatched resilience to record the highest revenue by the group in its' history; a record USD 250 million.

**SAP S/4 HANA ERP**

Archived Digital Transformation  
by Implementing  
SAP S/4 HANA ERP system



**System**

Initiatives taken for Teejay Lanka's ESG journey secured a 90% Higg FEM verified score under the Sustainable Apparel Coalition. This achievement is the highest ever recorded score by any fabric mill in the world, which propels us to a higher sustainable manufacturing level recognised on the international level

**90% Higg FEM  
verified score**



**Sustainability**

# Information



**Operations**

Teejay India capacity was expanded by 20 tons per day.  
Investment of USD 26 Million

**USD 26 Mn.  
Investment**



**Customers**

The Group's initiatives taken to broaden Teejay's strategic brand portfolio by building a strong relationship with world-renowned brands

**strong relationship**

# Contents

About this Report 4

Milestones 5

Our Vision 6

Our Philosophy and Direction 6

Our Values 6

Performance Highlights 8

Our Business 10

Chairman's Review 12

CEO's Message 15

Board of Directors 19

Executive Committee 22

Leadership Team 24

Factory Leadership Team - Teejay Lanka 28

Factory Leadership Team - Teejay Prints 30

Factory Leadership Team - Teejay India 31

## MANAGEMENT DISCUSSION & ANALYSIS 32

Financial Capital 39

Manufactured Capital 44

Human Capital 47

Intellectual Capital 51

Social & Relationship Capital 55

Natural Capital 60

## GOVERNANCE 66

Corporate Governance 67

Enterprise Risk Management 80

Audit Committee Report 84

Remuneration Committee Report 86

Related Party Transactions Review Committee Report 88

Annual Report of the Board of Directors  
for the year ended 31 March 2022 90

Statement of the Directors' Responsibility  
for Financial Reporting 94

## FINANCIAL STATEMENTS 95

Financial Calendar 96

Independent Auditor's Report 97

Statement of Profit or Loss 100

Statement of Comprehensive Income 101

Statement of Financial Position 102

Statement of Changes In Equity - Group 104

Statement of Changes In Equity - Company 105

Statement of Cash Flows 106

Notes to the Financial Statements 107

Five years Financial Summary - Group 163

Shareholding Information 164

GRI Index 167

Glossary of Financial Terms 172

Notice of Meeting 173

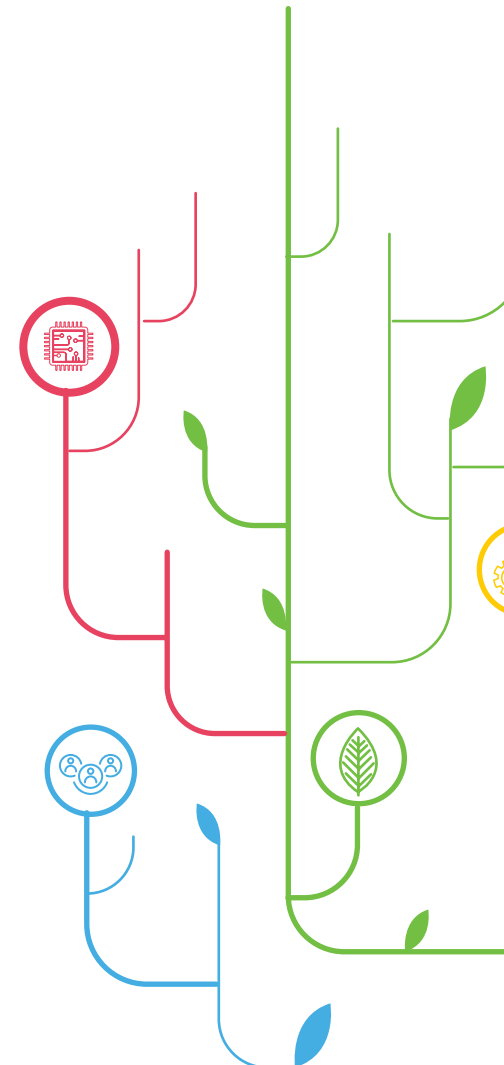
Notes 175

Form of Proxy 177

Corporate Information IBC



Our Annual Report is also available online.  
Please visit our website at [www.teejay.com](http://www.teejay.com) to  
access the report.



# transformation

At Teejay Lanka, we are driven by the belief that the possible begins where the impossible ends. That's why we have positioned ourselves for a new phase of growth and opportunity by transforming, innovating and digitalization multiple aspects of our organisation.

It is a transformation that compels us to think beyond our limitations and embrace the potency of innovation to unlock greater capacities and capabilities.

By constantly pushing boundaries to inspire change and empower boldness, we are laying the foundation for the next chapter of excellence. Our endgame remains unchanged: united by the purpose to create a future of prosperity and unceasing potential, we continue to advance ahead.

# About this Report

## SCOPE & BOUNDARY

This Report covers the operations of Teejay Lanka PLC and its operating subsidiaries in Sri Lanka and India from April 1, 2021 to March 31, 2022. This Report presents the performance of the Group's fabric manufacturing, operations, non-financial and operational information presented herein (unless specifically mentioned) represents the same. There were no material restatements, significant changes to the group size, structure or supply chain during the year. The Group follows an annual reporting cycle and our previous report for the financial year ending 31 March 2021 was covered in the 2020/21 Annual Report.

## STANDARDS AND PRINCIPLES

- Narrative Report: Integrated Reporting Framework of International Integrated Reporting Council.
- Financial Information: Sri Lanka Financial Reporting Standards, Sri Lanka Auditing Standards.
- Governance: Laws and regulations of Companies Act No. 07 of 2007, Listing Rules of the Colombo Stock Exchange (revisions to-date), Code of Best Practice on Corporate Governance (2017) issued by Institute of Chartered Accountants (CA) Sri Lanka, Code of Best Practice on Corporate Governance (2013) issue jointly by CA Sri Lanka and Securities and Exchange Commission (SEC) of Sri Lanka. SEC Act No. 19 of 2021, including directives and circulars.
- Sustainable Development Goals Reporting.
- Sustainability Report: Global Reporting Initiative GRI standards in Accordance Core option

## ABOUT THE CHAPTERS

- Our Leadership Team (Page 24)
- Our Strategies to create and enhance value (Page 33)
- Value Creation through our Capitals (Page 39)
- Governance Structure (Page 67)



We graciously present our 11th Integrated Annual Report where the Group's progressive journey of value creation is illustrated for your perusal. It hopes to communicate the progress achieved in our journey of transformation along with a glimpse into the future that the Group yearns to create with its focus on sustainability driven innovation. The report also intends to communicate our approach towards directing corporate strategies in an integrated manner while being cautious of balancing the often-competing best interests of our diverse stakeholders.

## NAVIGATING OUR REPORT

To demonstrate interconnectivity of information and facilitate ease of navigation, we have used the following icons throughout the report.



## MATERIALITY

In selecting the content to be included in this Report we have adopted the principle of materiality and structured the discussion based on the material issues which matter most to our stakeholders and to our business.

## EXTERNAL ASSURANCE

We adopt a combined assurance model to ensure the credibility and integrity of our reporting. External assurance on the financial statements have been provided by the Messers. PricewaterhouseCoopers while financial, compliance and operating controls are assessed by Group management audit and system review, who are engaged in our internal audit function. The Company's Audit Committee also monitors adequacy and effectiveness of the financial reporting and internal control systems.

## AVAILABLE FORM

**Teejay Lanka PLC**  
Annual Report 2021/22



Online Available as PDF  
[www.teejay.com](http://www.teejay.com)

## Feedback

We understand that Integrated Reporting is a journey of continuous improvement and would appreciate any suggestions you may have in terms of what you would like to see in our next Report. Please direct your feedback to,



**Mr. Salman Nishtar**  
Chief Financial Officer

**Teejay Lanka PLC.**  
Block D8-D14, Seethawaka Export  
Processing Zone, Avissawella.

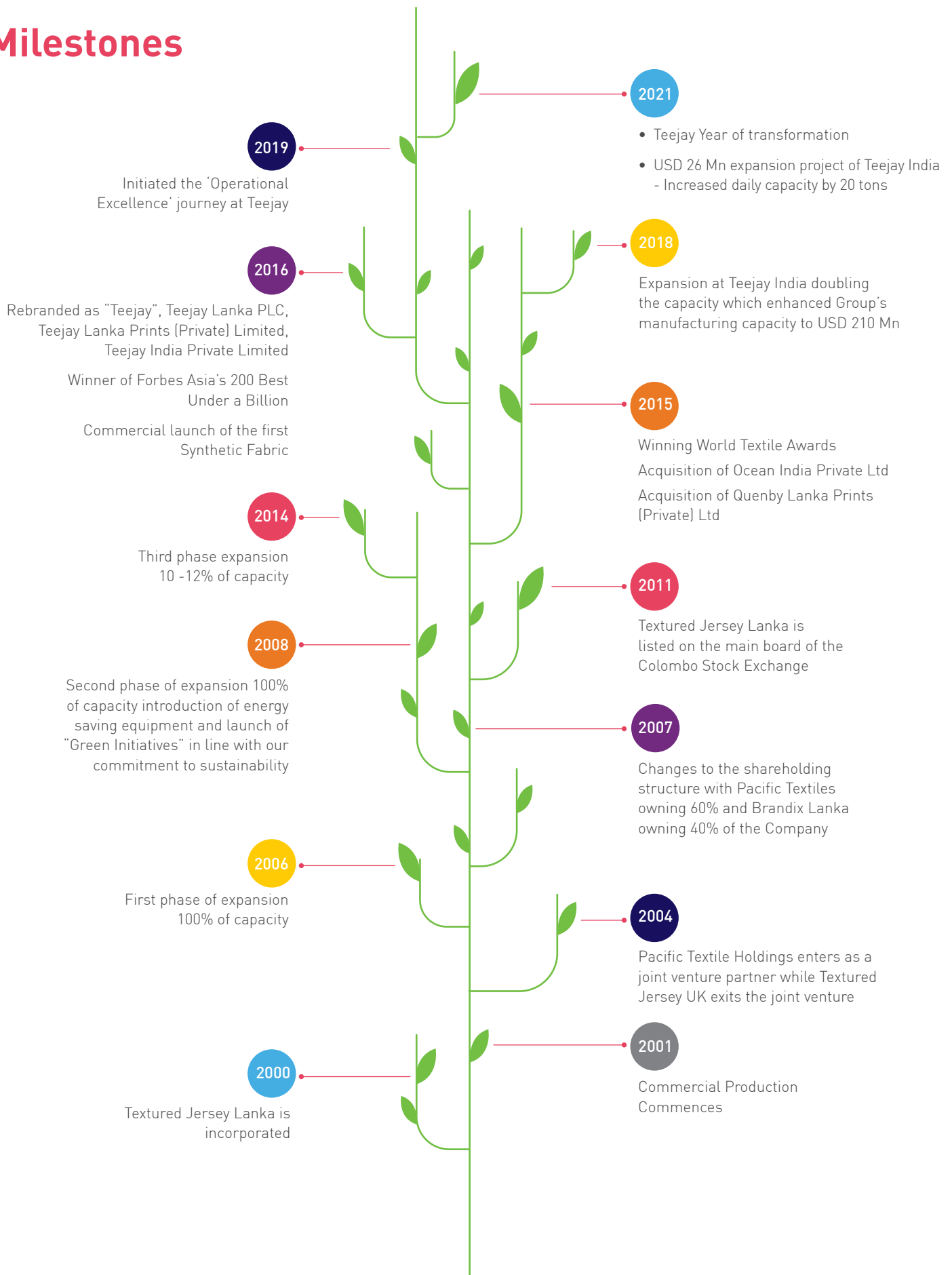


E mail: [info@teejay.com](mailto:info@teejay.com)



Tel: 036 4279500

# Milestones



## Our Philosophy and Direction



## OUR CULTURE

- We Breed Integrity.
- We are Collaborative and Team Driven.
- We are Operational Excellence Driven.
- We Focus on Speed, Innovation and Sustainability.

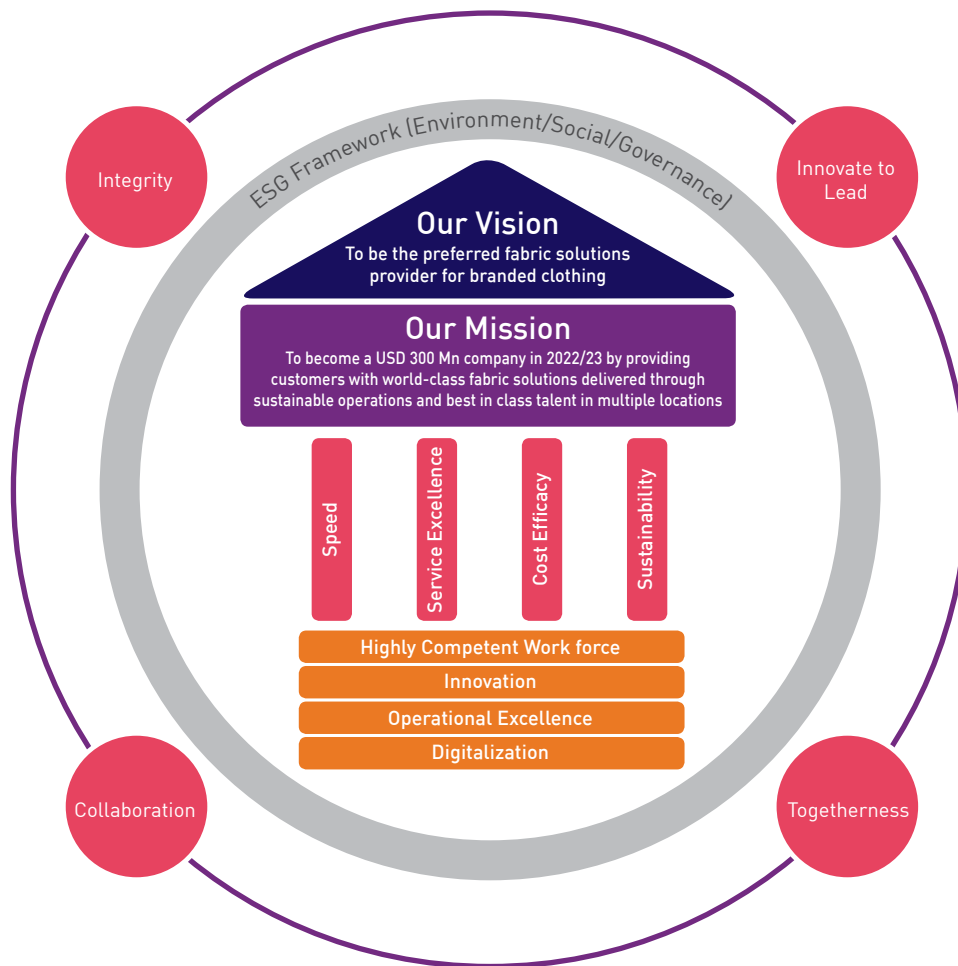
**‘Integrity’** stands at the core of our culture. Doing the right thing always is our passion.

**‘Innovate to Lead’** setting the benchmark to the industry while leading in an innovative deck is a way of life for us.

**‘Collaboration’** is a practice at Teejay. We collaborate with all our stakeholders for the well-being of everyone.

**‘Togetherness’** is a norm for us. Team work is the success behind Teejay’s continual growth and performance.





Teejay's core values are at the heart of the organization's success. Integrity, Togetherness, Collaboration and Innovate to Lead are the attributes that drive all decision-making within the organisation.

A robust Environment, Social and Governance (ESG) Framework provides the guidelines under which the organization gives wings to its ambition to be the 'preferred fabric solutions provider for branded clothing'. Counting some of the most globally reputed apparel brands in its portfolio, this ambition is steadily being realized. Always inspired to achieve new heights, Teejay is on track to become a USD 300 Mn company by spearheading its transformation journey which will enhance all areas of its business through operational excellence.

Teejay dreams big and its customers and skilled employees help it to achieve these dreams. In its mission to provide world-class fabric through sustainable operation and talent, Teejay is doing everything right by leveraging on speed, service excellence, cost efficiency and sustainability.




Continued investments in technology and process improvements ensure that the company offers end-to-end solutions for customers. Teejay's product innovation - Inscope - will become the crucible for breakthrough technologies and product transformation ideas for the apparel sector and other performance fabrics.

Sustainability has been embedded in Teejay's approach to business, especially resource optimization and reduction of its carbon footprint. Sustainable production methods are used to produce fabrics made of sustainable raw materials.

These are the attributes that make Teejay a referred fabric manufacturer in the region.

# Performance Highlights

	Metric	2022	2021	% Variance
<b>Operations</b>				
Revenue	Rs: 000's	49,587,964	31,780,287	56%
Gross Profit	Rs: 000's	4,577,641	3,789,959	21%
Profit from operations	Rs: 000's	2,573,103	2,441,401	5%
Profit after taxation	Rs: 000's	2,531,250	2,139,602	18%
Revenue growth	%	56	-4.5	1345%
Operating profit margin	%	5.2	7.7	-32%
Return on equity (ROE)	%	9.0	12.8	-30%
Return on assets (ROA)	%	4.2	7.4	-43%
Return on capital employed (ROCE)	%	8.62	13.75	-37%
<b>Financial Position</b>				
Non current assets	Rs: 000's	21,996,498	10,499,504	110%
Current assets	Rs: 000's	37,897,277	20,599,835	84%
Non current liabilities	Rs: 000's	7,855,202	1,999,689	293%
Current liabilities	Rs: 000's	23,812,704	11,335,426	110%
Capital and reserves	Rs: 000's	28,225,869	17,764,224	59%
Current ratio	No. of Times	1.6	1.8	-12%
Quick assets ratio	No. of Times	0.9	1.2	-23%
<b>Shareholder Information</b>				
No. of shares in issue	Number	716,739,975	709,322,545	1%
Market value per share (closing)	Rs.	39.8	40.0	-1%
Dividend per share	Rs.	2.00	1.65	21%
Earnings per share	Rs.	3.54	3.04	16%
Net assets per share	Rs.	39.4	25.0	57%
P/E ratio	No. of Times	11.3	13.2	-14%
<b>MANUFACTURED CAPITAL</b>				
Property, plant and equipment	Rs: 000's	14,715,246	8,710,818	69%
Capital expenditure	Rs: 000's	5,962,561	715,458	733%
<b>HUMAN CAPITAL</b>				
Total employees	No.	2,819	2,711	4%
Payments to employees	Rs: 000's	2,859,515	2,408,658	19%
No. of promotions	No.	93	7	1229%
Investment in training	Rs: 000's	9,375	3,033	209%
Total training hours	Hours	17,730	4,051	338%
Average training hours/employee	Hours	6.29	2.65	137%

		Metric	2022	2021	% Variance
 <b>INTELLECTUAL CAPITAL</b>	New products approved	No.	86	70	23%
	Investment in R&D	Rs: 000's	142,462	112,510	27%
 <b>SOCIAL &amp; RELATIONSHIP CAPITAL</b>	Strategic customers	No.	8	8	0
	Investment in CSR (Teejay Lanka & Prints)	LKR	3,974,735	936,395	324%
	Proportion of businesses analysed for risk of corruption %		Nil	Nil	Nil
 <b>NATURAL CAPITAL</b>	Water consumption	L/kg	80	83	-4%
	Specific electricity consumption	kWh/kg	1.76	1.8132	-3%

## Revenue

Rs. **49,588** Mn

2021: Rs. 31,780 Mn ↑ 56%



## Net assets per share

Rs. **39.4**

2021: Rs. 25 ↑ 57%

## Investment in R&D

Rs. **142** Mn

2021: Rs. 112 Mn ↑ 27%



## Total training hours

**17,730** Hours

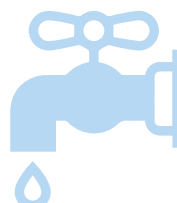
2021: 4,051 Hours ↑ 338%



## Water consumption

**80** L/kg

2021: 83 L/kg ↓ -4%



## No. of promotions

**93**

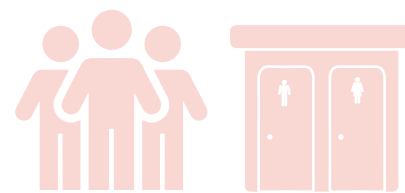
2021: 7 ↑ 1,229%

## Investment in CSR

(Teejay Lanka & Prints)

Rs. **4** Mn

2021: Rs. 1.0 Mn ↑ 324%



## Specific electricity consumption

**1.76** kWh/kg

2021: 1.81 kWh/kg ↓ -3%

## Our Business

The Teejay Group is one of the largest knit fabric mills in South Asia specializing in weft knit manufacturing to have manufacturing facilities located in Sri Lanka and India and a state-of-the-art printing facility in Sri Lanka. Furthermore, Teejay is accepted as the sole multinational mill to originate in Sri Lanka.

The Group gained popularity due to its wide range of products and services offered in relation to weft knit manufacturing that includes dyeing, finishing, and printing – recently expanded to accommodate lace dyeing, yarn dyeing, and synthetic fabric production. Teejay's fabric portfolio is inclusive of; Single Jersey, Interlock, Rib and Pique ranges where leading global brands use the fabrics to manufacture intimates, sleepwear, lingerie, and active wear, and so on. However, Teejay aspires to branch out from traditional means to discover new sophisticated approaches to manufacture fabrics more attuned to the emerging trends and global perceptions.

Teejay's reputation for quality of its products and customer service stems from its ability to meet evolving customer needs despite the

unpredictability and dynamic nature of the fast paced fashion industry. Understanding the vitality of transforming and reinventing business practices, the company assigned Sustainability, Innovation, and Synthetic as key pillars of growth for the upcoming years. Progress has been made in these aspects – indicated by the recent inclusion of digital printing, lace, and technical synthetic production into the Group's portfolio.

Teejay's research arm engages in R&D in fiber, yarn, dyes, and chemicals and its processes gives the company the lenience to offer customized solutions to clients, thereby capturing a competitive edge due to constant innovation. With more focus being given towards sustainability, Teejay is evaluating the possibility of transitioning into the use of renewable energy sources as opposed to alternate energy sources. The Group's progressive attitude enabled the brand to grow amongst European, American, and Asian markets whilst positioning it as a preferred fabric provider for leading retail brands such as PVH, Calzedonia, L Brands, Decathlon, Marks & Spencer, Nike, Uniqlo, and LIDL among others.

### Our Scale



**3 Manufacturing facilities in  
2 countries with a printing plant**



**2,819**  
Employees

### Performance

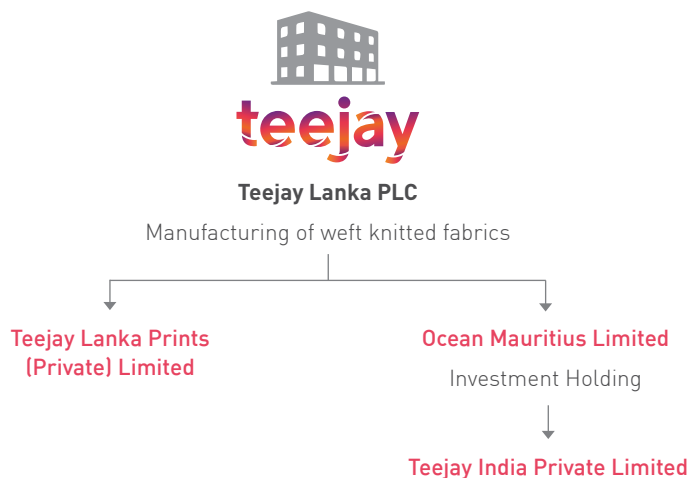


**Rs. 50 Bn**  
Revenue



**Rs. 39.4**  
Net Assets Per share

### GROUP STRUCTURE



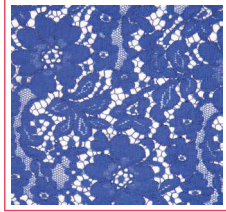
## OUR MARKET REACH

Teejay reaches markets across the USA, Europe and Asia via the relationships it has established with 8 leading global retail apparel brands.

Cotton



Lace



Prints



Synthetic



## Chairman's Review

The year 2021/22 started off on a positive note as the economy displayed signs of resurgence backed by a strong COVID-19 vaccination drive. This early optimism though was soon dampened as Sri Lanka grappled with macroeconomic challenges as well as several COVID-19 waves and resultant lockdowns during the period under review. Teejay's swift response to mitigate the effects of the pandemic, its strong transformation journey, and digitalization drive combined to help the Group weather these external shocks with success.

In the second quarter, Teejay witnessed positive sales trends as countries lifted travel restrictions and commercial activities reverted to pre-pandemic times. This in turn led to an upsurge in our order books as the Group's manufacturing facilities were operating to capacity throughout the year with the support of the dedicated and hardworking teams across Teejay India, Teejay Lanka and Teejay Prints.

The Group witnessed growth in turnover as a result of price increases due to an upward trend in commodity prices and leveraging on the fallout of the US-China trade war – with brands such as Nike looking to Sri Lanka and Teejay in particular to fulfill their requirements. This strategy of verticality within a single country from retailers helped serve customers with greater efficiency and mitigated logistical challenges.

Demand in the fourth quarter of the year saw a slight tapering with softness in the market. This was caused by persistent high inflation in the US, the ongoing conflict in Ukraine and the resultant increase in raw materials and other related costs associated with the supply chain as well as price increases in the international market for fuel and furnace oil. The depreciation of the Sri Lankan rupee helped cushion some of the impact of these external shocks.

### FINANCIAL EXCELLENCE

The Group's top line grew from LKR 32 Billion (USD 171 Million) in 2020/21 to LKR 50 Billion (USD 250 Million) while reflecting a 56% growth in LKR terms and 46% in USD terms, well supported by strategic customers. As at 31st March 2022, the Group's bottom line increased from USD 11.5 Million to USD 12.8 Million in the period under review which marks a 11% growth while in LKR terms LKR 2.1 Billion to LKR 2.5 Billion reflects 18% year on year growth. Growth was recorded for all four quarters in a row while the selling price (ASP) and production capacity witnessed a significant increase.

Achieving a reasonable bottom line amidst the operating conditions was no easy feat as a critical input in the production process – yarn costs – also saw sharp increases. Yarn costs rose by almost 60% in most of our main yarn counts.

### PILLARS OF SUCCESS

The Group is well on its way in its transformation journey which is based on the pillars of fulfilling Environment, Social and Governance (ESG) commitments with the adoption of a formal ESG framework. Teejay has long been a pioneer in driving sustainability and circularity in the industry. Teejay's ESG framework is being strengthened with additional commitments to do more with less - and encompasses crucial aspects pertaining to Environment, Social and Governance. The Group intends to accomplish the newly set objectives and strengthen the company's position on each component in accordance to a 3-5 year

plan. The leadership at Teejay continues to demonstrate and support anti-corruption measures.

The seriousness with which we have undertaken the digitalization drive is evident in the implementation of the SAP S/4 HANA ERP system being deployed in the Teejay Group to enhance access to information at all levels of the organization, inclusive of the production floor. This new version will be the first in the industry in Sri Lanka while improving operations on the shop floor. Considering the possibility of disruptions in normal modes of working as was witnessed during the pandemic and more recently during fuel shortages, the establishment of a digital office would simplify operations and enable individuals to operate and work better remotely.

Innovation and product transformation have been key stepping stones to success with the launch of Inscope, a product innovation hub that aspires to move into the value tier with prime focus given to sustainable products and solutions underscored by innovation. The Group's thrust into synthetics with the USD 26 Mn investment in enhancing capacity at Teejay India will add 20 additional tons of daily capacity and will prove to be another critical factor in its future success. We have committed to invest on transforming existing business operations and duly added 5 tons of daily capacity in synthetic Teejay Lanka whilst further entering into an outsourcing partnership. The aim is to enhance the synthetic production capacity for the Group overall from 5% to 20% in the medium term. All our operations are underpinned by a strong operational excellence journey where we give priority towards increasing efficiency, enhancing product capabilities and embedding environmentally- friendly production processes.

Whilst driving the transformational journey, I also wish to reassure that emphasis is placed on ethical and legal dealings, zero tolerance for corruption, bribery and any form of harassment or discrimination in our workplace and any work-related situations.

### Group PBT

**Rs. 2.5 Billion**

### Year-over-year (YOY)

**18% Growth**



Our customers, suppliers, partners and other stakeholders are the reason we embarked on this Transformation journey to expand, diversify and innovate. I thank them for their continued support.



**TEEJAY GROWTH STORY**

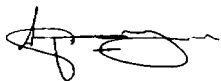
The textile industry is one of the most dynamic, competitive and fast-changing industries where geopolitics and other disruptions can see orders moving from one market to another. There is a clear shift in demand for apparel from China to the South Asian region as a result of the China Plus One strategy. Teejay Group has been eyeing new markets, new brands and new production areas to adapt to shifting trade patterns.

Our presence in both India and Sri Lanka and its sustainable products gives the Group a distinct edge in the region. Our offering is well appreciated by stakeholders and our transformation journey will only enhance that experience further.

**ACKNOWLEDGEMENTS**

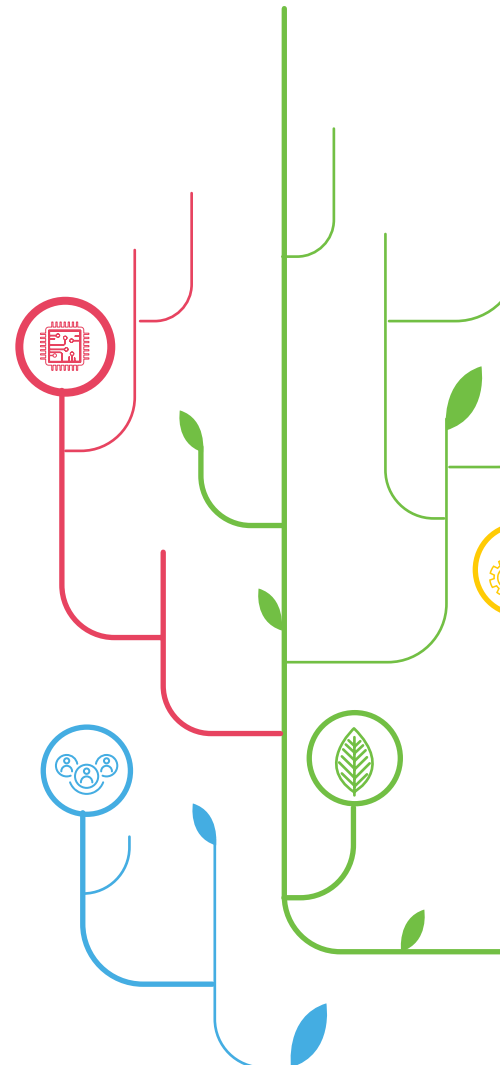
The leadership team including my fellow directors on the Board and the senior management team and every single employee of the Teejay Group has worked tirelessly to deliver the best value to customers while reducing our reliance on nonrenewable resources. I thank them for their measured and mindful actions throughout the year. I wish to place on record our appreciation and thanks to my predecessor, Mr. Bill Lam, for his immense contribution towards bringing Teejay to the forefront of fabric manufacturing over the past decade. His service to the company remains an inspiration and I wish him the very best in his future endeavours.

Our customers, suppliers, partners and other stakeholders are the reason we embarked on this Transformation journey to expand, diversify and innovate, I thank them for their continued support.


**Ajit Gunewardene**

Chairman

Independent Non-Executive Director





## CEO's Message

It gives me great pride to share the details of Teejay Group's impressive performance during the period under review and to highlight the milestones we have managed to achieve despite external challenges locally and globally. One of the main highlights of this year's performance is the achievement of a Topline of USD 250 Million which clearly reflects how strongly Teejay Group sustained its growth momentum in 2021/22.

### FINANCIAL PERFORMANCE

Consistent growth maintained across four consequent quarters of the financial year empowered the Group to rise above daunting external macroeconomic conditions. This performance is indicative of the prudent and strategic planning and implementation of processes by the people within the organization.

During 2021/22, the Group's Topline grew from LKR 32 Billion (USD 171 Million) in 2020/21 to LKR 50 Billion (USD 250 Million) while reflecting a 56% growth in LKR terms and 46% in USD terms, well supported by strategic customers. Price hikes and increase in volumes helped improve the Topline while the devaluation of the rupee against the dollar proved favourable as well.

As at 31st March 2022, the Group's Bottomline increased from USD 11.5 Million to USD 12.8 Million in the period under consideration which marks a 11% growth while in LKR terms LKR 2.1 billion to LKR 2.5 billion reflects 18% year on year growth. We believe this is a healthy Bottomline to have achieved mainly assisted by the Operational Excellence journey which facilitated efficiencies and reductions in costs and overheads.

The completion of the expansion project at Teejay India increased its daily capacity by 20 Tons at an investment of USD 26 Mn, the highest single investment in the history of the Teejay Group. The formidable capacity expansion enabled Teejay India to contribute 5% to the Group revenue in the fourth quarter of financial year 2021/22. This contribution is expected to improve going forward.

Coupled with the modernisation initiative at Teejay Lanka, which added 5 Tons to its daily capacity and further introduction of new processes and machinery, the Teejay Group is well poised to meet its ambitious goals of USD 300 Million.

### CAPACITY EXPANSION

Overall, there was full capacity utilization in the year under review. Modernization initiatives in Sri Lanka consisted of diversifying the product portfolio and further penetrating into high-end market segments. The synthetic capacity was increased strategically within the plant, expanding from 1.5 Tons to 6-7 Tons.

Furthermore, the capability of Teejay Prints too was further expanded by investing in a dispersed printing, jacquard printing, fleece technology and a laser engraving machine which will yield results in the next financial year.

The fruits of these investments will be enjoyed in financial year 2022/23 which makes the USD 250 Million achieved in the period under review all the more commendable as the new capacity expansion projects were only completed towards the end of the financial year.

### STRATEGIC PARTNERS

The Group was able to grow the Topline on account of support and encouragement from its strategic customers who sustained and increased orders through the year, thus enabling Teejay to grow its revenue. Another favourable factor during the year was that Western markets showed an upsurge - with a release of pent-up demand creating spikes of 'revenge buying', thereby leading to growth in sales. The main customers targeted by Teejay as brands with ample potential contributed to the strong financial performance during the year. Other brands also placed notable volumes of orders as they are performing well in the EU market.

### STRATEGIC ADVANTAGES

Working inadvertently in our favour is the "China plus one" strategy being followed by customers who want to mitigate the risk of logistics challenges. Most buyers are opting for textile mills with vertical integration - closer to the needle point. Seizing this opportunity, we are working with customers to build our supply chain solutions to support our operations in India and Sri Lanka. Furthermore, this has opened up windows of opportunities to upscale synthetic production as in the past synthetics were mainly sourced from China.

### INNOVATION & INSCOPE

Innovation is in our DNA and a core pillar of our business and in order to elevate this proposition further, Inscope was launched as our very own innovation brand through which technology and innovation will be infused into existing and new products to penetrate new market segments while working with cross industry-collaborations with non-textile companies

One of our key innovations is a tea-based organic dye in collaboration with another industry partner. Inscope will place special emphasis on a green sustainability approach, exploring Blue Sky innovations and on designing sustainable collections using organic raw materials.

## Group Revenue

**Rs. 50 Billion**

## Year-over-year (YOY)

**56% Growth**



Despite navigating operational challenges in the year under review, Teejay scored 90% on the Higgs Index, the highest recorded by any other fabric mill in the world, which propels it into a higher sustainable manufacturing level recognised on the international level.



## THE TRANSFORMATION JOURNEY

Teejay embarked on a transformation journey through product transformation, establishing a strong framework for Environmental, Social, Governance (ESG) commitments; Digital Transformation and it Operational Excellence journey. As a result, there is a clear framework for the transformation journey by identifying projects and investments which will benefit the Group. The progress made by the Group is mainly driven by its predominant move towards synthetic production which currently contributes 5% of total Turnover. In order to maintain an optimal balance of synthetic to cotton, Teejay entered into an outsource partnership to increase cotton capacity.

Our operational excellence journey has taken a new transformational approach in 2021/22. Teejay liaised with research departments of local universities to find sustainable solutions to reduce water and energy consumption, which is explained in detail in our natural capital section.

Further entrenching its leadership status, Teejay Lanka was awarded 'Best Exporter' award in the Knitted Fabric Sector for 2019-20 & 2020-21' at the Presidential Export Awards. These are Teejay Lanka's second and third consecutive 'Best Exporter' awards in the Knitted Fabric Sector. The Teejay India expansion project will come on stream in September 2022 and further strengthen our transformation journey.

## SUSTAINABILITY

Despite navigating operational challenges in the year under review, Teejay scored 90% on the Higgs Index, the highest recorded by any other fabric mill in the world, which propels it into a higher sustainable manufacturing level recognised on the international level. In addition, Teejay was responsible for launching Sri Lanka's first lifecycle inventory model with the collaboration funded by German Federal Ministry of Economic Cooperation and Development under the Cleaner Production centre, and was

funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and the Ecoinvent Association from Switzerland.

Committed to environmental protection, Teejay made sustained progress in its one million tree plantation and ecosystem and conservation project, 'Mihikathata Adaren' or 'To Earth with Love' which when achieved will enrich the eco system of the Kelani River which is vital water source for surrounding regions.

The Group has also enrolled on to the Science Based Target initiatives (SBTi) including Teejay India and Teejay Prints. As a result, its carbon footprint is marked and confirmed which spurs the companies to work on initiatives to reduce its footprint. The Group's ambition is to reach net zero global emission by 2050 and also to contribute to the industrial drive to limit global warming by 1.5°C by 2030.

We are proud of the fact that Teejay Lanka has achieved 81% reduction in greenhouse gas emissions by investing in a LKR 90 million, worth steam powered paddle dryer which is largest in the country.

Teejay has established a firm CSR footprint in the community through development projects by ensuring improved sanitation, water and sanitation education for schools within a 25 km radius of its factory in Sri Lanka. These projects were conducted in partnership with The American Chamber of Commerce and Habitat for Humanity Sri Lanka.

Fulfilling the demand for traceability of its raw materials, Teejay is laying the foundation with the necessary systems and processes to track raw materials down to the granular level by working closely with third parties.

## FUTURE OUTLOOK

Teejay Group is making a determined bid to attract a major portion of the synthetic business currently dominated by Taiwan, Thailand, Vietnam and China. The global

market forecasted for synthetic fabrics is over USD 85 Billion by 2025, our focus on synthetics will improve Group margins and diversify the product portfolio. The synthetic manufacturing capacities in Teejay India and Teejay Sri Lanka combined will deliver benefits going ahead with full capacity utilization.

The aim to move up the value chain with high-end products is being driven by our Inscope initiative through our product transformation strategy. Modernisation will be an ongoing effort to improve productivity by investing in state-of-the-art machinery which uses fewer resources. The future is undoubtedly digital and Teejay will continue to improve IT infrastructure to align with digital transformation, becoming the first company in Sri Lanka to implement SAP S4 Hana on Google Cloud. Eventually, the Group intends to integrate all companies onto an ERP system with a significant number of processes automated.

As one of the preferred employers, the Teejay Group nurtures its human capital with training, development, industry-best remuneration and welfare policies, and an empowering work culture that drives loyalty and higher productivity.

The prospects for the Group remain strong, however it is possible some latent effects of the combination of the pandemic and the economic crisis may linger on in the macro economy but are not visible as of now.

The Group follows a policy of zero tolerance for corruption. We have placed great emphasis on ethical and legal business dealings, zero tolerance for corruption, bribery and any form of harassment or discrimination in our workplace and any work-related situation outside work. The effectiveness of the anti-corruption policy and the suitability of the awareness programme is regularly reviewed and updated to reflect global best practices, evolving regulations, and dynamic stakeholder needs.

**ACKNOWLEDGEMENTS**

I would like to take this opportunity to thank the board of directors for placing their faith in my leadership. The management team has been extremely supportive while the employees have done a splendid job during the last financial year despite the challenges faced. Our customers need to be commended for trusting and having faith in us as we lived up to their trust by executing their orders on time.

I would particularly like to thank our former Chairman Bill Lam who was a strong pillar in Teejay's transformation journey and has guided and supported the Company's growth during his time with us.

In the same manner I am delighted to welcome Ajit Gunewardene as the new incoming Chairman of the Teejay Group. His experience and achievements are well documented, and we are eager to have his valuable inputs to accelerate our transformation journey to the next stage.

**Pubudu De Silva***Group Chief Executive Officer*

## Board of Directors



➤ **AJIT GUNewardENE**

*Chairman*

*Independent Non-Executive Director*



➤ **ASHROFF OMAR**

*Non-Executive Director*



➤ **HASITHA PREMARAATNE**

*Non-Executive Director*



➤ **PROF. MALIK KUMAR RANASINGHE**

*Independent Non-Executive Director*



➤ **AMITHA GOONERATNE**

*Independent Non-Executive Director*



➤ **MASARU OKUTOMI**

*Non-Executive Director*



➤ **KIT VAI TOU**

*Non-Executive Director*

### ➤ AJIT GUNewardENE

*Chairman*

*Independent Non-Executive Director*

Among Sri Lanka's most renowned business leaders, Mr. Gunewardene's career has been instrumental in providing strategic direction and business insight which supported John Keells Holdings PLC to grow from a LKR 1 Billion Market Cap (1992) to LKR 190 Billion (2016). In his 34 years at the company, his focus had been on real estate, leisure, financial services, retail businesses- distinguishing himself by leading the respective businesses to market leadership positions. He retired from John Keells Holdings in 2017 after serving as Deputy Chairman for over 12 years.

He functioned as a founding Director and, subsequently, Chairman of Nations Trust Bank where he provided strategic direction and leadership in building the Bank. In addition, he provided leadership for other financial organizations when he served as Director and subsequently Chairman of Union Assurance Ltd.

In retail, Mr Gunewardene was instrumental in mentoring and guiding the island's largest branded retail business 'Odel'. As its seed Investor and Chairman, Mr Gunewardene guided the management, took them public and sold the company in 2014.

His leadership has also been sought by regulatory authorities when Mr Gunewardene functioned as the Chairman of the Colombo Stock Exchange (CSE) from 2000 – 2003. He was also an advisor to the various governments in Sri Lanka, functioning independently without any political affiliations. He was a member of the Prime Ministers Task force for Financial Sector Reform and also functioned as a Director of Sri Lanka Tourism Promotion Bureau. Recently, he was a member of the Board of the BOI and Head of the Task Force for Foreign Direct Investment and Exports. He was also a Council Member of the University of Colombo.

He is currently the Founder and Chairman of Bluestone Capital Ltd a leading private equity investment company. He is also

the Founder Chairman of Digital Mobility Solutions Pvt Ltd better known as PickMe the leading ride hailing and delivery company in Sri Lanka. He is also the Chairman of Fintrex Finance Ltd a Central Bank of Sri Lanka registered non-bank financial institution.

### ➤ ASHROFF OMAR

*Non-Executive Director*

Group Chief Executive Officer of Brandix Apparel Limited, Ashroff Omar has been instrumental in redefining the Sri Lankan Apparel industry for over four decades. He is also credited with pioneering environmentally friendly apparel manufacture in the world and establishing the world's first LEED platinum manufacturing facility for eco-friendly manufacture. His extensive experience and ability to think beyond the norm has secured him positions in the Boards of some of Sri Lanka's most respected corporates. He is also the Founder Chair of the Joint Apparel Association Forum (JAAF), the apex body of the Sri Lanka Apparel industry. He is the Honorary Consul General of Finland.

### ➤ HASITHA PREMARATNE

*Non-Executive Director*

Hasitha is the Group Finance Director of Brandix Group. He leads the overall Finance Function of the group and is also responsible for Strategy and Long Range Planning. He is the Managing Director of Brandix India Apparel City and overlooks all Joint Ventures and Investments of the Brandix Group. He is a Director of many subsidiaries of Brandix Group, including listed company Teejay Lanka PLC.

He is an Independent Director of John Keells Hotels and Chairman of its Audit Committee.

Hasitha was formally a Director of Bank of Ceylon and was the Chairman of its Board Risk and Nominations Committees. He was a Board Member of the CIMA Sri Lanka Division and the Sri Lanka Accounting and Auditing Standards Monitoring Board. He was also a Committee Member of Ceylon Chamber of Commerce.

He was formally the Head of Research at HNB Stockbrokers (Pvt) Ltd and possesses plenty of experience in the fields of capital markets, economics, strategic finance, management, research. His lecturing experience expands for 11 years, for CIMA (UK), ACCA (UK) examinations, in Sri Lanka, India, Singapore and Philippines.

He holds a MBA in International Finance and a BSc in Computer Science. He is a Fellow Member of Chartered Institute of Management Accountants (CIMA - UK), Association of Chartered Certified Accountants (ACCA-UK), and the Institute of Certified Management Accountants (CMA - SL). He is also a Chartered Global Management Accountant (CGMA)

Hasitha was the winner of the "Tutor of The Year Award" at CIMA Global Financial Management Awards 2009 held in London during November 2009. He was the Winner and Gold Medalist of prestigious "CIMA Star of the year" award in 2012 and the Winner of "Young CIMA Star of the year" award, in 2006. He was the winner of the "Most Outstanding Royalist of the year" award in 1997 and was the Deputy Head Prefect of Royal College in 1998.

### ➤ PROF. MALIK KUMAR RANASINGHE

*Independent Non-Executive Director*

Prof. Ranasinghe is a Senior Professor in Civil Engineering at the University of Moratuwa, Chartered Engineer and International Professional Engineer, Fellow of the Institution of Engineers – Sri Lanka, National Academy of Sciences – Sri Lanka, Institute of Project Managers – Sri Lanka. He is an Independent Non-Executive Director of Access Engineering PLC, Resus Energy PLC, Teejay Lanka PLC and United Motors Lanka PLC. He is a former Vice- Chancellor of the University of Moratuwa, former Member of the University Grants Commission and National Research Council, past Chairman of the Committee of Vice-Chancellors and Directors (CVCD) of Sri Lanka, former Council Member of the Association of Commonwealth Universities (ACU), former Fellow of the National University of Singapore, and former Chairman of



Sampath Bank PLC and Non-Executive Director of the Colombo Stock Exchange, Hemas Power PLC and Lanka IOC PLC.

Prof. Ranasinghe obtained his PhD in 1990 from the University of British Columbia, Vancouver, Canada as a Canadian Commonwealth Scholar. He was honoured with the Education Leadership Award 2013 at the 4th Asia's Best B-School Awards, Singapore, the Award for Outstanding Contribution to Education at the World Education Congress 2012, India, the Most Outstanding Senior Researcher in Technology and Related Sciences award in 2012 by the Committee of Vice-Chancellors and Directors (CVCD) of Sri Lanka, the Trinity Prize for Engineering in 2004 for outstanding contributions made to his chosen profession and the Sri Lanka Association for the Advancement of Science (SLAAS), General Research Committee Award for Outstanding Contribution to Sri Lankan Science in 1999.

#### AMITHA GOONERATNE

##### *Independent Non-Executive Director*

Mr. Amitha Gooneratne has held several senior positions at Commercial Bank of Ceylon PLC and served as the Managing Director from 1996 to April 2012. He is a Fellow member of the Institute of Chartered Accountants, UK and Wales and a Fellow member of the Institute of Chartered Accountants, Sri Lanka. He was the Founder Chairman of the Financial Ombudsman Sri Lanka (Guarantee) Ltd., and former Chairman of the Sri Lanka Banks' Association (Guarantee) Ltd. He was also the Managing Director of Commercial Development Company PLC, a Public Quoted Company listed in the CSE and was the Chairman of Commercial Insurance Brokers (Private) Limited. He was also nominated to the Board of Sri Lankan Airlines during 2002–2004 by the Government of Sri Lanka.

On his retirement, Mr. Gooneratne assumed duties as Managing Director of Melstacorp PLC, He is the Chairman of Melsta Logistics (Private) Limited and Bellvantage (Private) Limited and is a Board Member of Periceyl (Private) Limited, Browns Beach Hotel

PLC, Lanka Bell Limited, Telecom Frontier (Private) Limited, Bell Solutions (Private) Limited, Timpex (Private) Limited Texpro Industries Limited, Bogo Power Limited., Melsta Tower (Pvt) Limited, Melsta Health (Private) Limited, Melsta Healthcare Services and Melsta Hospital Management Services, Melsta Pharmaceuticals (Pvt) Limited, Melsta Laboratories (Pvt) Limited and Balangoda Plantations PLC subsidiary companies of Melstacorp PLC. He is an independent Director of Lanka IOC, Teejay Lanka PLC, Teejay Lanka Prints (Private) Limited and Commercial Development Company Limited. He is also an Alternate Director on the Board of Distilleries Company of Sri Lanka and Aitken Spence PLC.

#### MASARU OKUTOMI

##### *Non-Executive Director*

Mr. Okutomi, is the Chairman and CEO of Pacific Textile Holdings Limited which is the parent company of Pacific Textured Jersey Holdings Limited. He has extensive experience in management of textiles business and is leading the Pacific management team and oversee the overall production and operation of the Group, providing corporate directions and formulating business strategies of the Group.

Mr Okutomi has a Bachelor's degree in Law from Hitotsubashi University, one of Japan's top universities, and held senior management positions including Managing Director of Toray Industries (South China) Co., Ltd. and of Toray Industries (Hong Kong) Ltd., Deputy Managing Director of Toray Industries (China) Co., Ltd. in the past.

#### KIT VAI TOU

##### *Non-Executive Director*

Mr. Kit Vai Tou is an Executive Director and the Chief Financial Officer of Pacific Textiles Holdings Limited. Mr. Tou is a Fellow member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. He has extensive experience in factory operations, financial management, project management and ERP Systems.

## Executive Committee



**PUBUDU DE SILVA**  
*Group Chief Executive Officer*



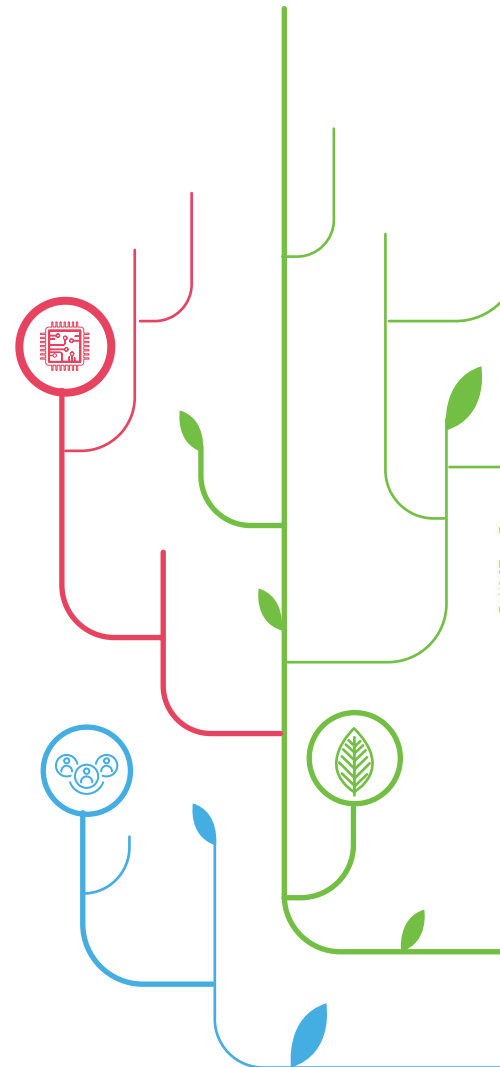
**SANJAYA BASNAYAKE**  
*Chief Operating Officer - Production & Engineering*



**SALMAN NISHTAR**  
*Chief Financial Officer*



**PAMODA KARIYAWASAM**  
*Senior General Manager - Sales & Marketing and Supply Chain*





### 📌 PUBUDU DE SILVA

*Group Chief Executive Officer*

Mr. De Silva has over 32 Years' experience in Apparel and Textile Industry of which 20 years is directly in manufacturing experience in the textile industry. He is the Chairman of the Fabric and Apparel Accessory Manufacturing Association (FAAMA), the apex body for the Fabrics and Textile Industry in Sri Lanka since 2020 to date & an Executive member of JAAF (Joint Apparel Association Forum).

Prior to joining Teejay, he was the Head of Planning at Slimline - Pannala. He holds a Master's in Business Administration from the University of Lincoln (UK), Masters in Manufacturing Management from the University of Colombo and a Diploma in Business Administration from the University of Colombo. He was further trained in Six Sigma Black Belt at the National Institute of Business Management Sri Lanka and Leadership Development Program (LDP®) at the Center for Creative Leadership (CCL) in Singapore.

### 📌 SANJAYA BASNAYAKE

*Chief Operating Officer - Production & Engineering*

Mr. Basnayake has total work experience of over 28 years in the industry of which he has spent over 19 years in managerial positions. He is responsible for the entire production functions of the Group including Research and Development, Engineering and CHP operation. Prior to joining the Company, he was a Senior Executive at Hayley's-MGT Textiles PLC. He has an NDT in Textile & Clothing Technology from the University of Moratuwa, a Diploma in Management from Open University of Sri Lanka, and is a Chartered Member of the Textile Institute International, United Kingdom. He is a Six Sigma Black Belt holder at the United Tractors and Equipment's Ltd in Sri Lanka and a member of the Leadership Development Program (LDP®) at the Center for Creative Leadership (CCL) in Singapore. He has expertise in technology of dyeing, finishing and knitting and implementation of cost reduction projects. He is a gold medal award winner from the Textile Institute (UK).

### 📌 SALMAN NISHTAR

*Chief Financial Officer*

Mr. Nishtar holds over 16 years of professional experience in the field of Finance. Following the launch of his career at Ernst & Young Chartered Accountants, Sri Lanka, Mr. Nishtar continued to take up positions as Chief Financial Officer at American & Efirid Bangladesh and Teejay Lanka PLC. His current role at Teejay Group includes leadership and key responsibilities in the fields of Finance, Information Technology and Commercial Functions. As an Executive Committee Member his responsibilities include Annual Strategic Planning, Long Range Planning, Investor Relations and Administration of the Group. He is an Associate Member of Chartered Management Accountants (United Kingdom), Institute of Chartered Accountants (Sri Lanka) and Chartered Global Management Accountants (CGMA). He is an old boy of S. Thomas' College, Mount Lavinia.

### 📌 PAMODA KARIYAWASAM

*Senior General Manager - Sales & Marketing and Supply Chain*

Mr. Kariyawasam has over 17 years work experience in the fields of Finance, Supply Chain, Planning and Marketing of which 14 years in apparel/textile industry. He started his career at Unilever Sri Lanka Limited and continued to take up the position as Deputy General Manager - Finance at Teejay India Private Limited.

Currently he is responsible for the overall Sales, Marketing, Supply Chain functions of Teejay Group and the Planning function for Teejay Lanka. This includes Supply Chain Management, Strategic Sourcing Supplier Relations and maintaining Customer Relations with the key strategic customers of the Group. He is also involved in crucial strategic leadership activities such as Long-Range Planning and Setting up the overall marketing blueprint for the Group.

He is a Chartered Management Accountant also holds a Special Degree in Business Administration with a Second- Class Honors (Upper Division) from the University of Colombo. He is further trained in Lean Six

Sigma Black Belt by the Caterpillar Inc. U.S.A and the Leadership Development Program (LDP®) at the Center for Creative Leadership (CCL) in Singapore.

## Leadership Team



**PUBUDU DE SILVA**  
Group Chief Executive Officer



**SANJAYA BASNAYAKE**  
Chief Operating Officer - Production & Engineering



**SALMAN NISHTAR**  
Chief Financial Officer



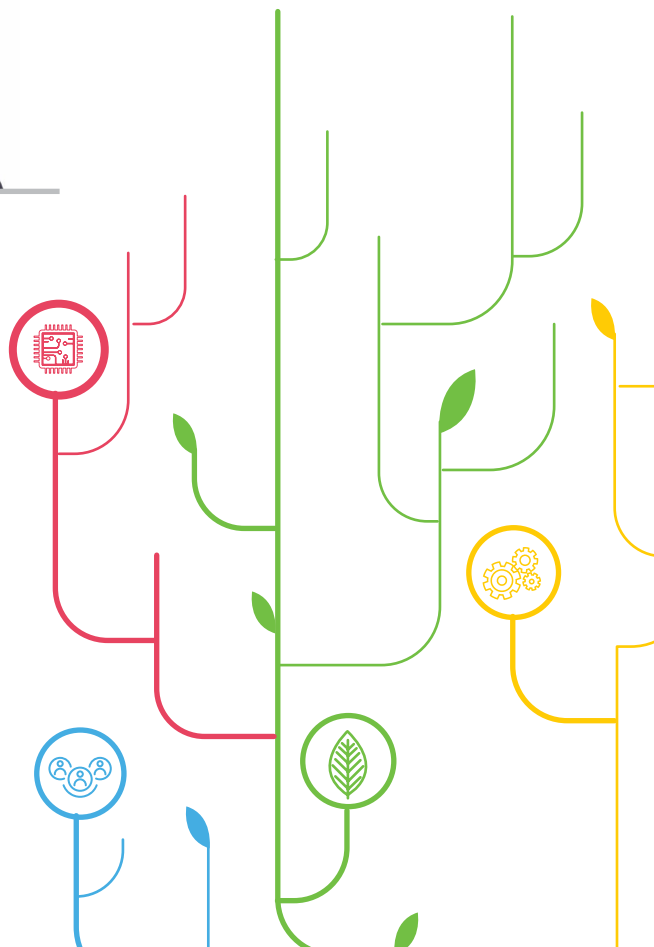
**PAMODA KARIYAWASAM**  
Senior General Manager - Sales & Marketing and Supply Chain



**CHANAKA NANAYAKKARA**  
Senior General Manager - Business Development



**JANAKA NANAYAKKARA**  
General Manager - Human Resources





📌 **SAMADHI WEERAKOON**

General Manager – Marketing,  
Corporate Communication  
& CSR



📌 **HEMANTHA MANNAPPERUMA**

General Manager – Enterprise ERP  
Solutions



📌 **UPUL NALLAPERUMA**

General Manager – Teejay India Operation



📌 **SAMPATH KUMARA**

General Manager – Teejay Lanka  
Operations



📌 **RODNEY DE RAFAYAL**

CBU Head – Strategic Value Brands &  
Uniqlo



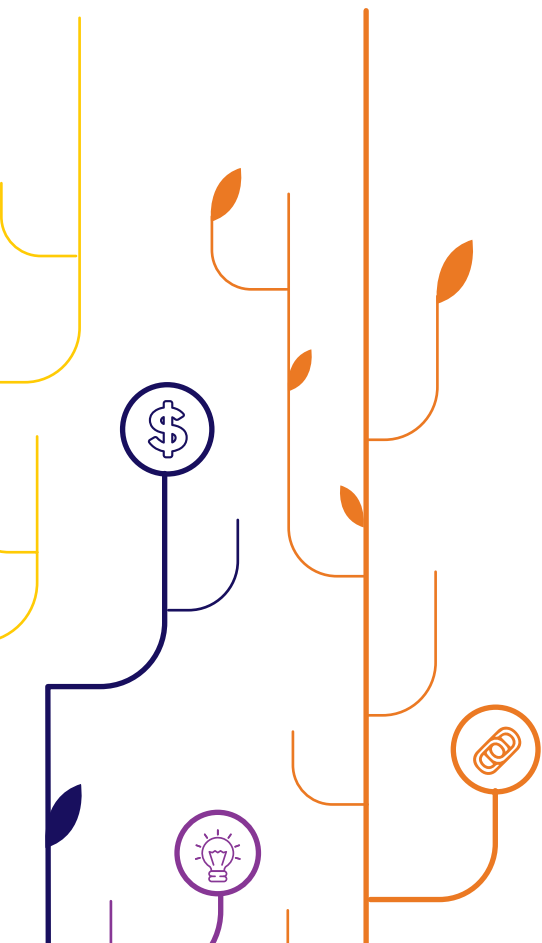
📌 **PRASANNA BANDARA**

General Manager Planning and Supply  
Chain



📌 **MANJULA THUSHARA**

Deputy General Manager – Risk & Control  
(By Invitation to the CFT)



## Leadership Team

## PUBUDU DE SILVA

*Group Chief Executive Officer*

(Profile on page 23)

## SANJAYA BASNAYAKE

*Chief Operating Officer - Production & Engineering*

(Profile on page no. 23)

## SALMAN NISHTAR

*Chief Financial Officer*

(Profile on page no. 23)

## PAMODA KARIYAWASAM

*Senior General Manager - Sales & Marketing and Supply Chain*

(Profile on page no. 23)

## CHANAKA NANAYAKKARA

*Senior General Manager - Business Development*

Mr. Nanayakkara has a total of 27 years of experience in the industry. He has spent 12 years in managerial positions and joined Teejay in 2018 and is responsible for overlooking Business Development, new initiatives in Innovation while also being responsible for Branding, Corporate Communication and CSR for the Teejay Group. He is a Chartered Marketer (CIMUK) and holds a Post Graduate Diploma in Marketing from Chartered Institute of Marketing (UK). He also holds a Post Graduate Diploma in Management from Post Graduate Institute of Management, University of Sri Jayawardenepura. He is a Professional Member of The Canadian Institute of Marketing.

## JANAKA NANAYAKKARA

*General Manager - Human Resources*

Mr. Nanayakkara leads the Human Resources team at Teejay and holds the designation of General Manager - Human Resources. At Teejay, the functions of Executive HR, Works HR, Compliance, HES, and Admin are core responsibilities of GM HR. He joined Teejay in April 2017 on retirement from the Sri Lanka Air Force (SLAF) after 29 years of distinguished service. He held the rank of Air Commodore

at the time of retirement from the SLAF. He possesses National Diploma in HR from IPM (SL) and an MBA from the Australian Institute of Business.

He is an old boy of S Thomas' College Mount Lavinia.

## SAMADHI WEERAKOON

*General Manager - Marketing, Corporate Communication & CSR*

Mrs. Weerakoon is responsible for Managing Sales and Marketing function for Strategic European customers of Intimissimi and M&S. She also heads the Group's Corporate Communications and CSR arm. She was the former Business Development manager at Teejay Lanka PLC. She has been in Merchandising and Business Development at Teejay for 19 years. Before joining Teejay, she was working in the advertising field based at Bates Strategic Alliance. She holds a BSc Degree in Marketing from University of Jayawardhanapura and an MBA from Australian Institute of Business.

## HEMANTHA MANNAPPERUMA

*General Manager - Enterprise ERP Solutions*

Mr. Mannapperuma is responsible for the re-implementation of ERP Solution SAP in Teejay Group. As the Program Manager of the Information Systems transition program of Teejay Group, he drives the implementation of SAP S/4 HANA in Teejay group replacing the SAP ECC Solution used by Teejay Lanka PLC as well as the Inform M3 solution used by the two subsidiaries Teejay Lanka Prints and Teejay India. The program includes the replacement of Product Lifecycle Management system and introduction of a Manufacturing Execution System layer.

He has over 10 years of experience in Textile Industry and over 28 years in Information Technology, Manufacturing and Service Industries. Prior to joining Teejay Lanka PLC, Mr. Mannapperuma held senior managerial positions in Cooperative Insurance Company Ltd where he was the ICT Manager, in Ceylon Tobacco Company PLC where he performed many roles such

as Internal Auditor, Master Scheduler, ICT Business Area Manager, Business Excellence Consultant, Business Excellence Program Manager, Certified ERP consultant in 'Sage Line 500- Manufacturing and Distribution', a Supply Chain Consultant and Business Excellence Delivery Manager during a stint of 12 years.

He holds a B.Sc. (Hons.) Special Degree in Statistics and Computer Science and a Postgraduate Diploma in Development Economics from University of Colombo, a Master's Degree in Business Administration from Postgraduate Institute of Management (PIM) of the University of Sri Jayawardenepura. He is also a qualified Management Accountant (ACMA, CGMA).

## UPUL NALLAPERUMA

*General Manager - Teejay India Operation*

Mr. Nallaperuma has over two decades of industry experience in multiple disciplines. He began his career at Teejay Lanka PLC in 2002 as a Management Trainee and then moved to Teejay India in 2013 to take up new and exciting challenges. He quickly excelled in his career and is now the General Manager of Teejay India Operation.

Currently he is responsible for the overall operations of Teejay India which includes overall production functions, Engineering, Human Resources and Administration function, Planning and merchandising. He also gave leadership to the Teejay India expansion project.

Mr. Nallaperuma has undergone extensive training in the Leadership Development Program (LDP®) completed at the Center for Creative Leadership (CCL) Singapore. He holds a BSc Engineering from University of Moratuwa and Master's in manufacturing management from University of Colombo.

## SAMPATH KUMARAGE

*General Manager - Teejay Lanka Operations*

Mr. Kumarage has total work experience of over 27 years in textile industry of which he has spent over 19 years in managerial positions. He is responsible for the entire

production functions in Teejay Lanka, prior to joining the company he was a Deputy General manager at Hayley's Fabric PLC. He holds the National Diploma (NDT) in Textile and Clothing Technology from the University of Moratuwa and Bachelor of Physical Science (BSc) – University of Ruhuna. He also holds a Master's in Business Administration (MBA) University of Bedfordshire UK and is further trained in 3TP Senior Leaders Program in India (Institute of Management Ahmedabad India) and has exposure from more than 15 countries in textile processing and application.

#### 👉 **RODNEY DE RAFAYAL**

*CBU Head - Strategic Value Brands & Uniqlo*

Mr. Rafayal has been working in the apparel sector covering Textiles & Elastics for more than 17 years handling senior positions across Sales & Marketing/Merchandising roles. He carries experience of handling customers covering in synthetic Warp knit & Woven fabric manufacturing mills and adds value to our customers. He joined Teejay in 2017 and is responsible for overlooking the main brands such as LB, Decathlon, Lidl & Uniqlo business. He holds a Bachelor of Business Management double majored in Management & Marketing (Aus).

#### 👉 **PRASANNA BANDARA**

*General Manager Planning and Supply Chain*

Mr. Bandara has over 18 years work experience in the fields of Operations Management, Supply Chain Management, Operations Planning and Production control, Production management, Engineering, and customer services of which 14 years in apparel and textile industry. He started his career at MAS Holdings and continued to take up positions as head of North Sails Sri Lanka Operations, Head of operations at Brandix Textiles Limited and General manager at Teejay Lanka PLC.

Currently he is responsible for Group supply chain and Marketing (Calzedonia Business) functions of Teejay Group. This includes Supply Chain Management, Strategic

Sourcing, Supplier Relations and Sales & Marketing and business developments while maintaining Customer Relations with the Calzedonia Group. He is also involved in crucial strategic leadership activities such as Long-Range Planning, Implementation of sales and operations planning process (S&OP) and setting up the overall marketing blueprint for Calzedonia business growth.

He is an Engineer by profession and also holds two master's degrees, Masters of Engineering in Manufacturing Systems Engineering from University of Moratuwa and Masters in Business Administration from University of Wolverhampton, UK. He possesses a BSc Engineering in Chemical and Process Engineering with a Second-Class Honors Division from the University of Moratuwa, Sri Lanka. He is further trained in Lean Manufacturing, Center for Creative Leadership, Cleaner Production Auditor's program and various other technical trainings in relation to textile technologies in USA and EU.

#### 👉 **MANJULA THUSHARA**

*Deputy General Manager - Risk & Control (By Invitation to the CFT)*

Mr. Thushara heads the Risk and Control Function of Teejay Group. He is a qualified finance professional with over 16 years of experience in the apparel and textile manufacturing industries. He has completed 11 years at Teejay. During his tenure at Teejay, he had the opportunity to successfully expand his horizon cross-functionally as a Finance Manager, Senior Manager Finance and Commercial and he was promoted as the Head of Group Risk and Control.

His diverse skill set, risk and assurance exposure from PricewaterhouseCoopers where he started his career and technical competencies acquired throughout the years contribute immensely to the current role he serves.

Mr. Thushara has a degree in Business Administration (Business Economics) at the University of Sri Jayewardenepura. He is a Fellow Member of the Institute of

Chartered Accountants (Sri Lanka) and an Associate Member of the Chartered Institute of Management Accountants (UK). He also holds a MBA from the University of Southern Queensland Australia.

## Factory Leadership Team - Teejay Lanka



🕒 **SAMPATH KUMARAGE**  
*FLT Head*



🕒 **PRINCELY WEERAKOON**  
*Operations*



🕒 **PRABATH SURaweera**  
*Operations - Product Development &  
Quality Assurance*



🕒 **DILANKA SWARIS**  
*Planning*



🕒 **LATE MANJULA RANKOTHGEDARA**  
*Marketing Business Partner*



🕒 **JANAKA JAYASENA**  
*Marketing Business Partner*





🕒 **HARSHANA FONSEKA**  
*Finance Business Partner*



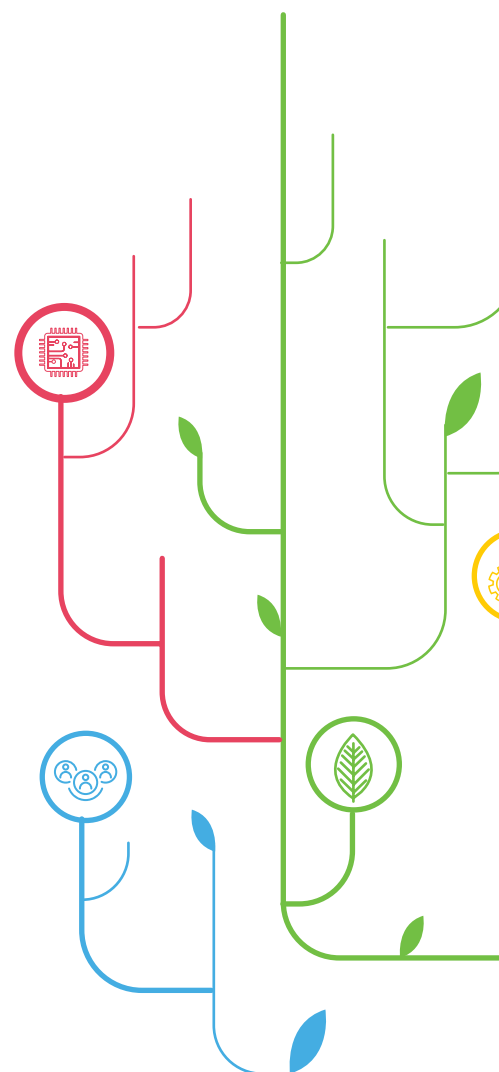
🕒 **SIRAJ AHAMED**  
*Supply Chain Partner*



🕒 **NILUKA BANDARA**  
*HR Business Partner*



🕒 **MENDAKA HETTITHANTHRI**  
*Engineering Business Partner*



## Factory Leadership Team - Teejay Prints



☑ **SOMASIRI MANAGE**  
*FLT Head*



☑ **INDIKA PREMATHILAKA**  
*Operations*



☑ **PRASANNA MADURAPPERUMA**  
*Marketing Business Partner*



☑ **NADEEKA DESHANI**  
*Finance Business Partner*



☑ **THARINDU DISSANAYAKE**  
*HR Business Partner*



## Factory Leadership Team - Teejay India



🕒 **UPUL NALLAPERUMA**  
*FLT Head*



🕒 **PRABASH HEWAGE**  
*Operations*



🕒 **RODNEY DE RAFAYAL**  
*Marketing Business Partner*



🕒 **RENUJA SELVANATHAN**  
*Finance Business Partner*



🕒 **RAGHU RAJU**  
*HR Business Partner*



🕒 **ANANDA DISSANAYAKE**  
*Centre of Business Excellence -  
Customer Service Business Partner*



🕒 **PRADEEP SAGI**  
*Supply Chain and Capacity Fulfillment  
Business Partner*



# Trailblazers

The power to change and the courage to evolve drives our continued success, thus showcasing the dynamism and energy of our young and passionate team.

## Management Discussion & Analysis

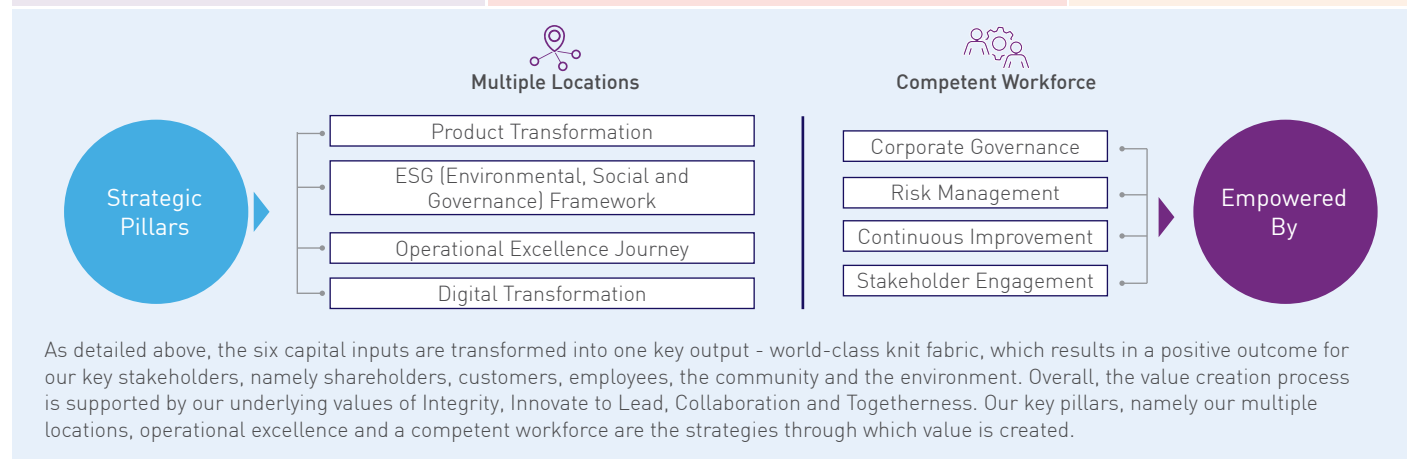
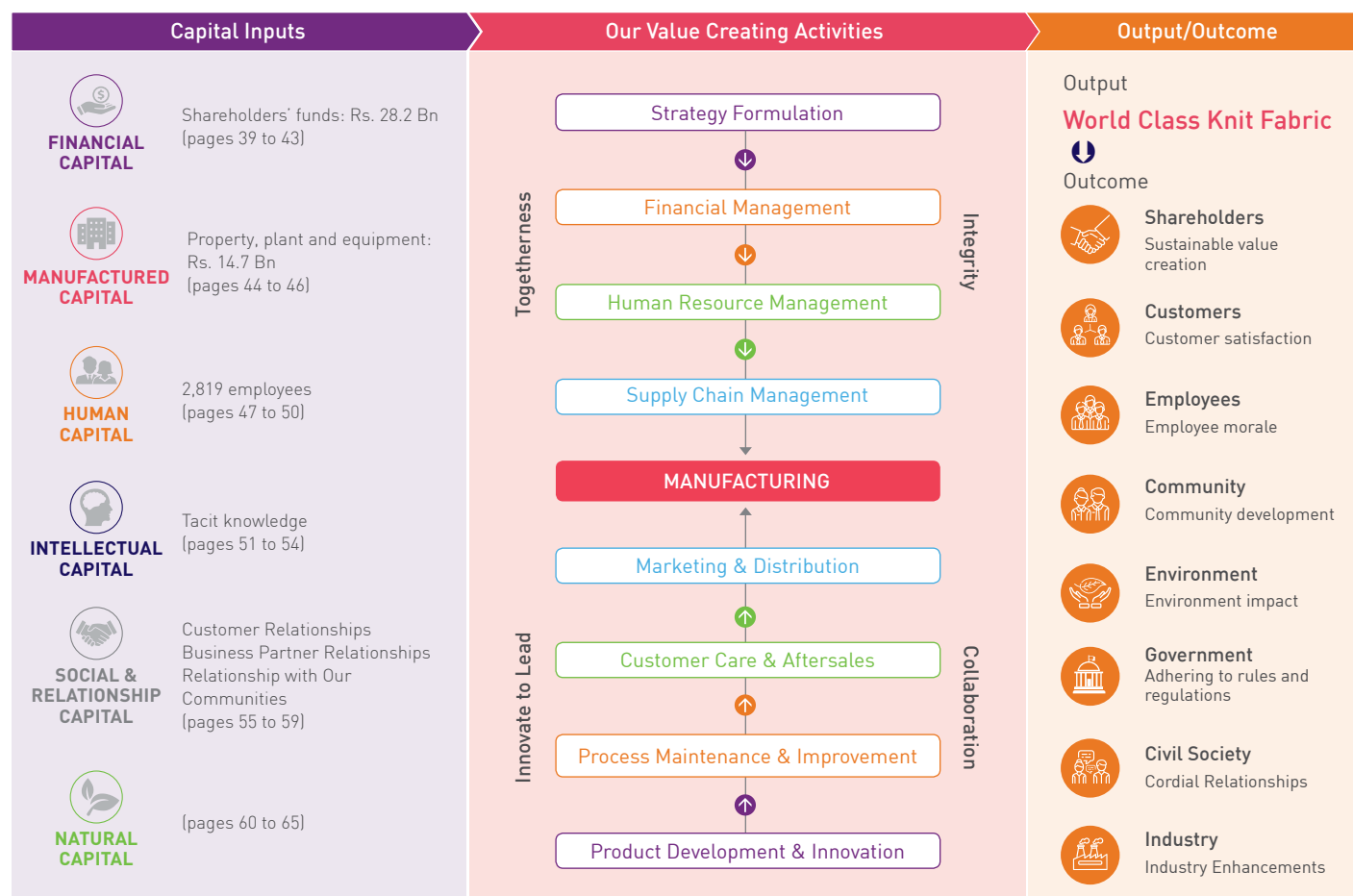
Financial Capital 39    Manufactured Capital 44    Human Capital 47  
Intellectual Capital 51    Social & Relationship Capital 55    Natural Capital 60

# Management Discussion & Analysis

## Overview

### OUR VALUE CREATION PROCESS

At Teejay Group, we believe in sustainable value creation for both your Company and the environment in which it operates. The model shown below details the transformation of capitals, core business activities, and the process through which stakeholder value is created.



## STAKEHOLDER ENGAGEMENT

We place immense value on human connections and believe in innovation through collaboration. Therefore, following in our spirit of creating enduring relationships, the table below details the Company's engagement with our key stakeholders during the year under review.

Primary Stakeholders	Level of Engagement	Mode of Engagement	Frequency
 Community	To improve the sanitation infrastructure, water facilities and hygiene education for schools in the vicinity	CSR Initiatives	Quarterly, situation based
 Shareholders	Awareness build up and service	AGM/EGM Annual Report Quarterly Financial Statements Company Website CSE Website Investor Conference call Investor Forums Investor Meetings	Annual Annual Quarterly Online Online Quarterly Annual, Ad hoc Monthly, Ad hoc
 Banks & Financial Institutions / Regulatory Bodies	Relationship build up, awareness and Information sharing	Meetings	Quarterly Monthly
 Employees	Sustainable career growth and succession planning Job rotation Key competency developments Welfare Equity, Diversity and Inclusion (EDI)	Employee Committee Meetings Training and Development Open Door Policy Annual Employee Surveys Individual Performance Review Employee Rewards Reach Beyond The Welfare Shop Annual Health Check	Every Month Continuous Annual Continuous, Annual Bi-annual Continuous Annual Annual
 Vendors / Suppliers	Service/Relationship Building	OTD Meetings OTD and Quality Meetings Meetings on Performance New Product Presentations Customer Compliments Customer Get-togethers Customer Reviews (Service/Quality) Supplier Reviews Supplier Visits	Weekly Monthly Quarterly Quarterly Annual Annual Quarterly Monthly Quarterly
 Brands	Service/Relationship Building	Quarterly New Product Presentations Customised Brochures Innovation Week	Quarterly Quarterly Bi-annual

## OUR STRATEGY

The Group continued to review the strategies as its key imperatives over the last few years and consider them vital and relevant to sustain and enhance the value it creates for all its stakeholders, leveraging its strengths to discover new opportunities during the interlude. In keeping up with the Group's Triple Bottom Line focus and the principles of integrated reporting, our performance is reviewed, identifying improvement areas, and taking measures to avoid potential pitfalls, formulating strategies as and when required by considering the wider social and environmental factors at play in the global market and by transforming its business practices in order to create sustained value.

Capital	Key Strategies	Relevance	Progress as at 2021/22
Intellectual Capital	<b>Product Transformation</b>	To Gain Access to new Market Segments	Consolidated our product range and identified areas for improvement:
	<ul style="list-style-type: none"> <li>Technical Innovation</li> </ul>	<ul style="list-style-type: none"> <li>Elevate our current product portfolio and absorb new technologies, structures and processes</li> </ul>	<ul style="list-style-type: none"> <li>Teejay is working on few patent product ranges including sustainable fabrics, performance enhancement fabrics and technical product ranges.</li> </ul>
	<ul style="list-style-type: none"> <li>Sustainable Innovation</li> <li>Synthetic Innovation</li> </ul>	<ul style="list-style-type: none"> <li>Moving towards 100% green sustainable products for a sustainable business model.</li> <li>Create more exclusive product range for the Group and maintain our exclusivity</li> </ul>	<ul style="list-style-type: none"> <li>Teejay is now using scientific traceability models to ensure 100% sustainable products</li> <li>The group was also able to approve 79 synthetic products from buyers for the upcoming season.</li> </ul>
Human Capital	Equity, Diversity and Inclusion (EDI)	<ul style="list-style-type: none"> <li>Build a strong workplace by ensuring that employees have a safe and healthy work environment to perform their best.</li> </ul>	<ul style="list-style-type: none"> <li>The group has increased our female cadre by 103% when compared to when this project was implemented (2015)</li> <li>Workplace Anti-Harassment policy and Code of conduct reaffirmed a safe and healthy working environment for all employees.</li> <li>The Group has also taken below initiatives to support the EDI drive:               <ul style="list-style-type: none"> <li>Create a conducive and supportive environment.</li> <li>Encouraging &amp; promoting female employees to leadership positions.</li> <li>Give female employees professional &amp; lifestyle focused training.</li> </ul> </li> </ul>
Social Relationship Capital	<ul style="list-style-type: none"> <li>Supply Chain: Traceability</li> </ul>	<ul style="list-style-type: none"> <li>The industry is requiring end to end document and scientific traceability methods to be implemented for cotton products</li> </ul>	<ul style="list-style-type: none"> <li>Revised the supplier agreement to include clauses on traceability</li> <li>A positive assurance is obtained by the suppliers on an annual basis</li> <li>Strengthened the supplier code of conduct</li> <li>In the process of introducing diagnostic DNA testing technology to verify fiber content and assure quality and label compliance.</li> <li>Internal system and resources are in place to provide document traceability requirement for various brand requirements.</li> </ul>

## Management Discussion &amp; Analysis

Capital	Key Strategies	Relevance	Progress as at 2021/22
	<ul style="list-style-type: none"> <li>Teejay synthetic strategy</li> </ul>	<ul style="list-style-type: none"> <li>The trend of working from home has shifted the customer preference towards comfort wear and athleisure.</li> <li>On average Sri Lanka imports over USD 500 Mn worth of synthetic fabric per year, by investing on synthetic production the group can grab this opportunity while saving vital dollars for the Sri Lankan economy.</li> </ul>	<ul style="list-style-type: none"> <li>A project has been initiated to increase synthetic business value to move into the performance product range as part of the future synthetic strategy</li> <li>Teejay India expansion project increased synthetic capacity by 10 to 15 tons per day and through modernization projects increased Teejay Lanka capacity by 5 tons per day</li> <li>The Group is building strong relationships with world renowned brands to come on board with Teejay as strategic brands.</li> </ul>
Manufacturing Capital	<ul style="list-style-type: none"> <li>Strategic location: Teejay India</li> </ul>	<ul style="list-style-type: none"> <li>India is an Apparel hub with access to an extensive market.</li> <li>India is closer to the next big booms in the apparel industry (Bangladesh, Indonesia)</li> <li>Suppliers of Raw material are found in India (Yarn, Dyes, Chemicals) thereby reducing lead time for products</li> </ul>	<ul style="list-style-type: none"> <li>Teejay India expansion project was undertaken and finalized the previous financial year.</li> <li>It is now the largest production plant within the Group</li> <li>Full capacity is expected during quarter 3 of financial year 2022/23</li> </ul>
Natural Capital	Alternative Energy Sources	<ul style="list-style-type: none"> <li>Sustainable energy sources consist of much lower carbon footprint than coal, natural gas and other fossil fuels.</li> <li>One of the long-term key objective of the group is to shift into 100% renewable energy sources.</li> </ul>	<ul style="list-style-type: none"> <li>Teejay India has changed into biomass (paddy husks) to generate steam for production purposes. This has reduced the carbon footprint by almost 50%.</li> <li>Teejay Lanka has done all feasibility studies and have taken initial steps to invest in solar power generation.</li> </ul>

Driven by its Operational Journey on which the Group has been on in the last few years, the Group has articulated a new transformational journey consisting of capacity expansion, product innovation and green sustainability to achieve its USD 300 Million objective. This strategy will not only create value for all its stakeholders, but will propel Teejay to the forefront of textile manufacturing in the world. As part of the Group's commitment to Integrated Reporting, it reviews and reports on the progress made against these key imperatives in this annual report. The Group's operations were impacted positively and negatively by several external factors which are detailed through the report.

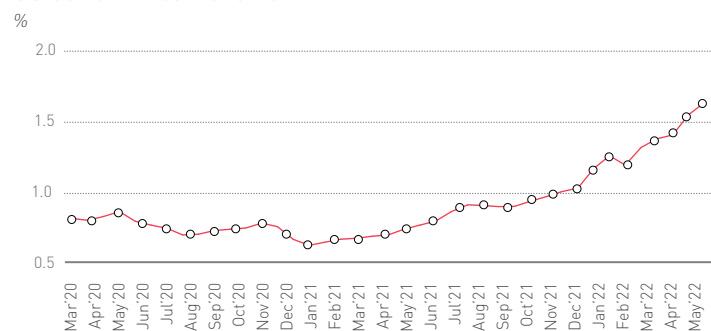
However, the geographical diversification, product innovation and capacity expansion programmes have given Teejay a unique competitive edge.

#### GLOBAL CONDITIONS

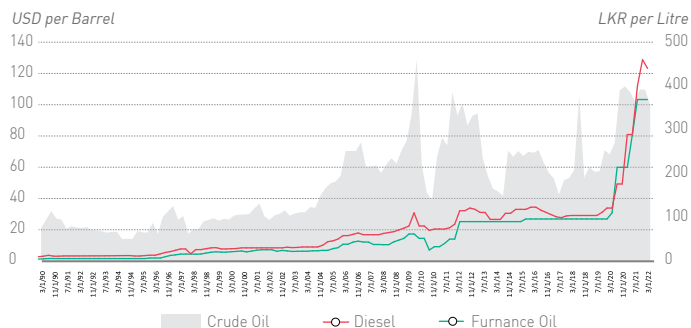
Global economic recovery faced significant headwinds amid new waves of COVID-19 infections, lingering supply-chain challenges and rising inflationary pressures in 2021. The robust recovery in 2021 was driven by strong consumer spending and some uptake in investment, with trade in goods surpassing pre-pandemic levels. The Omicron variant of COVID-19 unleashed new waves of infections - posing a risk to global economic recovery.

Prior to the Russia-Ukraine war, the world economy was on track for a strong, albeit uneven, recovery from COVID-19. The conflict in Ukraine and the supply-chain disruptions exacerbated by shutdowns in China due to the zero-COVID policy are dealing a serious blow to the recovery. Countries worldwide are being hit by higher commodity prices, which add to inflationary pressures and curb real incomes and spending, further dampening the recovery.

### US Cotton Price Movement



### Fuel Oil Price Movement



### KEY DEVELOPMENTS IN SRI LANKA

- In Sri Lanka real GDP is estimated to have expanded by 3.5% in 2021 thanks to a strong 12.3%, year-on-year, rebound from a low base in the second quarter of the year. Significant contributions came from manufacturing, financial services, construction, transport, and real estate activity. Despite the weak performance of tourism, exports expanded significantly, led by the textile industry.
- However, higher year-on-year inflation accelerated mostly due to high food inflation, amid rising global commodity prices, adjustments to fuel prices, and partial monetization of the fiscal deficit. Moreover, an agrochemical imports ban between May and November reduced agricultural production.
- During the year up to 15th July 2022, the Sri Lankan rupee depreciated against the US dollar by 44.5 per cent.
- Since August 2021, the Central Bank increased policy rates and the statutory reserve ratio to mitigate the pressures. The sovereign rating was downgraded by Fitch, S&P and Moody's deeper into the substantial risk investment category.
- The government has mobilized external financing from bilateral partners to pay for essential imports and boost foreign exchange liquidity. The energy crisis escalated in the last quarter of 2021/22, causing hardships to industries owing to shortage of fuel leading to one of Sri Lanka's worst economic crises. The rising cost of shipping and logistics has been a growth impediment factor in the apparel industry.

### GLOBAL TEXTILE SECTOR

The global textile market size is anticipated to reach USD 1412.5 billion by 2028. The market is expected to expand at a CAGR of 4.4% from 2021 to 2028. Rising consumer awareness coupled with fast pace changing trends in the fashion industry is projected to drive the market.

### TRENDS

- The rising adoption of technological components in fabrics to monitor external stimuli and translate them into data is propelling the growth of smart textiles. These products have a wide range of applications in fashion, entertainment, transportation, medical, and other industries, which are expected to open new technological avenues required in the production of textile products over the forecast period.
- Prominent players in the market are establishing business units in the raw-material producing regions for easy raw-material procurement and economical labour.
- Some of the new technologies being adopted by manufacturers are Geotextiles, Smart textiles, Waterproof breathable textile (WBT) and Antimicrobial medical textiles.

### SRI LANKA TEXTILE & APPAREL SECTOR Performance

The apparel and textile sector recorded US\$2.25 billion in export earnings during the same period of 2022, reflecting a 16% increase year-on-year.

### Investment trends

- The Board of Investment (BOI) has further acknowledged that the total pipeline – together with pending approvals for investments and expansions in apparel – currently stands at US\$165 million.

- Besides expanding apparel manufacturing facilities, some investors are also eyeing lucrative opportunities in raw material production and backward vertical integration in the Sri Lankan apparel industry.

On this front, the BOI has seen strong investor interest, especially in the Eravur Fabric Processing Zone. The zone is a significant initiative that aims to strengthen the Sri Lankan apparel sector's backward vertical integration, enabling the industry to make greater use of preferential tariff concessions in its exports to the European Union (EU), its second-largest market, as well as reduce industry lead times.

#### GROUP PERFORMANCE

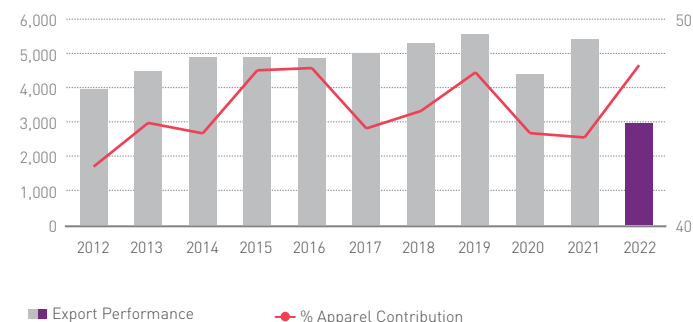
Teejay Group crossed the USD 250 Million for the first time in its history which reflects its visionary leadership and operational excellence. The Group rose above some of the most challenging external macroeconomic conditions to enhance its topline USD 171 Million in 2020/21 to USD 250 Million while reflecting a 46% growth. This was achieved by driving efficiencies, cost controls, overheads reduction and strong support from key brands. In tandem with the completion of the expansion at Teejay India which added 20 Tons of daily capacity at an investment of USD 26 Million, a modernisation initiative was also undertaken at Teejay Sri Lanka, which added

5 Tons daily capacity along with introduction of new processes and machinery and outsourcing partnership.

Teejay admirably navigated the increase in yarn cost through efficiency and cost reduction projects.

#### Export Performance

USD Mn







## FINANCIAL CAPITAL

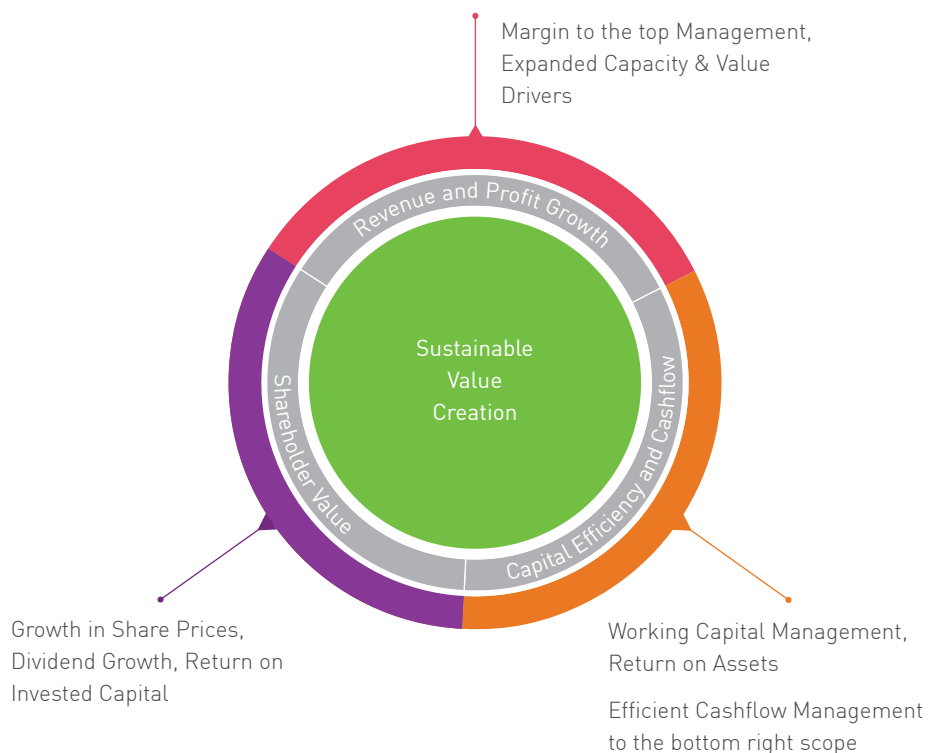


**The investment into the expansion will mitigate the risk associated with having only one manufacturing center and strengthen Teejay's ability to offer multiple manufacturing hubs to clients, thereby leading to sustainable operations. Further the increase in synthetic capacity will also position the group to cater high end market segments and new customer base.**



The Teejay Group's financial performance reflects its ability to carve out profitability amidst the COVID pandemic in first half of the year and economic crisis experienced in the Sri Lanka. Staying the course on its Transformation journey by leveraging on operational excellence, the Group invested in machinery and expansion projects based on its financial strength and smooth cash flow management. Our Group's value creation model denotes the importance it places on sustainable operations and profitability, thereby lending Teejay a clear strategic advantage.

The Group leverages on its financial capital to deliver sustainable growth and to create added value for all its stakeholders. Our value creation model below reflects the importance we place on sustainable value creation which lies at the heart of our operations.



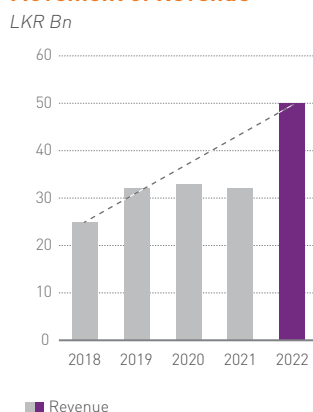
The Teejay Group achieved total revenue of LKR 50 Bn in 2021/22, which marks a 56% year-on-year increase over the previous year. This strong performance lays the foundation for the Group to achieve its goal of US Dollar 300 Mn in the next financial year. The year under review was particularly significant as the Group reached the quarter-billion mark in US Dollar terms for the first time ever despite the challenges faced.

The Group leveraged on support from outsourced partners and enhanced efficiency in the utilization of capacities to achieve increased topline growth. In comparison, underutilization was witnessed in the previous year due to the pandemic. In addition, factors such as shifting of orders to the South Asian region from China, covering both US and EU markets, increased prices to cover uplifted raw material prices, depreciation of the Rupee, skillful management of the Group's strategic customer portfolio and a range of new products combined with higher levels of efficiency, quality bolstered higher volumes to contribute to this enhanced performance.

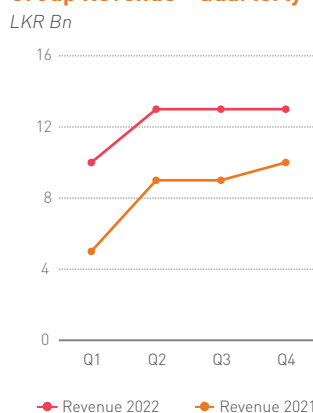
The Revenue growth was consistent for all four quarters supported by increased volumes and price increases as a result of upsurge in raw material prices. Teejay also consciously increased its synthetic portfolio and grew revenue from this segment by 55.9% in comparison to the previous financial year. The Group's expansion efforts are focused on growing synthetic sales up to 20% on total sales revenue.

The investments made in new technology, capacity enhancements in synthetics, customer relationships and product development and innovation, the Teejay Group is viewing 2022/23 with optimism and expects to improve its Revenue growth. Going forward, the Group will be placed to simultaneously be agile and flexible in the context of the ongoing economic crisis in Sri Lanka so as to mitigate any adverse impacts on the business.

### Movement of Revenue



### Group Revenue - Quarterly



## OPERATING INCOME

### Gross Profit

The Group achieved a Gross profit of LKR 4.5 Bn in 2021/22, which reflects an increase of 20.8% as a result of volume growth in sharp contrast to the COVID-19 impact experienced in 2020/21. An upsurge in commodity price increases inclusive of cotton, oil, dyes, chemicals and auxiliaries hampered higher margins as a result of which margins were impacted negatively during the year.

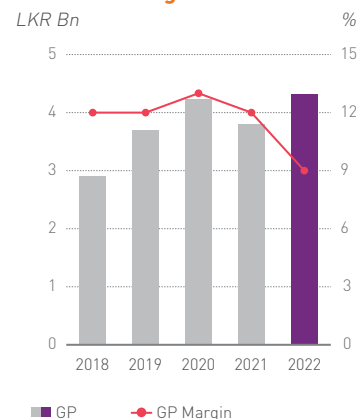
In addition, commodities, freight and utilities cost increases posed yet more challenges. The Group was able to mitigate these factors to the greatest extent possible by enhancing

efficiency and expand capacity through its operational excellence initiatives. Pricing strategies were adjusted thrice within the financial year to remain in line with the Group's strategic plans and future forecasts.

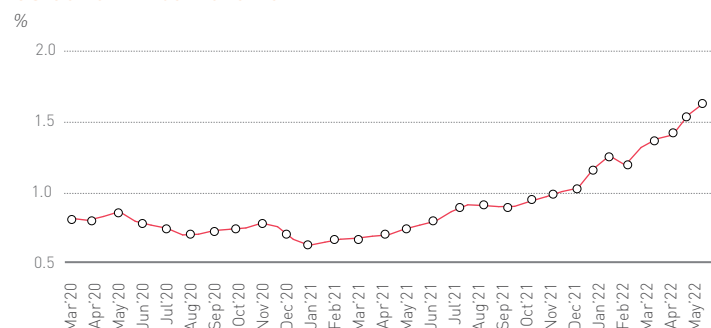
In FY20/21 average prices index stood at 75.94 US cents/lbs, which increased up to 112.81 US cents/lbs. In FY21/22, a 49% YoY increase in international cotton prices was witnessed. From March 2020 to March 2022, prices went up by 122% from 63.62 US cents/lbs to 141.13 US cents/lbs.

Considering the completed capacity expansion project in Teejay India and the enhancements made in Teejay Sri Lanka, the Group now provides an attractive portfolio of synthetics in addition to cottons. The Transformation strategy of product innovation and optimizing resources is expected to increase margins in line with the Group's future strategy.

### GP vs GP Margin



## US Cotton Price Movement



## Operating Profit

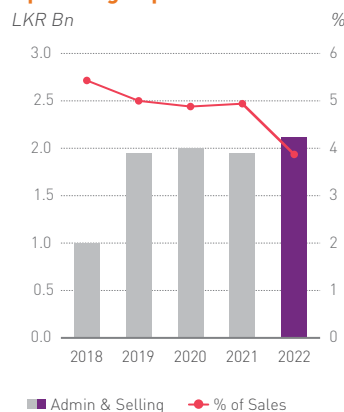
The Group's core performance strengthened during the year, reflecting an increase in the operating profit by 5% from Rs. 2.4 Bn to Rs. 2.6Bn during the year, a commendable achievement given the challenging market conditions that prevailed.

Distribution and Administration expenses increased by at 35% due to higher volatility in rates and increases in volumes.

Economies of scale, cost control measures across the entire Group, and the impact of the depreciation of the currencies had a favourable impact on overheads whilst expansion and rate increases are reflected in increased costs on both raw materials and utility. Efficient cost management was implemented to control overheads while driving efficiencies and minimizing wastage during the second half of the year under review.

Non-strategic expenditure was maintained low while strategic expenditure which would help achieve higher revenues and improved margins. A host of waste reduction and energy saving measures implemented as a part of the Operational Excellence journey supported cost curtailments despite the increase in overheads given the scale of the operation. The administration and selling costs as a percentage of sales decreased in contrast with previous years even though overheads increased.

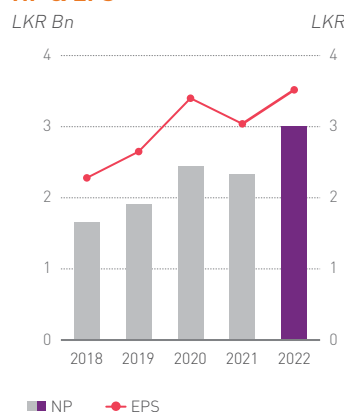
## Operating exp. with % of Sales



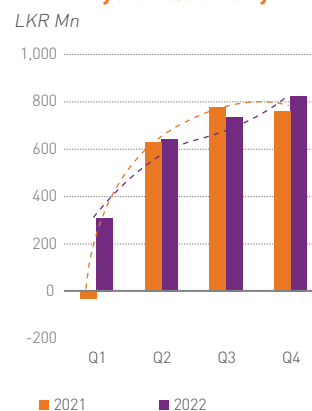
## Net Profit

Notwithstanding the external economic challenges during the year, Teejay achieved a record net profit for the financial year, achieving LKR 2.5 Bn. This reflects a 18% growth in Net Profit compared to 2020/21. In addition, the Group achieved a Net Profit margin of 5.1%. As a result of its stellar performance, an Earning Per Share of 3.54 was delivered in 2021/22 as against 3.04 in 2020/21.

## NP & EPS



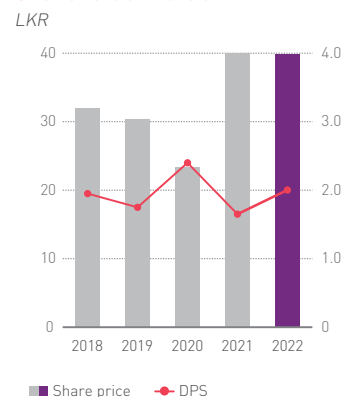
## NP Analysis - Quarterly



## Shareholder Value

Committed to safeguard and enhance shareholder wealth, the Group's share price touched at Rs. 39.8 as at year end, in spite of challenges faced by the country and the textile and apparel industry as a whole. In its dividend payout, Teejay distributed a 57% dividend pay-out ratio during the year under review, which exceeds its 33.3% dividend pay-out policy.

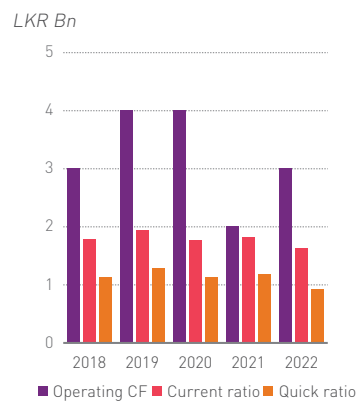
## Shareholder Value



## Share Price Vs ASPI



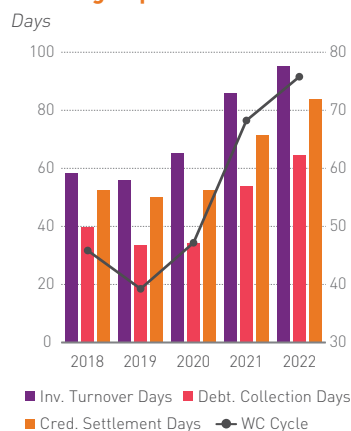
## Operating Cash Flow, Current &amp; Quick Assets Ratios



## Working Capital Efficiency

During the year under review, increased operational activities, supply chain disruptions and logistics and freight challenges drove increases in inventory. Given the Teejay Group's sound balance sheet, working capital is sourced partly from extended credit periods obtained from external creditors and in part internally. As at financial year ending 31st March 2022, a cash balance of LKR 8.2 Bn was recorded whilst debt balance saw an upward trend as a consequence of long-term debt to finance Teejay India's expansion project.

## Working Capital

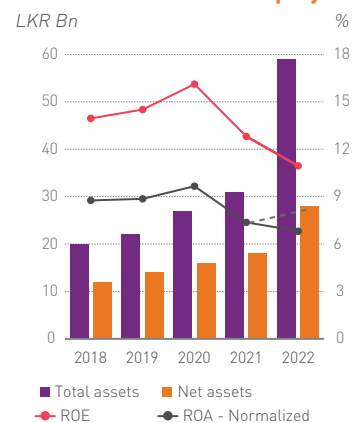
FIXED CAPITAL EFFICIENCY  
ROA and ROE

The Sri Lankan Rupee depreciated sharply against the US Dollar in the year under review which was favourable to the balance sheet and coupled with the strong performance of the company, the net assets base in FY2021/22 reflected the book value per share of LKR 39.4 in contrast with LKR 25 in 2020/21.

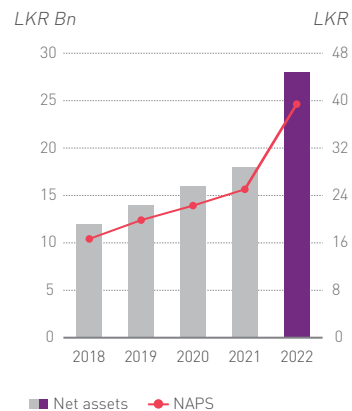
Heavy investments were made in expansion projects in the year under review and since Teejay India's enhancement was completed at the end of 2021/22, the full benefits are still to yield expected results. Therefore, Return on Assets (ROA) reflected a decline from 7.37% to 5.57% year-on-year, while Return on Equity showed a drop from 12.81% in the previous year, to 11.01%.

The decline in both ratios was expected as it is reflecting the volatile market conditions during the financial year under consideration. For greater clarity, ROA was normalized by removing the capital work in progress part relating to Teejay India's expansion project from total asset base and illustrated a 7.61% ROA.

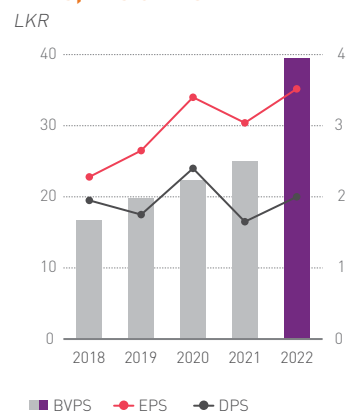
## Return on Assets and Equity



## Net Assets Vs NAPS



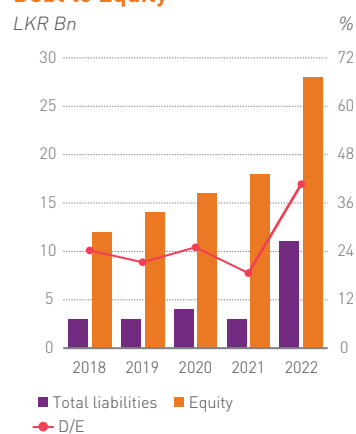
## NAPS, EPS &amp; DPS



### Debt to Equity

The USD 26 Mn investment into expanding production capacity at Teejay India which added a 20 Ton daily capacity to the Group required substantial funding, which is the salient reason for the high gearing seen presently in the Group. Further, the increase in synthetic capacity will also position the group to cater to high-end market segments and the new customer base.

### Debt to Equity



Teejay Group has kicked off a few key strategic initiatives in order to enter the next phase of growth. Apart from the Teejay India capacity expansion project, Teejay is moving towards an integrated ERP solution with the implementation SAP S4 HANA across the Group. Given the above factors, the Group remains confident of maintaining growth and delivering value to shareholders on a continuous basis.

These strategic investments mark a new phase of growth in the Teejay Group's Transformation journey as it enhances systems and processes to meet sustainability goals while leveraging on advanced and integrating technology and entering into new partnerships with the world's leading apparel brands to achieve its USD300 Mn target in 2022/23.



## MANUFACTURED CAPITAL

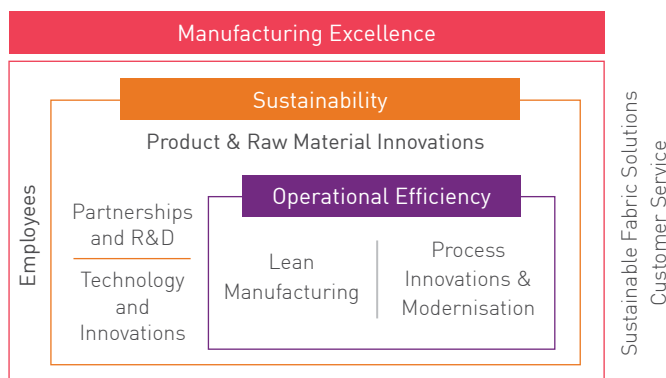
**Teejay India expanded its daily capacity by 20 tons during the year by introducing modern production machinery that facilitates the conversion of cotton to synthetics and synthetic blends. This a \$ 26Mn investment is considered as the largest investment that the company has ever made during its entire history.**



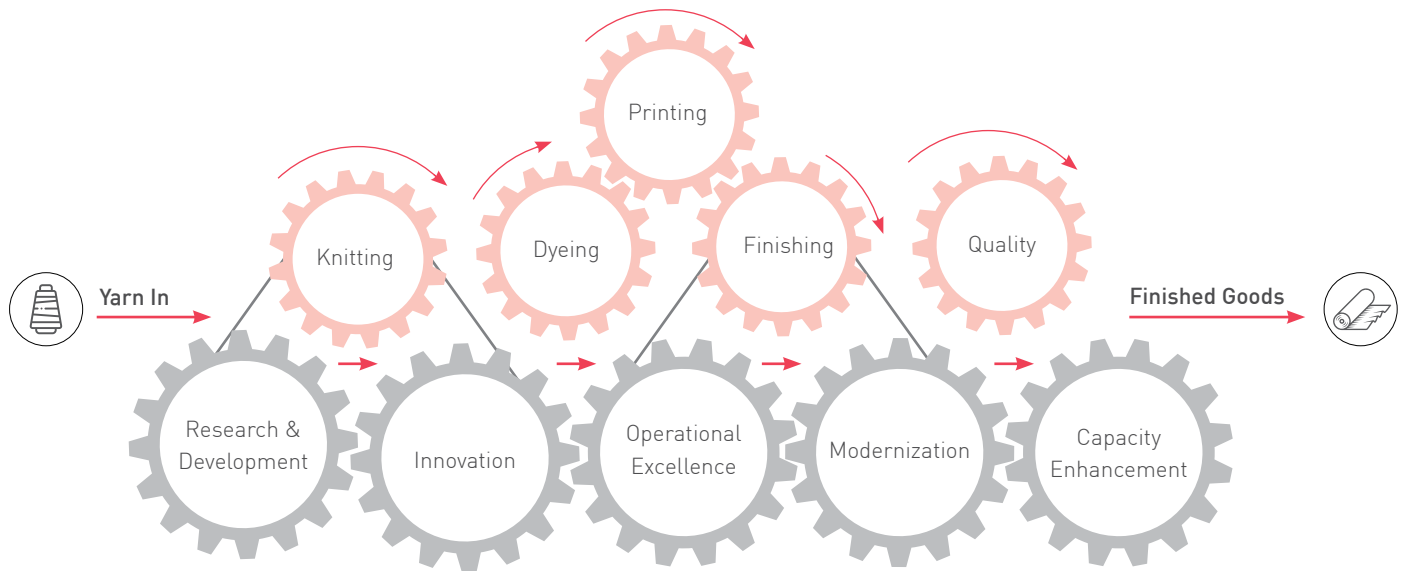
### MANUFACTURED STRATEGY

Manufactured capital can be defined as man-made stock of material objects, systems, infrastructure and processes that turn materials into products. The Teejay Group has built a reputation as a world-class diverse fabric solutions provider that has listed several global leading retail apparel brands in its customer portfolio. The Group constantly upgrades its machinery and expands its capacity – in terms of production and innovation – at regular intervals as a part of its journey of transformation and as means to sustain a competitive manufacturing edge. Its inspiring journey is developed on the pillars of new technologies and capacity expansion geared towards achieving improved productivity and reduced wastage – ultimately contributing towards deriving improvements in profitability.

Processes were further streamlined and made more efficient by working with suppliers during the year. The company liaised with research departments of local universities to unearth sustainable solutions to reduce water and energy consumption during this effort. Witnessing a reduction in the poly cotton dyeing process – leading towards reductions in chemical usage and energy reduction – can be cited as a successful outcome of these interactions. Another completed project that introduced a mechanism that enabled online inspection and optimal utilisation within the knitting process contributed towards reductions in lead time.







### CAPACITY EXPANSION IN 2021/22

The year under review saw the Group making rapid strides in its plans for transformation by modernizing machinery and expanding capacity to reach the next phase of growth.

#### Teejay Lanka

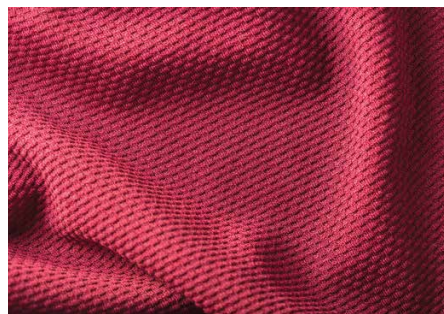
Teejay Lanka underwent significant changes in recent years: Technology updates and upgrades to existing machinery by replacing outdated and obsolete assets accommodated improvements in efficiency and enhancements in capacity while giving the plant a modern outlook.



*Synthetic fabric*

Teejay Lanka was able to increase its daily capacity by 8 tons, with the majority of the capacity expansion focused towards catering to synthetic production. Dual capable machinery are utilized to leverage

on the flexibility that such machinery offer. The company's focus for the future is to manufacture high value added synthetic fabrics. Productivity was further increased during the year through a strategically planned and executed operation excellence journey.



*Synthetic fabric*

New technology was introduced during the year including; knitting jacquard, a packing unit, compactors, and knitting machines. Furthermore, the company installed new dyeing machines with low energy requirements and low water consumption potential.

Moreover, the company is committed to adhere to and maintain stringent quality standards expected by its customer base. The year-end review revealed that Teejay pioneered the use of natural tea-based

dyes – natural and free from harmful chemicals and toxins – during its journey of sustainability.

#### Teejay Prints

Modernization efforts were made on behalf of Teejay Prints to uplift its capabilities by acquiring new machinery with low energy and water consumption potential while deriving a considerable level of output. Prints were able to increase its capacity and its product portfolio this financial year. The capability to perform reactive printing was a new introduction to the Teejay Group during the period under consideration.



*Teejay Prints - Digital printing unit*

Reactive printing was commenced in the year under review, and that has improved the position of Teejay Prints and expanded its product portfolio. This new capability offers more value addition in the area of pigment printing and has reported positive

**Management Discussion & Analysis****Manufactured Capital**

customer feedback since its introduction. It can be taken as a key performance indicator, and a crucial component in the company's success story as its expertise in reactive and digital printing continue to improve with each passing year.

**Teejay India**

Teejay India is located in the Brandix India Apparel City, a Special Economic Zone with 100 per cent export-oriented units involved in the integrated apparel supply chain at Visakhapatnam, Andhra Pradesh, India. As an apparel hub in nature, India can leverage on its advantage gleaned by its close proximity to other booming apparel hubs such as Indonesia, Bangladesh, and Vietnam to source raw materials. The recently concluded expansion of Teejay India placed it in a prime position to achieve the group's target of earning \$300Mn and has positioned it as a leader in the global textile manufacturing market.



Transformation of Teejay India - Before



Transformation of Teejay India - After

Teejay India expanded its daily capacity by 20 tons during the year by introducing modern production machinery that facilitates the conversion of cotton to synthetics and synthetic blends. This a \$ 26Mn investment is considered as the largest investment that the company has ever made during its entire history as a manufacturer of weft knitted fabrics. Additionally, investments in new reactive printing capabilities and singeing machines were made during the year.

**VALUE OF OUR MANUFACTURING CAPITAL IN 2021/22****Change in Value of our Manufacturing Capital**

	2021 / 22		2020 / 21		2019 / 20	
	Group Rs. '000'	Company Rs. '000'	Group Rs. '000'	Company Rs. '000'	Group Rs. '000'	Company Rs. '000'
Buildings on leasehold lands	5,188,466	2,119,012	2,875,311	1,461,469	2,965,805	1,484,941
Plant, machinery & equipment	7,419,304	3,422,063	4,952,519	2,475,828	4,989,908	2,322,279
Factory equipment & Fittings	1,252,781	1,203,785	680,073	626,666	588,180	520,148

**PATH TO MODERNISATION****Digitization**

The factory expansion and modernization of machinery is a vital pillar in Teejay's operational excellence journey. A massive information gathering exercise was conducted to examine the causes for downtime and automate the monitoring of data using a real-time digital assessment tool to coincide with this endeavour. A control room was set up to monitor the digital data of individual operation units – enabling individuals to mitigate or resolve any grievance on the spot. It is an exercise that enabled the group to witness a 15% increase in efficiency over two years.

The team will be granted greater visibility to view functions in real-time with a direct link to a SAP system once the digitalisation process of all shop floors are completed. Moreover, it can contribute towards the streamlining of operations. Other benefits include; improvement in efficiency, optimal consumption of raw materials, and the reduction of wastage. The inspection and storage units were expanded to accommodate more capacity.





## HUMAN CAPITAL

**Teejay has launched a project to revamp HR policies – mainly focused on recruitment and promotions – to integrate its Equity, Diversity and Inclusion (EDI) practices as a core tenet of its approach to human capital.**



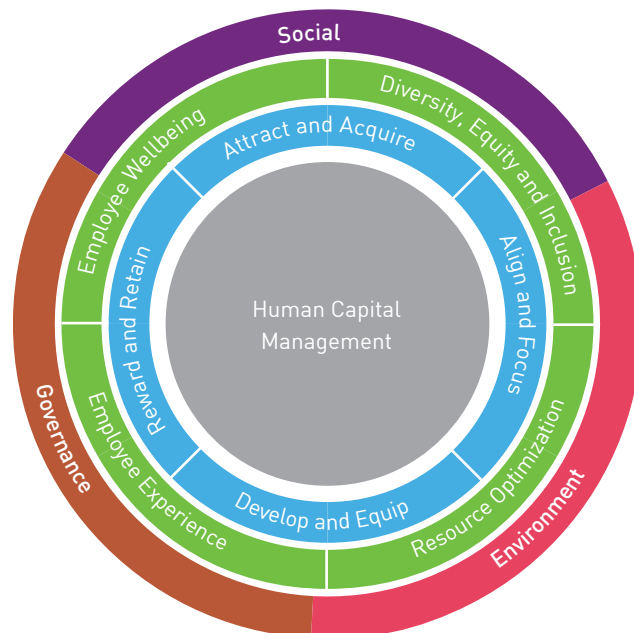
### HUMAN CAPITAL STRATEGY

The Group's Human Capital refers to the economic value of workers' experience and skills as a sum of their intelligence, knowledge, training and other skills. It is a key pillar that contribute towards improvements in productivity and profitability despite it being an asset that cannot be measured on a balance sheet. Taking this into consideration, the company built a strong employee brand to attract people that have a passion and drive to build a career with Teejay.

The driving force behind our success is our team of 3,000+ passionate and committed fabric specialists. A successful HR policy that fulfils the needs of associates, executives, and management was built to enable them to thrive in a mutually equitable setting.

### ESG COMMITMENT

Teejay has framed an Environment, Social, and Governance (ESG) policy by establishing targets and commitments to reduce the carbon footprint as a mean to maintain



a competitive edge. Engineering teams comprised of experts with admirable credentials oversees aspects pertaining to environment sustainability while social facets of the company remain compliant to stringent labour standards stipulated by the UN Sustainable Development Goals (UNSDG). Internal audits are conducted to ensure compliancy to policies and a strong governance framework is present within the Group. The ESG framework was adopted recently within the annual review, and as such remains at the primitive stage since being incorporated into the Group's systems and processes.

### RESOURCE OPTIMIZATION

As a lean organisation, Teejay ensures that its people are assigned to roles that are designed to suit their skill sets and attitudes while challenging them to push beyond borders to achieve career growth. Ongoing advanced factory expansions and modernization initiatives across the group mandates that many hitherto manual skills are being automated – thereby offering associates an opportunity to upgrade their skills to engage in more value adding activities. Attrition rates have improved markedly in recent times as a result of the introduction of an inclusive approach to attract and retain talent. The company focuses on developing employee competencies as means to enhance their capacity to multitask. Furthermore, Teejay encourage and gratify employees with rewards for coming up with novel ideas to streamline processes and practices.

### DIVERSITY, EQUITY AND INCLUSION



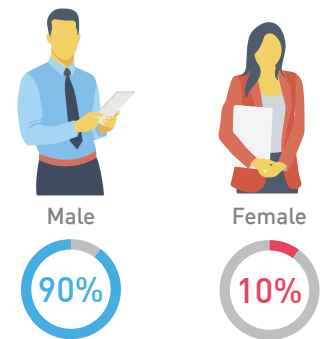
Teejay places a significant importance on the need to provide equal opportunities to everyone since inception. It strives to

be viewed as a workplace that is home to a diverse pool of people regardless of ethnicity, religion, gender, physical appearance, and cultural differences. It's this mindset that helped the company to enhance innovation and team performance. Teejay's commitment to Equality, Diversity and Inclusion (EDI) simplify its role as a supplier to international brands as they are primed to comply with stringent standards set by said international brands. Teejay has launched a project to revamp HR policies – mainly focused on recruitment and promotions – to integrate its EDI practices as a core tenet of its approach to human capital.

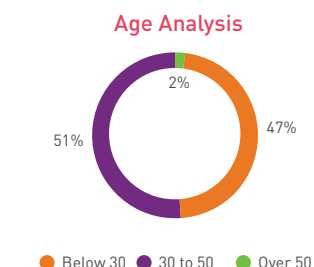
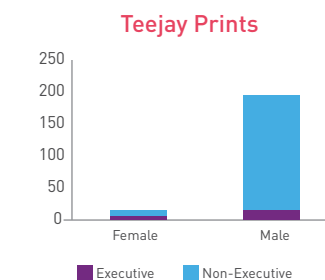
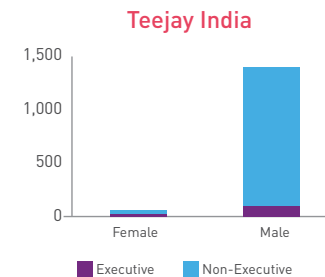
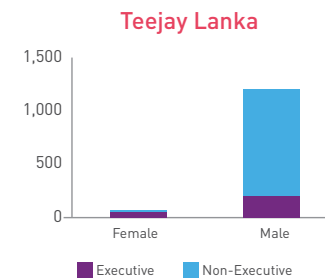
### DEVELOP AND EQUIP

All training and development programmes are planned to enhance the knowledge and skills of employees while providing information and instruction on how to better perform specific tasks. These sessions enhance the talent and dedication of employees and their thirst to make a vital contribution towards value creation. Training programmes are conducted by the internal training faculty or external resource personnel for all categories of employees. Equipping every employee with the right skill is a critical pillar in achieving Teejay's ambitious goals and a core component of the company's journey towards transformation. The training aid provided by the company includes solidly planned orientation and induction programmes that instil Teejay's culture and values and support for new recruits to become skilled in their jobs. Additionally, a sturdy technical training analysis complimented with a training that impact soft skills simplifies the company's efforts to meet their training requirements and to unlock the true potential of its human capital.

### Gender Representation for the Group



### Plant-wise Gender Representation



All training programmes were conducted virtually during the first few months of the year under review due to the threat imposed by the ongoing pandemic. However, several training sessions were held on site by following strict health protocols during the latter part of the year. A majority of said training sessions were geared towards upgrading skills required to manage new technologies. The activation of individual development plans were witnessed during the training. An e-learning facility was introduced and the teams were encouraged to put the platform to optimal use.

### Employees



**LKR. 9.4 Million Training Cost**  
**17,730 hours of training**



Health, Safety and Compliance



Physical and mental wellbeing



Technical skill Development



Leadership Skill Development



Soft Skill Development

### PERFORMANCE MANAGEMENT SYSTEM

The performance management systems differs for Executive and Non-Executive staff. The appraisal for Non-Executive employees based on set targets was completed and increments were paid on time. The HR team deploys employee productivity, measurement and improvement tools whilst also following a succession plan for Executive and Non-Executive staff. The Company's employee productivity matrix measures where employees should be and where they are at the moment and the gaps are thereby then filled with mentoring and other trainings. During the year under review all salaries and increments were paid on time despite the challenges.

### ANTI-CORRUPTION POLICY

Corruption has been a buzzword within industries as long as one can remember. Companies that are engaged in ethical business practices strive to establish means to prevent corruption from taking place within their premises. Teejay has taken proactive measures to demonstrate their stance on anti-corruption and the urgency to remove any possibility of such a malpractices from taking place during its journey. The preparation and incorporation of a solid anti-corruption policy and the effective communication of the implications of said policy with all internal and external stakeholders enable the Group to; nip corruption from the bud, maintain integrity and righteousness of work, and to raise awareness with regards to the cause and effect of corruption.

### REWARDS AND RECOGNITION



Gold coins were presented to our employees in recognition to the long service rendered to the company.

Teejay has the leniency to uplift and motivate their associates by communicating their value to the company by expressing recognition for their contributions. Prevailing circumstances hindered the Group's ability to execute many rewarding programmes. Nevertheless, certain notable events such as an award ceremony to recognise long service were held during the present and previous year. Employees that have provided five and ten years of service were gifted with half a gold and a gold sovereign respectively. Furthermore, the All Ideas Matter Awards for Innovation was held to recognize individuals that came up with new ideas to promote safety, quality, and productivity development.



Recognition of employees who submitted new ideas to promote safety, quality, and productivity development (All Ideas Matter Awards)

### WORK LIFE BALANCE

Maintaining an optimal work life balance was a challenge amidst the pandemic and lockdowns. A majority of new recruits were subjected to work from home conditions, and as such were deprived from interacting and becoming familiar with their colleagues and team members. Nevertheless, the HR team organized various sessions for employees to engage with each other during the year. In person team outings and motivation programmes were held to create opportunities for bonding by the end of the financial year. Online counselling sessions were conducted with the participation of the Brandix team to educate employees on how to remain engaged while working from home. Moreover, an emergency assistance fund provided support for employees to manage their family times in case of an emergency.

### OCCUPATIONAL HEALTH & SAFETY



Annual Health & Safety training

Highest safety standards are maintained to protect staff operating machinery and equipment to demonstrate Teejay's commitment to report zero injuries from being sustained within the workplace. Safety

measures are established along the entire manufacturing process while appropriate safety gear is provided. Employees are regularly trained in safety skills and good practices to eliminate accidents. In 2021/22, health and safety trainings were conducted in person as opposed to virtual trainings that were carried out over the past two years. The refresher training course ensured that a high level of awareness is inculcated amongst new associates while introducing new knowledge in relation to new trends and technologies related to health and safety.

The Company invests in the most advanced machinery with enhanced safety features to ensure the wellbeing of its employees. A safety committee conducts a host of safety audits to ensure that every compliance standard is maintained. Regular health checks and inspections are carried out to support employee health.

Health and safety became a serious priority due to the pandemic and restrictions were introduced to safeguard staff from being exposed to the coronavirus. Dry rations were donated to affected employees, and they were relocated to separate isolation facilities operated by Teejay during the pandemic period. The company will continue to monitor the situation while maintaining stringent hygienic standards despite the threat being considerably abated.

### EMPLOYEE WELFARE

Teejay provides meals, transport, and uniforms for its associates as an effort to prove the most comfortable and caring environment that its employees deserve. Strict protocols are followed to ensure the hygienic and nutritional level of the offered menus as means to maintain a healthy workforce. A staff welfare shop – located in the factory premises and operated by a third party – enables employee to purchase consumables at attractive prices. In addition, employees' children are provided with schoolbooks and school bags. Other forms of assistance are extended on a case-by-case basis. Furthermore, welfare loans are provided despite not being in the programme's scope to develop employees' living standards.



*Distributing stationery items for the participants of Annual drawing competition*



*Distributing stationery items for the participants of Annual drawing competition*



*Distributing dry ration packs to employees*





## INTELLECTUAL CAPITAL

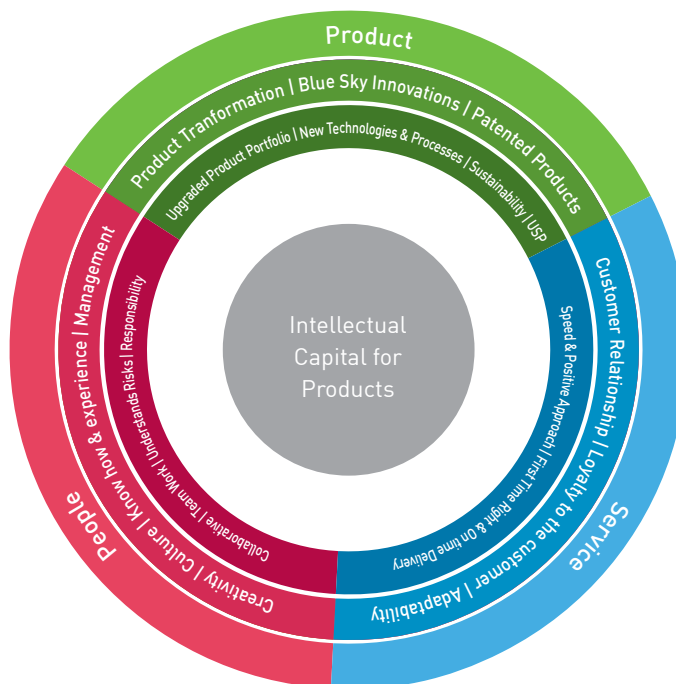


In keeping with its infinite possibilities ethos, Inscope has not restricted the scope of its innovation capabilities to the textile industry. It has sought to establish links with other industries such as agriculture, medical, and mechanical industries during this endeavour. The entire process is achieved via the incorporation of Artificial Intelligence (AI) technology.



Teejay Group's intellectual capital is the collection of all informational resources at its disposal that can be used to drive profits, gain new customers, create new products, or improve the business. Furthermore, it includes employee expertise, organizational processes, and other intangibles that are part of our value chain. As Sri Lanka's premier multinational manufacturer of weft knitted fabric with manufacturing plants in India and Sri Lanka, the Teejay Group offers a wide range of products and services viz. dyeing, finishing and printing.

### INTELLECTUAL CAPITAL STRATEGY



Teejay has embarked on a journey of transformation to take the next big leap: thereby strengthening its brand value. Teejay believes that intellectual capital includes the wealth of ideas and the ability to innovate, and that determines the future of the organization.

During the period under review, the Group laid the foundation strategy for the future of Teejay Group based on the pillars of Product Transformation and Digitization by investing on Innovation and Growth, with all products and services being evaluated through the lens of Innovation.

**INSCOPE**

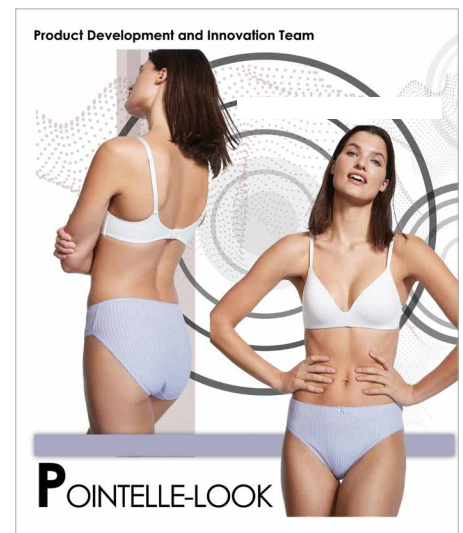
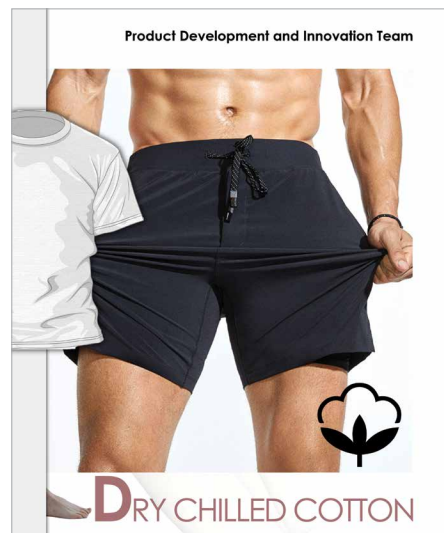
Teejay has plans to launch its own brand - Inscope - which is an initiative to drive innovative products. Inscope will be launched with the tagline, 'Infinite Innovation'. All new product developments will be rooted through Inscope to ensure that they are at the cutting edge of the global industry. The Inscope team engages in intensive research on products and how they would be accepted by considering and analysing customers and users' point of view and insights.



Inscope is geared to give products a solid structure with proposed new raw materials, new fabric materials, new technologies and new processes. Furthermore, they are purposed for final end use by explaining consumer benefits, product elevation, its value additions, and product transformation. All new products are underscored by a strong sustainable quotient.

**Technical Product Range****Products**

- **X-CHIMERA** : X- Chimera is an illusionary strong fabric with 2 tones
- *Well Being* - "Your Mind Body and Soul in Focus"
- **NANO SOFT 6.6** : Produced with Nano Nylon yarn to create premium products specifically lingerie or athleisure
- **DRY CHILLED COTTON** : Dry Chill cotton is a special chemical application which enables the cotton to dry at a fast rate.
- *Soft Sleep* - "Snooze Enhanced"
- **PATAGIUM** : Patagium is a stretchable fabric created without elastane with a satin like finish
- *Blackout Yoga* - "Sheer-Free Yoga of the Future"
- **FLEXI FIT** : The norm for generic sizing is fast becoming a concept of the past as the idea of perfect fit and comfort can no longer be set into predefined buckets.
- *Buttery soft* - Feather touch comfort for sleep & Intimates
- *300 dpi resolution* - fine geige ultra soft knit range

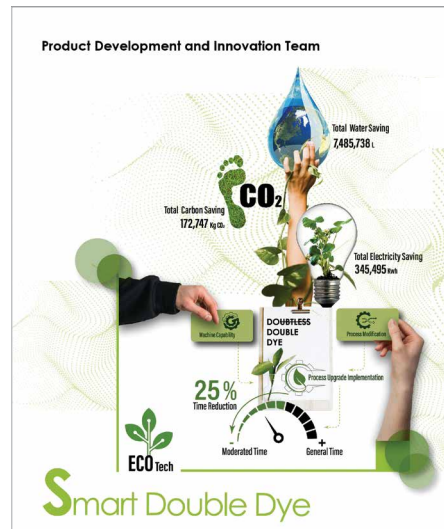
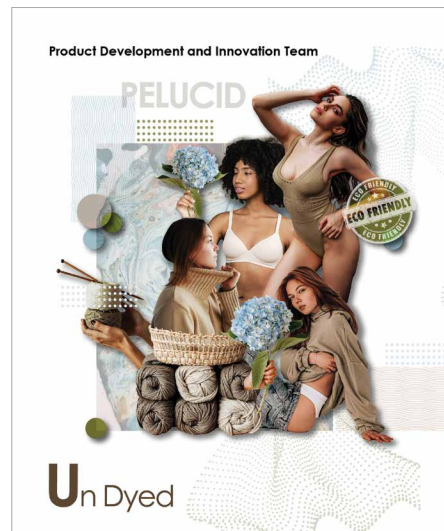
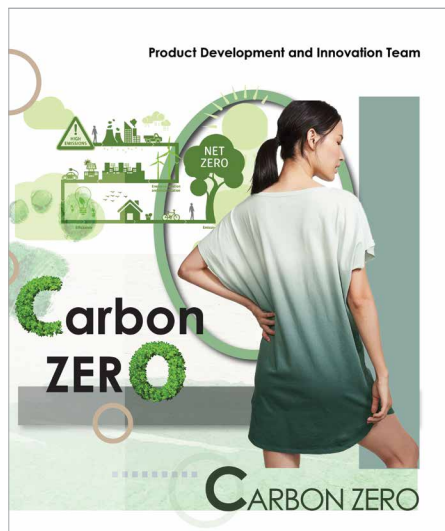


## Sustainable Product Range

## Products



- **BOTANICAL DYED** : Botanical Dyed fabric are dyed using plant extracts like flowers, shells, fruit and leaves.
- *Conscious Cotton* - "Make Everyday Cotton Better"
- **NATURAW** : NatuRaw is cotton which has not been dyed and uses the natural color shades of the cotton.
- **CARBON ZERO** : Carbon Zero engineered eco conscious manufacturing spinning & fabric manufacturing process
- *Kahata Paata* - Natural dyeing technique through waste tea
- *Naturaw* - Natural grown cotton in multiple colors





## Aesthetic Product

## Products



- *Pixels by pixels* - Electronic Jacquard Range
- **SPRING TEES:** A cotton fiber enhancement engineered for cooler feel and faster drying.
- *Color Play* - “Surrounding You in Color”
- *Shadow Knits* - 2 tone shadow looks on knits
- *Illusion* - misinterpreted perception of a sensory experience.
- *Rhythm Ribs* - Wide range of rib range in different repeats
- *One yarn multiple story* - One single exclusive yarn creating many stories.

A key new product development during the year is dry chilled cotton – a form of quick-dry cotton. A top-tier Australasian brand has shown a keen interest to commercialize this entire product range developed by Teejay. An Intellectual Property Agreement (IP agreement) has been signed to signify the beginning of a fruitful partnership.

## PRODUCT TRANSFORMATION

The product transformation project that will be driven henceforth is based on four main pillars:

- **Product Portfolio upgrades:** This pillar involves identifying the brand's product portfolio and possible areas that can be enhanced with a unique product range. This encompasses infusing new technologies and processes to uplift the product portfolio through diversification.
- **Product Value upgrades:** Achieved by identifying product ranges that are not performing well and providing alternatives and adding value to current running products to successfully sustain their life cycles for the next couple of seasons.

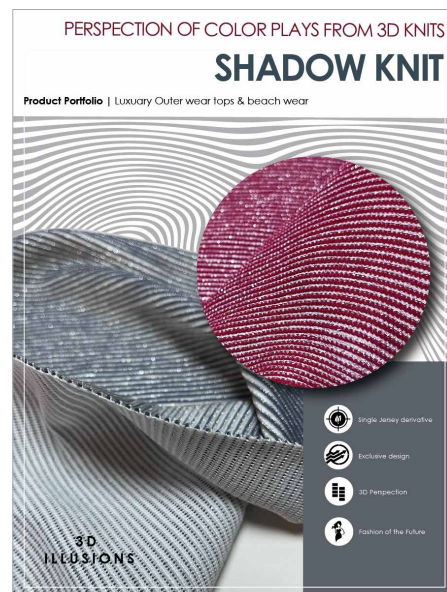


- **Product Lifecycle upgrades:** Infusing value for core running items and retaining the business by giving valuations for the next season and forecasting trends along with cost reengineering.
- **Green sustainability** approach to identify possible sustainability solutions that encompass product sustainability and raw material traceability by using testing methods such as nanotechnology.

In keeping with its infinite possibilities ethos, Inscope has not restricted the scope of its innovation capabilities to the textile industry. It has sought to establish links with other industries such as agriculture, medical, and mechanical industries during this endeavour. The entire process is achieved via the incorporation of Artificial Intelligence (AI) technology.

## R&amp;D

Forging ahead with its product transformation initiative, Teejay has invested in Electronic Jacquard technology – a new learning that is yet novice to Sri Lanka – and that has given the location a competitive advantage. The company will continue to invest in and expand the company's capability in this technology further to create a unique story and marketing strategy.



A significant amount of new products were recently introduced along with the introduction of certain modifications to enhance value addition. The introduction of natural dyes ties in with and seamlessly complements the Group's sustainability driven focus.

## Certifications and Accreditations for Quality and R&D

Oeko-tex Certification

Lab Accreditation for PVH

Lab Accreditation for Decathlon

Lab Accreditation for M&amp;S

## Lab Accreditation for Lbrands

NATIFIC Colour Accreditation for PVH







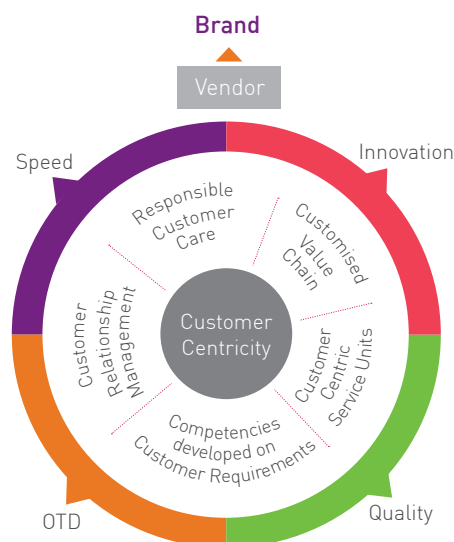
## SOCIAL & RELATIONSHIP CAPITAL

**Teejay has consciously stayed away from the usual route of duplicating and replicating a competitor product and offering a discount to acquire a market share. On the contrary, Teejay achieved differentiation by offering value-added novelty products, and thereby making its way into the online fashion trade.**



Our social capital consists of customers, suppliers and the communities within which we operate. Teejay was able to offer customers an enhanced portfolio of innovative products as it made admirable progress in its journey of transformation throughout year.

The main challenges faced during the period under consideration can be cited as price increases of commodities in the global market and the spike in freight rates.



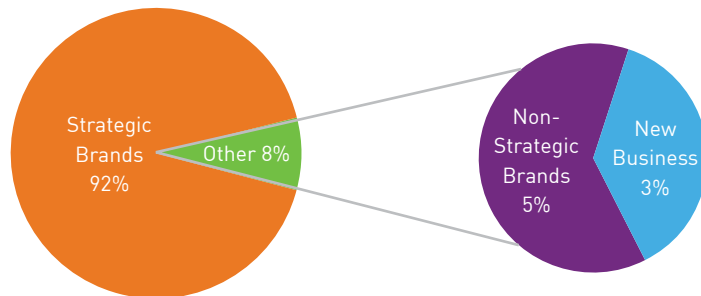
### CUSTOMERS

The year under review posed immense challenges in serving customers seamlessly considering the global and local supply chain pandemic induced disruptions. Nevertheless, Teejay was able to surmount most challenges through the pillars of its operational excellence and its transformation journey.



**Management Discussion & Analysis****Social & Relationship Capital****New Business**

In addition to the 8 strategic brands in its portfolio, namely, PVH, Calzedonia, Lbrands, M&S, Decathlon, Nike, Uniqlo and Lidl, Teejay was proactive in pursuing new business development – having been able to successfully on-board several high profile brands during the year under review acting as a testament to the effort. On average, the demand from US brands witnessed an increase by 45%-50%: Nike increased its orders by approximately 100% and PVH channelled new orders by around 77% to 80%.

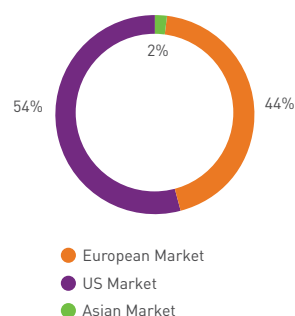
**Strategic Brands & New Business**

The fallout of the US-China trade war significantly contributed towards the upsurge of orders that was observed during the period. Suppliers sought to discover new opportunities to diversify their sources of production away from China amidst the ongoing war. Consequentially, the demand that was once enjoyed by China shifted to the South Asian region including nations viz. India and Sri Lanka. Meanwhile, the logistics and supply chain challenges introduced courtesy of the pandemic led brands to build vertical solutions where apparel manufacturing was in full swing to minimize logistical changes and supply chain delays. Additionally, European brands listed in Teejay's portfolio reported improvements when compared to previous years that were heavily affected by the pandemic. Business from brands such as Calzedonia, Lidl, and Decathlon rose to pre-pandemic levels – with Teejay regaining orders from these brands yet again for the financial year 2021/22.

Teejay has been working on securing the premier brand Lululemon – a premier athleisure brand – as a business associate. These efforts came to fruition in 2021/22 after Teejay Prints received approval as a nominated supplier for the world renowned brand. Considering the localization strategy being adopted by global brands, Teejay is now working towards achieving the same

nomination for Teejay Lanka and Teejay India. Teejay intends to capitalize its position as an innovative supplier to develop different products to further strengthen its goal of becoming the preferred supplier for leading brands.

Teejay was successful in commencing business with the largest specialty retailer in the US. Teejay has consciously stayed away from the usual route of duplicating and replicating a competitor product and offering a discount to acquire a market share. On the contrary, Teejay achieved differentiation by offering value-added novelty products, and thereby making its way into the online fashion trade. The excellent execution of this product innovation strategy enabled Teejay to report strong sales volumes for the FY 2021/22. Teejay's value-added products have been critical in improving the product mix and to operate in a niche market.

**Revenue from Reigons**

Expanding its product portfolio further into the lace category, Teejay was able to secure orders from Lidl. By sourcing fabric and lace from the same supplier, the customer is able to obtain better colour matching for its products leading to growth in orders. Presently, Teejay has an MOU in place with Luen Fung Textiles (LFT). The first phase of the agreement involves securing Lidle orders for Teejay India in 2022/23.

The commercialization of the Company's innovation under the Inscope brand was another key component of Teejay's business development plan. Key innovations introduced in recent times were dry chilled cotton, quick dry cotton, and a trendy new fabric that rapidly gained major traction in the world. The purpose behind the use of polyester synthetics is for its quick dry characteristics, and Teejay has been able to match that with its own technology with its innovative product. One of the biggest brands from Australia is keen to commercialize the entire dry chill product range developed by Teejay. An Intellectual Property (IP) Agreement has been signed to establish the partnership.

**Raw Material Innovation**

In terms of raw material innovation, the organization has evolved a strategy of product transformation where it uplifts the value of its product portfolio while introducing new and innovative products. A product innovation team works with a sharp innovation focus to strategically drive novelty products into the market. This team works closely with other teams that work with multiple suppliers when it comes to conducting research on ways to bring innovation to the forefront and techniques that would enable Teejay to incorporate artificial intelligence into its systems and processes to deliver better value for customers. Therefore, Teejay is committed to innovate when developing new products that mitigate the impact of rising yarn prices.

**Catering to customer trends**

One of the key strategic decisions taken during the year was to expand Teejay's synthetic product portfolio. A project was initiated to increase synthetic business value to move into the performance product range as part of the future synthetic strategy.

Teejay's customers have taken note of the fact that the expansion phase for India has been completed and 20 tons per day total capacity has been added in the location, including knitting machines which are convertible from cotton to synthetics. Coinciding with business moving away from China, Teejay India is now in a strategic position to capture synthetic orders. The global synthetic fibre market is expected to burgeon to USD 85 billion by year 2025 while in Sri Lanka the segment has grown from USD 630 Mn in 2016 to USD 950 Mn in 2020, which reflects the opportunities in synthetics.

Teejay aspires to become a key strategic supplier of synthetics to all key vendor bases in Sri Lanka and is moving towards achieving improved margins in synthetics and developing its existing customer portfolio by penetrating into their synthetic business. This forms a part of its product transformation strategy where Teejay is looking at innovation pillars as well as diversifying its product portfolio - by not relegating itself only as a cotton fabric supplier. Given the challenges and fluctuations in the cotton market, the company's decision to foray into synthetics was a strategic one.

## SUPPLY CHAIN

Teejay has a history of 20 years of working with the current supplier portfolio and the long-term partnerships forged with them helped to sustain the business during a crisis-filled year. One of the main challenges was to overcome the trend of suppliers globally reversing long-term bookings and increasing quotations for usual timelines. However, Teejay's main strategic suppliers were able to curb the issue to a great extent when it came to stability of raw material sources especially in terms of availability. The Group was able to secure requirements for its brands by leveraging on these valuable supplier partnerships.

During the year under review, the company circumvented the shortage of resource availability by widening its supplier base and developed sources in multiple geographic locations. This supplier base assessment/ rationalisation was not exclusively based on the Price & Quality of the raw materials supplied. Careful due diligence of the supplier is carried out to ensure that the supplier demonstrates professionalism and ethical business practices in compliance with the anti-corruption policy and supplier code of conduct of Teejay and compliance with ethical standards set by the international Brands that we cater to and also other factors such as financial stability of the supplier, the governance process undertaken by suppliers, capability to innovate (ESG strategy).

Challenges	Mitigation Strategies
Problems in sourcing goods with a narrow supplier base due to border closures or trade wars.	Since the pandemic impacted raw material availability, Teejay introduced new suppliers as a short term measure to mitigate the current issues.  Teejay holds an advantage of having manufacturing locations in Sri Lanka and India, and thus is able to shift orders between the two locations to mitigate the risk of delayed customer deliveries.
Delayed arrival of raw material due to logistical problems could make it difficult to meet customer lead times.	Teejay increased inventory levels in both locations so that - despite shipment delays that arose due to the pandemic - it will be able to secure timely delivery to customers.  As a result of shipping delays, the time taken to bring goods into production houses was extended. Thus, Teejay financed more inventory levels and this strategy ensured uninterrupted production.

## RAW MATERIAL TRACEABILITY

The demand for raw material traceability has been present in the industry for a long time, and different accreditations and audits take place to ensure the materials used are in accordance with brand requirements. However, new developments are taking place around the world in terms of giving more visibility to raw material origins. Teejay is also audited to fulfil these compliance requirements, while working closely with its supplier base. The challenge will be to go beyond fibre traceability to a more granular level.

Teejay has harnessed the expertise of suppliers and related international organizations to produce technology and Artificial Intelligence/Nano Technological tools for better information management to track raw materials down to the granular levels.

## FUTURE STRATEGY

The launch of Teejay's Inscope innovation brand reflects the Company taking a giant leap in innovation as it makes rapid strides in its transformation journey. Taking a strategic view of future business growth, Teejay is planning to drive innovation to penetrate other categories of existing branded businesses. For example, although Teejay is a preferred supplier to PVH for undergarments, it is planning to further penetrate and establish stronger partnerships with other brands such as the Tommy Hilfiger European market. On the other hand, the Uniqlo business is also being developed and most of the innovative products developed by the customer have been approved. Bulk volumes are expected by Teejay in the current financial year.

The Group is forging ahead on some key pillars in its strategy including looking to implement a multiple location strategy to mitigate current risks and aligning to customers' preference for near-shoring, which is essentially to move closer to the needle point. Teejay India remains as the Group's strategic location, and this is reflected by the investments that were made to enhance its manufacturing capacity and technology.

The strong emphasis on enhancing synthetic capabilities is expected to deliver cutting edge improvements to Teejay's offerings. By leveraging on the Group's transformation journey, Teejay intends to move up the value chain to high-end product mixes through innovation and product transformation while adhering to internationally recognized sustainable manufacturing.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

Teejay's CSR footprint is powered by the belief that the sustainability of its profitability is entirely dependant on the sustainability of the communities and environment that it is part of as it continues to create social and environmental value.

The creation of sustainable livelihoods through 'Thirasara Mehewara' remains at the core of Teejay's CSR strategy. The company achieves this by; conducting social responsibility projects for employees, community development projects for schools in need to improve sanitation facilities, green investments to strengthen its environmental footprint, and to uplift the entire textile academia.



#### Projects completed

Donation of equipment to Avissawella Hospital for Covid 19 treatment	Within Vicinity
Provision of toilet facilities for the Covid-19 treatment ward (Avissawella Hospital)	Within Vicinity
Provision of safety overalls for staff in Avissawella Hospital	Within Vicinity
Donation of bedding for Avissawella Hospital	Within Vicinity
Provision of theater shoes for the Ragama Hospital - ICU ward	Outside Vicinity
Donation to build a pre-school building	Outside Vicinity



Signing MOU with American Chamber of Commerce in Sri Lanka (Wash project)

Teejay's core focus when it comes to addressing sanitation is targeted towards providing access to drinking water – and by extension, the provision of special sanitation facilities for the differently abled individuals. It is a strategy that helps combat the issue of ground water from being contaminated in congested townships.

Teejay partnered with the American Chamber of Commerce in Sri Lanka and the Habitat for Humanity to conduct key projects during the financial year 2021/22. Our financial contribution to Habitat for Humanity effectively leads towards the upliftment of a rural school with the provision of; 3 toilets, a water tank that holds a volume of 500 liters, and the conduction of a hygiene education awareness programme to educate everyone with the knowledge of how to improve the sanitation of schools to derive better health outcomes. The partnership covers 3 rural schools and benefiting approximately 3,500 students.





Schools benefitted from the Wash Project	Total Students
Kosgama Sumedha Maha Vidyalaya (Central College)	1,041
Maniyamgama Maha Vidyalaya, Dehiowita	350
Dr. N M Perera M M V	2,027

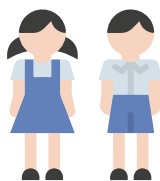
The initiative will be launched as a national scale projects with a focus on 3 schools per province – beginning with the Sabaragamuwa Province, going forward. Proposals introduced by Teejay will play a crucial role when selecting such schools. Teejay will remain actively engaged with the projects – connecting with these schools to monitor progress and provide support whenever needed. It is a business ethic that enable the group to accomplish its primary focus, and that is to provide safe drinking water and sanitation facilities to reduce water borne diseases and to inculcate healthy hygiene practices amongst students coming from low-income backgrounds.



Handing over ceremony of the washroom facilities to the schools



Conducting the Hygiene Education Programs for the students



**3,500**

Students Reached



**3**

Schools



**9**

Washroom  
Facilities



**500L**

Water Tanks  
- one to each school



**3**

Hygiene Education  
programmes



## NATURAL CAPITAL



**As a company that has consistently set industry standards in many areas, Teejay is also spearheading sustainable manufacturing practices underpinned by innovation. The Group has initiated various innovation projects which have achieved great success, some of which are still continuing and undergoing constant improvements.**



### NATURAL CAPITAL

Natural Capital consists of critical input for the organisation's manufacturing process and for the sustainability of the planet. The Group is committed to reduce consumption of all natural resources, especially the water and energy, the main resources used in its manufacturing processes, whilst ensuring responsible disposal of solid and liquid waste from its factory operations & responsible discharge of gas emission.

### Environment, Social and Governance (ESG) framework

Teejay articulated an ESG policy in the year under review to further strengthen its transformation journey. The Group's renewed sustainability strategy - Abhivarah 2030 - was also introduced groupwide this year. Abhivarah or 'environment' embraces the co-existence of life by upholding nature to bring balance to the eco-system and undertake every possible measure to conserve natural resources for the next generation.

As a company that has consistently set industry standards in many areas, Teejay is also spearheading sustainable manufacturing practices underpinned by innovation. The Group has initiated various innovation projects which have achieved great success, some of which are still continuing and undergoing constant improvements.

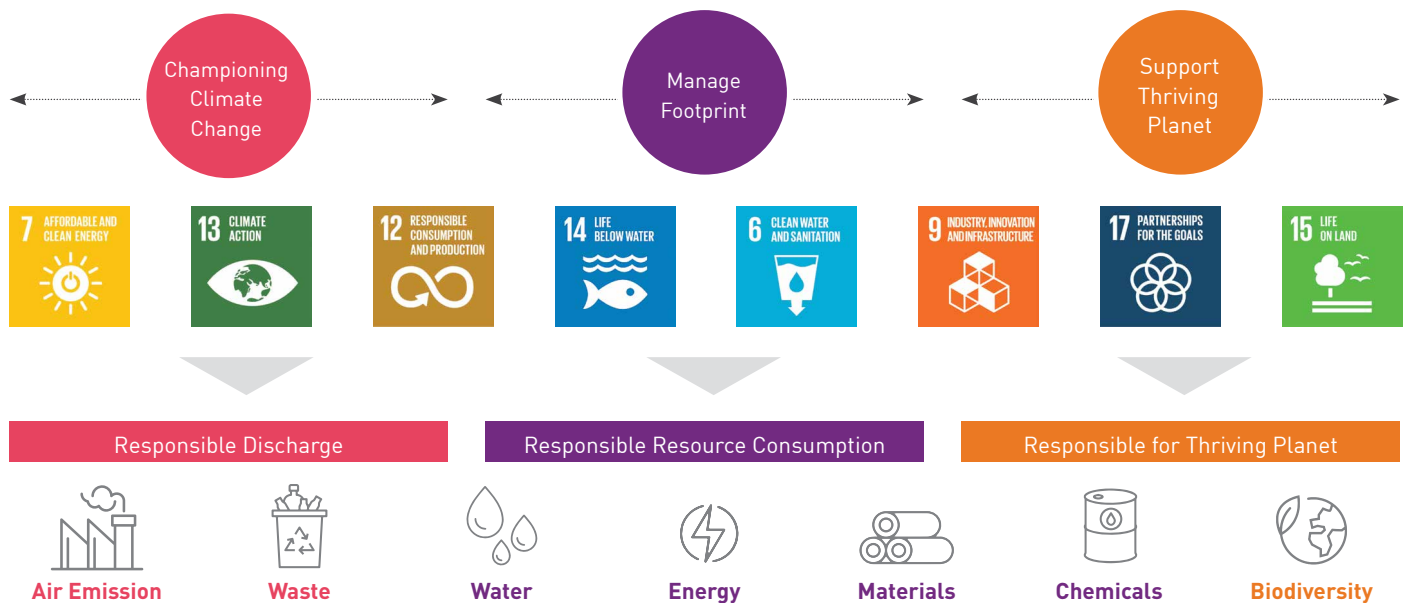
Apart from capturing the demand of international brands, Teejay has always focused on more sustainable approaches in line with UN Sustainable Development Goals. Teejay has formulated a combined sustainable strategy as a road map, covering Sustainable Solid waste management, water stewardship, sustaining low emission standards and energy conservation in line with the 5R concept (Refuse, Reuse, Reduce, Repurpose, Recycle) & a circular economy.



ABHIVARAH

SUSTAINABILITY STRATEGY FRAMEWORK: Alignment

## SUSTAINABLE DEVELOPMENT GOALS



## SUMMARY



**30%** Water reduction with the base year of 2017 (Group)



**30%** Water Treatment Process (WTP) chemical reduction by introducing flocculation system (Group)



**81%** Emission reduction from sludge disposal process through effluent treatment process (Teejay Lanka)



**3%** Specific electricity consumption reduction (Group)



**90%** Higg FEM verified score under the Sustainable Apparel Coalition (Teejay Lanka)



**78%** Sustainable product portfolio in manufacturing process

## INITIATIVES UNDERTAKEN FOR 2021/22 AND ACHIEVEMENTS



## Responsible Discharge

## Air Emission

- The Teejay Group signed on to Science Based Target initiative (SBTi) business ambition to reach net zero global emission by 2050 and also to contribute to the industrial drive to limit global warming by 1.5°C by 2030.

The Science Based Targets initiative (SBTi) drives ambitious climate action in the private sector by enabling organizations to set science-based emissions reduction targets.

- A carbon baseline, potential carbon reduction opportunities & a carbon targets leveraging analysis was conducted as a part of the Carbon leadership program together with RESET-CARBON, Hong Kong; the potential to reduce 46% absolute carbon emission by 2030 was verified and that is our action plan.
- 81% emission reduction from sludge disposal was verified by The Sustainable Future Group Pvt Ltd. (Reduce greenhouse gas - GHG emission by 2,236 TCO<sub>2</sub> - e in 1 year).

## Waste

## NON - SCHEDULED WASTE

- Value enhancements such as reusing and recycling of non-scheduled solid waste in collaboration with recommended agents by Central Environmental Authority (CEA).

## SCHEDULED WASTE

- Automated bucket conveyor and silo installed and commissioned for sludge storage movements, resulting in process improvements.
- Scheduled waste management license (SWML) was upgraded with a generator, a collector, a transporter and storer categories within the zone.



## Responsible Resource Consumption

## Water

- The chemical optimization project was implemented for water treatment by introducing floc-tube system to reduce consumption of water treatment chemicals by 30%.
- Initiating domestic water recycling with the capacity of 100 m<sup>3</sup>/day.
- 100% compliance of ZDHC wastewater guideline for raw wastewater & treated wastewater.
- Constructing a fully equipped state-of-the-art water testing laboratory. Expected completion date – end of 2022.
- Introduced an ultra-filtration system for yarn dye production, which resulted in an improvement of quality.
- Implemented a real time monitoring system for water & an effluent treatment plant for flow meters, level sensors & other basic parameters. resulting in real time visibility for future cost and resource reduction projects.
- Teejay initiated collaborative projects for wastewater treatments with the University of Sri Jayewardenepura, Aqua Care Engineering Pvt Ltd & Inova Environment.

## Energy

- Under the modernization project, high liquor ratio dye machines were replaced with low liquor ratio machines that operate with higher efficiency and low energy consumption.
- Reduced Heavy Fuel Oil (HFO) consumption by boiler burner modification and temperature regulation.

## Product

- 78% sustainable material contribution to the process.
- Implemented a life cycle inventory data base development for the textile sector in Sri Lanka on a national scale under the project "Advancing LCA Application in Sustainability Assessment in Sri Lanka", funded by German Federal Ministry for Economic Cooperation and Development (BMZ), implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH in Sri Lanka, and the National Cleaner Production Centre Sri Lanka, and the Eco-invent Association of Switzerland.
- Product sustainability innovation projects in partnerships with the University of Sabaragamuwa, University of Peradeniya and Institute of Chemistry-Ceylon.



## Chemicals

- Conducted a chemical supplier forum to provide awareness about the renewed chemical management policy of Teejay Group to all the chemical suppliers, traders and manufacturers.
- Effluent & treatment chemical consumption further reduced by 10% over the previous year.
- Teejay achieved 95% ZDHC MRS L level 1 or above compliance for all production & treatment chemicals.
- Teejay scored 106% Greentex chemical scorecard of VS & Co.



## Responsible for a Thriving Planet

## Biodiversity &amp; Eco system restoration

- Conducted a collaborative project with AIESEC Sri Lanka at University of Moratuwa a community awareness project at Dehiattakandiya National School, Dehiattakandiya, on biodiversity.
- As the initial step of planting one million trees under the Kelani river conservation project (Earth-with-Love) 400 Kumbuk & 100 Mee trees were planted at Seethawaka river bank with the collaboration of Jayanthi Praja Mandalaya, the Forest department and the Police Division, Dehiwita.
- A MOU signed and granted funds to Jayanthi Praja Mandalaya to maintain the planted trees for a 03 year period.
- An environmental protection poster campaign and an awareness session was organized. Furthermore, a home gardening campaign & plants distribution among the Dehiwita village community were conducted during the year.

## Nature club activities

- Earth Hour celebration
- World Earth Day celebration
- Environmental Day celebration
- Water Day celebration
- Eco-Pen distribution to launch ABIVARAH 2030 (Eco pen - It is a plant-able pen which is 100% hand made. One pen can reduce 6g of plastic that add to the environment. Manufactured by using recycled materials.)

## Certifications and Accreditations

Silver award in Manufacturing Large category – Textile Industry Sector at the National Cleaner Production Awards – 2021, conducted by the National Cleaner Production Centre, Sri Lanka (NCPC)

Teejay Lanka Scored 90% on the Higg FEM environmental facility module. It is one of the best scores under sustainable apparel coalition. Teejay Prints scored 64% & Teejay India scored 82% which reflect more than 5+ scores' increase compared to the previous year.

Teejay Group obtained the Global Recycle Standard Certification (GRS). The GRS is intended to meet the needs of companies looking to verify the recycled content of their products (both finished and intermediate) and to verify responsible social, environmental, and chemical practices in their production.

- ISO 14001:2015
- The first textile manufacturer in Sri Lanka to receive membership of the US Cotton Trust Protocol.
- An ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 compliant company and the first in the industry to develop green fabric.



Winning the silver award in Manufacturing Large category – Textile Industry Sector at the National Cleaner Production Awards – 2021



**Energy Conservation**

Teejay's sustainability goals are mainly focused on fulfilling corporate responsibility to the environment and the customers' requirement. Its initiatives are aimed at reducing emission of greenhouse gases, preventing climate change impact and driving sustainable business growth, which are the main approaches aligned with the Science Based Targets Initiatives (SBTi) agreed upon at the climate change in Paris agreement.

The entire Teejay Group, including Teejay India, Teejay Lanka and Teejay Prints signed off on Science Based Target initiative (SBTi). Under this agreement, the Group has committed to SBTi targets - to reduce 1.5 Celsius heat from the planet by the year 2030 & net zero emissions by 2050. All its future sustainability strategies will help drive this pledge.

The Group has also committed to reducing carbon emission by 50% by 2030. In order to achieve these ambitious targets, year-on-year targets will be set. During the year:

- An electricity consumption reduction project was commenced to optimize compressed air in the factory.
- Another energy saving project was established to reduce furnace oil consumption. A feasibility study was also completed during the year under review to increase sustainable energy sources by 100% by using sustainable biomass.
- Carbon Leadership Programs were conducted for Teejay Lanka & Teejay India with RESET Carbon, Hong Kong, to identify the key hotspots of emission and reduction plan by 2030.
- Dyeing time reduction was achieved through the bio wash process, thus reducing energy, water and furnace oil consumption, and earning savings.

**Water Stewardship**

Water is an essential recourse for the Group's manufacturing processes and in a bid to limit usage, several processes are in place to reduce consumption of water and chemicals an aspect that was further streamlined during the year. A team worked closely with researchers in local universities & Industry partners to see how water consumption could be further reduced and thereafter enhance the quality of treatment.

Further, a new water reduction method was introduced whereby dyeing time was reduced, which has helped reduce water usage. Teejay India partnered with Brandix facility in India to conduct a feasibility study for a reverse osmosis water recycling facility to reuse effluent water, thereby generating significant savings.

In Sri Lanka, Teejay sponsored and carried out a joint project with the National Water Supply and Drainage Board (NWSDB) and the Board of Investment (BOI) to supply water to all the factories in the zone for a period of 3 months during the dry season in the last quarter of the year under review. This service helped to ensure that manufacturing operations across the zone were sustained. Teejay bore the financial cost for NWSDB and BOI to supply continuous water from the Kelani river to all occupants in the zone. The cost for 7 pumps and power generator with fuel were borne by Teejay Lanka to benefit all the enterprises in the zone to mitigate the prevailing water shortage at the time under scheduled power interruptions by national grid.

**Sustainable Solid Waste Management**

Sludge is one of the solid waste generated by the fabric manufacturing process. In a bid to reduce carbon footprint, Teejay Lanka will start pre-processing the filter-pressed wet sludge from Teejay Prints, drying it and then transporting the to approved authorities directly, thereby reducing its carbon footprint.

Continuing its quest to use more eco-friendly manufacturing processes, Teejay is evaluating its chemical treatments and processes to minimize overall chemical consumption in the effluent. In its efforts for to optimized chemicals, Teejay Lanka is constructing a water testing lab be accredited upon completion. Developing an in-house accredited water lab will build an additional capability and provide a better platform to continuously enhance the treatment process and discover efficient recipes, to minimize the environmental impact in an economical manner.



Foundation stone laying ceremony for the water testing lab by Group CEO Pubudu De Silva

In some of the current initiatives apart from the reduction in the running of the Dye Machines and reuses of effluent water, several other processes were initiated. By introducing Japanese Johkasou Capsule technology, it was found that not only the process is more eco-friendly but also it provides the possibility for reuse the discharge with a lesser maintenance cost.



Foundation stone laying ceremony for the water testing lab

Future initiatives include implementation of reverse osmosis technology and CO<sub>2</sub> Textile Dyeing.

Regular testing of emissions is conducted to ensure there is no potential threat of pollution as a result of the mechanized sludge drying process, which has helped to reduce carbon footprint from waste disposal by 83%.

Real time monitoring and data recording with live alerting functions of Water treatment Plant Water Treatment Plant (WTP) and Effluent Treatment Plant (ETP) parameters were introduced. Under the phase-I, the basic parameters such as PH, temperature, flow-rates, volume, and all tanks levels were captured. Phase-II will focus on the discharge effluent's colour, and other quality parameters.

### Plastic Barrel Disposal

A reduction in solid waste, namely, plastic barrels was achieved by as much as 3,960 barrels per annum. In a bid to recycle and upcycle.

### Chemical Suppliers' Forum



Despite the pandemic, Teejay continued to liaise with external parties for sustainability initiatives. The Company organized a chemical suppliers' forum, another first-ever initiative in Sri Lanka. The forum was organized as a hybrid to accommodate pandemic restrictions, with some stakeholders joining in person while others from around the world connecting online. During the session, Teejay communicated to all its chemical suppliers its sustainability vision and targets for 2030 and held discussions for how suppliers could also contribute to the company's transformation journey.

### Sustaining Low Emission Standards

Teejay Lanka achieved an 81 per cent reduction in Greenhouse Gas (GHG) emissions from the disposal of sludge waste, after one year of sustained operation of industry best practices. This milestone in eco-friendly waste disposal was made possible with an investment of US\$ 450,000 in a steam-powered sludge dryer at Teejay's factory at the Seethawaka Export Processing Zone (EPZ) that enables the Company to convert a daily output of wet sludge into dry powder form which is then incinerated at a cement manufacturing facility. This set-up is the largest steam operated paddle dryer in Sri Lanka, which indeed is a demonstration of our commitment to the best practices in the industrial context.

Working with Sri Lanka's pioneer cement manufacturer in this process, Teejay Lanka had eliminated an independently-verified 1,744.57 tons of CO<sub>2</sub> equivalent emissions (tCO<sub>2</sub>e) between 1st November 2020 and 31st July 2021, which translates to an annual emissions reduction of 2,326.09 tCO<sub>2</sub>e.

Wet sludge is generated from the wastewater pre-treatment process of Teejay Lanka. Prior to the switch in the disposal method, significant Greenhouse Gas emissions occurred from disposal of the sludge. The gases included Carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydro fluorocarbons (HFCs), sulphur hexafluoride (SF<sub>6</sub>) and perfluorocarbons (PFCs). The sludge dryer installed at the Teejay Lanka manufacturing complex occupies an area of 200 square meters (more than 2,150 square feet) and is capable of drying up to 12 tons of wet sludge per day. It uses excess steam available from the Company's manufacturing process.



Eco Pen



Gift of the Eco pen to employees by CEO , Pubudu De Silva on 1st Jan 2022

A well-established accredited party was appointed by Teejay Lanka to verify the reduction of Greenhouse Gas emissions from the switch in the Company's sludge waste disposal method has issued an Independent Greenhouse Gas Verification Statement covering the first nine months of the sludge drying and incineration procedure, using auditing practices as specified in the ISO 14064-3:2019 Standard.



# Trajectory

Understanding the need for continuous improvement, we are focused on driving quality and value which has brought us to achieve the best.

## Governance

Corporate Governance 67   Enterprise Risk Management 80   Audit Committee Report 84  
Remuneration Committee Report 86   Related Party Transactions Review Committee Report 88  
Annual Report of the Board of Directors for the year ended 31 March 2022 90  
Statement of the Directors' responsibility for financial reporting 94

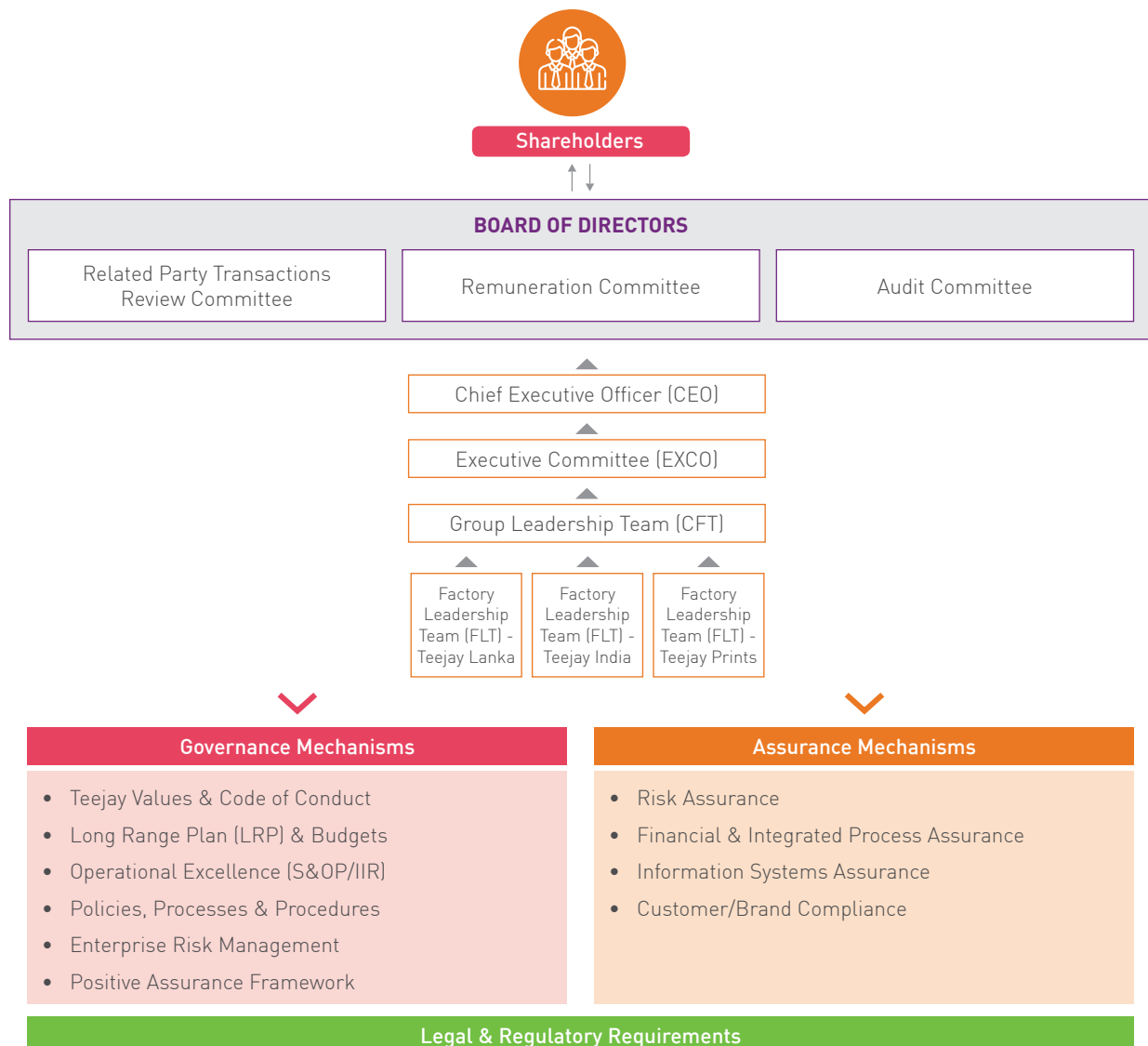
# Corporate Governance

Corporate governance is a core element of Teejay's corporate philosophy and has continuously created value for its stakeholders by enabling a sustainable growth across the Group in both steady and turbulent socio-economic environments.

The Group's corporate governance framework has a uniform and systematic approach to govern each function with its proactively evolving set of internal policies, effective controls, processes, systems and structures to ensure that the Company adheres to the highest ethical standards in corporate conduct while maintaining transparency in all its transactions. This is periodically reviewed and updated to adhere to the emerging global best practices and stakeholder interests.

## GOVERNANCE STRUCTURE

The Board of Directors of Teejay Lanka PLC comprises of seven (07) Non-Executive Directors of which three (03) are Independent Non-Executive Directors. The Board has the overall responsibility and accountability for the management of the Company. The Board of Directors, led by the Chairman, provides strategic direction to achieve Company's vision, mission and assumes collective responsibility in exercising accountability to shareholders and to relevant stakeholders through value creation in an ethical and sustainable manner. This diagram depicts Teejay's integrated governance framework including internal governance structure, assurance and external regulatory mechanisms.



Teejay operates within the statutes and has adopted and complies to a collection of Best Governance Practices which are;

### Regulatory Framework

Companies Act No. 07 of 2007  
Continued Listing Requirements of the Colombo Stock Exchange  
Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021, including directives and circulars  
The Shop and Office Employees Act No. 15 of 1954  
Factories Ordinance No. 45 of 1942  
Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995  
Inland Revenue Act No. 24 of 2017  
Customs Ordinance No 17 of 1869  
Exchange Control Act No 22 of 2017  
BOI Regulations

### Voluntary Standards, Codes & Frameworks

Code of Best Practice on Corporate Governance issued by CA Sri Lanka 2017  
Integrated Reporting Framework issued by IIRC  
Global Reporting Initiative Standards  
Quality Standard Certifications obtained by companies  
Requirements of Environmental & Social Certifications

### Internal Documents & Policies

Articles of Association  
Board Charter  
Human Rights Policy  
Code of Conduct including a Whistle Blower Process  
Health & Safety Policy  
Grievance Handling Policy  
Anti-Harassment Policy  
Environmental Policy  
Anti-Corruption Policy  
Declaration of Conflict Interest  
Gift Policy  
Recruitment and Selection Policy  
Rewards and Recognition Policy

### Board Highlights for 2021/22

- Appointment of Mr. Ajit Damon Gunewardene, as an Independent Non-Executive Chairman with effect from 1st February 2022.
- Resignation of Mr. Wing Tak Bill Lam, from the Board as Chairman of the Board with effect from 31st January 2022 and as a Director on 17th February 2022.
- Resignation of Mr. Wan Wai Loi, as a Non-Executive Director with effect from 11th October 2021.
- Appointment of Mr. Masaru Okutomi as a Non-Executive Director with effect from 11th October 2021.



## BOARD SUB-COMMITTEES

The Board has appointed 3 sub-committees, namely an Audit Committee, a Related Party Transactions Review Committee and a Remuneration Committee to assist the Board as required by the Listing Rules. Their composition and roles are summarized below.

Board Committee & Composition	Scope	Further Information
<b>Audit Committee</b>		
Comprises two (2) Independent Non-Executive Directors and one (1) Non-Executive Director.	<ul style="list-style-type: none"> <li>- Overseeing preparation, presentation, and adequacy of disclosures in the financial statements, in accordance with the Sri Lanka's Accounting Standards and adequacy of disclosures as per laws and reporting regulations.</li> <li>- Evaluate the performance of the internal audit function.</li> <li>- Access the adequacy and the effectiveness of the internal control environment of the Group and appropriate action is taken for recommendations made by the internal auditors.</li> <li>- Recommend to the Board the appointment, re-appointment and removal of the External Auditors including their remuneration and terms of engagement by assessing independence, qualifications, expertise and resources.</li> </ul>	Report of the Audit Committee is given on page 84.
<ul style="list-style-type: none"> <li>• <b>Mr. Amitha Lal Gooneratne</b> (Independent Non-Executive Director) - Chairman</li> <li>• <b>Prof. Malik Kumar Ranasinghe</b> (Independent Non-Executive Director)</li> <li>• <b>Mr. Wing Tak Bill Lam</b> (Independent Non-Executive Director) - Resigned w.e.f 17th February 2022</li> <li>• <b>Mr. Hasitha Premaratne</b> (Non-Executive Director) Appointed w.e.f 17th February 2022</li> </ul>		
<b>Related Party Transactions Review Committee</b>		
Comprises two (2) Independent Non-Executive Directors and one (1) Non-Executive Director.	<ul style="list-style-type: none"> <li>- To exercise oversight on behalf of the Board, to ensure compliance with the Code on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka and with the Listing Rules of the Colombo Stock Exchange (CSE).</li> <li>- Adopted best practices as recommended by the Institute of Chartered Accountants of Sri Lanka.</li> <li>- Reviewed the related party transactions and ensured their adherence to the above regulations and communicated the same to the Board quarterly basis.</li> </ul>	Report of the Related Party Transactions Review Committee is given on page 88.
<ul style="list-style-type: none"> <li>• <b>Mr. Amitha Lal Gooneratne</b> (Independent Non-Executive Director) - Chairman</li> <li>• <b>Prof. Malik Kumar Ranasinghe</b> (Independent Non-Executive Director)</li> <li>• <b>Mr. Hasitha Premaratne</b> (Non-Executive Director)</li> </ul>		
<b>Remuneration Committee</b>		
Comprises two (2) Independent Non-Executive Directors and one (1) Non-Executive Director.	<ul style="list-style-type: none"> <li>- Responsible for ensuring that the Human Resource Management processes and remuneration policies are competitive to attract, develop and retain employees with professional, managerial and operational expertise who can assume leadership roles in the organization to achieve the objectives of the Company.</li> <li>- Recommend to the Board, the remuneration payable to the Executive Directors, Chief Executive Officer and/or equivalent position thereof.</li> </ul>	Report of the Remuneration Committee is given on page 86.
<ul style="list-style-type: none"> <li>• <b>Prof. Malik Kumar Ranasinghe</b> (Independent Non-Executive Director)- Chairman</li> <li>• <b>Mr. Amitha Lal Gooneratne</b> (Independent Non-Executive Director)</li> <li>• <b>Mr. Mohamed Ashroff Omar</b> (Non-Executive Director)</li> </ul>		

**MEETINGS & ATTENDANCE**

Meetings of the Board of Directors (BOD) are held quarterly whilst Committee meetings are also held on same day on most occasions. Attendance of Directors at Board and Sub-Committee meetings are summarized below.

Director	Board Meeting	Audit Committee	Related Party Transaction Review Committee	Remuneration Committee
Mr. Amitha Lal Gooneratne	4/4	4/4	4/4	2/2
Prof. Malik Kumar Ranasinghe	4/4	4/4	4/4	2/2
Mr. Wing Tak Bill Lam <i>[Resigned w.e.f. 17th February 2022]</i>	4/4	4/4	-	-
Mr. Mohamed Ashroff Omar	4/4	-	-	2/2
Mr. Hasitha Premaratne	4/4	4/4	4/4	-
Mr. Kit Vai Tou	2/4	-	-	-
Mr. Ajit Damon Gunewardene <i>[Appointed w.e.f. 1st February 2022]</i>	1/1			
Mr. Masaru Okutomi <i>[Appointed w.e.f. 11th October 2021]</i>	2/2			
Mr. Wai Loi Wan <i>[Resigned w.e.f. 11th October 2021]</i>	0/2			



This report is structured on the principles of Corporate Governance set out in the Code of Best Practice on Corporate Governance issued by CA Sri Lanka in December 2017 and the Listing Rules of the Colombo Stock Exchange.

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
<b>A.</b>	<b>Directors</b>		
A.1	The Board, an effective Board which should direct, lead and control the Company	✓	The profiles of the Board of Directors are given on pages no 19 to 21.
A.1.1	Board Meetings	✓	The Board meets on a Quarterly basis and attendance of the meetings is given on page no 70.  The Board papers and the related documents are circulated one week prior to the Board meeting.
A.1.2	Board Responsibilities	✓	Board provides strategic leadership to the Company, through a framework of effective controls to monitor and manage risks.
A.1.3	Compliance with the laws and access to independent professional advice	✓	The Board collectively, and Directors individually shall act in accordance with the laws as applicable to the Company. The Board of Directors ensures that procedures and processes are in place to ensure that the Company complies with all applicable laws and regulations.  Directors have the discretion to obtain independent professional advice as deemed necessary, through the Board Secretary.
A.1.4	Company/Board Secretary & Availability of Insurance cover for Board, Directors & Key Management Personnel	✓	The services and advice of the Company Secretary are available to all the Directors. The Company Secretary acts as the Board Secretary as well.  The Company has obtained an insurance cover for the Board, Directors and Key Management Personnel.  Appointment and removal of the Company Secretaries is a matter for the Board.
A.1.5	Independent judgment of the Directors	✓	Directors bring independent judgment to bearing on decision taken by the Board on matters relating to strategy, performance, resource allocation, risk management and business conduct.
A.1.6	Dedication of adequate time and effort	✓	All Directors of the Company dedicate adequate time and effort to fulfil their duties as Directors of the Company in order to ensure that the duties and responsibilities owed to the Company are satisfactorily discharged.
A.1.7	Calls for Resolutions	✓	One third of the Directors can call for a resolution to be presented to the Board if deemed necessary.
A.1.8	Training for new and existing Directors	✓	The Board reviews on the training and development needs of the Directors regularly and Directors are provided guidelines on General aspects of directorships and industry specific matters.
A.2	Chairman and Chief Executive Officer (CEO)		
A.2	Segregation of roles of the Chairman and CEO	✓	The positions and functions of the Chairman and the CEO have been separated. The CEO is responsible for the implementation of the Group's strategic plan and driving performance.

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
A.3	Chairman's Role		
A.3.1	Chairman's Role	✓	Chairman facilitates the effective and ethical discharge of Board functions, while preserving good corporate governance.
A.4	Financial Acumen		
A.4	Financial Acumen and Knowledge	✓	<p>The Board comprises two Chartered Accountants. One of them serves as the Chairman of the Audit Committee.</p> <p>Mr. Amitha Lal Gooneratne Chairman of the Audit Committee, Independent Non-Executive Director [NED], Chairman of the Audit Committee: FCA (SL), FCA (England &amp; Wales)</p> <p>Mr. Hasitha Premaratne, Non-Executive Director (NED): FCCA, FCMA(UK), CGMA</p>
A.5	Board Balance		
A.5.1	Presence of Non-Executive Directors	✓	All Seven Directors are Non- Executive Directors.
A.5.2	Independent Non-Executive Directors	✓	Three (03) out of Seven (07) Non-Executive Directors are independent.
A.5.3/ A.5.5	Independence of Non-Executive Directors	✓	<p>As at 31st March 2022, Independent Non-Executive Directors are,</p> <p>Mr. Ajit Damon Gunewardene (Appointed w.e.f. 01st February 2022)</p> <p>Prof. Malik Kumar Ranasinghe</p> <p>Mr. Amitha Lal Gooneratne</p> <p>Further, Mr. Wing Tak Bill Lam, Independent Non-Executive Director, resigned with effect from 17th February 2022</p> <p>The Board considers Non-Executive Director's independence on an annual basis</p> <p>Please refer pages 19 to 21 for the profiles of the Directors.</p>
A.5.4	Annual declaration of independence of Directors	✓	Annual declarations citing their independence are obtained annually.
A.5.6	Alternate Directors	N/A	Not Applicable.
A.5.7 & A.5.8	Senior Independent Director & confidential discussions with Senior Independent Director	N/A	This is not applicable as the Chairman and CEO is not the same person.
A.5.9	Chairman's meeting with Non-Executive Directors	✓	All Board of Directors are Non-Executive Directors.
A.5.10	Recording of concerns in Board Minutes	✓	There had not been any unresolved matters in Board minutes.
A.6	Supply of Information		
A.6.1	Management obligation to provide appropriate and timely Information to the Board	✓	Board papers & Committee papers are provided seven days prior to the Board meetings. Information provided to the Board includes Group performance to ensure that the Board is apprised of developments impacting the Group.
A.6.2	Adequate time for effective Board Meetings	✓	The minutes, agenda and papers are circulated in advance to facilitate its effective conduct.

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
A.7	Appointments to the Board		
A.7.1	Nomination Committee	✓	All new appointments comply with the provisions in the Articles of Association of the Company.
A.7.2	Assessment of Board Composition by the Nomination Committee	✓	Board composition complies with the provisions in the Articles of Association.
A.7.3	Disclosure of New Appointments	✓	Disclosures are made when new appointments are made.
A.8	Re-election		
A.8.1 & A.8.2	Re-election of Directors	✓	This is done as per Articles of Association. The provisions of the Company's Articles require a Director appointed by the Board to hold office until the next Annual General Meeting and seek re-election by the shareholders at that meeting.
A.8.3	Resignation	✓	In the event of resignation, a letter of resignation is provided by the Director.
A.9	Appraisal of Board Performance		
A.9.1 & A.9.2	Appraisal of Board and its committees	✓	The Board undertakes an annual self-evaluation of its own performance and of its Committees.
A.9.3	Evaluation at re-election	✓	The Board reviews the participation, contribution and engagement of each Director at the re-election.
A.9.4	Disclosure on performance evaluation criteria	✓	The Board conducts an annual self – assessment of its performance against predetermined targets set at the beginning of the year.
A.10	Disclosure of Information in Respect of Directors		
A.10.1	Profiles of the Board of Directors and other related Information	✓	Name, qualification, brief profile and nature of expertise are given in the pages 19 to 21 of this Annual Report.  Directors' shareholding information is given on pages 91 and 166 of this Report.  The number of Board meetings attended by the Directors is available in the page 70 of this Report.
A.11	Appraisal of Chief Executive Officer (CEO)		
A.11.1 & A.11.2	Evaluation the performance of the CEO	✓	The performances were evaluated in each quarter and ascertain whether the targets were achieved or achievement is reasonable in the circumstances.
<b>B: Directors' Remuneration</b>			
B.1	Remuneration Procedure		
B.1.1	Establishment of a Remuneration Committee	✓	A Remuneration Committee is established.
B.1.2 & B.1.3	Composition of the Remuneration Committee	✓	The Remuneration Committee consists of two (02) Independent Non-Executive Directors and one (01) Non-Executive Director and the Chairman of this Committee is appointed by the Board.
B.1.3	Chairman and the members of the Remuneration Committee	✓	Composition of the Remuneration Committee is given in page 86.
B.1.4	Determination of Remuneration of the Non-Executive Directors	✓	Remuneration of the Non-Executive Directors is decided by the Board.
B.1.5	Consultation of the Chairman and access to professional advice	✓	Remuneration Committee has the authority consult the Chairman / CEO about its proposals relating to the remuneration and access to professional advice from within and outside the Company.

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
B.2	The Level and Make Up of Remuneration		
B.2.1, B.2.2, B.2.3, B.2.4 & B.2.5	Levels of Remuneration	✓	The Remuneration Committee structures the remuneration package to attract, retain and motivate Key Management Personnel.
B.2.6	Executive share options	✓	An ESOS scheme is in operation to motivate and retain the Key Management Personnel.
B.2.7	Designing schemes of related remuneration	✓	Please refer the Report of Remuneration Committee on page 86.
B.2.8 & B.2.9	Early termination of Executive Directors	N/A	Termination is governed by their contracts of service/employment.
B.2.10	Levels of Remuneration of Non-Executive Directors	✓	Remuneration for Non- Executive Directors reflects the time commitment and responsibilities of their role, taking into consideration market practices.
B.3	Disclosure of Remuneration:		
B.3.1	Disclosure of Remuneration	✓	Refer the Report of Remuneration Committee on page 86. The total of Directors' Remuneration is reported in Note 8 to the Financial Statements.
<b>C: Relations with Shareholders</b>			
C.1	Constructive Use of the Annual General Meeting (AGM)		
C.1.1	Dispatch of Notice of AGM and related papers to Shareholders	✓	The notice and the agenda of the Annual General Meeting together with the Annual Report with all other relevant documents are sent to the shareholders 15 working days prior to the meeting.
C.1.2	Separate resolution for substantially separate issues	✓	A separate resolution is proposed at an Annual General Meeting on each substantially separate item.
C.1.3	Votes and use of proxy	✓	The Company ensures that all proxy votes are properly recorded and counted.
C.1.4	Availability of all sub-committee Chairmen at the Annual General Meeting (AGM)	✓	The Chairman of the Board arranges the Chairmen of the Audit Committee, Remuneration Committee and Related Party Transactions Review Committees to be available to answer queries at the AGM when necessary.
C.1.5	Procedure of Voting at General Meeting	✓	A summary of the procedure governing voting at General Meeting is circulated to shareholders with every Notice of the General Meeting.
C.2	Communication with Shareholders		
C.2.1 to C.2.7	Communication with Shareholders	✓	<p>The AGM &amp; EGM (If any) are used as the mode of communication with the shareholders.</p> <p>Quarterly, Annual financial information and other announcements are shared through the CSE.</p> <p>Secretaries, as appropriate.</p> <p>The Chairman and the Directors answer all the queries raised by the shareholders at the AGM.</p> <p>Details of contact persons are disclosed in the Annual Report.</p> <p>Company Secretary maintains a record of all correspondence received and holds the responsibility to be contacted in relation to shareholders' matters.</p> <p>All the major issues and concerns relating to shareholders are brought to the attention of the Board.</p>

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
C.3	Major and Material Transactions:		
C.3.1 & C.3.2	Disclosure of Major and Material Transactions	✓	During the year there were no major transactions as defined by Section 185 of the Companies Act No 07 of 2007.
<b>D: Accountability and Audit</b>			
D.1	Financial and Business Reporting:		
D.1.1/ D.1.2	Board's responsibility for present a balanced and understandable assessment of the Company's financial position, performance and prospects.	✓	<p>Company has presented balanced and understandable financial statements which gives a true and fair view quarterly and annually. The Company has complied with the requirements of the Companies Act No 07 of 2007 and requirement of Sri Lanka Accounting Standards and Securities and Exchange Commission.</p> <p>Price sensitive public reports and reports for statutory requirements are also presented in a balanced and understandable manner.</p>
D.1.3	CEO's & CFO's approval on Financial Statements prior to Board approval	✓	<p>Chief Executive Officer, Chief Financial Officer and two other Directors have signed the Financial Statements on behalf of the Board.</p> <p>The Statement of Directors' Responsibility and the Auditors Report for the reporting responsibility of auditors are given in pages 94 and 97 respectively.</p>
D.1.4	The Directors' Report	✓	The Annual Report of the Board of Directors on the affairs of the Company is given on pages 90 to 93.
D.1.5	Statement of Directors' Responsibility, Statement on Internal Controls and Auditor's Report	✓	<p>The Statement of Directors' Responsibilities for the financial statements is given in page 94 and</p> <p>Directors' statement on internal controls is given in page 94.</p> <p>The Auditor's Report is available on page 97.</p>
D.1.6	Management Discussion and Analysis	✓	Please refer Management Discussion and Analysis on pages 32 to 38.
D.1.7	Summon an EGM to notify serious loss of capital	N/A	Reason for such an EGM has not risen yet.
D.1.8	Disclosure of Related Party Transaction	✓	All Related Party Transactions, as defined in Sri Lanka Accounting Standard [LKAS 24] on "Related Party Transactions" are disclosed in Note 35 in Financial Statements.
D.2	Risk Management and Internal Control		
D.2.1	Monitoring sound system of Internal Control	✓	The Board facilitates the Enterprise Risk Management process and reviews controls through various processes. The Board shares collective responsibility for controls within the organization's control environment. Board oversight is achieved through the Risk and Control function.
D.2.2	Assessment of principal risks facing the Company	✓	A robust assessment on risks involved in Company has been carried out and the status reviewed at Audit Committee meeting. Mitigating actions have been identified and progress continuously reviewed. Refer pages 82 to 83 for Risk Management.
D.2.3	Internal Audit Function	✓	Risk and Control Department plays a significant role in assessing the effectiveness and successful implementation of existing controls and strengthening these and establishing new controls where it is necessary.

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
D.2.4	Review of the process and effectiveness of Risk Management and Internal Controls	✓	The Audit Committee reviews internal control issues and Risk Management measures and evaluates the adequacy and effectiveness of the risk management and internal control systems including financial reporting.
D.2.5	Directors' responsibility of maintaining of a sound internal control system	✓	Please refer Statement of Directors' Responsibilities on page 94.
D.3	Audit Committee		
D.3.1	Composition of the Audit Committee	✓	The Audit Committee consists of two Independent Non-Executive Directors and one Non-Executive Director as at 31st March 2022
D.3.2	Terms of reference of the Audit Committee & Duties of the Audit Committee	✓	Activities and operation of the Audit Committee is governed by the Audit Committee Charter of the Company which is periodically reviewed and approved by the Board  Please refer Audit Committee Report on page 84 for the duties.
D.3.3	Disclosures of the members of Audit Committee	✓	The Audit Committee Report with required disclosures are given on page 84.
D.4	Related Party Transaction Review Committee		
D.4.1	Related Party Transactions	✓	Company is adhering to LKAS 24 and Transactions entered into with related parties during the year is disclosed in Note 35 to the Financial Statements.
D.4.2	Composition of Related Party Transactions Committee	✓	RPT Review Committee consists of two (2) Independent Non-Executive Directors and One (1) Non-Executive Director  Mr. Amitha L. Gooneratne (INED)  Prof. Malik R. Ranasinghe (INED)  Mr. Hasitha Premaratne (NED)
D.4.3	Terms of Reference	✓	Please refer Related Party Transactions Review Committee Report on page 88.
D.5	Code of Business Conduct and Ethics		
D.5.1	Code of Business Conduct and Ethics	✓	The Directors and members of the Senior Management team are bound with a Code of Business Conduct & Ethics. The Company has introduced a declaration of conflict of interest. The employees at executives and above categories have signed having read the document.
D.5.2	Material and price sensitive information	✓	Material and price sensitive information is promptly identified and reported to the shareholders via Colombo Stock Exchange.
D.5.3	Shares purchased by Directors and Key Management Personnel	✓	The Company has a policy and a Process for monitoring, and disclosure of shares purchased by any Director and Key Management Personnel.
D.5.4	Affirmation of Code in the Annual Report by the Chairman	✓	Please refer The Chairman's Statement on page 12.
D.6	Corporate Governance Disclosures:		
D.6.1	Disclosure of Corporate Governance	✓	The extent to which the Company adheres to established principles and practices of good Corporate Governance is disclosed from pages 67 to 79 of this report.

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
<b>SECTION 2</b>			
<b>E: Institutional Investors</b>			
E.1	Shareholder Voting		
E.1.1	Dialogue with Shareholders	✓	All the investors are notified of the Annual General Meeting and all their views, comments and suggestions are encouraged.
E.2	Evaluation of Governance Disclosures		
E.2	Due weightage by Institutional Investors	✓	Key institutional investors are actively involved in appointing members to the Board.
<b>F: Other Investors</b>			
F.1	Investing/ Divesting Decision:		
F.1	Adequate analysis	✓	Provide sufficient information to investors through the annual report, quarterly Financial Statements and announcements to the CSE to assist investors with their investment and divestment decisions.
F.2	Shareholder Voting		
F.2	Encouraging Shareholder participation	✓	All individual shareholders are sent AGM notices well in advance, encouraging them to exercise their voting rights.
<b>G: Internet of Things and Cybersecurity</b>			
G.1	Internal & External IT devices connected to the Business Model	✓	Connection of internal and external IT devices to the organization network has been allowed with necessary access controls and firewalls to safeguard the integrity of information.
G.2	CISO (Chief Information Security Officer) and Cybersecurity Risk Management Policy.	✓	Head of Group ICT is responsible to manage policy which is already implemented. The risks are managed proactively.
G.3	Discussions on Cyber Risk Management	✓	Cyber risks are primarily managed using physical and logical private networks in most cases. All accesses are authenticated. Many security standards are implemented and maintained. Perpetual monitoring is in place with exception reporting and management.
G.4	Independent periodic review and assurance	✓	Independent periodic reviews are conducted internally as well as through professional Firms.
G.5	Disclosure on Cybersecurity Risk Management	✓	Please refer Risk Management section on pages 80 to 83 in this Annual Report.
<b>H. Environment, Society and Governance (ESG)</b>			
H.1.1	ESG Reporting	✓	The Company has included the environmental, social and governance factors in its business model.
H.1.2	The Environment	✓	The Company adopts an integrated approach which takes into consideration the direct and indirect economic, social, health and environmental implications of their decisions and activities, including pollution prevention, sustainable resource use, protection of environment and restoration of natural resources.
H.1.3	Social Factors	✓	The Company adopts an integrated approach to building strong relationship with community and striving towards sustainable development.
H.1.4	Governance	✓	The Company established a governance structure to support its ability to create value and manage risks on all pertinent aspects of ESG.
H.1.5	Board's Role on ESG Factors	✓	The Company added Environment and Anti-Corruption policies to enhance its governance framework. It also commenced a Positive Assurance Framework based reporting of adherence to processes.



Levels of compliance with the CSE's Listing Rules - Section 7.10 Rules on Corporate Governance are given in the following table.

CSE Rule Reference	Corporate Governance Principles	Teejays' Extent of Adaption	Compliance Status	Reference in this report
7.10.1	Non- Executive Directors (NED)	The Board consists of three Independent Non-Executive Directors and Four Non-Executive Directors as at 31st March 2022.	✓	Corporate Governance A.5.1
7.10.2 (a)	Independent Directors:	Three of the seven Non-Executive Directors are independent.	✓	Corporate Governance A.5.2
7.10.2.(b)	Independent Directors:	All Non-Executive Directors have submitted their confirmation on independence in writing.	✓	Corporate Governance A.5.4
7.10.3.(a)	Disclosures Relating to Directors:	Names of Independent Directors disclosed in the Annual Report.	✓	Corporate Governance A.5.5
7.10.3.(b)	Disclosures Relating to Directors:	The Board has determined that all Independent Non Executive Directors satisfy the criteria for "Independence" set out in Listing Rules.	✓	Corporate Governance A.5.5
7.10.3.(c)	Disclosures Relating to Directors:	A brief resume of each Director is included in the Annual Report.	✓	Board of Directors Profile on pages from 19 to 21.
7.10.3.(d)	Disclosures Relating To Directors:	<p>The two Directors were appointed during the year and provided a brief resume of each new Director to the Exchange for dissemination to the public;</p> <ul style="list-style-type: none"> <li>• <b>Mr. Ajit Damon Gunewardene</b> (Chairman &amp; IND/ NED)</li> <li>• <b>Mr. Masaru Okutomi (NED)</b></li> </ul>	✓	Board of Directors Profile on pages from 19 to 21.
7.10.4 (a-h)	Requirements for meeting criteria to be an Independent Director	Independence of the Independent Non-Executive Directors have been assessed as per criteria set out in Section 7.10.4 of CSE Listing Rules	✓	
7.10.5 (a)	Composition of Remuneration Committee:	The Remuneration Committee comprises of two Independent Non-Executive Directors one of whom function as the Chairman of the Remuneration Committee and one Non-Executive Director.	✓	Corporate Governance B.1.1, B.1.2, B.1.3, B.1.4, B.1.5 and Remuneration Committee Report on page 86.
7.10.5 (b)	Functions of Remuneration Committee:	Remuneration Committee determines the compensation of Chief Executive and the Members of the Group Leadership Team.	✓	Corporate Governance B.1.1, B.1.2, B.1.3, B.1.4, B.1.5 and Remuneration Committee Report on page 86.
7.10.5 (c)	Disclosure in The Annual Report Relating to Remuneration Committee:  Aggregated Remuneration paid to Executive & Non-Executive Directors	Names of Remuneration Committee members and Remuneration paid to Directors are disclosed.	✓	Corporate Governance B.1.1, B.1.2, B.1.3, B.1.4, B.1.5, B.2.1, B.2.2, B.2.3, B.2.4, Remuneration Committee Report on page 86 and Note 8 to the financial statement on page 129.
7.10.6 (a)	Composition of Audit Committee:	The Audit Committee comprises of three members, two of whom are Independent Non-Executive Directors and one Non-Executive Director as at 31st March 2022. One of the Independent Non-Executive Directors functions as the Chairman of the Audit Committee.	✓	Corporate Governance D.3.1, D.3.2 and Audit Committee Report on page 84.

CSE Rule Reference	Corporate Governance Principles	Teejays' Extent of Adaption	Compliance Status	Reference in this report
7.10.6(b)	Function of the Audit Committee	The Audit Committee facilitates and monitors Enterprise Risk Management process, the formulation of a Risk Based Audit Plan and the implementation of the same.	✓	Corporate Governance D.3.3  Audit Committee Report on page 84.
7.10.6(c)	Disclosure in the Annual Report relating to the Audit Committee	Names of Audit Committee members and the basis of determination of the independence of the auditor are disclosed.	✓	Corporate Governance D.3.4  Audit Committee Report on page 84.

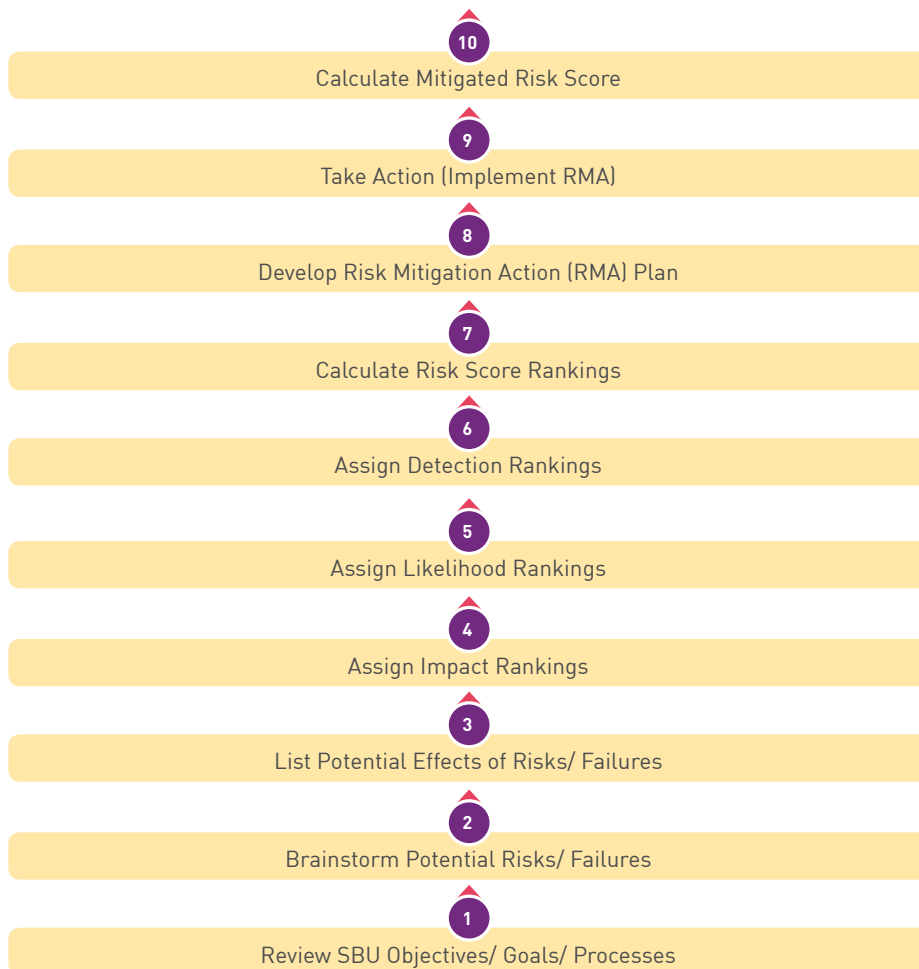
Levels of compliance with the CSE's Listing Rules - Section 9 Rules on Related Party Transactions for Listed Companies issued by the Colombo Stock Exchange are given in the following table.

CSE Rule Reference	Corporate Governance Principles	Teejays' Extent of Adaption	Compliance Status	Reference in this report
9.2.1 & 9.2.3	Related Party Transactions Review Committee (RPTRC)	Related Party Transactions Review Committee is consistent with the Code of Best Practices on Related Party Transactions (2013) advocated by the Securities and Exchange Commission of Sri Lanka (SEC).  The functions of the RPTRC are stated in Related Party Transactions Review Committee Report.	✓	Please refer Related Party Transactions Review Report on page 88.
9.2.2	Composition of Related Party Transactions Review Committee	The Related Party Transactions Review Committee comprises of three members, two of whom are Independent Non-Executive Directors and one Non-Executive Director. One of the Independent Non-Executive Directors functions as the Chairman of the Related Party Transactions Review Committee.	✓	Please refer Related Party Transactions Review Report on page 88.
9.2.4	Related Party Transactions Review Committee Meetings	The RPTRC met four (04) times during the year.	✓	Please refer Related Party Transactions Review Report on page 88.
9.3.1	Immediate Disclosures	The Company has not been involved in any non-recurrent related party transactions which requires immediate announcements to the CSE.	✓	Please refer Notes 35 to the Financial Statements
9.3.2 (a) & (b)	Disclosure: Non-Recurrent Related Party Transactions	The Company has not been involved in any non-recurrent related party transactions.	✓	Please refer Related Party Transactions Review Report on page 88
	Disclosure: Recurrent Related Party Transactions.	The Company has disclosed recurrent related party transactions which exceed 10% of Gross Revenue.	✓	Please refer Related Party Transactions Review Report on page 157.
9.3.2 (c)	Report by the Related Party Transactions Review Committee.	The Report of the Related Party Transactions Review Committee is given.	✓	Please refer Related Party Transactions Review Report on page 88.
9.3.2 (d)	A Declaration by the Board of Directors.	Annual Report of the Directors is included.	✓	Please refer the Annual Report of the Board of Directors on page 90.

# Enterprise Risk Management

Enterprise Risk Management (ERM) is the process of understanding and managing risks that an entity faces in the course of working towards achieving its objectives. The process followed by Teejay starts with the identification of potential risks or environmental conditions that may hinder the achievement of the corporate objectives, which are evaluated, and the significance of the risks brainstormed. During this process, the team takes into account the potential monetary impact of risks, the ability of the team and the systems to detect their occurrence, the probability of their occurrence and the controls in place. Thereafter, the team assigns Impact, Likelihood and Detection rankings of each of the risks to ascertain the significance of the risk. Based on the calculated risk score, the risks identified as requiring mitigation are addressed through appropriate action plans to reduce their likelihood of occurrence or impact; or to improve detection of these risks.

The Company currently follows an Enterprise Risk Management (ERM) process which is a ten step ERM process. The risk models derived through the process for all three entities are reviewed by the Audit Committee and other Board members each quarter. The 10 Step ERM process practiced by the entities is given below.



During the ERM process, the management attempts to identify risks affecting the entity, understand the risk profile of each risk through an assessment of the detectability of risk, likelihood of occurrence and the impact of each risk in the context of the prevailing environment. The risk score is calculated to arrive at the risk ranking in order to prioritize actions which aim to mitigate risks. During execution of risk mitigating actions, once sufficient work has been done to reduce impact or occurrence of the risk, and help detection, the relevant impact, probability or detection ranking is reduced to reflect a reduction in risk score.

## PRINCIPLE RISK LEVELS

Likelihood	High			
	Moderate			
	Low			
		Low	Moderate	High
		Impact		

High ■  
Moderate ■  
Low ■

Event identification plays a critical role in Risk management. The events and their probability of occurrence can vary from period to period. In order to keep track of these events, a review of the major risks as well as brainstorming to identify new risks is also carried out once a month by the Factory Leadership Teams of each entity and group level review is carried out by the Cross-functional Leadership Team (CFT). The risk model is updated with identified significant risks. Risk assessments of all major projects undertaken are also carried out in the same manner including subsequent identification of risk mitigation actions and implementation of same.

In addition to the above process, the Company has developed a Business Continuity Plan as part of the process of Corporate Governance.

Figure 1 : 10 Step Enterprise Risk Management Model

As part of the Company's action to establish a suitable control environment to conduct business activities securely, the team conducts audits based on the risk-based audit plan approved by the Audit Committee. In addition special reviews are carried out to address changes to Business risk exposure during the year. Risk and Control Team may deploy both internal and external resources to carry out their audits and reviews. All weaknesses identified during such audits are reported to the Audit Committee and followed up till the agreed remedial actions are implemented by the process owners. Any new processes to be implemented are also designed with due consideration for the underlying control environment which ensures that adequate controls are built into these processes.

Following the implementation of the ERM process, risks falling into risk categories listed below were identified with their risk scores.

Risk Item	Potential Impact	Risk Mitigation	Risk Assessment
<b>Corporate Risk</b>			
Under Corporate Risks, the Management has identified the following risks as significant for consideration and mitigation.			
Corporate Performance Risk	Risk of the Company failing to achieve corporate objectives whilst maintaining corporate reputation	The Group's code of conduct helps to achieve ethical and transparent business conduct. This is further strengthened by the Governance Structure of the Group. The performance is tightly managed with frequent reviews against the business plan.	Assessed level of risk: Low
Stakeholder Reputation Risk	Risk of 'the Company failing to deliver stakeholder expectations'	Customer satisfaction is crucial to ensuring sustainable business growth.  Operational Excellence that ensures Quality and reliability of supplies  Narrow and deep customer strategy  Focus on Innovation  Ensure compliance with requirements and specifications	Assessed level of risk: Low
Competition /Industry Risk	Risk of 'Threats to margins, loss of market share due to the current crisis and change in consumer mind set in relation with fashion fabric	Proactive management of key variables that influence key performance parameters.  Teejay continues to build strong partnership with vendors and continue to work with Global Brands.  "China plus one" strategy being followed by customers to mitigate their logistics challenges is in favour of the Company	Assessed level of risk: Medium
Regulatory/Compliance Risk	Risk of generating negative goodwill, penalties or other action due to non-compliance. Risk of failure to meet regulatory requirements.	Close monitoring of regulatory and brand compliance	Assessed level of risk: Low
Investment Risk	Risk of externalities affecting the realization of benefits of capital investment made in plant and machinery.	Close monitoring of project timelines.  Risk reviews of major projects taken up at Leadership level.	Assessed level of risk: Low

Risk Item	Potential Impact	Risk Mitigation	Risk Assessment
<b>Operational Risk</b>			
Under Operational Risks, the Management has identified the following risks as being significant for consideration.			
Fire Risk	Risk of losing part or full manufacturing infrastructure due to fire.	<p>High alertness and preventive measures and procedures in areas where the equipment are working at high temperature. Fire Alarm System and fire hydrants in operation and extinguishing infrastructure in all 3 plants.</p> <p>Ensure regular maintenance on Fire extinguishing equipment infrastructure according to schedule.</p> <p>Regular Fire crew training and fire and evacuation drills involving all employees in Teejay Group.</p>	Assessed level of risk: Medium
Energy Cost Escalation/ Non-availability Risk	Risk of increasing energy costs, risk of non-availability of fuel to meet the demand	<p>Process Improvements</p> <p>Investing in energy efficient machinery and Equipment</p> <p>Increase in storage capacity to store fuel to meet unexpected supply failures and enhance supplier base.</p>	Assessed level of risk: Medium
Socio Economic Risk	Risks associated with operating in the current socio-economic environment	<p>High levels of engagement with community</p> <p>Investing in CSR activities</p>	Assessed level of risk: Low
Political Risk	Risks associated with operating in the current political environment	Diversified manufacturing location strategy	Assessed level of risk: Medium
Environmental Risk	Risks associated with environmental emissions, use of resources and the related risks due to regulations, perceived threats, etc.	<p>Persistent monitoring of environmental performance and related parameters</p> <p>Strict environmental compliances</p> <p>Environment Management System and Environmental policies were up to date.</p> <p>Safe disposal of solid waste through a licensed scheduled waste management Company.</p>	Assessed level of risk: Medium
IT Systems Failure Risk	Risk of IT systems not being available to support the operation	Access control and Disaster Recovery sites in operation to ensure continuous system availability.	Assessed level of risk: Low

Risk Item	Potential Impact	Risk Mitigation	Risk Assessment
Human Resources Risk & Industrial Relations Risk	<p>Risk of employees not supporting the operations plan</p> <p>Risk of work force non-availability due to COVID-19.</p> <p>Unexpected staff turnover due to current economic factors of the Country</p>	<p>Operation of JCC (Joint Consultative Committee) which is a requirement as per BOI regulations for formal communication and maintenance of highly effective engagement with employees.</p> <p>Comprehensive Health &amp; Safety protocols are in place in factories and Implementation of flexi hour policy which enable working from home.</p> <p>Strong emphasis on performance appraisals, rewarding and recognizing key talent through performance recognition and reward schemes, succession planning, leadership and career development programmes, ensuring that high quality employees are developed and retained.</p>	Assessed level of risk: Low
Fraud Risk	Risk of fraud resulting in losses	<p>Operating within a BOI zone, physical access is highly restricted. Close monitoring of logistics operation reduces the opportunity for inventory related fraud.</p> <p>A control environment supported by Positive Assurance Reporting framework and continuous monitoring of the same</p>	Assessed level of risk: Low
Business Risk	Risk of not being able to fill the plants from strategic customers due to geo-political instability	<p>S&amp;OP process that creates visibility of demand for products. Operational Excellence Journey that ensures the Company stay competitive</p> <p>Strengthen relationship with customers for increased visibility on market fluctuations.</p>	Assessed level of risk: Medium
Reputation Risk	Risk of generating negative perception due to operational issues	<p>Strict Compliance with statutory, regulatory and external certification requirements.</p> <p>Quality Control Processes.</p> <p>Supplier screening processes.</p> <p>Customer care service division to monitor customer complaints.</p>	Assessed level of risk: Low
Market Risk	Risks associated with the demand for the end product.	<p>An operational strategy that delivers Quality of products and ensures reliability of deliveries.</p> <p>Narrow and deep customer strategy to secure the key buyers.</p>	Assessed level of risk: Medium
Inventory Risk	Risk of carrying RM & Consumables inventory that is not useable or obsolete	<p>Close monitoring of excess FG inventory, and liability management process</p> <p>Strengthening the planning system within the Group that ensures MTO</p> <p>Tight inventory provisioning policies and Close focus on provisions</p>	Assessed level of risk: Medium



# Audit Committee Report

## COMPOSITION OF THE AUDIT COMMITTEE

As of 31st March 2022, the Audit Committee comprises of three Non-Executive Directors where two of them are independent. One of the Independent Directors, functions as the Chairman of Audit Committee and two of the Directors (including the Chairman) have recent and relevant financial management and accounting experience and professional accounting qualifications.

- **Mr. Amitha L. Gooneratne**  
(Chairman) - (IND/NED)
- **Prof. Malik K. Ranasinghe** -  
(IND/NED)
- **Mr. Wing Tak Bill Lam** -  
(IND/NED) [resigned w.e.f 17/02/2022]
- **Mr. Hasitha Premaratne** -  
(NED) [appointed w.e.f 17/02/2022]

IND/NED – Independent Non-Executive Director

NED – Non-Executive Director

(Refer to pages 19 to 21 for a brief profile of each Director.)

The Committee's composition met the requirements of the rule 7.10.6 of Listing Rules of the Colombo Stock Exchange.

## SECRETARY

Corporate Services (Private) Limited

## INVITEES

Chief Internal Auditor, Chief Executive Officer, Chief Financial Officer, Cross Functional Team Members, Board Directors, External Auditors, and relevant Executives of the Company attended these meetings on a need basis.

## CHARTER OF THE AUDIT COMMITTEE

The scope of functions and responsibilities of the Audit Committee of Teejay Lanka PLC are governed by the Audit Committee Charter which is in line with the directives of the CA code of best practice on Corporate Governance 2017 and Section 7.10.6 of the CSE Listing Rules. The Charter is periodically reviewed and revised with the concurrence of Board of Directors. The terms of reference of the Committee are clearly defined in the Charter of the Audit Committee.

## MEETINGS

The Audit Committee met five times during the year.

## ATTENDANCE AT AUDIT COMMITTEE MEETINGS

Director	20th May 2021	30th July 2021	17th Aug 2021	16th Nov 2021	17th Feb 2022
Mr. Amitha Gooneratne	✓	✓	✓	✓	✓
Prof. Malik Ranasinghe	✓	✓	✓	✓	✓
Mr. Wing Tak Bill Lam**	✓	✓	✓	✓	✓
Mr. Hasitha Premaratne*	✓	✓	✓	✓	✓

\*\* Mr. Wing Tak Bill Lam resigned w.e.f 17th February 2022

\* Mr. Hasitha Premaratne was appointed w.e.f 17th February 2022 and was present as an invitee for all four previous audit committee meetings.

## ROLE OF THE AUDIT COMMITTEE

The role of the Audit Committee is to perform Board oversight function in relation to the integrity of the financial reporting, compliance with legal and regulatory requirements, adequacy of the internal controls and risk management systems, the External Auditors' independence, suitability and performance and adequacy of internal audit activities and independence of the Internal Audit Function.

## FINANCIAL REPORTING

The Audit Committee reviewed the financial reporting system adopted by the group in the preparation of its quarterly and annual financial statements to ensure that an accurate and effective financial reporting process is in place, consistent with the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards (SLFRSs/LKASs), and applicable regulatory requirements. The Committee has reviewed and discussed the quarterly and annual financial statements of the Company with Management and the External Auditors prior to publication. The Committee obtained independent input from the

External Auditors on the effects of any new Sri Lanka Accounting Standards that came into effect for the year under review and obtained satisfactory assurance that the necessary initiatives were taken, to enable the Company to comply with these new standards.

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Audit Committee facilitates and monitors Enterprise Risk Management process, the formulation of a Risk Based Audit Plan and the implementation of the same. The committee reviewed the key risks identified in Risks Models of all three entities developed at the beginning of the year together with the remedial actions. Thereafter it continued to review the changes to the risk profile presented each quarter and the implementation of the remedial actions at the Audit Committee meeting. The Audit Committee continued to monitor the Fire Risk Mitigation plans of the group. During the year, the Committee continuously monitored health and safety measures, that were implemented due to Covid -19 pandemic and focused on monitoring controls which were

implemented to mitigate possible control lapses and fraud risks due to new work arrangements introduced on account of COVID-19. The Audit Committee engaged in reviewing and assessing the Company's system of internal controls for detecting accounting and financial reporting errors and misappropriation of assets, legal violations, and non-compliance with the corporate code of conduct.

The Audit Committee also ensures the adequacy and the effectiveness of the internal control environment and the risk management system, monitoring of compliance with the standards, laws and regulations and performance of the Risk and Control function of the organization.

Formal assurances were obtained from the senior management of the Company via the Positive Assurance Framework confirmations monthly regarding the efficacy and status of the internal control systems and risk management systems. Self-assurance on compliance with applicable laws and regulations is obtained via quarterly compliance statements submitted by the respective Divisions.

### INTERNAL AUDITS

Internal audits of the Company are carried out by the Group Risk and Control Division and the Chief Internal Auditor submitted the findings of the audits to the Audit Committee. The Audit Committee reviewed the internal audit findings, the implementation of agreed remedial measures to improve the control environment and the follow-up the actions taken by the Company recommended by the Risk and Control Division. The effectiveness of the internal audit function is periodically reviewed.

The Audit Committee approved the risk-based, and agile internal audit plan and approved all major changes to the plan. The Internal audit charter is periodically reviewed.

Each quarter, the Chairman of the Audit Committee has a one-on-one session with the Chief Internal Auditor on the following matters:

- Progress of the internal audit plan
- Discuss the significant findings of the current audits and provides feedback on further review if required
- Access to information to conduct the audits
- Availability of adequate resources to conduct audits

### EXTERNAL AUDITS

In fulfilling its duties, the Audit Committee evaluated the independence and the performance of External Auditors.

The Audit Committee meets the External Auditors each year to review the Management Letter and External Audit Report on the Audited Financial Statements for the year. This year, the meeting took place on 25th July 2022. There were no significant issues during the year under review. An independent firm of Accountants was engaged to conduct a special inventory review with full coverage of all inventory categories. The Audit Committee reviewed the results of the annual stock verification which was conducted at the end of financial year which the Company undertakes every year.

The Audit Committee has reviewed the other services provided by the External Auditors to the Company to ensure that their independence and objectivity as external auditors has not been impaired and evaluated the independence of the External Auditors based on their declaration of Independence which includes the number of years the assigned partner engages with the Company continuously and any disclosures on relationships with or interest in the Company or its subsidiaries and their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The fees for audit services and the non-audit services were reviewed and provided direct access to the Chairman of the Audit Committee to discuss audit findings.

### APPOINTMENT OF EXTERNAL AUDITORS

The Audit Committee has recommended to Board of Directors that Messers Price Waterhouse Coopers continued as External Auditors for the financial year ending March 31, 2023 and that the re-appointment be included in the agenda of the Annual General Meeting.

### ETHICS & GOOD GOVERNANCE

Integrity being a key pillar of our value system, Teejay aspires to do things the right way. Ethical and legal dealings are core principles for a sustainable business. Awareness of the Code of ethics emphasize on upholding ethical values of the Directors, top management, and staff members. The supplier code of conduct extends our values and expectations in ethical business conduct to the suppliers that we deal with. The Whistle-Blower Policy guarantees anonymity of the Whistle-Blowers, and they are encouraged to report any violations of the code of conduct, anti-corruption policy and anti-harassment policy without the risk of reprisal. All appropriate procedures are in place to conduct independent investigations into incidents reported.

### CONCLUSION

The Audit Committee is satisfied that the internal controls and Enterprise Risk Management processes in place to assess and manage risks are adequate. It is of the view that the internal controls and procedures in place provide a reasonable assurance that the assets of the Company are safeguarded, and the Financial Statements of the Company are compiled using reliable information. The Committee is also satisfied that the Company is in a position to continue as a going concern. The Audit Committee has observed that based on the compliance reporting, the Company has complied with standards, laws and regulations during the period 2021-22 under review.



**Mr. Amitha L. Gooneratne**  
FCA (SL), FCA (England & Wales)  
Chairman of the Audit Committee

27th July 2022

# Remuneration Committee Report

The Remuneration Committee comprises of three Non-Executive Directors where two of them are independent. One of the Independent Non-Executive Directors, functions as the Chairman of the Committee.

The Members of the Remuneration Committee are as follows:

- **Prof. Malik K. Ranasinghe** (Chairman) - (IND/NED)
- **Mr. Amitha L. Gooneratne** - (IND/NED)
- **Mr. Mohamed Ashroff Omar** - (NED)

*IND/NED – Independent Non-Executive Director*

*NED – Non-Executive Director*

(Refer to pages 19 to 21 for a brief profile of each Director.)

## INVITEES

The Chief Executive Officer (CEO) and external advisers are invited to attend for all, or any part of the meeting as required.

## OBJECTIVE AND SCOPE OF THE REMUNERATION COMMITTEE

- To review and advice to the Board on overall remuneration philosophy, strategy, and policies for the Group.
- Determine, and agree with the Board a framework for remuneration of the key members of the Leadership Team including targets and formulas for any performance related pay schemes.
- Recommend to the Board, the total remuneration package for Leadership Team, Performance Appraisal, Development and Succession Planning of key members of the Leadership Team.
- Recommend to the Board, the remuneration payable to the Executive Directors, Chief Executive Officer and/or equivalent position thereof.

The Chief Executive will report to the Committee on significant group-wide changes in salary structures and terms and conditions affecting Key Management Personnel for their review.

## MEETINGS

The Committee met two times during the financial year under review.

## ATTENDANCE AT REMUNERATION COMMITTEE MEETINGS

Director	2nd Aug 2021	8th Dec 2021
Prof. Malik K. Ranasinghe	✓	✓
Mr. Amitha L. Gooneratne	✓	✓
Mr. Mohamed Ashroff Omar	✓	✓

## REMUNERATION POLICY

The remuneration policy is designed to attract, motivate and retain highly qualified, competent and experienced workforce to achieve the goals and objectives of the Company and reward performance accordingly in the backdrop of industry norms to support the continued success of the business and creation of shareholder value.

## PERFORMANCE APPRAISAL, REMUNERATION AND BENEFITS FOR EMPLOYEES

Performance against set goals are evaluated in an annual performance appraisal process. Rewards and recognition are based on performance achieved by each employee. A workflow-based Performance Appraisal system is in operation and is being used by all Executives to record and review performance.

The remuneration package of employees consists of a fixed component of basic salary and allowances and a variable component of various incentives and annual performance-based bonus. The employees enjoy other benefits such as meals, medical insurance, company excursion, common transport, etc. Key Management grade employees benefit from an ESOS where the Company offers shares to the managers to promote share ownership as a form of motivation.

## TASKS OF REMUNERATION COMMITTEE

- Review of remuneration of the Board and Senior Management.
- Evaluate the performance of Chief Executive and the Members of the Group Leadership Team against predetermined targets and goals.
- Formulate guidelines, policies and parameters for the compensation structures for all Executive staff of the Company and review the same frequently to ensure they are in par with the market/ industry rates.
- Assess and recommend to the Board of Directors the promotions of the Key Management Personnel.
- Review of succession plans and the transition plan of key members of Leadership Team.

## REMUNERATION OF BOARD OF DIRECTORS

No remuneration is paid to Non-Executive Directors other than the Director fees paid based on their participation at board meetings and other committee meetings. Details of Directors emoluments are disclosed on page 129.

**CONCLUSION**

The Committee wishes to report that the Company has complied with the Colombo Stock Exchange Listing Rules (7.10.5 - Remuneration Committee). The Committee is of the view that the current performance appraisal, career development, rewards and recognition processes provide a reasonable assurance that the Company's human capital is valued and appreciated. The Committee is satisfied that the Company follows appropriate Human Resource management processes and remuneration policies are designed to attract, grow, and retain employees with professional, managerial, and operational expertise who can assume leadership roles in the organization to achieve strategic and operational objectives.



**Prof. Malik K. Ranasinghe**  
*Chairman*  
Remuneration Committee

27th July 2022

# Related Party Transactions Review Committee Report

## INTRODUCTION

The Related Party Transactions Review Committee was formed by the Board as a Board Committee.

## COMPOSITION OF THE COMMITTEE

The Committee comprised of two Independent Non-Executive Directors and a Non-Executive Director during the period. The composition of the Committee fulfilled the requirements of the Listing Rule No. 9.2.2 of the Colombo Stock Exchange, throughout the financial year. The composition of the Related Party Transactions Review Committee is given below.

Members of the Related Party Transactions Review Committee (2021-22)

- **Mr. Amitha Lal Gooneratne** - (Chairman)  
(IND/NED)
- **Prof. Malik Kumar Ranasinghe** -  
(IND/ NED)
- **Mr. Hasitha Premaratne** - (NED)

*IND/NED – Independent Non-Executive Director*

*NED - Non-Executive Director*

(Refer to pages 19 to 21 for a brief profile of each Directors)

## TERMS OF REFERENCE

The Related Party Transactions Review Committee has terms of reference, dealing with its authority and duties. The terms of reference covers aspects relating to matters prescribed in the Listing Rules of the Colombo Stock Exchange. Terms of reference of the Committee include the following:

- Review in advance all proposed Related Party Transactions of the Company except those explicitly exempted by the Code;

- Determine whether Related Party Transactions that are to be entered into by the Company require the approval of the Board or shareholders of the Company
- Ensure that no Director of the Company shall participate in any discussion of a proposed Related Party Transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the Related Party Transaction to the Committee in its ongoing dealings with the relevant related party. Thereafter, the Committee, on an annual basis, shall review and assess ongoing relationships with the related party to determine whether they are in compliance with the Committee's guidelines and that the Related Party Transaction remains appropriate.

## POLICIES AND PROCEDURES

The members of the Board of Directors of the Company have been identified as Key Management Personnel. In accordance with the Related party Transaction policy, the declarations are obtained from each Key Management Personnel of the Company for the purpose of identifying parties related to them. Based on the information furnished in these declarations, the Company retrieves data on related party transactions from the database of the Company.

## MEETINGS

The Committee met on four occasions during the financial year 2021/22 and the members' attendance record is set out in the Conformance Report given below.

Related Party Transactions Review Committee Member	20 May 2021	17 August 2021	16 November 2021	17 February 2022
Mr. Amitha Lal Gooneratne	✓	✓	✓	✓
Prof. Malik Ranasinghe	✓	✓	✓	✓
Mr. Hasitha Premaratne	✓	✓	✓	✓

## RELATED PARTY TRANSACTIONS DURING THE YEAR

The activities and observations of the Committee are communicated to the Board. During the year, there were no non-recurrent or recurrent Related Party Transactions that exceeded the respective thresholds mentioned in the Listing Rules. Details of other Related Party Transactions entered in to by the Company during the year is disclosed in Note 35 to the Financial Statements.

## DECLARATION

Related Party Transaction Review Committee has reviewed all the Related Party Transactions during the financial year at the quarterly meetings and communicated the comments/observations to the Board of Directors. The Board of Directors confirm that the Company has complied with the requirements of Section 9 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Related Party transactions, issued by the Securities and Exchange Commission of Sri Lanka

## COMMITTEE EVALUATION

The annual evaluation of the Committee was conducted by the Board during the year and the review concluded that the Committee continues to operate effectively.



**Mr. Amitha Lal Gooneratne**

FCA (SL), FCA (England & Wales)  
Chairman of the Related Party Transactions Review Committee

27th July 2022



# Annual Report of the Board of Directors for the year ended 31 March 2022

- 1 The Board of Directors of Teejay Lanka PLC ("the Company") has pleasure in presenting to the members their report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2022.

## FORMATION

- 2 Teejay Lanka PLC is a public limited liability company incorporated as a limited liability company in Sri Lanka on 12 July 2000, and was subsequently listed on the main board of the Colombo Stock Exchange of Sri Lanka on 9 August 2011.

The Company owns 100% of issued stated capital of Teejay Lanka Prints (Private) Limited and Ocean Mauritius Limited. Teejay India (Private) Limited is a fully owned subsidiary of Ocean Mauritius Limited and considered to be a sub subsidiary of the Company. The Company is the ultimate parent of the Group.

The Board of Directors approved these financial statements on 27 July 2022.

## NATURE OF THE BUSINESS OF THE COMPANY

- 3 The nature of the business of the Company and its subsidiaries is given in Note 1 to the financial statements on page 107.

## FINANCIAL STATEMENTS

- 4 The financial statements which include statement of financial positions as at 31 March 2022, the statements of the Profit or Loss, the statements other comprehensive income, the statement of changes in equity, the statements of cash flows and notes to the financial statements of the Group and the Company for the year ended 31 March 2022 are set out on pages 100 to 106. All amounts are stated in Sri Lankan Rupees, unless otherwise stated.

## INDEPENDENT AUDITOR'S REPORT

- 5 The Independent Auditor's Report on the financial statements is given on pages 97 to 99.

## ACCOUNTING POLICIES

- 6 The accounting policies adopted by the Group and the Company have been consistently applied from previous year. The significant accounting policies including any new accounting standards adopted in the preparation of financial statements are given on pages 107 to 118.

## REVIEW OF BUSINESS

- 7 The state of affairs of the Group and the Company as at 31 March 2022 and the financial performance for the year ended 31 March 2022 are set out in the statement of financial position on pages 102 and 103 and statement of comprehensive income on pages 100 and 101.

## PROPERTY, PLANT AND EQUIPMENT

- 8 The movements in property, plant and equipment during the year are set out in Note 14 to the consolidated financial statements.

## MARKET VALUE OF PROPERTIES

- 9 The Directors are of the opinion that the carrying amount of properties stated in Note 14 to the consolidated financial statements reflect their fair values.

## SUBSIDIARIES

- 10 The Company's interest in subsidiaries as at 31 March 2022 is as follows:

Name of the subsidiary	Country of Incorporation & Operation	Shareholdings
Teejay Lanka Prints (Private) Limited	Sri Lanka	100%
Ocean Mauritius Limited (OML) (Now known as Teejay Mauritius Private Limited)	Mauritius	100%
Teejay India (Private) Limited (holding through OML)	India	100%

## DIVIDENDS

- 11 The Company paid a final dividend of USD 3,778,654 (LKR 824,250,971) representing LKR 1.15 per share approved by the shareholders at the Annual General Meeting held on 23 August 2021 in respect of the year ended 31 March 2021."

Further, the Company declared and paid an interim dividend of USD 3,014,500 (LKR 609,228,978) representing LKR 0.85 per share for the year ended 31 March 2022.

Further, The Board of Directors wishes to propose the payment of LKR 1.50 per share as final dividend to the shareholders of the Company for the year ended 31 March 2022 subject to obtaining the approval of the shareholders at the forthcoming Annual General Meeting.

## RESERVES

- 12 Total reserves and their composition are set out in the statement of changes in equity on pages 104 and 105 of the consolidated financial statements.

## STATED CAPITAL

- 13 The stated capital of the Company as at 31 March 2022 amounted to LKR 4,442,234,508 (USD 39,606,881) consisting of 716,739,975 ordinary shares.

## SHAREHOLDING

- 14 As at 31 March 2022, there were 8,478 registered shareholders and the twenty largest shareholders of the Company with the corresponding shareholding percentages held are set out as follows:

	Number of shares	% of holding
BRANDIX LANKA LTD-NUMBER 1 ACCOUNT	232,198,344	32.40%
PACIFIC TEXTURED JERSEY HOLDINGS LIMITED	195,926,217	27.34%
BBH - FIDELITY FUNDS	43,394,332	6.05%
CITIBANK NEWYORK S/A NORGES BANK ACCOUNT 2	22,518,426	3.14%
JPMCB NA-FIDELITY ASIAN VALUES PLC	18,842,115	2.63%
EMPLOYEES PROVIDENT FUND	6,979,333	0.97%
PEMBERTON ASIAN OPPORTUNITIES FUND	5,750,000	0.80%
DEUTSCHE BANK AG-NATIONAL EQUITY FUND	4,891,071	0.68%
RUBBER INVESTMENT TRUST LTD A/C NO 01	4,697,389	0.66%
UNION ASSURANCE PLC-UNIVERSAL LIFE FUND	4,483,104	0.63%
HATTON NATIONAL BANK PLC-SENFIN GROWTH FUND	4,119,244	0.57%
J.B. COCOSHELL (PVT) LTD	3,819,022	0.53%
STANDARD CHARTERED BANK DIFC BRANCH S/A EFG HERMES OMAN LLC	3,814,630	0.53%
JPMCB NA-SCOTGEMS PLC	3,331,281	0.46%
AMANA BANK PLC/HI-LINE TRADING PVT LTD	2,821,369	0.39%
EMPLOYEES TRUST FUND BOARD	2,677,561	0.37%
MR. S.N.P.PALIHENA	2,527,381	0.35%
SAM INNOVATORS (PVT) LTD	2,500,000	0.35%
MR. L.K.M.FERNANDO	2,351,546	0.33%
MRS. S.BALENDRA	2,065,000	0.29%

As at 31 March 2022 the public shareholding was 39.66% (284,258,903 shares).

## DIRECTORS

- 15 The Board of Directors of the Company consists of seven Directors as at end of the financial year with wide financial and commercial knowledge and experience. The following were the Directors of the Company as at 31 March 2022:

**Mr. Ajit Damon Gunewardene** -  
Chairman and Independent Non-Executive Director (Appointed w.e.f. 01st February 2022)

**Mr Mohamed Ashroff Omar** -  
Non-Executive Director

**Mr Hasitha Premaratne** -  
Non-Executive Director

**Mr Amitha Lal Gooneratne** -  
Independent Non-Executive Director

**Prof. Malik Kumar Ranasinghe** -  
Independent Non-Executive Director

### Mr Kit Vai Tou

- Non-Executive Director

### Mr. Masaru Okutomi

Non-Executive Director (Appointed w.e.f. 11th October 2021)

### Mr.Wai Loi Wan

(Resigned w.e.f. 11th October 2021)

### Mr. Wing Tak Bill Lam

(Resigned w.e.f. 31st January 2022)

The Board has determined that Mr. Amitha Gooneratne, Prof. M.K.Ranasinghe who have served on the board for over 9 nine years as independent as they have not been directly involved in the management of the Company and their contribution at meetings of the Board are made from an independent point of view and expressed from a broader perspective than of the Company alone.

## DIRECTOR'S INTEREST IN TRANSACTIONS

- 16 The Directors of the Company have made general disclosures provided for in section 192 (2) of the Companies Act No. 07 of 2007. The Directors' interests in contracts and proposed contracts with the Company, both direct and indirect, are set out in Note 35 to the financial statements.

## DIRECTOR'S REMUNERATION AND OTHER BENEFITS

- 17 The remuneration and other benefits of the Directors are given in Note 8 to the financial statements on page 129.

## DIRECTOR'S INTEREST IN SHARES

- 18 As at 31 March 2022, Mr.Ajit Damon Gunewardene held 713,723 shares and Mr Hasitha Premaratne held 40,000 shares of the Company.

**DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING**

- 19 The Directors are responsible for the preparation of financial statements of the Company and Group to reflect a true and fair view of the state of its affairs. The Directors are of the view that these financial statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, Inland Revenue Act No. 24 of 2017 and amendments thereto and the Listing Rules of the Colombo Stock Exchange.

The statement of directors' responsibility for financial reporting is given on page 94.

**INTEREST REGISTER**

- 20 The Interest register is maintained by the Company as per the Companies Act No. 07 of 2007. All Directors have made declarations as provided for in Section 192 (2) of the Companies Act No. 07 of 2007. The related entries were made in the interest register during the year under review.

**RISK MANAGEMENT**

- 21 The Board has instituted an effective and comprehensive system of internal controls covering financial, operations, compliance control and risk management required to carry on the business activities of the Company and its subsidiaries in an orderly manner, safeguard its assets and secure as far as possible the accuracy and reliability of the records. The key financial risks management disclosures are given in Note 3 to the financial statements on pages 119 to 122.

**CORPORATE GOVERNANCE**

- 22 The Directors place great emphasis on instituting and maintaining effective corporate governance practices and principles in respect of management and operations of the Group. Accordingly, systems and structures

have been introduced and improved from time to time to enhance risk management measures and to improve accountability and transparency.

**STATUTORY PAYMENTS**

- 23 All statutory payments due to the Governments of Sri Lanka, India and Mauritius and on behalf of employees have been made or accrued for as at date of the statement of financial position.

**EMPLOYEE SHARE OPTION SCHEME**

- 24 Consequent to the shareholders granting approval on 26 November 2015, the Company established an Employee Share Option Scheme (ESOS) for Executive Directors and / or Executives in management positions in the Company as may be decided by the Board or a Board committee appointed by the Board. This scheme was established on the recommendation of the Board having taken into consideration the benefits that will accrue to the Company by employees involved in the management of the Company participating in the equity of the Company and thereby in the profits of the Company. The maximum number of shares that were authorised to be issued to eligible employees under the ESOS was 27,090,851 shares representing 4.1% of the issued shares of the Company as at 1 April 2015.

During the period 1st April 2021 to 31st March 2022 a total of 7,417,430 shares were exercised and issued to eligible employees, in May 2021, out of a total of 7,939,704 share options granted to eligible employees under Grant 6, in the previous financial year (i.e., in June 2020). The exercise price per share, of these shares were Rs. 26.08. No share options were granted under the ESOS during the financial year 2021/2022. As at 31st March 2022, a total of 20,790,142 shares have been issued to eligible employees under the ESOS out of the maximum number of 27,090,851 shares

authorised to be granted as share options under the ESOS and a balance of 6,300,709 shares are available to be granted to eligible employees as share options under the ESOS as may be determined by the Board.

**EMPLOYEE SHARE OPTION SCHEME (CONTD)**

The Board hereby declares and confirms that the Company has not directly or indirectly provided funds for any employee under the ESOS.

**ENVIRONMENTAL PROTECTION**

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

**DONATIONS**

- 26 The Company has made donations in kind amounting to LKR 4,700,402 during the year ended 31 March 2022 for charitable purposes (2021 - LKR 2,097,765).

**GOING CONCERN**

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

**EVENTS AFTER THE END OF REPORTING PERIOD**

- 28 No events have occurred since the statement of financial position date which would require adjustments to, or disclosure in, these financial statements.

**INDEPENDENT AUDITORS**

29 The Audit Committee of the Company has recommended the re-appointment of Messrs PricewaterhouseCoopers, Chartered Accountants, as the auditors of the Company and a resolution relating to their re-appointment and authorising the Directors to fix their remuneration and to audit the financial statements for the accounting year ending 31 March 2023 will be proposed at the Annual General Meeting.

The remuneration payable by the Company to the independent auditors for statutory audit and non audit services are given in Note 8 to the financial statements.

The Directors are satisfied that, based on written representations made by the independent auditors to the Board, the auditors did not have any relationship or any interest with the Company and subsidiaries that would impair their independence.

By Order Of The Board



**Mohamed Ashroff Omar**

*Director*



**Hasitha Premaratne**

*Director*



**Corporate Services (Private) Limited**

*Secretaries*

27th July 2022

# Statement of the Directors' Responsibility for Financial Reporting

The responsibility of the Directors in relation to the financial statements of the Group and the Company, is set out in the following statement. The responsibility of the independent Auditors, in relation to the financial statements, prepared in accordance with the provisions of the Companies Act, No. 07 of 2007 ["the Act"], is set out in the Independent Auditor's Report on pages 97 to 99.

The financial statements comprise the:

- statements of income and other comprehensive income, which present a true and fair view of the results of the Group and the Company for the year ended 31 March 2022; and
- statement of financial position, which present a true and fair view of the state of affairs of the Group and the Company as at 31 March 2022, which comply with the requirements of the Act.

The Directors have ensured that, in preparing these financial statements:

- appropriate accounting policies have been selected and applied in a consistent manner and material departures, if any, have been disclosed and explained;
- all applicable Sri Lanka Accounting Standards (LKASs / SLFRSs) adopted by the Institute of Chartered Accountants of Sri Lanka, as relevant, have been followed; and
- judgements and estimates have been made which are reasonable and prudent.

The Directors have also ensured that the Company and its subsidiaries have adequate resources to continue in operation to justify applying the going concern basis in preparing these financial statements.

Further, the Directors have as part of their responsibility ensured that the Company and its subsidiaries maintains sufficient accounting records to disclose, with reasonable accuracy the financial position of the Group and the Company, and to ensure that the financial statements presented comply with the requirements of the Act.

The Directors have also taken reasonable steps to safeguard the assets of the Company and its subsidiaries and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The Management and the Directors of the Company and its subsidiaries meet periodically with the independent statutory auditors to review the manner in which the auditors are performing their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the independent statutory auditors have full and free access to the members of the Board to discuss any matter of substance.

The Directors have ensured that the independent statutory auditors have been provided with every opportunity to take whatever steps and undertake whatever inspections that may be considered to be appropriate to enable them to give an independent audit opinion.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

## COMPLIANCE REPORT

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

By Order Of The Board



**Corporate Services (Private) Limited**  
Secretaries

27th July 2022



# Trust

**Our team has earned the trust of our stakeholders by capitalising on opportunities to remain steadfast and resilient. Delivering stability and growth over the long term is embedded in our DNA.**

## Financial Statements

Financial Calendar 96   Independent Auditor's Report 97   Statement of Profit or Loss 100   Statement of Comprehensive Income 101  
Statement of Financial Position 102   Statement of Changes in Equity - Group 104   Statement of Changes in Equity - Company 105  
Statement of Cash Flows 106   Notes to the Financial Statements 107   Five Years Financial Summary - Group 163  
Shareholding Information 164   GRI Index 167   Glossary of Financial Terms 172   Notice of Meeting 173   Notes 175  
Form of Proxy 177   Corporate Information IBC



# Financial Calendar

## Dividend Calendar

	2021/22	2020/21
Final dividends for the previous year paid/payable	September 13, 2021	-
First interim dividend for the year paid/payable	March 22, 2022	March 17, 2021

## Annual General Meeting (AGM) Calendar

	2021/22	2020/21
Annual Report and Accounts for the year signed	July 27, 2022	July 30, 2021
Annual General Meeting to be held	(11th AGM) August 18, 2022	(10th AGM) August 23, 2021

## Interim Financial Statements Calendar – Submission to the Colombo Stock Exchange (CSE)

	2021/22 Submitted on	2020/21 Submitted on
For the three months ended/ending June 30, (Unaudited)	August 5, 2021	August 13, 2020
For the six months ended/ending September 30, (unaudited)	November 10, 2021	November 12, 2020
For the nine months ended/ending December 31, (Unaudited)	February 2, 2022	February 15, 2021
For the twelve months ended/ending March 31, (Unaudited)	May 19, 2022	May 20, 2021

## Interim Financial Statements Calendar – Publication in the Newspapers

	2021/22 Submitted on	2020/21 Submitted on
For the three months ended/ending June 30, (Unaudited)	August 6, 2021	August 14, 2020
For the six months ended/ending September 30, (unaudited)	November 11, 2021	November 13, 2020
For the nine months ended/ending December 31, (Unaudited)	February 3, 2022	February 16, 2021
For the twelve months ended/ending March 31, (Unaudited)	May 20, 2022	May 21, 2021

# Independent Auditor's Report



## TO THE SHAREHOLDERS OF TEEJAY LANKA PLC

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OUR OPINION

In our opinion, the financial statements of Teejay Lanka PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group") give a true and fair view of the financial position of the Company and the Group as at 31 March 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### WHAT WE HAVE AUDITED

The financial statements of the Company and the consolidated financial statements of the Group, which comprise:

- the statement of financial position as at 31 March 2022;
- the statement of profit or loss for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### BASIS FOR OPINION

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### INDEPENDENCE

We are independent of the Company and the Group in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics"), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics.

### KEY AUDIT MATTERS

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

### The Company and Group:

Key audit matter	How our audit addressed the Key audit matter
Valuation of inventories	
<p>The Company and Group had inventories valued at lower of cost and net realisable values of LKR 10.6 Bn and LKR 16.4 Bn respectively as at 31 March 2022, which comprised raw materials, work in progress, finished goods, engineering spares and consumables as disclosed in Note 20 to the financial statements.</p> <p>The total inventories represented approximately 27% in both the Company's and Group's total assets.</p> <p>The Group estimates the write down required for slow moving and obsolete inventory and for other identified items of inventory in relation to specified job orders, based on the inventory residence periods and subsequent realisable values respectively and determines the Net Realisable Value (NRV) of items of inventory.</p>	<p>We evaluated management judgement on the determination of inventory residence periods for different categories of inventory to identify slow-moving and obsolete inventory items to determine the write down required for values of slow moving and obsolete inventory categories. We compared the residence periods and write down determined by management in the current year to those applied in prior years and checked the reasonableness of basis for write down to net realisable values using our understanding of industry practices.</p> <p>We reviewed the year-to-year movement in the amount considered for write down for each category of inventory considering subsequent write offs, reversals on re-use and amounts realised on disposals. We also compared the cost of items of inventories as at 31 March 2022 to their net realisable values subsequent to year end.</p>

Key audit matter	How our audit addressed the Key audit matter
<b>Valuation of inventories</b>	
<p>Further, the write down to net realisable value for all slow and non-moving inventories of engineering spares and consumables are determined based on the inventory days and identification of specific inventories requiring write down, through physical verification by management.</p> <p>We focused on this area as inventories represent a significant balance to total assets and estimation of write down to net realisable value involve a high level of management judgement which could result in estimation uncertainty.</p>	<p>We performed a recalculation of the inventory write down amounts made to individual inventory categories based on the system generated inventory ageing reports, which provided the residence periods in respect of inventory items, for which system reliance was placed. Further, we checked the write down amounts considered by management for damaged and obsolete inventory, if any, that were physically identifiable during our stock count observation.</p> <p>Based on the procedures performed above, we found management's judgement in determining the amount of write down required for slow moving and obsolete inventory was based upon reasonable assumptions and to be appropriate.</p>

## OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Annual Report for the year ended 31 March 2022 ["the annual report"] but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement

resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's/ Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company/ Group to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore

the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

*PricewaterhouseCoopers*

### CHARTERED ACCOUNTANTS

CA Sri Lanka membership number - 3015

Colombo  
Sri Lanka

27th July 2022

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# Statement of Profit or Loss

(all amounts in Sri Lanka Rupees Thousands)

Year ended 31 March	Note	Group		Company	
		2022	2021	2022	2021
Revenue from contracts with customers	6	49,587,964	31,780,287	29,438,073	20,965,296
Cost of sales		(45,010,323)	(27,990,328)	(27,037,407)	(18,803,018)
<b>Gross profit</b>		<b>4,577,641</b>	<b>3,789,959</b>	<b>2,400,666</b>	<b>2,162,278</b>
Other operating income - net	7	151,482	185,662	847,058	533,747
Distribution expenses		(369,517)	(177,672)	(209,613)	(116,550)
Administrative expenses		(1,743,533)	(1,392,044)	(744,599)	(713,990)
Net impairment (loss)/gain on financial assets	21 (a)	(42,970)	35,497	(18,239)	26,829
<b>Operating profit</b>	8	<b>2,573,103</b>	<b>2,441,402</b>	<b>2,275,273</b>	<b>1,892,314</b>
Finance income	10	439,838	276,786	450,405	266,133
Finance expense	10	(149,221)	(118,851)	(79,674)	(18,553)
Net finance income	10	290,617	157,935	370,731	247,580
Profit before tax		2,863,720	2,599,337	2,646,004	2,139,894
Income tax expense	11	(332,470)	(459,735)	(270,498)	(229,413)
<b>Profit for the year</b>		<b>2,531,250</b>	<b>2,139,602</b>	<b>2,375,506</b>	<b>1,910,481</b>
<b>Attributable to:</b>					
Equity holders of the parent		2,531,250	2,139,602		
<b>Earnings per share</b>					
Basic earnings per share (LKR)	12 (a)	3.54	3.04		
Diluted earnings per share (LKR)	12 (b)	3.54	3.04		

The notes on pages 107 to 162 form an integral part of these financial statements

Independent auditor's report is set out on pages 97 to 99

# Statement of Comprehensive Income

(all amounts in Sri Lanka Rupees Thousands)

Year ended 31 March	Note	Group		Company	
		2022	2021	2022	2021
<b>Profit for the year</b>		<b>2,531,250</b>	2,139,602	<b>2,375,506</b>	1,910,481
<b>Comprehensive income</b>					
<b>Items that will not be reclassified to statement of profit or loss subsequently</b>					
Actuarial gain/(loss) on defined benefit obligation	26	203,673	(72,815)	185,551	(73,646)
Deferred tax credit/(charge) attributable to remeasurement of defined benefit obligation	27	(27,658)	8,483	(25,977)	10,310
		176,015	(64,332)	159,574	(63,336)
<b>Items that may be subsequently reclassified to statement of profit or loss</b>					
Currency translation differences		8,994,413	961,858	7,645,472	817,032
<b>Total comprehensive income for the year</b>		<b>9,170,428</b>	897,526	<b>7,805,046</b>	753,696
<b>Total comprehensive income for the year, net of tax</b>		<b>11,701,678</b>	3,037,128	<b>10,180,552</b>	2,664,177
<b>Attributable to:</b>					
Equity holders of the parent		11,701,678	3,037,128		

The notes on pages 107 to 162 form an integral part of these financial statements

Independent auditor's report is set out on pages 97 to 99



# Statement of Financial Position

(all amounts in Sri Lanka Rupees Thousands)

As at 31 March	Note	Group		Company	
		2022	2021	2022	2021
ASSETS					
Non-current assets					
Property, plant and equipment	14	14,715,246	8,710,818	6,925,956	4,724,995
Intangible assets	17	143,391	125,452	108,804	93,431
Right-of-use assets	15	1,341,498	899,016	671,156	472,602
Capital work-in-progress	16	5,268,720	425,281	696,570	213,249
Investments in subsidiaries	18	Nil	Nil	5,008,257	3,427,643
Deferred tax assets	27	431,633	273,228	Nil	Nil
Goodwill	17	96,010	65,709	Nil	Nil
		21,996,498	10,499,504	13,410,743	8,931,920
Current assets					
Inventories	20	16,355,777	7,280,706	10,561,085	4,601,443
Trade and other receivables	21	13,336,000	7,180,865	9,639,562	5,021,770
Current tax receivables		Nil	6,170	Nil	Nil
Other financial assets	22	1,822,146	1,679,622	1,470,345	1,453,927
Cash and cash equivalents	23	6,383,354	4,452,472	4,131,852	3,014,888
		37,897,277	20,599,835	25,802,844	14,092,028
Total assets		59,893,775	31,099,339	39,213,587	23,023,948
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	30	4,442,234	4,248,787	4,442,234	4,248,787
Exchange equalisation reserve	31	15,219,688	6,225,275	13,282,490	5,637,018
Share option scheme	33	153,491	153,491	153,491	153,491
Retained earnings	32	8,410,456	7,136,671	6,072,164	4,970,564
		28,225,869	17,764,224	23,950,379	15,009,860

As at 31 March	Note	Group		Company	
		2022	2021	2022	2021
Non-current liabilities					
Interest bearing borrowings	25	5,581,171	197,620	Nil	Nil
Lease liabilities	15	930,430	654,657	492,520	351,271
Deferred tax liabilities	27	918,784	626,990	367,733	258,292
Retirement benefit obligations	26	424,817	520,422	162,819	331,343
		7,855,202	1,999,689	1,023,072	940,906
Current liabilities					
Interest bearing borrowings	25	5,913,542	3,108,290	4,521,767	2,224,928
Lease liabilities	15	43,051	13,663	26,485	8,600
Current tax liabilities		232,725	126,421	193,454	126,421
Trade and other payables	24	17,623,386	8,087,052	9,498,430	4,713,233
		23,812,704	11,335,426	14,240,136	7,073,182
Total liabilities		31,667,906	13,335,115	15,263,208	8,014,088
Total equity and liabilities		59,893,775	31,099,339	39,213,587	23,023,948

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

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were approved for issue by the Board of Directors on 27th July 2022.



**Salman Nishtar**  
Chief Financial Officer



**Pubudu De Silva**  
Chief Executive Officer

Signed on behalf of the Board on



**Mohamed Ashroff Omar**  
Directors



**Hasitha Premaratne**  
Directors

The notes on pages 107 to 162 form an integral part of these financial statements

Independent auditor's report is set out on pages 97 to 99

## Statement of Changes in Equity - Group

(all amounts in Sri Lanka Rupees Thousands)

	Note	Stated capital	Exchange equalisation reserve	Reserve for Share option scheme	Retained earnings	Total
Balance at 1 April 2020		4,056,683	5,263,417	96,760	6,231,783	15,648,643
Profit for the year		Nil	Nil	Nil	2,139,602	2,139,602
Comprehensive (loss)/Income for the year		Nil	961,858	Nil	[64,332]	897,526
Total comprehensive income for the year		Nil	961,858	Nil	2,075,270	3,037,128
<b>Transactions with owners:</b>						
Interim dividend paid - 2020/21	13	Nil	Nil	Nil	[1,170,382]	[1,170,382]
Share option scheme	33 (b & c)	192,104	Nil	56,731	Nil	248,835
<b>Balance at 31 March 2021</b>		<b>4,248,787</b>	<b>6,225,275</b>	<b>153,491</b>	<b>7,136,671</b>	<b>17,764,224</b>
Balance at 1 April 2021		4,248,787	6,225,275	153,491	7,136,671	17,764,224
Profit for the year		Nil	Nil	Nil	2,531,250	2,531,250
Comprehensive Income for the year		Nil	8,994,413	Nil	176,015	9,170,428
Total comprehensive income for the year		Nil	8,994,413	Nil	2,707,265	11,701,678
<b>Transactions with owners:</b>						
Final dividend paid - 2020/21	13	Nil	Nil	Nil	[824,251]	[824,251]
Interim dividend paid - 2021/22	13	Nil	Nil	Nil	[609,229]	[609,229]
Share issued under employee share option scheme	33 (b & c)	193,447	Nil	Nil	Nil	193,447
<b>Balance at 31 March 2022</b>		<b>4,442,234</b>	<b>15,219,688</b>	<b>153,491</b>	<b>8,410,456</b>	<b>28,225,869</b>

The notes on pages 107 to 162 form an integral part of these financial statements

Independent auditor's report is set out on pages 97 to 99

# Statement of Changes in Equity - Company

(all amounts in Sri Lanka Rupees Thousands)

	Note	Stated capital	Exchange equalisation reserve	Reserve for Share option scheme	Retained earnings	Total
Balance at 1 April 2020		4,056,683	4,819,986	96,760	4,293,801	13,267,230
Profit for the year		Nil	Nil	Nil	1,910,481	1,910,481
Comprehensive (loss)/Income for the year		Nil	817,032	Nil	[63,336]	753,696
Total comprehensive income for the year		Nil	817,032	Nil	1,847,145	2,664,177
<b>Transactions with owners:</b>						
Interim dividend paid - 2020/21	13	Nil	Nil	Nil	[1,170,382]	(1,170,382)
Share option scheme	33 (b & c)	192,104	Nil	56,731	Nil	248,835
<b>Balance at 31 March 2021</b>		<b>4,248,787</b>	<b>5,637,018</b>	<b>153,491</b>	<b>4,970,564</b>	<b>15,009,860</b>
Balance at 1 April 2021		4,248,787	5,637,018	153,491	4,970,564	15,009,860
Profit for the year		Nil	Nil	Nil	2,375,506	2,375,506
Comprehensive Income for the year		Nil	7,645,472	Nil	159,574	7,805,046
Total comprehensive income for the year		Nil	7,645,472	Nil	2,535,080	10,180,552
<b>Transactions with owners:</b>						
Final dividend paid - 2020/21	13	Nil	Nil	Nil	[824,251]	(824,251)
Interim dividend paid - 2021/22	13	Nil	Nil	Nil	[609,229]	(609,229)
		Nil	Nil	Nil	[1,433,480]	(1,433,480)
Share issued under employee share option scheme	33 (b & c)	193,447	Nil	Nil	Nil	193,447
<b>Balance at 31 March 2022</b>		<b>4,442,234</b>	<b>13,282,490</b>	<b>153,491</b>	<b>6,072,164</b>	<b>23,950,379</b>

The notes on pages 107 to 162 form an integral part of these financial statements

Independent auditor's report is set out on pages 97 to 99

# Statement of Cash Flows

(all amounts in Sri Lanka Rupees Thousands)

Year ended 31 March	Note	Group		Company	
		2022	2021	2022	2021
Cash flows from operating activities					
Cash generated from operations	34	5,081,356	2,723,558	2,675,727	1,319,176
Interest income received	10	154,745	186,842	175,151	162,921
Finance expenses paid	10	(96,504)	(70,962)	(59,714)	Nil
Retirement benefit obligations paid	26	(71,497)	(29,044)	(35,072)	(7,397)
Tax paid		(301,995)	(466,630)	(266,213)	(283,740)
Net cash generated from operating activities		4,766,105	2,343,764	2,489,879	1,190,960
Cash flows from investing activities					
Additions or expenses incurred on capital work-in-progress	16	(5,962,561)	(715,459)	(1,021,488)	(377,597)
Net increase in investment in financial assets		(142,524)	(712,197)	(16,418)	(692,687)
Net cash used in investing activities		(6,105,085)	(1,427,656)	(1,037,906)	(1,070,284)
Cash flows from financing activities					
Dividends paid to equity holders of the parent	13	(1,433,480)	(1,170,382)	(1,433,480)	(1,170,382)
Poceeds from Issue of shares		193,447	194,525	193,447	194,525
Settlement of borrowings		(4,493,306)	(104,484)	(221,441)	Nil
Proceeds received from bank borrowings		9,164,963	Nil	1,193,028	Nil
Settlement of related party borrowings	35 (vii) (b)	Nil	(674,496)	Nil	Nil
Principal elements of lease payments	15	(131,046)	(59,920)	(35,847)	(26,634)
Net cash generated from/(used in) financing activities		3,300,578	(1,814,757)	304,293	(1,002,491)
Net (decrease) / increase in cash and cash equivalents		1,961,598	(898,649)	1,147,680	(881,815)
Cash and cash equivalents at beginning of year		4,203,744	5,102,393	2,766,160	3,647,975
Cash and cash equivalents at end of year	23	6,165,342	4,203,744	3,913,840	2,766,160

The notes on pages 107 to 162 form an integral part of these financial statements

Independent auditor's report is set out on pages 97 to 99

# Notes to the Financial Statements

(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

## 1. GENERAL INFORMATION

Teejay Lanka PLC is a public limited company incorporated in Sri Lanka on 12 July 2000, listed on the Main Board of the Colombo Stock Exchange of Sri Lanka on 9 August 2011. The registered office of the Company is located at Block D8-D14, Seethawaka Export Processing Zone, Avissawella. The Company carries on the business of manufacturing and selling of weft knit fabrics.

The Company changed its name to Teejay Lanka PLC with effect from 15 September 2016.

These financial statements have been approved for issue by the Board of Directors on 27 July 2022.

The Company owns 100% of issued stated capital of Teejay Lanka Prints (Private) Limited and Ocean Mauritius Limited (Now known as Teejay Mauritius Limited). Teejay India (Private) Limited is a fully owned subsidiary of Ocean Mauritius Limited (Now known as Teejay Mauritius Limited). The Company is the ultimate parent of the Group. The details of subsidiaries are given under Note 18 to these financial statements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with the Sri Lanka Accounting Standards (LKASs / SLFRSs) adopted by the Institute of Chartered Accountants of Sri Lanka. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The financial statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards ("SLFRS"s), Sri Lanka Accounting Standards ("LKAS"s), relevant interpretations of the Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements have been prepared under the historical cost convention except for financial assets and financial liabilities which are measured at amortised cost.

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's and the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Company's and the Group's financial statements are disclosed in Note 4 to the financial statements.

The financial statements are prepared and presented in United States Dollars (US\$), in accordance with and comply with Sri Lanka Accounting Standards and the conversion to Sri Lanka Rupees is performed in accordance with the recommendations made in the Sri Lanka Accounting Standard (LKAS) 21; The Effects of Changes in Foreign Exchange Rates. The procedures followed are as follows:

(a) Assets and liabilities for each statement of financial position presented (including comparatives) are translated at the closing rate at the date of that statement of financial position.

(b) Income and expenses for each income statement (including comparatives) are translated at the exchange rates existing at the dates of the transactions or a rate that approximates the actual exchange rates; and

(c) All resulting exchange differences are recognised in other comprehensive income.

The preparation and the presentation of these Financial Statements are in compliance with the Companies Act No. 07 of 2007.

### 2.1.1 Going Concern

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

## 2.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

(i) Amendment to SLFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to SLFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to

(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

This amendment is effective for the annual periods beginning on or after 1 April 2021.

**(ii) Inter Bank Offered Rates (IBOR) Reform and its Effects on Financial Reporting—Phase 2: Amendments to SLFRS 7, SLFRS 4 and SLFRS 16**

The IASB has issued amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 that address issues arising during the reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one. Given the pervasive nature of IBOR-based contracts, the amendments could affect companies in all industries. This publication provides guidance on how to apply the Phase 2 amendments to various contracts and hedge accounting relationships, including the interaction with the Phase 1 reliefs for hedge accounting.

This amendment is effective for the annual periods beginning on or after 1 January 2022.

- (b) New Accounting Standards, amendments and interpretations issued but not yet adopted

The following standards and interpretations had been issued but not mandatory for annual reporting periods ended 31 March 2022.

**(i) Reference to the Conceptual Framework – Amendments to SLFRS 3**

Minor amendments were made to SLFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of LKAS 37 Provisions, Contingent Liabilities and Contingent Assets, and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

This amendment is effective for the annual periods beginning on or after 1 January 2022.

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

The amendment to LKAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

This amendment is effective for the annual periods beginning on or after 1 January 2022.

**(iii) Classification of Liabilities as Current or Non-current – Amendments to LKAS 1**

The narrow-scope amendments to LKAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waiver or a breach of covenant). The amendments also clarify what LKAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.

**(iv) Property, Plant and Equipment: Proceeds before intended use – Amendments to LKAS 16**

The amendment to LKAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical



performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

This amendment is effective for the annual periods beginning on or after 1 January 2022

#### Annual Improvements to SLFRS Standards 2018–2020

The following improvements were finalised in May 2020:

- SLFRS 9; Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- SLFRS 16; Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- SLFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same SLFRS 1 exemption.
- LKAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under LKAS 41. This amendment

is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

This amendment is effective for the annual periods beginning on or after 1 January 2022.

## 2.3 Consolidation

The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group")

### 2.3.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interest issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition related costs are expensed as incurred

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred assets. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### 2.3.1.1 Changes in ownership interests in subsidiaries without change of control

Transaction with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The

(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

difference between fair value of any consideration paid and relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

### 2.3.1.2 Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the financial asset. In addition, any amount previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

### 2.3.2 Financial period

All companies in the Group have a common financial year, which ends on 31 March.

## 2.4 Segment reporting

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

## 2.5 Foreign currency translation

### (a) Functional and presentation currency

The financial statements are prepared and presented in United

States Dollars (USD), the currency of the primary economic environment in which the entity and its subsidiaries operate. The Directors of the Company and its subsidiaries are of the opinion that the use of USD as the functional currency provides information about the Company and its subsidiaries that is useful and reflects the economic substance of the underlying events and circumstances relevant to the Company and its subsidiaries as:

- i) It is the currency mainly influences sales prices for goods and services which are denominated and settled in USD.
- ii) It is the currency mainly influences material costs of providing goods and services, the currency in which such costs are denominated and settled in USD.

Hence the Directors of the Company and its subsidiaries have decided to use United States Dollars as the functional currency from the date of incorporation.

Financial statements of the Company and the Group are translated to Sri Lanka Rupees for local statutory requirements.

### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the

income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses are presented in the income statement within 'net finance income'.

## 2.6 Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation.

### (a) Cost

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one year.

All property, plant and equipment are initially recorded at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Cost of long term capital projects are carried forward in capital work-in-progress until they are available for use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable

that future economic benefit associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

### (b) Depreciation

Depreciation is calculated using the straight line method to allocate the cost of each asset, to their residual values over their estimated useful lives commencing from the date of acquisition, date available for use or date of commencement of use. On disposal of assets depreciation is calculated exclusive of the date on which disposal takes place.

The estimated useful lives of property, plant and equipment are as follows:

Buildings on leasehold land	23 to 50 years
Plant, machinery & equipment installation	3 to 10 years
Fixtures, fittings & factory equipment	4 to 8 years
Office equipment	5 years
Computer & communication equipment	3 to 4 years
Motor vehicles	4 years

Depreciation begins when an item of property, plant and equipment is available for use and will continue until it is derecognised, even if during that period the item is idle.

### (c) Borrowing costs

Interest costs on borrowings to finance the construction of qualifying assets are capitalised, during the period of time that is required to complete and prepare the asset for its intended use.

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

Gains / (losses) on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

### (d) Impairment of property, plant and equipment

The carrying value of property, plant and equipment is reviewed for impairment either annually or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognised in the income statement.

## 2.7 Intangible assets

### (a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of the consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is

less than the fair value of the net assets of subsidiary acquired, in the case of bargain purchases, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Unit [CGU], or group of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within equity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

### (b) Computer software

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life.

Costs associated with maintaining computer software programmed are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and

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unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

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

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed four years.

## 2.8 Investments

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

## 2.9 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2.10 Accounting for leases - where the Company is the lessee

The Group and Company leases lands

Contracts may contain both lease and non-lease components. The Group and Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a

wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable, and
- variable lease payment that are based on an index or a rate.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the Group and Company's incremental borrowing rate. Lease payments are allocated between principal and finance cost. The finance cost is charged to income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

To determine the incremental borrowing rate, the Group and Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

The Group and Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and Company is reasonably certain to exercise a purchase option, the

right-of-use asset is depreciated over the underlying asset's useful life.

## 2.11 Financial Assets & Liabilities

### 2.11.1 Financial assets

#### (a) Classification

From 1 April 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### (b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been

transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### (c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### Debt instruments

Subsequent measurement of debt instruments depends on the Group's and Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at Amortised cost. interest income from these financial Assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

#### Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's and Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition

of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains / (losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### (d) Impairment of financial assets

From 1 April 2018, the Group and Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group and Company applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### 2.11.2 Financial liabilities

##### 2.11.2.1 Classification and initial recognition

Financial liabilities are initially recognised at fair value, net of transaction costs.

The Group and Company classifies its financial liabilities as other financial liabilities, based on the purpose for which the financial liabilities were issued. Other financial liabilities mainly include trade and other payables and borrowings.

##### 2.11.2.2 Subsequent measurement

Financial liabilities are subsequently carried at amortised cost using effective interest method.

##### 2.11.2.3 Derecognition

The Group and Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

##### 2.11.3 Offsetting financial instruments

'Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legal enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

#### 2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the Weighted Average Cost (WAC) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

#### 2.13 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection

is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

The Group applies the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2022 or 1 April 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables and accordingly adjusts the historical loss rates based on expected changes.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within distribution expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against distribution expenses in the statement of comprehensive income.

## 2.14 Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents comprise cash in hand, deposits

held at call with banks, net of bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

## 2.15 Stated capital

The ordinary shares are classified as equity.

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

## 2.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Account payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## 2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statements over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least

12 months after the statement of financial position date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

## 2.18 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they incurred.

## 2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable



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estimate of the amount of the obligation can be made

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## 2.20 Employee benefits

### (a) Defined benefit plan - Gratuity

A defined benefit plan is a pension plan that is not a defined contribution plan. A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The defined benefit plan of the Company and its subsidiary, Teejay Lanka Prints (Private) Limited, comprise the gratuity provided under the Act, No. 12 of 1983. The defined benefit plan of overseas subsidiary, Teejay India (Private) Limited, comprises the gratuity provided under the Act, No. 39 of 1972.

The liability recognised in the statement of financial position in respect of defined pension plans is the present value of the defined

benefit obligation at the date of statement of financial position. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using government bonds

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in statement of comprehensive income.

The assumptions based on which the results of the actuarial valuation was determined, are included in Note 26 to the financial statements.

### (b) Defined contribution plans

For defined contribution plans, such as the Employees' Provident Fund and Employees' Trust Fund, the Company and its local subsidiary contributes 12% and 3% respectively, of the employees' basic or consolidated wage or salary. For defined contribution plan, the Provident Fund, the overseas subsidiary, Teejay India (Private) Limited, contributes 13.16%, of the employees' basic or consolidated wage or salary. The Group has no further payment obligations once the contributions have been paid. The Group and Company employees are members of these defined contribution plans.

### (c) Short term employee benefits

The wages, salaries, paid annual leave and sick leave, bonuses and

non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

## 2.21 Current and deferred income tax

The tax expense for the period comprises current and deferred tax.

### (a) Current taxes

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company and its subsidiaries operate generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situation in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

### (b) Deferred income taxes

Deferred tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using

tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investment in subsidiaries, except for deferred income tax liability where the timing of the reversal of temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiary only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## 2.22 Revenue recognition

Goods and services deliverable under contracts with customers are identified as separate performance obligations ('obligations') to the extent that the customer can benefit from the goods or services on their own or together with other resources that are readily available to the customer and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services do not meet the criteria to be identified as separate obligations they are aggregated with other goods and/or services in the agreement until a separate obligation is identified.

The Group determines the transaction price to which it expects to be entitled to in return for providing the promised obligations to the customer based on the committed contractual amounts, net of sales taxes and discounts. The transaction price is allocated between the identified obligations according to the relative standalone selling prices of the obligations. The standalone selling price of each obligation deliverable in the contract is determined according to the prices that the Group would achieve by selling the same goods and/or services included in the obligation to a similar customer on a standalone basis. Where the Group does not sell equivalent goods or services in similar circumstances on a standalone basis it is necessary to estimate the standalone price. When estimating the standalone price, the Group maximises the use of external input; observing the standalone prices for similar goods and services when sold by third parties or using a cost-plus reasonable margin approach.

Revenue is recognised when the respective obligations in the contract are delivered to the customer and payment remains probable. The revenue is recognised as follows:

### Sale of goods and performance of services

Sales are recognised upon delivery of products and customer acceptance, if any, or performance of services.

### Interest income

Interest income is recognised using the effective interest method.

### Royalty income

Royalty income is recognised on an accrual basis.

### Other income

Other income is recognised on an accrual basis.

## 2.23 Expenditure recognition

### (a) Operating expenses

The expenses are recognised on an accrual basis. All expenses incurred in the ordinary course of business and in maintaining property, plant and equipment in a state of efficiency is charged against income in arriving at the profit for the period.

### (b) Net financing costs

Net financing costs comprise interest payable on borrowings, interest receivable on funds invested, and foreign exchange gains and losses that are recognised in the income statement.

All interest and other costs incurred in connection with borrowings except for the acquisition or construction of qualifying assets as noted in 2.19 are expensed as incurred as part of net financing costs.

(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

## 2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

## 2.25 Share based payments

The Company operates a number of equity settled, share based compensation plan, under which the Group receives services from employees as consideration for equity instruments (option) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specific period of time)

At the end each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non market vesting conditions and service conditions. The Company recognises the impact of the revision to original

estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to stated capital.

### 3 FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

The Group is exposed to a variety of financial risks. These include foreign exchange risks, credit risks, interest rate risks and liquidity risks. Based on the economic outlook and the Group's exposure to these risks, the Board approves various risk management strategies from time to time. The Group's overall risk management programme focuses on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - foreign exchange	Future commercial transactions not denominated in United States Dollars (USD).	Cash flow forecasting Sensitivity analysis	Monitoring market on an ongoing basis and booking of forward contracts when required.
Market risk - interest rate	Borrowings and investments	Sensitivity analysis	Comparing and analysing market interest rate monthly.
Credit risk	Cash and cash equivalents, short term deposits and trade and other receivables.	Age analysis Credit ratings	Diversification of short term bank deposits, credit limits and credit monitoring.
Liquidity risk	Trade and other liabilities and borrowings.	Rolling cash flow forecast	Availability of committed credit facilities and adequate cash and cash equivalents with the Company and its subsidiaries.

#### (a) Market risk

##### (i) Foreign exchange risk

The Group is sensitive to the fluctuations in exchange rates and is principally exposed to fluctuations in the value of the United States Dollar (USD) against the Sri Lankan Rupee (LKR) and Indian Rupee (INR). The Company's and its subsidiaries functional currency is USD in which most of the transactions are denominated. Foreign exchange risks arises from local expenses including salaries and wages and, assets and liabilities denominated in Sri Lanka Rupees (LKR) and Indian Rupees (INR). The foreign currency exposure is disclosed under Note 21.

##### Sensitivity analysis

At 31 March 2022, if LKR had strengthened by 1% against USD in the financial year, profit before tax would have been decreased by LKR 45,623,891 (2021 LKR 38,718,378). The analysis assumes that all other variables, in particular interest rates, remain constant.

At 31 March 2022, if INR had strengthened by 1% against USD in the financial year, profit before tax would have been decreased by LKR 1,235,685 (2021 LKR 17,661,975). The analysis assumes that all other variables, in particular interest rates, remain constant.

During the year ended 31 March 2022, the Group and Company recorded a net foreign exchange gain of LKR 285,093,109 and LKR 275,253,582 respectively (2021 - exchange loss of LKR 89,944,065 and exchange gain of LKR 103,212,498) on transaction and translation of LKR and INR denominated balances.

##### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group exposure to the risk of changes in market interest rates relates to primarily to the Company's and its subsidiaries term deposits and bank borrowings. The Group manages its interest rate risk by daily monitoring and managing cash flows, keeping borrowings to a minimum, negotiating favorable rates on borrowings and deposits.

(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

### 3.1 Financial risk factors (Contd)

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk. The Group exposure to the risk of changes in market interest rates relates to primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by monitoring and managing cash flows, keeping borrowings to a minimum, negotiating favorable rates on borrowings and deposits.

#### (i) Sensitivity analysis

If interest rates had been higher by 100 basis points and all other variables were held constant, the profit before tax for the year ended 31 March 2022 would have decreased by LKR 78,856,658 of Group and LKR 31,020,498 of Company (2021 - LKR 39,605,551 of Group and LKR 18,338,819 of Company). This is mainly attributable to the Group's exposure to interest rates on variable rate of interest.

Group	For the year ended 31 March 2022		For the year ended 31 March 2021	
	Interest expense	Profit before tax	Interest expense	Profit before tax
Borrowings	78,857	2,784,863	39,606	2,559,731

Company	For the year ended 31 March 2022		For the year ended 31 March 2021	
	Interest expense	Profit before tax	Interest expense	Profit before tax
Borrowings	31,020	2,614,984	18,339	2,121,555

#### (b) Credit risk

The credit risk arises from cash and cash equivalents and short term deposits with banks and financial institutions, as well as credit exposures to foreign customers, including outstanding receivables and committed transactions.

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts as described in Notes 21, 22 and 23.

The credit risk of customers are assessed taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal limits approved by management. The compliance with credit limits are monitored regularly by management. There are no significant risk concentration of credit risk through exposure to individual customers. Credit quality of the financial assets have been disclosed in Note 19.

#### (c) Liquidity risk

The Group monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.

### 3.1 Financial risk factors (Contd)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

#### Group

As at 31 March 2022	Due within 3 months	Due between 3 months and 1 year	Due between 1 and 5 years	Over 5 years	Total
<b>Liabilities</b>					
Bank overdrafts (Note 25)	218,012	Nil	Nil	Nil	218,012
Amounts due to related companies (Note 24)	222,954	Nil	Nil	Nil	222,954
Trade and other payables (excluding statutory liabilities) (Note 24)	15,706,831	1,596,288	Nil	Nil	17,303,119
Borrowings (Note 25)	5,118,942	497,907	5,322,188	337,664	11,276,701
Lease liabilities	28,511	81,496	474,488	1,063,374	1,647,869
<b>Total liabilities</b>	<b>21,295,250</b>	<b>2,175,691</b>	<b>5,796,676</b>	<b>1,401,038</b>	<b>30,668,655</b>

As at 31 March 2021	Due within 3 months	Due between 3 months and 1 year	Due between 1 and 5 years	Over 5 years	Total
<b>Liabilities</b>					
Bank overdrafts (Note 25)	248,728	Nil	Nil	Nil	248,728
Amounts due to related companies (Note 24)	385,034	Nil	Nil	Nil	385,034
Trade and other payables (excluding statutory liabilities) (Note 24)	6,259,437	1,373,675	Nil	Nil	7,633,112
Borrowings (Note 25)	2,503,846	355,716	197,620	Nil	3,057,182
Lease liabilities	15,821	47,463	282,734	873,132	1,219,150
<b>Total liabilities</b>	<b>9,412,866</b>	<b>1,776,854</b>	<b>480,354</b>	<b>873,132</b>	<b>12,543,206</b>

(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

### 3.1 Financial risk factors (Contd)

#### Company

As at 31 March 2022	Due within 3 months	Due between 3 months and 1 year	Due between 1 and 5 years	Over 5 years	Total
<b>Liabilities</b>					
Bank overdrafts (Note 25)	218,012	Nil	Nil	Nil	218,012
Amounts due to related companies (Note 24)	371,646	Nil	Nil	Nil	371,646
Trade and other payables (excluding statutory liabilities) (Note 24)	8,198,043	891,248	Nil	Nil	9,089,291
Bank borrowings (Note 25)	3,979,098	324,657	Nil	Nil	4,303,755
Lease liabilities	11,727	35,180	169,259	693,213	909,379
<b>Total liabilities</b>	<b>12,778,526</b>	<b>1,251,085</b>	<b>169,259</b>	<b>693,213</b>	<b>14,892,083</b>
<b>As at 31 March 2021</b>					
As at 31 March 2021	Due within 3 months	Due between 3 months and 1 year	Due between 1 and 5 years	Over 5 years	Total
<b>Liabilities</b>					
Bank overdrafts (Note 25)	248,728	Nil	Nil	Nil	248,728
Amounts due to related companies (Note 24)	444,703	Nil	Nil	Nil	444,703
Trade and other payables (excluding statutory liabilities) (Note 24)	3,454,822	778,057	Nil	Nil	4,232,879
Bank borrowings (Note 25)	1,976,200	Nil	Nil	Nil	1,976,200
Lease liabilities	6,978	20,934	111,651	530,260	669,823
<b>Total liabilities</b>	<b>6,131,431</b>	<b>798,991</b>	<b>111,651</b>	<b>530,260</b>	<b>7,572,333</b>

### 3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group represents equity attributable to owners of the Group, comprising stated capital and reserves.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (current and non-current) less cash and cash equivalents. Total capital is calculated as 'equity', as shown in the statement of financial position, plus net debt.

The gearing ratios at 31 March were as follows:



	Group	
	2022	2021
Total borrowings (Note 25)	11,494,713	3,305,910
Lease Liability	973,481	668,320
Less: Cash and cash equivalents and short term deposits (Notes 23 and 22)	(8,205,500)	(6,132,095)
<b>Net debt</b>	<b>4,262,694</b>	N/A
Total equity	28,225,869	17,764,221
Total capital	32,488,563	17,764,221
<b>Gearing ratio</b>	<b>13%</b>	N/A

During 2021/22, the group's strategy was to maintain the net debts below 30% of the total capital.

#### 4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

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

##### 4.1 Critical accounting estimates and assumptions

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

###### (a) Impairment assessment of goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy stated in Note 2.7 to the financial statements and whenever events or change in circumstances indicate that this is necessary within the financial year. The recoverable amounts of cash-generating units have been determined based on Value In Use (VIU) calculations. These calculations require the use of estimates and are disclosed in Note 17 to the financial statements.

###### (b) Defined benefit plan - Gratuity

The present value of the defined benefit plan depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for defined benefit plan include the discount rate. Any changes in these assumptions will impact the carrying amount of defined benefit plan.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit plan. Other key assumptions for defined benefit plan are based in part on current market conditions. Additional information is disclosed in Note 26.

###### (c) Estimated useful lives of property, plant and equipment (PPE)

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

(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

#### (d) Impairment of property plant and equipment

The Company reviews property, plant and equipment for impairment in accordance with the Accounting Policy in Note 2.9. The recoverable amount of these assets have been determined based on higher of the assets' fair value less cost to sell and value in use. These calculations require the use of estimates and judgements.

Management believes that any reasonable possible change in the estimated future cash flows of exporting fabric products which the recoverable amounts of the Company is based would not cause the Company's carrying amount to exceed its recoverable amount.

### 4.2 Critical judgements in applying the entity's accounting policies

#### (a) Critical judgements in determining the lease term - SLFRS 16

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of lands, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group and Company is typically reasonably certain to extend (or not terminate);
- If any leasehold improvements are expected to have a significant remaining value, the Group and Company is typically reasonably certain to extend (or not terminate), and
- Otherwise, the Group and Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset;

Most extension options in buildings and motor vehicles leases have not been included in the lease liability, because the Group and Company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group and Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### (b) COVID-19 Outbreak

COVID-19 outbreak which affected the Company and its subsidiaries operations since early March 2020 continue to evolve and change as its affects are far reaching. Accordingly, in preparing the financial statement, the management has considered the impact of COVID-19 primarily as following:

- The Company and its subsidiaries have not noted any events or conditions that may cast significant doubt about Group's ability to continue as a going concern in view of COVID-19 pandemic.
- Investments in subsidiaries are carried at cost. The Company has not determined any impairment losses as at the reporting date due to the COVID-19 pandemic.
- The Group has not determined any impairment of goodwill as at reporting date due to the COVID-19 pandemic.
- Uncertainty due to COVID-19 related events are reflected in the Group's assessment of expected credit losses from its trade receivables and other financial assets which are subject to a number of management judgements and estimates.

## 5. SEGMENT INFORMATION

### (a) Description of segments and principal activities

Management examines the Group's performance both from a product and geographic perspective and has identified two reportable segments of its business:

1: Textile manufacturing - Sri Lanka and India

The business of manufacturing and selling of weft knit fabrics to export and to indirect export are included in the textile manufacturing.

2: Fabric printing - Sri Lanka:

Rotary screen printing of knitted and woven fabrics to export and to indirect export are included in the fabric printing.

Management uses a measure of adjusted earnings before interest, tax, depreciation, and amortisation (EBITDA) to assess the performance of the operating segments. Information about segment revenue is disclosed in Note 6.

### (b) Adjusted EBITDA

Adjusted EBITDA excludes discontinued operations and the effects of significant items of income and expenditure which may have an impact on the quality of earnings arising from an isolated or non-recurring event. It also excludes the effects of equity settled share based payments. Interest income and finance costs are not allocated to segments as this type of activity is driven by the central treasury function which manages the cash position of the Group.

	Group	
	2022	2021
Textile manufacturing		
- Sri Lanka	3,061,016	2,595,663
- India	534,090	1,096,133
	3,595,106	3,691,796
Fabric printing		
- Sri Lanka	447,425	124,674
- India	34,252	53,398
	481,677	178,072
<b>Total adjusted EBITDA</b>	<b>4,076,783</b>	<b>3,869,868</b>

Adjusted EBITDA reconciles to operating profit before income tax as follows:

	Group	
	2022	2021
<b>Total adjusted EBITDA</b>	<b>4,076,783</b>	<b>3,869,868</b>
Depreciation of property, plant and equipment	(1,386,287)	(1,323,715)
Amortisation of intangible assets	(51,962)	(47,145)
Depreciation on right-of-use assets	(65,431)	(57,606)
Net finance income	290,617	157,935
<b>Profit before income tax from continuing operations</b>	<b>2,863,720</b>	<b>2,599,337</b>

(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

## 5. SEGMENT INFORMATION (CONTD)

### (c) Segment assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

The Group's deferred tax assets are not considered to be segment assets.

As at 31 March	Group	
	2022	2021
Textile manufacturing		
- Sri Lanka	39,213,586	23,023,948
- India	31,683,663	15,318,674
Fabric printing - Sri Lanka	4,055,552	2,500,764
<b>Total segment assets</b>	<b>74,952,801</b>	<b>40,843,386</b>
Inter segment eliminations	(15,490,659)	(10,017,275)
Unallocated:		
Deferred tax assets	431,633	273,228
<b>Total assets as per the statement of financial position</b>	<b>59,893,775</b>	<b>31,099,339</b>

### (d) Non-current asset addition

Segment non-current asset are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment.

As at 31 March	Group	
	2022	2021
Textile manufacturing		
- Sri Lanka	14,895,474	7,868,340
- India	18,965,794	6,287,874
Fabric printing - Sri Lanka	999,608	797,076
<b>Total segment non-current assets addition</b>	<b>34,860,876</b>	<b>14,953,290</b>

### (e) Segment liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's deferred tax liabilities are not considered to be segment liabilities.

As at 31 March	Group	
	2022	2021
Textile manufacturing		
- Sri Lanka	14,895,474	7,868,340
- India	18,965,794	6,287,874
Fabric printing - Sri Lanka	999,608	797,076
<b>Total segment liabilities</b>	<b>34,860,876</b>	<b>14,953,290</b>
Inter segment eliminations	(4,111,754)	(2,245,165)
Unallocated:		
Deferred tax liabilities	918,784	626,990
<b>Total liabilities as per the statement of financial position</b>	<b>31,667,906</b>	<b>13,335,115</b>

## 6. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group and the Company derives following types of revenue:

	Group		Company	
	2022	2021	2022	2021
Textile sector	47,754,494	29,848,675	29,438,073	20,965,296
Printing sector	1,833,470	1,931,612	Nil	Nil
<b>Total revenue from continuing operations</b>	<b>49,587,964</b>	<b>31,780,287</b>	<b>29,438,073</b>	<b>20,965,296</b>

### (a) Segment revenue

Sales between segments are eliminated on consolidation. The revenue from external parties is measured in the same way as in the statement of income statement.

Year ended 31 March 2022	Total segment revenue	Inter segment revenue	Revenue from external customers
<b>Revenue</b>			
Textile manufacturing			
- Sri Lanka	29,438,073	(869,162)	28,568,911
- India	19,311,892	(1,458,178)	17,853,715
Fabric printing - Sri Lanka	2,900,093	(1,066,623)	1,833,470
Fabric printing - India	1,331,868	Nil	1,331,868
<b>Total segment revenue</b>	<b>52,981,926</b>	<b>(3,393,963)</b>	<b>49,587,964</b>

Year ended 31 March 2021	Total segment revenue	Inter segment revenue	Revenue from external customers
<b>Revenue</b>			
Textile manufacturing			
- Sri Lanka	20,965,296	(585,539)	20,379,757
- India	11,268,147	(1,799,229)	9,468,918
Fabric printing - Sri Lanka	1,953,322	(543,109)	1,410,213
Fabric printing - India	521,399	Nil	521,399
<b>Total segment revenue</b>	<b>34,708,164</b>	<b>(2,927,877)</b>	<b>31,780,287</b>

(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

## 6. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTD)

### (b) Recognising revenue from major business activities

#### Textile sector

##### Timing of recognition:

The Group manufactures and sells of weft knit fabrics to foreign markets as well as to the local exporters. Sales are recognised at the point of fulfilling the performance obligations.

##### Measurement of revenue:

The fabrics are sold to the customers with a right to return faulty products. Revenue from sales is based on the transaction price specified in the sales contracts allocated to the performance obligations. No element of financing is deemed present as the sales are made with a credit term of 60 days, which is consistent with market practice.

#### Printing sector

##### Timing of recognition:

The Group prints rotary screen of knitted and woven fabrics to foreign markets as well as to the local exporters. Sales are recognised at the point of fulfilling the performance obligations.

##### Measurement of revenue:

The printed fabrics are sold to the customers with a right to return faulty products. Revenue from sales is based on the transaction price specified in the sales contracts allocated to the performance obligations. No element of financing is deemed present as the sales are made with a credit term of 60 days, which is consistent with market practice.

## 7. OTHER INCOME - NET

	Group		Company	
	2022	2021	2022	2021
Scrap sales	128,372	153,900	8,851	53,299
Screen cost recovery	23,110	34,040	Nil	Nil
Royalty income [See Note (a) below and Note 35 (v)]	Nil	Nil	825,496	467,836
Net loss on write off of property, plant and equipment	Nil	(2,278)	Nil	(2,279)
Steam coal cost recovery [Note 35 (vi)]	Nil	Nil	12,711	14,891
	151,482	185,662	847,058	533,747

(a) Royalty income of LKR 825,496,495 (2021 - LKR 467,835,634) in Company solely consists of royalty received from Teejay India (Private) Limited for the year ended 31 March 2022 [Note 35 (v)]

## 8. RESULTS FROM OPERATING ACTIVITIES

The following items have been charged / (credited) in arriving at operating profit.

	Group		Company	
	2022	2021	2022	2021
Directors' emoluments	3,540	5,545	1,859	5,545
Auditors' remuneration - audit	13,297	11,264	4,864	2,892
Auditors' remuneration - non audit	935	536	641	356
	14,232	11,800	5,505	3,248
Depreciation on property, plant and equipment (Note 14)	1,386,287	1,323,715	730,053	664,797
Depreciation on right-of-use assets (Note 15)	65,431	57,606	24,507	19,464
Provision / (Reversal of provision) for slow and non moving inventories (Note 20)	326,260	(17,227)	191,354	98,825
Provision / (Reversal of provision) impairment of trade receivables (Note 21 (a))	42,970	(35,497)	18,239	(26,829)
Amortisation of intangible assets (Note 17)	51,962	47,145	31,182	19,088
Legal expenses	3,569	3,631	3,569	3,631
Research and development expenditure	142,462	112,510	142,462	112,510
Repair and maintenance expenditure	530,242	397,658	383,898	296,725
Employee benefit expense (Note 9)	3,248,489	2,782,205	2,040,733	1,817,809

## 9. EMPLOYEE BENEFIT EXPENSE

	Group		Company	
	2022	2021	2022	2021
Salaries, wages and other fringe benefits	2,859,515	2,408,658	1,809,564	1,561,882
Defined contribution plans	281,383	229,219	179,102	150,971
Retirement benefit obligations (Note 26)	107,591	87,597	52,067	48,225
Share options granted to directors and employees (Note 33 (b))	Nil	56,731	Nil	56,731
	3,248,489	2,782,205	2,040,733	1,817,809
Average number of persons employed by the Group and the Company during the year - full time	3,232	2,678	1,418	1,373



(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

**10. NET FINANCE INCOME**

	Group		Company	
	2022	2021	2022	2021
<i>Finance income:</i>				
Net foreign transaction and translation gains	285,093	89,944	275,254	103,212
Interest income on short term deposits	154,745	186,842	175,151	162,921
<b>Total finance income</b>	<b>439,838</b>	<b>276,786</b>	<b>450,405</b>	<b>266,133</b>
<i>Finance costs:</i>				
Interest expense				
- bank overdrafts	(4,466)	(1)	(4,435)	Nil
- short term bank borrowings	(79,001)	(15,300)	(55,279)	Nil
- related company borrowings	Nil	(31,002)	Nil	Nil
- Interest charge on lease liabilities (Note 15)	(52,717)	(47,889)	(19,960)	(18,553)
- long term bank borrowings	(13,037)	(24,659)	Nil	Nil
<b>Total finance cost</b>	<b>(149,221)</b>	<b>(118,851)</b>	<b>(79,674)</b>	<b>(18,553)</b>
<b>Net finance income</b>	<b>290,617</b>	<b>157,935</b>	<b>370,731</b>	<b>247,580</b>

**11. INCOME TAX EXPENSE**

	Group		Company	
	2022	2021	2022	2021
<i>Current income tax:</i>				
Current income tax on profits for the year	348,837	462,731	285,661	276,858
Minimum Alternative Tax credit entitlement	10,453	Nil	Nil	4,051
Under provision for income tax in respect of prior years	21,242	44,157	17,445	30,834
<b>Total current Income tax:</b>	<b>380,532</b>	<b>506,888</b>	<b>303,106</b>	<b>311,743</b>
<i>Deferred tax Expense:</i>				
Reversal of temporary differences (Note 27)	(48,062)	(47,153)	(32,608)	(82,330)
<b>Tax expense reported in SoCI</b>	<b>332,470</b>	<b>459,735</b>	<b>270,498</b>	<b>229,413</b>
<i>Deferred tax related to items charged or credited directly to other comprehensive income</i>				
Valuation of defined benefit obligation (Note 27)	27,658	(8,483)	25,977	(10,310)
<b>Income tax charged to statement of comprehensive income</b>	<b>360,128</b>	<b>451,252</b>	<b>296,475</b>	<b>219,103</b>

## 11. INCOME TAX EXPENSE (CONTD)

The tax on the Group's and Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate applicable to profits of the Group and Company as follows:

	Group		Company	
	2022	2021	2022	2021
Profit before tax	2,863,720	2,599,337	2,646,004	2,139,894
Tax calculated at effective tax rate of Group 15.2%, (2021 - 18.4%) and Company 14% (2021 - 14%)	434,635	477,192	370,441	299,585
Income not subject to tax	(96,297)	(159,579)	(105,602)	(62,068)
Expenses not deductible for tax purposes	172,058	159,966	155,784	151,444
Impact on additional allowable expenses	(151,896)	(107,922)	(134,962)	(96,926)
Under provision for income tax in respect of prior years	21,242	44,157	17,447	30,834
Adjustments due to the change of estimated deferred tax base in previous years	(47,272)	45,921	(32,610)	(93,456)
<b>Tax charge</b>	<b>332,470</b>	<b>459,735</b>	<b>270,498</b>	<b>229,413</b>

Group tax expense is based on the taxable profit of individual companies within the Group. At present the tax laws of Sri Lanka do not provide for group taxation.

All the companies within the Group are liable for income tax as per the provisions of tax laws enacted in respective countries tax jurisdictions.

The Company is liable to income tax at a concessionary tax rate of 14% under the new Inland Revenue Act No. 24 of 2017.

Up to financial year 2017/2018, Teejay Lanka Prints (Private) Limited was liable to tax at a concessionary tax rate of 12% under the special approval granted by the Department of Inland Revenue to BOI companies who are engaging in the deemed exports. For the financial year 2021/2022, the Company is liable to income tax at a concessionary tax rate of 14% under the new Inland Revenue Act No. 24 of 2017.

Teejay India (Private) Limited is a unit established in Special Economic Zone in Andhra Pradesh, India and eligible for deduction of hundred percent of profits and gains derived for a period of five consecutive assessment years beginning with the assessment year in which the Company commenced its operations and fifty percent of profits and gains derived for the next five consecutive assessment years. Further, following these exceptions, the Company is eligible for the deduction of fifty percent of profits generated from export revenue for five consecutive years provided fulfilment of certain conditions.

The first five years of the concession period commenced in 2009 and expired in 2013 and the second five years of the concession period commenced in 2014 and expired in 2018. The Company is currently enjoying a tax concession of fifty percent of profits generated from export revenue for five consecutive years commencing from 2019.

Further information about deferred tax is provided in Note 27.

(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

## 12. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year:

	Group		Company	
	2022	2021	2022	2021
Profit attributable to equity holders	2,531,250	2,139,602	2,375,506	1,910,481
Weighted average number of ordinary shares [Note 30 (b)]	715,663	703,833	715,663	703,833
Basic earnings per share - LKR	3.54	3.04	3.32	2.71

### (b) Diluted

Diluted earnings per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. A weighted average number of 11,829,536 shares were added to the weighted average number of ordinary shares which were used in calculation of basic earnings per share in arriving at the weighted average number of ordinary shares for calculating diluted earnings per share.

	Group		Company	
	2022	2021	2022	2021
Profit attributable to equity holders	2,531,250	2,139,602	2,375,506	1,910,481
Weighted average number of ordinary shares for diluted earnings per share	715,663	703,833	715,663	703,833
Diluted earnings per share - LKR	3.54	3.04	3.32	2.71

## 13. DIVIDEND PER SHARE

	Group and Company			
	2022		2021	
	Per share LKR	LKR ('000)	Per share LKR	LKR ('000)
<b>Declared and paid during the year</b>				
<b>Cash basis</b>				
Final Dividend [See note (a) below]	1.15	824,251	Nil	Nil
Interim Dividend [See note (b) below]	0.85	609,229	1.65	1,170,382
<b>Total Dividend</b>	<b>2.00</b>	<b>1,433,480</b>	<b>1.65</b>	<b>1,170,382</b>
<b>Relevant year basis</b>				
Final Dividend [proposed/Paid] [See note (c) below]	1.50	1,075,110	1.15	824,251
Interim Dividend [See note (b) below]	0.85	609,229	1.65	1,170,382
<b>Total Dividend</b>	<b>2.35</b>	<b>1,684,339</b>	<b>2.80</b>	<b>1,994,633</b>

(a) The Company declared and paid final dividend of LKR 824,250,971 representing LKR 1.15 per share on 13th September 2021 for the year ended 31 March 2021.

(b) The Company declared and paid an interim dividend of LKR 609,228,978 representing LKR 0.85 per share on 22nd March 2022 for the year ended 31 March 2022.

(c) Further, the Board of Directors wishes to propose the payment of LKR 1,075,109,963 representing LKR 1.50 per share as final dividend to the shareholders of the Company for the year ended 31 March 2022 subject to obtaining the approval of the shareholders at the forthcoming Annual General Meeting.

## 14. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings on leasehold lands	Plant, machinery & equipment installation	Fixtures, fittings & factory equipment	Office equipment	Computer & communication equipment	Motor vehicles	Total
<b>At 31 March 2020</b>							
Cost	4,458,507	15,783,844	1,698,934	242,535	752,563	43,093	22,979,476
Accumulated depreciation	(1,492,702)	(10,793,936)	(1,110,754)	(226,490)	(563,253)	(15,090)	(14,202,225)
<b>Net book amount</b>	<b>2,965,805</b>	<b>4,989,908</b>	<b>588,180</b>	<b>16,045</b>	<b>189,310</b>	<b>28,003</b>	<b>8,777,251</b>
<b>Year ended 31 March 2021</b>							
Opening net book value	2,965,805	4,989,908	588,180	16,045	189,310	28,003	8,777,251
Transfers from capital work-in-progress (Note 16)	10,026	547,106	185,569	3,186	66,191	Nil	812,078
Disposals- cost	Nil	(74,881)	Nil	Nil	(5,299)	Nil	(80,180)
Disposals - accumulated depreciation	Nil	74,881	Nil	Nil	3,020	Nil	77,901
Effect of change in foreign exchange rates	147,079	254,419	35,827	732	8,474	952	447,483
Depreciation charge (Note 8)	(247,599)	(838,914)	(129,503)	(5,445)	(93,227)	(9,027)	(1,323,715)
<b>Closing net book amount</b>	<b>2,875,311</b>	<b>4,952,520</b>	<b>680,073</b>	<b>14,517</b>	<b>168,469</b>	<b>19,928</b>	<b>8,710,818</b>
<b>At 31 March 2021</b>							
Cost	4,713,332	17,150,880	1,989,514	259,207	858,594	45,453	25,016,980
Accumulated depreciation	(1,838,021)	(12,198,360)	(1,309,441)	(244,690)	(690,125)	(25,525)	(16,306,162)
<b>Net book amount</b>	<b>2,875,311</b>	<b>4,952,520</b>	<b>680,073</b>	<b>14,517</b>	<b>168,469</b>	<b>19,928</b>	<b>8,710,818</b>
<b>Year ended 31 March 2022</b>							
Opening net book value	2,875,311	4,952,520	680,073	14,517	168,469	19,928	8,710,818
Transfers from capital work-in-progress (Note 16)	1,321,491	1,033,651	340,050	3,844	50,758	Nil	2,749,794
Disposals - cost	(37,195)	(23,519)	Nil	Nil	Nil	Nil	(60,714)
Disposals - accumulated depreciation	37,195	23,519	Nil	Nil	Nil	Nil	60,714
Effect of change in foreign exchange rates	1,833,685	2,341,246	394,959	5,623	59,443	5,965	4,640,921
Depreciation charge (Note 8)	(212,021)	(908,113)	(162,301)	(6,186)	(90,622)	(7,044)	(1,386,287)
<b>Closing net book amount</b>	<b>5,818,466</b>	<b>7,419,304</b>	<b>1,252,781</b>	<b>17,798</b>	<b>188,048</b>	<b>18,849</b>	<b>14,715,246</b>
<b>At 31 March 2022</b>							
Cost	8,758,907	26,532,234	3,402,635	384,341	1,328,513	66,413	40,473,043
Accumulated depreciation	(2,940,441)	(19,112,930)	(2,149,854)	(366,543)	(1,140,465)	(47,564)	(25,757,797)
<b>Net book amount</b>	<b>5,818,466</b>	<b>7,419,304</b>	<b>1,252,781</b>	<b>17,798</b>	<b>188,048</b>	<b>18,849</b>	<b>14,715,246</b>

## Notes to the Financial Statements

(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

## 14. PROPERTY, PLANT AND EQUIPMENT (CONTD)

Company	Buildings on leasehold lands	Plant, machinery & equipment installation	Fixtures, fittings & factory equipment	Office equipment	Computer & communication equipment	Motor vehicles	Total
<b>At 31 March 2020</b>							
Cost	2,082,727	8,423,621	1,423,102	41,307	487,854	26,649	12,485,260
Accumulated depreciation	(597,786)	(6,101,342)	(902,954)	(34,922)	(368,081)	(1,092)	(8,006,177)
<b>Net book amount</b>	<b>1,484,941</b>	<b>2,322,279</b>	<b>520,148</b>	<b>6,385</b>	<b>119,773</b>	<b>25,557</b>	<b>4,479,083</b>
<b>Year ended 31 March 2021</b>							
Opening net book value	1,484,941	2,322,279	520,148	6,385	119,773	25,557	4,479,083
Transfers from capital work-in-progress (Note 16)	4,593	413,685	182,196	1,439	65,757	Nil	667,670
Disposals- cost	Nil	(21,880)	Nil	Nil	(5,298)	Nil	(27,178)
Disposals - accumulated depreciation	Nil	21,880	Nil	Nil	3,020	Nil	24,900
Effect of change in foreign exchange rates	74,963	128,768	33,215	360	7,038	973	245,317
Depreciation charge (Note 8)	(103,028)	(388,904)	(108,893)	(1,297)	(56,073)	(6,602)	(664,797)
<b>Closing net book amount</b>	<b>1,461,469</b>	<b>2,475,828</b>	<b>626,666</b>	<b>6,887</b>	<b>134,217</b>	<b>19,928</b>	<b>4,724,995</b>
<b>At 31 March 2021</b>							
Cost	2,201,669	9,301,995	1,694,986	45,102	578,930	28,108	13,850,790
Accumulated depreciation	(740,200)	(6,826,167)	(1,068,320)	(38,215)	(444,713)	(8,180)	(9,125,795)
<b>Net book amount</b>	<b>1,461,469</b>	<b>2,475,828</b>	<b>626,666</b>	<b>6,887</b>	<b>134,217</b>	<b>19,928</b>	<b>4,724,995</b>
<b>Year ended 31 March 2022</b>							
Opening net book value	1,461,469	2,475,828	626,666	6,887	134,217	19,928	4,724,995
Transfers from capital work-in-progress (Note 16)	68,183	302,867	336,095	2,816	35,247	Nil	745,208
Disposals- cost	(37,195)	Nil	Nil	Nil	Nil	Nil	(37,195)
Disposals - accumulated depreciation	37,195	Nil	Nil	Nil	Nil	Nil	37,195
Effect of change in foreign exchange rates	668,791	1,080,327	379,447	3,260	48,016	5,965	2,185,806
Depreciation charge (Note 8)	(79,432)	(436,959)	(138,423)	(2,631)	(65,564)	(7,044)	(730,053)
<b>Closing net book amount</b>	<b>2,119,011</b>	<b>3,422,063</b>	<b>1,203,785</b>	<b>10,332</b>	<b>151,916</b>	<b>18,849</b>	<b>6,925,956</b>
<b>At 31 March 2022</b>							
Cost	3,262,112	14,032,974	2,966,523	70,005	897,273	41,069	21,269,956
Accumulated depreciation	(1,143,100)	(10,610,911)	(1,762,738)	(59,673)	(745,358)	(22,220)	(14,344,000)
<b>Net book amount</b>	<b>2,119,012</b>	<b>3,422,063</b>	<b>1,203,785</b>	<b>10,332</b>	<b>151,915</b>	<b>18,849</b>	<b>6,925,956</b>

- (a) Property, plant and equipment of the Group and the Company include fully depreciated assets still in use, the cost of which as at 31 March 2022 amounted to LKR 15,784,998,364 and LKR 9,783,885,169 respectively (2021 Group - LKR 10,171,448,438 and Company - LKR 9,152,562,605).
- (b) The Company has constructed nine buildings on four plots of lands leased from the Board of Investment of Sri Lanka at Seethawaka International Industrial Park. The remaining lease periods as of 31 March 2022 are 29, 13, 16 and 16 years respectively. The subsidiary company, Teejay Lanka Prints (Private) Limited, has constructed two buildings on two plots of lands leased from the Board of Investment of Sri Lanka at Seethawaka International Industrial Park. The remaining lease periods as of 31 March 2022 are 25 and 29 years respectively. The subsidiary company, Teejay India (Private) Limited, has constructed a building on a land sub leased at Brandix India Apparel City park. The remaining lease period as of 31 March 2022 is 08 years.
- (c) Depreciation expense of Group of LKR 1,266,227,332 (2021 - LKR 1,225,075,349) and LKR 120,060,962 (2021 - LKR 98,639,652) has been charged to cost of goods sold and administrative expenses respectively. Depreciation expense of the Company of LKR 687,757,981 (2021 - LKR 616,491,516) and LKR 42,296,177 (2021 - LKR 48,305,047) has been charged to cost of goods sold and administrative expenses respectively.

## 15. LEASES

This note provides information for leases where the Group / Company is the lessee.

### (a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

#### Right-of-use assets

	Group		Company	
	2022	2021	2022	2021
Land	1,341,498	899,016	671,156	472,602
	1,341,498	899,016	671,156	472,602
Lease liabilities				
Current lease liabilities	43,051	13,663	26,485	8,600
Non-current lease liabilities	930,430	654,657	492,520	351,271
	973,481	668,320	519,005	359,871

Movement relating to leases:

#### Right-of use assets

	Group		Company	
	2022	2021	2022	2021
Right-of-use asset recognised as at 1 April - Land	899,016	910,400	472,602	467,711
Prepayments	56,306	80	Nil	Nil
Transferred from lease rentals paid in advance [Note 21 (d)]	28,273	Nil	11,211	Nil
Depreciation charged during the year - Land [Note 8]	(65,431)	(57,606)	(24,507)	(19,464)
Effect of change in foreign exchange rates	423,334	46,142	211,850	24,355
<b>Right-of-use asset recognised as at 31 March</b>	<b>1,341,498</b>	<b>899,016</b>	<b>671,156</b>	<b>472,602</b>

(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

**15. LEASES (CONTD)****Lease liabilities**

	Group		Company	
	2022	2021	2022	2021
Lease liability recognised as at 1 April - Land	668,320	640,099	359,871	349,343
Additions made during the year - Land and buildings	28,273	Nil	11,211	Nil
Interest charged during the year (Note 10)	52,717	47,889	19,960	18,553
Rentals paid during the year	(74,740)	(59,840)	(35,847)	(26,416)
Effect of change in foreign exchange rates	298,911	40,172	163,810	18,391
<b>Lease liability recognised as at 31 March</b>	<b>973,481</b>	<b>668,320</b>	<b>519,005</b>	<b>359,871</b>

**(b) Amounts recognised in the income statement**

The income statement shows the following amounts relating to leases:

**Depreciation charge of right-of-use assets**

	Group		Company	
	2022	2021	2022	2021
Land (Note 8)	65,431	57,606	24,507	19,464
	65,431	57,606	24,507	19,464
Interest charge on lease liabilities (Note 10)	52,717	47,889	19,960	18,553

(c) The total cash outflows for leases of Group and Company for the financial year ended 31 March 2022 were LKR 74,739,951 (2021- LKR 59,839,940 ) and LKR 35,846,961 (2021- LKR 26,415,585) respectively.

**16. CAPITAL WORK-IN-PROGRESS**

	Group		Company	
	2022	2021	2022	2021
Balance at beginning of the year	425,281	589,511	213,249	576,587
Expenses incurred	5,962,561	715,458	1,021,488	377,597
Transferred to property, plant and equipment (Note 14) and [See Note (a) below]	(2,749,793)	(812,078)	(745,208)	(667,670)
Transferred to intangible assets (Note 17)	(24,582)	(87,979)	(12,171)	(80,898)
Effect of change in foreign exchange rates	1,655,253	20,369	219,212	7,633
<b>Balance at end of the year [See Note (b) below]</b>	<b>5,268,720</b>	<b>425,281</b>	<b>696,570</b>	<b>213,249</b>



## 17. INTANGIBLE ASSETS

Group	Goodwill	Computer software	Total
<b>At 31 March 2020</b>			
Cost	62,298	685,122	747,420
Accumulated amortisation	Nil	(607,396)	(607,396)
<b>Net book amount</b>	<b>62,298</b>	<b>77,726</b>	<b>140,024</b>
<b>Year ended 31 March 2021</b>			
Opening net book amount	62,298	77,726	140,024
Transferred from capital work-in-progress (Note 16)	Nil	87,979	87,979
Effect of change in foreign exchange rates	3,411	6,892	10,303
Amortisation charge (Note 8)	Nil	(47,145)	(47,145)
<b>Closing net book amount</b>	<b>65,709</b>	<b>125,452</b>	<b>191,161</b>
<b>At 31 March 2021</b>			
Cost	65,709	816,297	882,006
Accumulated amortisation	Nil	(690,845)	(690,845)
<b>Net book amount</b>	<b>65,709</b>	<b>125,452</b>	<b>191,161</b>
<b>Year ended 31 March 2022</b>			
Opening net book amount	65,709	125,452	191,161
Transferred from capital work-in-progress (Note 16)	Nil	24,582	24,582
Effect of change in foreign exchange rates	30,301	45,319	75,620
Amortisation charge (Note 8)	Nil	(51,962)	(51,962)
<b>Closing net book amount</b>	<b>96,010</b>	<b>143,391</b>	<b>239,401</b>
<b>At 31 March 2022</b>			
Cost	96,010	1,228,554	1,324,564
Accumulated amortisation	Nil	(1,085,163)	(1,085,163)
<b>Net book amount</b>	<b>96,010</b>	<b>143,391</b>	<b>239,401</b>

(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

**17. INTANGIBLE ASSETS (CONTD)**

Company	Computer software	Total
<b>At 31 March 2020</b>		
Cost	510,190	510,190
Accumulated amortisation	(483,992)	(483,992)
<b>Net book amount</b>	<b>26,198</b>	<b>26,198</b>
<b>Year ended 31 March 2021</b>		
Opening net book amount	26,198	26,198
Transferred from capital work-in-progress (Note 16)	80,898	80,898
Effect of change in foreign exchange rates	5,423	5,423
Amortisation charge (Note 8)	(19,088)	(19,088)
<b>Closing net book amount</b>	<b>93,431</b>	<b>93,431</b>
<b>At 31 March 2021</b>		
Cost	624,247	624,247
Accumulated amortisation	(530,816)	(530,816)
<b>Net book amount</b>	<b>93,431</b>	<b>93,431</b>
<b>Year ended 31 March 2022</b>		
Opening net book amount	93,431	93,431
Transferred from capital work-in-progress (Note 16)	12,171	12,171
Effect of change in foreign exchange rates	34,384	34,384
Amortisation charge (Note 8)	(31,182)	(31,182)
<b>Closing net book amount</b>	<b>108,804</b>	<b>108,804</b>
<b>At 31 March 2022</b>		
Cost	929,852	929,852
Accumulated amortisation	(821,048)	(821,048)
<b>Net book amount</b>	<b>108,804</b>	<b>108,804</b>

(a) Amortisation charge amounting to LKR 51,961,780 (2021 Group - LKR 47,145,320) and LKR 31,181,743 (2021 Company - LKR 19,088,247) relating to the computer software of Group and the Company respectively are included in cost of sales.

**(b) Impairment tests for goodwill**

Management reviews the business performance based on geography and type of business. Goodwill is monitored by management at the level of the operating segments identified in Note 5.

Summary of the goodwill allocation is presented below.

	Group	
	As at 31 March	
	2022	2021
Teejay Lanka Prints (Private) Limited	27,401	18,753
Ocean Mauritius Limited (Now know as Teejay Mauritius (Pvt) Ltd)	68,609	46,956
	96,010	65,709

The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five- year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long term average growth rate for the business in which the CGU operates.

For each of the CGUs with significant amount of goodwill the key assumptions, long term growth rate and discount rate used in the value-in-use calculations are as follows:

- Sales volume is the average annual growth rate over the five-year forecast period. It is based on current industry trends and includes long term inflation forecasts for each company in which each business segment operates.
- Gross margin is the average margin as a percentage of revenue over the five-year forecast period. It is based on current sales margin levels and sales mix, with adjustments made to reflect the expected future price rises in key raw materials.
- Other operating costs are the fixed costs of the CGUs, which do not vary significantly with sales volumes or prices. Management forecasts these cost based on the current structure of the business, adjusting for inflationary increases and these do not reflect any future restructuring or cost saving measures. The amounts disclosed above are the average operating cost for the five year forecast period.
- Annual capital expenditure is the expected cash costs of each segment for five-year forecast period.

## Notes to the Financial Statements

(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

## 18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022	2021
Unquoted investments		
At the beginning of the year	3,427,643	3,249,687
Effect of change in foreign exchange rates	1,580,614	177,956
<b>At the end of the year</b>	<b>5,008,257</b>	<b>3,427,643</b>

(a) (a) Details of the company incorporated in Sri Lanka, in which the Company had control are set out below:

Name of company	Nature of business activities	Indirect holding	Direct holding
Teejay Lanka Prints (Private) Limited	Rotary screen printing of knitted and woven fabrics	100%	100%

(b) Details of the companies incorporated outside Sri Lanka (Situated in India and Mauritius), in which the Group / Company had control directly / indirectly are set out below:

Name of company	Nature of business activities	Indirect holding	Direct holding
Ocean Mauritius Limited (OML) (Now known as Teejay Mauritius (Pvt) Ltd)	Investment holding	100%	100%
Teejay India (Private) Limited	Manufacturing of knitted fabrics	100%	Nil

## 19. FINANCIAL INSTRUMENTS BY CATEGORY

## (a) Financial assets - at amortised cost

Due to the short-term nature of the financial assets, their carrying

	Group		Company	
	2022	2021	2022	2021
Trade receivables (Note 21)	7,139,239	4,110,419	4,781,755	2,970,981
Other receivables (excluding advances)	476,291	456,313	21,445	104,387
Amounts due from related companies (Note 21)	4,999,370	2,173,767	4,707,857	1,889,683
Other financial assets (Note 22)	1,822,146	1,679,622	1,470,345	1,453,927
Cash and cash equivalents (Note 23)	6,383,354	4,452,472	4,131,852	3,014,888
	<b>20,820,401</b>	<b>12,872,593</b>	<b>13,808,686</b>	<b>9,433,866</b>

## 19. FINANCIAL INSTRUMENTS BY CATEGORY (CONTD)

### (b) Financial liabilities - at amortised cost

Due to the short-term nature of the financial liabilities, their carrying amount is considered to be the same as their fair value.

For the borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

	Group		Company	
	2022	2021	2022	2021
Trade payables (Note 24)	14,714,178	6,114,828	7,238,662	3,001,508
Accrued expenses (Note 24)	2,235,486	1,363,610	1,644,583	1,111,766
Other payables (Note 24)	353,455	154,671	206,047	119,605
Amount due to related companies (Note 24)	222,954	385,034	371,646	444,703
Short-term bank borrowings (Note 25)	5,695,530	2,859,562	4,303,755	1,976,200
Long-term bank borrowings (Note 25)	5,581,171	197,620	Nil	Nil
Bank overdrafts (Note 25)	218,012	248,728	218,012	248,728
Lease liabilities (Note 15)	973,481	668,320	519,005	359,871
	29,994,267	11,992,373	14,501,710	7,262,381

### (c) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired and past due but not impaired can be assessed by historical information about counterparty default rates of trade and related party receivables or external credit rating with reference to financial institutions:

Trade receivables and amount due from related parties:

	Group		Company	
	2022	2021	2022	2021
Export customers / overseas	3,131,098	1,325,922	780,218	186,484
Local customers	4,008,141	2,784,497	4,001,536	2,784,497
Related parties	4,948,384	2,173,767	3,240,791	1,889,683
	12,087,623	6,284,186	8,022,545	4,860,664

	Group		Company	
	2022	2021	2022	2021
Counterparties without external credit rating:				
Group 1	12,087,622	6,284,186	8,022,545	4,860,664
Group 2	Nil	Nil	Nil	Nil
Group 3	Nil	Nil	Nil	Nil
Total unimpaired trade and related party receivables	12,087,622	6,284,186	8,022,545	4,860,664

Group 1 – customers/related parties (less than 6 months).

Group 2 – customers/related parties (more than 6 months) with no defaults in the past.

Group 3 – customers/related parties (more than 6 months) with some defaults in the past. All defaults were fully recovered.

(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

**19. FINANCIAL INSTRUMENTS BY CATEGORY (CONTD)****Cash and cash equivalents:**

	Group		Company	
	2022	2021	2022	2021
AAA	1,821,191	Nil	1,659,608	Nil
AA+	Nil	653,275	Nil	Nil
AA	Nil	Nil	Nil	1,609,313
A+	2,031,273	1,609,313	1,627,737	6,245
A	692,076	6,245	293,314	Nil
A-	Nil	468	Nil	876,504
AA-	993,025	1,489,737	Nil	Nil
BBB+	755,205	111,814	550,393	522,326
BBB	40,469	580,187	Nil	Nil
BB+	47,750	Nil	Nil	Nil
Cash in hand	2,365	1,433	800	500
	6,383,354	4,452,472	4,131,852	3,014,888

**Other financial assets**

	Group		Company	
	2022	2021	2022	2021
AA+	1,714	225,695	Nil	Nil
AA-	1,820,432	1,453,927	1,470,345	1,453,927
	1,822,146	1,679,622	1,470,345	1,453,927

**20. INVENTORIES**

	Group		Company	
	2022	2021	2022	2021
Raw materials	7,761,547	3,294,281	4,990,695	1,942,848
Work-in-progress	4,742,686	2,028,247	3,023,843	1,372,649
Finished goods	743,483	553,223	455,755	221,865
Engineering spares, needles and sinkers	616,614	413,480	345,063	253,886
Effluent chemicals, fuel and consumables	780,940	169,833	207,978	144,203
Goods in transit	1,710,507	821,642	1,537,751	665,992
	16,355,777	7,280,706	10,561,085	4,601,443

Inventories are stated after a provision for impairment of inventories and the total movement on the provision is as follows:

	Group		Company	
	2022	2021	2022	2021
Balance at the beginning of the year	1,087,731	1,048,645	881,409	735,908
Effect of change in foreign exchange rates	650,913	56,313	494,028	46,676
[Reversal] / provision for slow and non moving inventories [Note 8]	326,260	[17,227]	191,354	98,825
<b>Balance at the end of the year</b>	<b>2,064,904</b>	<b>1,087,731</b>	<b>1,566,791</b>	<b>881,409</b>

## 21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
<b>Current</b>				
Trade receivables - external customers	7,192,346	4,121,896	4,816,779	2,980,495
Less - provision for impairment [See Note (a) below]	[53,107]	[11,477]	[35,024]	[9,514]
	7,139,239	4,110,419	4,781,755	2,970,981
Trade receivable due from related companies [See Note 35 (viii) (a)]	4,992,297	2,149,833	3,251,605	939,698
Less - provision for impairment [See Note (a) below] and [See Note 35 (viii) (a)]	[43,913]	[12,055]	[10,814]	[3,662]
	4,948,384	2,137,778	3,240,791	936,036
Other receivables from related companies [See Note 35 (viii) (b)]	50,986	35,989	162,498	103,881
Loan given to related parties [See Note 35 (xi)]	Nil	Nil	1,304,568	849,766
	4,999,370	2,173,767	4,707,857	1,889,683
Prepayments	88,886	27,317	24,311	6,444
Other receivables [See Note (e) below]	600,029	491,130	96,794	139,204
Statutory receivables [See Note (g) below]	508,476	378,232	28,845	15,458
	13,336,000	7,180,865	9,639,562	5,021,770
	13,336,000	7,180,865	9,639,562	5,021,770



(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

## 21. TRADE AND OTHER RECEIVABLES (CONTD)

### (a) Impairment of trade receivables

The Group / Company apply the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2022 or 1 April 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables and accordingly adjusts the historical loss rates based on expected changes.

On that basis, the loss allowance as at 31 March 2022 and 1 April 2021 was determined as follows for trade receivables:

	Group		Company	
	2022	2021	2022	2021
Loss allowance	97,020	23,532	45,838	13,176

The closing loss allowances for trade receivables as at 31 March reconcile to the opening loss allowances as follows:

	Group		Company	
	2022	2021	2022	2021
Opening loss allowance as at 1 April				
– calculated under SLFRS 9	23,532	58,137	13,176	39,569
(Decrease) / increase in loss allowance recognised in profit or loss during the year (Note 8)	42,970	(35,497)	18,239	(26,829)
Effect of change in foreign exchange rates	30,518	892	14,423	436
<b>At 31 March</b>	<b>97,020</b>	<b>23,532</b>	<b>45,838</b>	<b>13,176</b>

## 21. TRADE AND OTHER RECEIVABLES (CONTD)

### (a) Impairment of trade receivables (Contd)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group / Company and a failure to make contractual payments for a period of greater than 60 days from the due date.

(b) The carrying amounts of trade and other receivables (current and non-current) are denominated in following currencies:

	Group		Company	
	2022	2021	2022	2021
US Dollars	12,214,383	6,294,583	9,580,525	4,887,780
LKR	67,765	130,460	59,037	130,460
Euro	Nil	3,530	Nil	3,530
INR	1,053,852	752,292	Nil	Nil
	13,336,000	7,180,865	9,639,562	5,021,770

(c) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group / Company does not hold any collateral as security.

(d) Other receivables of the Group mainly consist of export incentive receivables of LKR 116,537,479 (2021 - LKR 98,801,107), advance tax paid LKR 212,142,604 (2021 - LKR 103,180,564), advances to suppliers LKR 102,135,206 (2021 - LKR 88,732,763) and refundable deposit of LKR 146,076,315 (2021 - LKR 87,883,590). Other receivables of the Company mainly consist of advances to suppliers amounting to LKR 56,277,086 (2021 - LKR 28,759,639) and refundable deposit amounting to LKR 15,173,813 (2021 - LKR 8,461,693).

(e) The other classes within trade and other receivables do not contain impaired assets.

(f) Statutory receivables of the Group mainly consist of advance tax recoverable of LKR 476,854,455 (2021 - LKR 351,129,042), WHT receivable of LKR 16,374,435 (2021 - LKR 11,206,635) and VAT receivables amounting to LKR 15,247,444 (2021 - LKR 6,281,747). Statutory receivables of the Company mainly consist of VAT recoverable amounting to LKR 14,933,573 (2021 - LKR 5,937,098) and WHT recoverable amounting to LKR 13,911,398 (2021 - LKR 9,519,553).

[In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated]

## 22. OTHER FINANCIAL ASSETS - AT AMORTISED COST

	Group		Company	
	2022	2021	2022	2021
Short term deposits	1,822,146	1,679,622	1,470,345	1,453,927

The weighted average effective interest rate of the Group on short term deposits (USD) was 5.59% - 6.6% (year ended 31 March 2021 - 5.00% - 5.25%). The weighted average effective interest rate of the Company on short term deposits (USD) was 6.00% - 6.6% (year ended 31 March 2021 - 5.00% - 5.25%).

## 23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022	2021	2022	2021
Cash at bank and in hand	6,383,354	4,452,472	4,131,852	3,014,888

For the purpose of the statement of cashflows, the year end cash and cash equivalents comprise the following:

	Group		Company	
	2022	2021	2022	2021
Cash and bank balances	6,383,354	4,452,472	4,131,852	3,014,888
Bank overdrafts (Note 25)	(218,012)	(248,728)	(218,012)	(248,728)
	6,165,342	4,203,744	3,913,840	2,766,160

## 24. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
Trade payables	14,714,178	6,114,828	7,238,662	3,001,508
Amounts due to related companies [Note 35 (ix)]	222,954	385,034	371,646	444,703
Accrued expenses [See Note (a) below]	2,235,486	1,363,610	1,644,583	1,111,766
Other payables	353,455	154,671	206,047	119,605
Statutory payables [See Note (b) below]	97,313	68,909	37,492	35,651
	17,623,386	8,087,052	9,498,430	4,713,233

**(a)** Accrued expenses of the Group mainly consist accrued employee bonus of LKR 383,804,768 (2021 - LKR 341,835,566), air freight expenses of LKR 551,224,328 (2021 - LKR 336,753,966) and bulk discount of LKR 280,413,499 (2021 - LKR 278,073,078). Accrued expenses of the Company mainly consist of accrued employee bonus of LKR 234,771,653 (2021 - LKR 194,395,237), air freight expenses of LKR 499,331,333 (2021 - LKR 327,755,932) and bulk discount of LKR 157,145,258 (2021 - LKR 194,642,657).

**(b)** Statutory payables of the Group mainly consist of EPF payable of LKR 52,591,481 (2021 - LKR 39,602,060) ETF payable of LKR 4,867,170 (2021 - LKR 4,371,157) and PAYE payable of LKR 2,469,679 (2021 - LKR 6,223,844). Statutory payables of the Company mainly consist of PAYE payable of LKR 2,468,524 (2021 - LKR 5,135,353), EPF payable of LKR 30,299,693 (2021 - LKR 26,434,639) and ETF payable of LKR 4,544,925 (2021 - LKR 3,965,245).

## 25. BORROWINGS

	Group		Company	
	2022	2021	2022	2021
<b>Current</b>				
Bank overdrafts (Note 23)	218,012	248,728	218,012	248,728
Short-term bank borrowings	5,695,530	2,859,562	4,303,755	1,976,200
	5,913,542	3,108,290	4,521,767	2,224,928
<b>Non-current</b>				
Long-term bank borrowings	4,331,250	197,620	Nil	Nil
Buyers credit from bank	1,249,921	Nil	Nil	Nil
	5,581,171	197,620	Nil	Nil
<b>Total borrowings</b>	<b>11,494,713</b>	<b>3,305,910</b>	<b>4,521,767</b>	<b>2,224,928</b>

Buyers credit from bank represents the loan obtained from Standard Chartered bank under LC facility for the purpose of import of machinery for the Teejay India expansion project (Interest rate-3 months LIBOR+2.5%).

The maturity of non-current borrowings is as follows:

	Group		Company	
	2022	2021	2022	2021
Between 1 to 2 years	Nil	197,620	Nil	Nil
Between 2 to 5 years	5,581,171	Nil	Nil	Nil
	5,581,171	197,620	Nil	Nil

(a) The interest rate exposure of the borrowings of the Group are as follows:

	Group		Company	
	2022	2021	2022	2021
Total borrowings:				
- at floating rate	11,494,713	3,305,910	4,303,755	2,224,928
	11,494,713	3,305,910	4,303,755	2,224,928

(b) Weighted average effective interest rates:

	Group		Company	
	2022	2021	2022	2021
- Bank borrowings	LIBOR + 2.25% - 3.25%	LIBOR + 1.35% - 2.25%	LIBOR + 2.25%- 3.10%	LIBOR + 1.35%
- Bank overdrafts	LIBOR + 2.5%	LIBOR + 1.25%	LIBOR + 2.5%	LIBOR + 1.25%
- Buyers credit from bank	LIBOR + 2.5%	N/A	N/A	N/A

(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

## 25. BORROWINGS (CONTD)

(c) The bank overdrafts of the Group / Company as at 31 March 2022 and 2021 represent book overdrawn situations. Borrowings from related company is unsecured.

(d) Bank borrowings of Group are on clean basis.

(e) The exposure of the Group's / Company's borrowings to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:

	Group		Company	
	2022	2021	2022	2021
6 months or less	11,494,713	3,305,910	4,303,755	2,224,928

## 26. RETIREMENT BENEFIT OBLIGATIONS - GRATUITY

	Group		Company	
	2022	2021	2022	2021
Statement of financial position obligations for:				
Gratuity benefits	424,817	520,422	162,819	331,343
Statement of comprehensive income charge:				
Gratuity benefits	107,591	87,597	52,067	48,225
Other comprehensive income:				
Remeasurement losses	(203,673)	72,815	(185,551)	73,646

(a) The movement in the defined benefit obligation over the year is as follows:

	Group		Company	
	2022	2021	2022	2021
At the beginning of the year	520,422	377,583	331,343	216,868
Current service cost	83,188	54,522	37,613	25,387
Interest cost	41,578	33,075	29,978	22,838
Gain/Loss due to plan amendment	(17,175)	Nil	(15,524)	Nil
Remeasurement losses	(203,673)	72,815	(185,551)	73,646
Benefits paid	(71,497)	(29,044)	(35,072)	(7,397)
Effect of movement in foreign exchange rates	71,974	11,471	32	1
<b>At the end of the year</b>	<b>424,817</b>	<b>520,422</b>	<b>162,819</b>	<b>331,343</b>

**26. RETIREMENT BENEFIT OBLIGATIONS - GRATUITY (CONTD)**

(b) The amounts recognised in the income statement income are as follows:

	Group		Company	
	2022	2021	2022	2021
Current service cost	83,188	54,522	37,613	25,387
Interest cost	41,578	33,075	29,978	22,838
Gain/Loss due to plan amendment	(17,175)	Nil	(15,524)	Nil
<b>Total included in employee benefit expense (Note 9)</b>	<b>107,591</b>	<b>87,597</b>	<b>52,067</b>	<b>48,225</b>

As stated in paragraph 2.20 (a) under summary of significant accounting policies, an actuarial valuation of the Company defined benefit obligations was carried out by an independent actuary, Messers Piyal S Goonetilleke and Associates, using the Projected Unit Credit method to calculate the liability for gratuity as at 31 March 2022. Teejay Lanka Prints (Private) Limited, a subsidiary of the Company, actuarially valued its defined benefit obligations using the Projected Unit Credit Method. An actuarial valuation of the Teejay India (Private) Limited defined benefit obligations was carried out by an independent firm, KP Actuaries and Consultants, using the Projected Unit Credit method to calculate the liability for gratuity as at 31 March 2022. The provision for gratuity is not externally funded.

(c) The principal actuarial assumptions used in the calculation were as follows:

	Group		Company	
	2022	2021	2022	2021
Discount rate	6.1% - 15.67%	5.70% - 8.23%	15.67%	8.23%
Future salary increases - non executive staff	7.50% p.a	7.50% p.a	7.50% p.a	7.50% p.a
- executive staff	7.50% p.a	7.50% p.a	7.50% p.a	7.50% p.a
Staff turnover factor - non executive staff	Age-related	Age-related	Age-related	Age-related
- executive staff	Age-related	Age-related	Age-related	Age-related

In addition to the above, demographic assumptions such as mortality, disability and retirement age were considered for the actuarial valuation. GA 1983 Mortality Table was taken as the basis for the mortality assumption.

(d) The sensitivity of the gratuity to changes in the weighted principal assumptions is:

**Group**

	Impact on retirement benefit obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	Decrease by 3.74% to 8.91%	Increase by 4.1% to 10.28%
Future salary increase	1%	Increase by 3.76% to 10.8%	Decrease by 3.56% to 9.46%
Staff turnover factor	1%	Increase by 4.64% to 11.82%	Decrease by 2.57% to 9.41%

**Company**

	Impact on retirement benefit obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	Decrease by 8.91%	Increase by 10.28%
Future salary increase	1%	Increase by 10.8%	Decrease by 9.46%
Staff turnover factor	1%	Increase by 11.82%	Decrease by 9.41%

(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

## 26. RETIREMENT BENEFIT OBLIGATIONS - GRATUITY (CONTD)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the retirement benefit obligations to significant actuarial assumptions the same method (present value of the retirement benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied.

### (e) Maturity profile of the retirement benefit obligations:

The weighted average duration of the defined benefit obligation of Group and Company is 9 years and 11.3 years respectively. The expected maturity analysis of undiscounted retirement obligation:

	Group		Company	
	2022	2021	2022	2021
Less than 1 year	8,764	38,850	8,047	38,850
Between 1 – 2 years	11,137	53,767	10,295	53,767
Between 2 – 5 years	90,035	148,361	80,003	148,361
Over 5 years	557,187	498,615	498,606	498,615
<b>Total</b>	<b>667,123</b>	<b>739,593</b>	<b>596,951</b>	<b>739,593</b>

## 27. DEFERRED INCOME TAX LIABILITIES

Deferred income taxes are calculated on all temporary differences under the liability method and are measured using a tax rate of 14% applicable on profit on the expiry of the tax exemption period in 2016. The movement on the deferred income tax account is as follows:

	Group		Company	
	2022	2021	2022	2021
<b>At the beginning of the year</b>	<b>353,762</b>	391,335	<b>258,292</b>	338,381
(Credited) / charged to statement of comprehensive income (Note 11)	(48,062)	(47,153)	(32,608)	(82,330)
Tax charge / (release) relating to components of other comprehensive income (Note 11)	27,658	(8,483)	25,977	(10,310)
Effect of change in foreign exchange rates	153,793	18,063	116,072	12,551
<b>At end of the year</b>	<b>487,151</b>	353,762	<b>367,733</b>	258,292

A summary of deferred tax (assets) / liabilities of the Group and Company are as follows:

	Group		Company	
	2022	2021	2022	2021
Deferred tax assets	(431,633)	(273,228)	(281,843)	(187,895)
Deferred tax liabilities	918,784	626,990	649,576	446,187
<b>Deferred tax liabilities (net)</b>	<b>487,151</b>	353,762	<b>367,733</b>	258,292

## 27. DEFERRED INCOME TAX LIABILITIES (CONTD)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	Group		Company	
	2022	2021	2022	2021
<b>Deferred tax assets:</b>				
- Deferred tax liabilities to be recovered after more than 12 months	(431,633)	(273,228)	(281,843)	(187,895)
<b>Deferred tax liabilities:</b>				
- Deferred tax liabilities to be recovered after more than 12 months	651,208	432,081	452,326	310,698
- Deferred tax liabilities to be recovered within 12 months	267,576	194,909	197,250	135,489
	918,784	626,990	649,576	446,187
<b>Deferred tax liabilities (net)</b>	<b>487,151</b>	<b>353,762</b>	<b>367,733</b>	<b>258,292</b>

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

### Group

Deferred tax liabilities	Accelerated tax depreciation	Total
At 1 April 2020	647,592	647,592
Credited to income statement	(52,877)	(52,877)
Effect of change in foreign exchange rates	32,275	32,275
At 31 March 2021	626,990	626,990
Charged to income statement	1,829	1,829
Effect of change in foreign exchange rates	289,965	289,965
<b>At 31 March 2022</b>	<b>918,784</b>	<b>918,784</b>

Deferred tax assets	Retirement benefit obligations	Provision for impairment of inventory	Provision for impairment trade receivables	Tax losses	Provision for bonus	Total
<b>At 31 March 2020</b>	(81,453)	(141,993)	(5,840)	(4,191)	(22,780)	(256,257)
(Credited) / charged to income statement	2,123	11,468	(7,205)	4,153	(4,815)	5,724
Credited directly to other comprehensive income	(8,483)	Nil	Nil	Nil	Nil	(8,483)
Effect of change in foreign exchange rates	(4,871)	(7,036)	(785)	38	(1,558)	(14,212)
<b>At 31 March 2021</b>	(92,684)	(137,561)	(13,830)	Nil	(29,153)	(273,228)
(Credited) / charged to income statement	(9,525)	(26,048)	(13,877)	Nil	(441)	(49,891)
Credited directly to other comprehensive income	27,658	Nil	Nil	Nil	Nil	27,658
Effect of change in foreign exchange rates	(34,442)	(75,356)	(12,729)	Nil	(13,645)	(136,172)
<b>At 31 March 2022</b>	<b>(108,993)</b>	<b>(238,965)</b>	<b>(40,436)</b>	<b>Nil</b>	<b>(43,239)</b>	<b>(431,633)</b>



(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

**27. DEFERRED INCOME TAX LIABILITIES (CONTD)****Company**

Deferred tax liabilities	Accelerated tax depreciation				Total
At 1 April 2020	443,298				443,298
Credited to income statement	(20,089)				(20,089)
Effect of change in foreign exchange rates	22,978				22,978
At 31 March 2021	446,187				446,187
Credited to income statement	(1,622)				(1,622)
Effect of change in foreign exchange rates	205,011				205,011
<b>At 31 March 2022</b>	<b>649,576</b>				<b>649,576</b>

Deferred tax assets	Retirement benefit obligations	Provision for impairment of inventory	Provision for impairment trade receivables	Provision for bonus	Total
<b>At 31 March 2020</b>	(30,362)	(49,009)	(5,540)	(20,006)	(104,917)
Charged / (credited) to income statement	7,128	(67,358)	3,756	(5,767)	(62,241)
Credited directly to other comprehensive income	(10,310)	Nil	Nil	Nil	(10,310)
Effect of change in foreign exchange rates	(1,868)	(7,030)	(61)	(1,468)	(10,427)
<b>At 31 March 2021</b>	<b>(35,412)</b>	<b>(123,397)</b>	<b>(1,845)</b>	<b>(27,241)</b>	<b>(187,895)</b>
Charged / (credited) to income statement	(6,119)	(26,789)	(2,553)	4,475	(30,986)
Credited directly to other comprehensive income	25,977	Nil	Nil	Nil	25,977
Effect of change in foreign exchange rates	(7,241)	(69,165)	(2,019)	(10,514)	(88,939)
<b>At 31 March 2022</b>	<b>(22,795)</b>	<b>(219,351)</b>	<b>(6,417)</b>	<b>(33,280)</b>	<b>(281,843)</b>

**28. CONTINGENCIES**

There were no material contingent liabilities against the Company outstanding as at the financial position date.

Teejay India (Private) Limited, a fully owned subsidiary of Teejay Lanka PLC, which is incorporated in India, has been issued with tax assessments by the Department of Income Tax in India amounting to LKR 38,119,331, LKR 171,537,135, LKR 259,757,768, LKR 41,173,729, LKR 583,306,763 and LKR 908,884,226 for the years of assessment 2010/11, 2012/13, 2014/15, 2016/17, 2017/18 and 2018/19 respectively disputing that the comparable and methods applied by the subsidiary to determine arm's length principles were not in line with the Transfer Pricing Regulations enacted in India. These tax assessments represent the additional total income proposed by the Tax Authority to the total income of the Company and not the tax impact of these assessments. The tax impact is estimated to be LKR 2,002,779,240. The Company has appealed against these assessments in the Disputed Resolution Panel/Income Tax Appellate Tribunal (ITAT).

**29. COMMITMENTS****Capital commitments**

Capital expenditure contracted at the end of the reporting period, but not yet incurred is as follows:

	Group		Company	
	2022	2021	2022	2021
Property, plant and equipment [refer Note (a) below]	1,588,501	289,386	Nil	Nil
Intangible assets [refer Note (b) below]	260,218	Nil	190,128	Nil
	1,848,719	289,386	190,128	Nil

(a) Capital work-in-progress of Group as at 31 March 2022 mainly comprises of Teejay India (Private) Limited expansion related investments and machinery modernisation investments.

(b) The approximate Capital expenditure contracted for which no provision is made in the Financial Statements as at 31 March 2022 amounted to LKR 260,217,746 which includes implementation of SAP S/4 HANA for the Teejay group.

**Operating lease commitments**

There were no material operating commitments outstanding at the statement of financial position date

**Financial commitments**

There were no material financial commitments outstanding as at the statement of financial position date.

**30. STATED CAPITAL**

	No. of Shares	Amount (LKR)
At 31 March 2019	701,956,580	4,056,683
At 31 March 2020	701,956,580	4,056,683
Issue of shares	7,365,965	192,104
At 31 March 2021	709,322,545	4,248,787
Issue of shares	7,417,430	193,447
<b>At 31 March 2022</b>	<b>716,739,975</b>	<b>4,442,234</b>

(a) All issued shares are fully paid.

(b) For the purpose of calculation of basic and diluted earnings per share, the weighted average number of shares have been considered based on the date of issue of shares.

(c) Information relating to the share based payments, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in Note 33.

**31. EXCHANGE EQUALISATION RESERVE**

The exchange equalisation reserve at the statement of financial position date represents all exchange differences resulting from the translation of assets, liabilities, income, expenses and equity items as explained in Note 2.1 to the accounting policies.

(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

**32. RETAINED EARNINGS**

	Group	Company
At 1 April 2020	6,231,783	4,293,801
Profit for the year	2,139,602	1,910,481
Remeasurement of retirement benefit obligations (Note 26)	(72,815)	(73,646)
Deferred tax attributable to remeasurement of retirement benefit obligations (Note 27)	8,483	10,310
Dividends (Note 13)	(1,170,382)	(1,170,382)
<b>At 31 March 2021</b>	<b>7,136,671</b>	<b>4,970,564</b>
At 1 April 2021	7,136,671	4,970,564
Profit for the year	2,531,250	2,375,506
Remeasurement of retirement benefit obligations (Note 26)	203,673	185,551
Deferred tax attributable to remeasurement of retirement benefit obligations (Note 27)	(27,658)	(25,977)
Dividends (Note 13)	(1,433,480)	(1,433,480)
<b>At 31 March 2022</b>	<b>8,410,456</b>	<b>6,072,164</b>

**33. SHARE-BASED PAYMENTS**

The Employee Share Option Scheme established in 2015 ('ESOS') is designed to provide long-term incentives for executive directors and executive management personnel to deliver long-term shareholder returns. Under the plan, allocation of share options to eligible employees will be based on criteria determined by the board of directors. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The amount of share options that will be granted from and out of the maximum number of shares authorised to be granted as share options under the ESOS will be determined from time to time by the Board of Directors. In this regard, the Board may consider the Company's total return to shareholders, including share price growth, dividends and capital returns, ranking within a peer group of companies that are listed on the Colombo Stock Exchange over an identified period of time.

The exercise price of options is based on the weighted average price at which the Company's shares are traded on the Colombo Stock Exchange, taking into consideration all share transactions of such shares during the thirty Market days immediately preceding the date on which share options are granted to eligible employees under the ESOS.

When exercisable, each option is convertible into one ordinary share.

Set out below are summaries of options granted under the plan:

	2022		2021	
	Average exercise price as per share option	No of options (thousands)	Average exercise price as per share option	No of options (thousands)
At the beginning of the year	26.08	7,939	32.53	4,625
Granted	Nil	Nil	26.08	15,999
Exercised [see Note (c) below]	26.08	(7,417)	26.08	(7,366)
Expired [see Note (c) below]	26.08	(522)	29.31	(5,319)
<b>At the end of year</b>	<b>26.08</b>	<b>Nil</b>	<b>26.08</b>	<b>7,939</b>
Vested and exercisable at 31 March	Nil	Nil	Nil	Nil

### 33. SHARE-BASED PAYMENTS (CONTD)

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Vesting period	Expiry date	Exercise price LKR	Share options 31 March 2022	Share options 31 March 2021
16 June 2020	10 months	27 May 2021	26.08	Nil	7,939,704
				Nil	7,939,704
Weighted average remaining contractual life of options outstanding at end of period				Nil	0.16 years

#### (a) Fair value of options granted

In the previous year, the fair value of the options amounting to LKR 56,730,549 (USD 310,003) was recognised as an employee benefits expenses and credited to a reserve.

The fair value at grant date is independently determined using the Black Scholes Model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

#### (b) Expenses arising from share-based payment transactions

	Group		Company	
	2022	2021	2022	2021
Options issued under employee share option plan (Note 9)	Nil	56,731	Nil	56,731

(c) As at 31st March 2022, a total of 20,790,142 shares have been issued to eligible employees under the ESOS out of the maximum number of 27,090,851 shares authorised to be granted as share options under the ESOS. Out of the said shares issued under the ESOS, 7,417,430 shares were issued to eligible employees in the financial year 2021/2022 (i.e., in May 2021), upon eligible employees exercising their rights to purchase share options under grant 6 made under the ESOS in June 2020. The exercise price per share, of these shares were Rs. 26.08. No share options were granted under the ESOS during the financial year 2021/2022. As at 31st March 2022, a balance of 6,300,709 shares are available to be granted to eligible employees, as share options under the ESOS, as may be determined by the Board. The directors of the Company hereby declare that the Company has not, directly or indirectly, provided funds for the ESOS.

(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

**34. CASH GENERATED FROM OPERATIONS**

Reconciliation of profit before tax to cash generated from operations:

	Group		Company	
	2022	2021	2022	2021
Profit before tax	2,863,720	2,599,337	2,646,004	2,139,894
Adjustments for:				
Depreciation (Note 14)	1,386,287	1,323,715	730,053	664,797
Depreciation on right-of-use assets (Note 15 (b))	65,431	57,606	24,507	19,464
Amortisation of intangible assets (Note 17)	51,962	47,145	31,182	19,088
(Reversal) / provision for slow and non moving inventories (Note 20)	326,260	(17,227)	191,354	98,825
(Reversal) / provision for impairment of trade receivables (Note 21 (a))	42,970	(35,497)	18,239	(26,829)
Interest income (Note 10)	(154,745)	(186,842)	(175,151)	(162,921)
Interest expense (Note 10)	149,221	118,851	79,674	18,553
Loss on write off of property, plant and equipment (Note 7)	Nil	2,278	Nil	2,279
Effect of change in foreign exchange rates	6,193,287	326,612	5,012,595	241,052
Retirement benefit obligations (Note 26)	107,591	87,597	52,067	48,225
Changes in working capital:				
- inventories	(9,401,331)	(1,006,639)	(6,150,996)	(714,930)
- trade and other receivables	(6,191,935)	(2,692,935)	(4,636,031)	(2,099,642)
- trade and other payables	9,642,638	2,099,557	4,852,230	1,071,321
<b>Cash generated from operations</b>	<b>5,081,356</b>	<b>2,723,558</b>	<b>2,675,727</b>	<b>1,319,176</b>

### 35. DIRECTORS' INTEREST IN CONTRACTS WITH THE COMPANY AND RELATED PARTY TRANSACTIONS

The directors of the Company are also directors of following companies with which the Company had transactions in the ordinary course of business during the year.

	Ajit Damon Gunewardene	Mohamed Ashroff Omar	Hasitha Premaratne	Amitha Lal Gooneratne	Kit Vai Tou	Masaru Okutomi	Malik Kumar Ranasinghe
Pacific Textiles Limited	-	-	-	-	X	X	-
Brandix Lanka Limited	-	X	X	-	-	-	-
Brandix Apparel Limited	-	X	X	-	X	-	-
Teejay Lanka Prints (Private) Limited	-	X	X	X	-	-	X
Teejay India (Private) Limited	-	X	X	-	X	-	-
Ocean Mauritius Limited	-	X	X	-	X	-	-
Fortude (Private) Limited	-	X	-	-	-	-	-
Brandix Apparel Solutions Limited	-	X	X	-	X	-	-
Brandix India Apparel City (Private) Limited	-	X	X	-	X	-	-
Adhishtan Investments India (Private) Limited	-	X	X	-	X	-	-
BrandM Apparel Haiti LTD	-	X	X	-	X	-	-
Quantum Clothing India (Private) Limited	-	X	X	-	X	-	-
Brandix International (Private) Limited	-	X	-	-	-	-	-
Brandix Apparel India Private Limited	-	X	X	-	X	-	-
Inqube Global (Private) Limited	-	X	X	-	-	-	-

(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

**35. DIRECTORS' INTEREST IN CONTRACTS WITH THE COMPANY AND RELATED PARTY TRANSACTIONS****The following transactions were carried out with related parties under normal commercial terms:****(i) Sale of goods and services:**

Relationship		Aggregate value of related party transactions entered into during the financial year (LKR '000)				Aggregate value of related party transactions as a % of net revenue			
		Group		Company		Group		Company	
		2022	2021	2022	2021	2022	2021	2022	2021
Sale of goods:									
Brandix Apparel Limited	Affiliate	13,864,882	8,756,957	4,917,271	4,661,214	28.0%	27.6%	16.7%	22.2%
Teejay Lanka Prints (Private) Limited	Subsidiary	Nil	Nil	665,292	357,664	Nil	Nil	2.3%	1.7%
Teejay India (Private) Limited	Sub-subsidiary	Nil	Nil	203,870	227,875	Nil	Nil	0.7%	1.1%
BrandM Apparel Ha1iti Limited	Affiliate	362,382	55,720	274,526	55,720	0.7%	0.2%	0.9%	0.3%
Brandix Apparel India (Private) Limited	Affiliate	4,218,851	2,483,598	652,475	262,956	8.5%	7.8%	2.2%	1.3%
Inqube Global (Private) Limited	Affiliate	455,505	870,496	347,369	552,812	0.9%	2.7%	1.2%	2.6%
Quantum Cloting India Private Limited	Affiliate	493,271	196,421	119,380	60,331	1.0%	0.6%	0.4%	0.3%
		19,394,891	12,363,192	7,180,183	6,178,572	39.1%	38.9%	24.4%	29.5%

**(ii) Purchase of goods and services:**

Relationship		Aggregate value of related party transactions entered into during the financial year (LKR '000)				Aggregate value of related party transactions as a % of net revenue			
		Group		Company		Group		Company	
		2022	2021	2022	2021	2022	2021	2022	2021
Pacific Textiles Limited	Shareholder	865,613	699,743	816,495	683,705	1.7%	2.2%	2.8%	3.3%
Pacific Overseas Textiles Macao Commercial Offshore Limited	Affiliate	Nil	463,762	Nil	463,762	Nil	1.5%	0.0%	2.2%
Teejay Lanka Prints (Private) Limited	Subsidiary	Nil	Nil	927,983	537,278	Nil	Nil	3.2%	2.6%
Teejay India (Private) Limited	Sub-subsidiary	Nil	Nil	1,126,756	1,518,381	Nil	Nil	3.8%	7.2%
Brandix Lanka Limited	Shareholder	Nil	289	Nil	289	Nil	0.0%	Nil	Nil
		865,613	1,163,505	2,871,234	3,203,126	1.7%	3.7%	9.8%	15.3%

**35. DIRECTORS' INTEREST IN CONTRACTS WITH THE COMPANY AND RELATED PARTY TRANSACTIONS (CONTD)****The following transactions were carried out with related parties under normal commercial terms: (Contd)****(iii) Purchase of administrative and other services:**

		Aggregate value of related party transactions entered into during the financial year (LKR '000)				Aggregate value of related party transactions as a % of net revenue			
		Group		Company		Group		Company	
Relationship		2022	2021	2022	2021	2022	2021	2022	2021
Pacific Textiles Limited	Shareholder	15,323	24,194	8,929	24,194	0.0%	0.1%	0.0%	0.1%
Brandix Lanka Limited	Shareholder	21,634	28,872	2,752	3,520	0.0%	0.1%	0.0%	0.0%
Teejay Lanka Prints (Private) Limited	Subsidiary	Nil	Nil	9,400	22,106	Nil	Nil	0.0%	Nil
Teejay India (Private) Limited	Sub-subsidiary	Nil	Nil	Nil	326	Nil	Nil	0.0%	0.0%
Fortude (Private) Limited	Affiliate	Nil	1,326	Nil	Nil	Nil	0.0%	0.0%	Nil
Brandix Apparel Limited	Affiliate	96,176	54,947	67,456	38,765	0.2%	0.2%	0.2%	0.2%
Brandix Apparel Solutions Limited	Affiliate	876	Nil	605	Nil	0.0%	Nil	0.0%	Nil
Brandix Apparel India (Private) Limited	Affiliate	15,971	17,411	Nil	Nil	0.0%	0.1%	Nil	Nil
Brandix India Apparel City (Private) Limited	Affiliate	549,499	317,375	Nil	Nil	1.1%	1.0%	Nil	Nil
Adhishtan Investments India (Private) Limited	Affiliate	18,175	16,593	Nil	Nil	0.0%	0.1%	Nil	Nil
		717,654	460,718	89,142	88,911	1.6%	1.6%	0.3%	0.3%

**(iv) Reimbursement of Expenses:**

		Aggregate value of related party transactions entered into during the financial year (LKR '000)				Aggregate value of related party transactions as a % of net revenue			
		Group		Company		Group		Company	
Relationship		2022	2021	2022	2021	2022	2021	2022	2021
Teejay Lanka Prints (Private) Limited	Subsidiary	Nil	Nil	3,616	Nil	Nil	Nil	0.01%	Nil
Brandix Intimate Apparel Limited	Affiliate	3,209	Nil	3,209	Nil	0.0%	Nil	0.01%	Nil
Teejay India (Private) Limited	Sub-Subsidiary	Nil	Nil	Nil	3,655	Nil	Nil	Nil	0.0%
		3,209	Nil	6,825	3,655	0.0%	Nil	0.02%	0

**(v) Royalty income received (Note 7)**

		Aggregate value of related party transactions entered into during the financial year (LKR '000)				Aggregate value of related party transactions as a % of net revenue			
		Group		Company		Group		Company	
Relationship		2022	2021	2022	2021	2022	2021	2022	2021
Teejay India (Private) Limited	Sub-subsidiary	Nil	Nil	825,496	467,836	Nil	Nil	2.8%	2.2%



## Notes to the Financial Statements

(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

**35. DIRECTORS' INTEREST IN CONTRACTS WITH THE COMPANY AND RELATED PARTY TRANSACTIONS (CONTD)**  
**The following transactions were carried out with related parties under normal commercial terms: (Contd)**

(vi) Steam coal sales - (net) (Note 7)

Relationship		Aggregate value of related party transactions entered into during the financial year (LKR '000)				Aggregate value of related party transactions as a % of net revenue			
		Group		Company		Group		Company	
		2022	2021	2022	2021	2022	2021	2022	2021
Teejay Lanka Prints (Private) Limited	Subsidiary	Nil	Nil	12,711	14,891	Nil	Nil	0.0%	0.1%

(vii) (a) Dividend received (Note 7)

Relationship		Aggregate value of related party transactions entered into during the financial year (LKR '000)				Aggregate value of related party transactions as a % of net revenue			
		Group		Company		Group		Company	
		2022	2021	2022	2021	2022	2021	2022	2021
Teejay Lanka Prints (Private) Limited	Subsidiary	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(vii) (b) Settlements of borrowings:

Relationship		Group		Company	
		2022	2021	2022	2021
Brandix International Limited	Affiliate	Nil	674,496	Nil	Nil

**Outstanding balances arising from sale / purchase of goods / services:**

(viii) Receivables from related parties:

(a) Trade receivables

Relationship		Group		Company	
		2022	2021	2022	2021
Brandix Apparel Limited	Affiliate	3,744,279	1,905,468	1,324,788	623,661
Brandix Apparel India Private Limited	Affiliate	1,022,586	202,297	239,702	152,171
BrandM Apparel Haiti Limited	Affiliate	24,520	11,461	24,520	11,461
Teejay Lanka Prints (Private) Limited	Subsidiary	Nil	Nil	181,857	144,045
Incube Global (Private) Limited	Affiliate	151,619	19,938	85,243	Nil
Teejay India (Private) Limited	Sub-subsidiary	Nil	Nil	1,355,086	Nil
Brandix Intimate Apparel Ltd	Affiliate	4,678	Nil	4,678	Nil
Quantum Clothing India (Private) Limited	Affiliate	44,615	10,669	35,731	8,360
		4,992,297	2,149,833	3,251,605	939,698
Less - provision for impairment of amounts due from related companies		(43,913)	(12,055)	(10,814)	(3,662)
<b>Total amount due from related companies</b>		<b>4,948,384</b>	<b>2,137,778</b>	<b>3,240,791</b>	<b>936,036</b>
At the beginning of the year		12,055	13,220	3,662	11,518
Increase in provision for impairment from related companies		18,042	(1,774)	3,748	(7,972)
Effect of change in foreign exchange rates		13,816	609	3,404	116
<b>At the end of the year</b>		<b>43,913</b>	<b>12,055</b>	<b>10,814</b>	<b>3,662</b>

**35. DIRECTORS' INTEREST IN CONTRACTS WITH THE COMPANY AND RELATED PARTY TRANSACTIONS (CONTD)****Outstanding balances arising from sale / purchase of goods / services: (Contd)**

(viii) Receivables from related parties (Contd)

(b) Other receivables

	Relationship	Group		Company	
		2022	2021	2022	2021
Adhishtan Investments India (Private) Limited	Affiliate	6,153	4,343	Nil	Nil
Brandix India Apparel City (Private) Limited	Affiliate	44,833	31,646	Nil	Nil
Teejay India (Private) Limited	Sub-subsidiary	Nil	Nil	162,498	103,881
		50,986	35,989	162,498	103,881

(ix) Payables to related parties:

	Relationship	Group		Company	
		2022	2021	2022	2021
Pacific Textiles Limited	Shareholder	27,932	294,086	578	293,295
Teejay India (Private) Limited	Subsidiary	Nil	Nil	110,833	144,215
Teejay Lanka Prints (Private) Limited	Shareholder	Nil	Nil	235,648	1,324
Brandix Lanka Limited	Affiliate	4,964	4,463	279	307
Brandix Apparel Limited	Affiliate	42,653	50,483	24,170	3,180
Brandix International Limited	Affiliate	Nil	2,964	Nil	Nil
Adhishtan Investments India (Private) Limited	Affiliate	380	204	Nil	Nil
Brandix Apparel Solutions Limited	Affiliate	217	132	139	Nil
Brandix India Apparel City (Private) Limited	Affiliate	146,304	29,634	Nil	Nil
InQube Capital Private Limited		Nil	2,382	Nil	2,382
Brandix Apparel India Limited		504	686	Nil	Nil
		222,954	385,034	371,646	444,703

(x) Borrowings from related company:

	Relationship	Group		Company	
		2022	2021	2022	2021
Brandix International Limited	Affiliate	Nil	Nil	Nil	Nil
		Nil	Nil	Nil	Nil

(In the notes all amounts are shown in Sri Lankan Rupees Thousands unless otherwise stated)

**35. DIRECTORS' INTEREST IN CONTRACTS WITH THE COMPANY AND RELATED PARTY TRANSACTIONS (CONTD)****Outstanding balances arising from sale / purchase of goods / services: (Contd)****(xi)** Loan given to related company:

	Relationship	Group		Company	
		2022	2021	2022	2021
Ocean Mauritius Limited	Affiliate	Nil	Nil	1,304,568	849,766
		Nil	Nil	1,304,568	849,766

**(xii)** Key Management compensation:

Key management includes the Board of Directors (executive and non-executive) and all members of Company's senior management. The compensation paid or payable to key management for employee services is shown below:

	Group		Company	
	2022	2021	2022	2021
Salaries and other benefits	200,983	204,159	200,983	204,159
Post-employment benefits	6,799	7,649	6,799	7,649
Share based payments	Nil	14,387	Nil	14,387
	207,782	226,195	207,782	226,195

**36. EVENTS AFTER THE END OF REPORTING PERIOD**

No events have occurred since the statement of financial position date which would require adjustments to, or disclosure in, these financial statements.

## Five Years Financial Summary - Group

All Amounts in Sri Lanka Rupees Thousands	2022	2021	2020	2019	2018
<b>INCOME STATEMENT</b>					
Revenue	49,587,964	31,780,287	33,276,977	31,746,592	24,647,488
Profit before taxation	2,863,720	2,599,336	2,811,964	2,257,062	1,817,716
Current taxation	(332,470)	(459,739)	(428,180)	(398,345)	(221,602)
Profit after taxation	2,531,250	2,139,597	2,383,784	1,858,717	1,596,114
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	14,715,246	8,710,818	8,777,251	8,408,235	7,534,180
Right-of-use assets	1,341,498	899,016	910,400	Nil	Nil
Deferred tax assets	431,633	273,228	256,258	111,021	125,070
Other non-current assets	5,508,121	616,442	729,534	507,218	777,931
	21,996,498	10,499,504	10,673,443	9,026,474	8,437,181
<b>Current assets</b>	37,897,277	20,599,835	16,289,050	13,359,457	11,127,755
<b>Total assets</b>	59,893,775	31,099,339	26,962,493	22,385,931	19,564,936
<b>EQUITY</b>					
<b>Capital and reserves</b>					
Stated capital	4,442,234	4,248,787	4,056,683	4,056,683	4,056,683
Hedging reserve	Nil	Nil	Nil	Nil	9,673
Exchange equalisation reserve	15,219,684	6,225,275	5,263,128	4,171,784	2,577,679
Share option scheme	153,491	153,491	96,760	96,760	85,505
Retained earnings	8,410,456	7,136,671	6,231,783	5,600,028	4,971,882
<b>Total equity</b>	28,225,869	17,764,224	15,648,354	13,925,255	11,701,422
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	5,581,171	197,620	412,192	801,182	1,106,784
Lease liabilities	930,430	654,657	627,993	Nil	Nil
Deferred tax liabilities	918,784	626,990	647,880	538,266	318,004
Retirement benefit obligations	424,817	520,422	377,583	251,932	207,666
	7,855,202	1,999,689	2,065,648	1,591,380	1,632,454
<b>Current liabilities</b>	23,812,704	11,335,426	9,248,491	6,869,296	6,231,060
<b>Total liabilities</b>	31,667,906	13,335,115	11,314,139	8,460,676	7,863,514
<b>Total equity and liabilities</b>	59,893,775	31,099,339	26,962,493	22,385,931	19,564,936

Ratios and Statistics		2022	2021	2020	2019	2018
Annual growth in turnover	%	56.0	-4.5	4.8	28.8	11.3
Gross profit margin	%	9.2	11.9	12.7	11.6	11.8
Net profit margin	%	5.1	6.7	7.2	5.9	6.5
Gearing ratio	%	40.7	18.6	25.0	21.3	24.2
Earnings per share	Rs:	3.5	3.0	3.4	2.7	2.3
Dividend per share	Rs:	2.0	1.7	2.4	2.0	1.6
Net Assets Per Share at year end	Rs:	39.4	25.2	22.3	19.8	16.7
Return on equity (ROE)	%	11.0	12.8	16.1	14.5	14.0
Return on assets (ROA)	%	5.6	7.4	9.7	8.9	8.8

# Shareholding Information

## 1 SHAREHOLDERS

Number of Shares held	No of Share holders	Residents		Non- Residents			Total		
		No. of Shares	%	No of Share holders	No. of Shares	%	No. of Share holders	No. of Shares	%
1-1,000	5,072	1,997,285	0.28	15	8,021	0.00	5,087	2,005,306	0.28
1,001-10,000	2,217	8,771,737	1.22	28	165,088	0.02	2,245	8,936,825	1.25
10,001-100,000	837	28,389,346	3.96	24	736,789	0.10	861	29,126,135	4.06
100,001-1,000,000	224	69,077,926	9.64	22	8,346,737	1.16	246	77,424,663	10.80
1,000,001 & Over	29	300,240,974	41.89	10	299,006,072	41.72	39	599,247,046	83.61
Total	8,379	408,477,268	56.99	99	308,262,707	43.01	8,478	716,739,975	100.00

Categories of Shareholders	31 March 2022			31 March 2021		
	Shareholders	No. of shares	%	Shareholders	No. of shares	%
Individuals	8,073	93,419,268	13.03	7,425	72,190,051	10.18
Institutions	405	623,320,707	86.97	301	637,132,494	89.82
Total	8,478	716,739,975	100.00	7,726	709,322,545	100.00

## 2 SHARE TRADING INFORMATION

	2021/22		2020/21	
Highest	58.50	20-Jan-2022	46.50	27-Jan-2021
Lowest	37.50	30-Jun-2021	18.00	12-Mar-2020
Closing	39.80		40.00	
No. of Transactions	31,552		24,941	
No. of Shares traded	181,685,725		112,360,901	
Value of shares traded (LKR)	7,911,168,062		4,014,272,306	

## 3 TOP 20 SHAREHOLDER LIST AS AT 31 MARCH

Name	2022		2021	
	No of Share	%	No of Share	%
1 Brandix Lanka Limited - Number 1 Account	232,198,344	32.40	232,198,344	32.74
2 Pacific Textured Jersey Holdings Limited	195,926,217	27.34	195,926,217	27.62
3 HSBC Intl Nom Limited - BBH - Fidelity Funds	43,394,332	6.05	37,238,610	5.25
4 Citibank Newyork S/A Norges Bank Account 2	22,518,426	3.14	19,978,077	2.82
5 HSBC Intl Nom Limited-JPCMB NA-Fidelity Asian Values PLC	18,842,115	2.63	16,320,745	2.30
6 Employees Provident Fund	6,979,333	0.97	6,979,333	0.99
7 Pemberton Asian Opportunities Fund	5,750,000	0.80	-	-
8 Deutsche Bank Ag-National Equity Fund	4,891,071	0.68	4,891,071	0.69
9 Rubber Investment Trust Ltd A/C No 01	4,697,389	0.66	-	-
10 Union Assurance Plc-Universal Life Fund	4,483,104	0.63	3,460,708	0.49
11 Hatton National Bank Plc-Senfin Growth Fund	4,119,244	0.57	-	-
12 J.B. Cocoshell (Pvt) Ltd	3,819,022	0.53	2,150,415	0.30
13 Standard Chartered Bank Dfrc Branch S/A Efg Hermes Oman LLC	3,814,630	0.53	3,614,630	0.51
14 JPMCB Na-Scotgems PLC	3,331,281	0.46	-	-
15 Amana Bank Plc/Hi-Line Trading Pvt Ltd	2,821,369	0.39	-	-
16 Employees Trust Fund Board	2,677,561	0.37	-	-
17 Mr. S.N.P.Palihena	2,527,381	0.35	-	-
18 Sam Innovators (Pvt) Ltd	2,500,000	0.35	-	-
19 Mr. L.K.M.Fernando	2,351,546	0.33	4,630,620	0.65
20 MRS. S.Balendra	2,065,000	0.29	-	-

**4 DIRECTOR'S SHAREHOLDING**

	31 March 2022		31 March 2021	
	No of Shares	%	No of Shares	%
Ajit Demon Gunewardene	713,723	0.10	-	-
Kit Vai Tou	-	-	-	-
Mohamed Ashroff Omar	-	-	-	-
Masaru Okutomi	-	-	-	-
Kulatilleke Arthanayake Malik Kumar Ranasinghe	-	-	-	-
Amitha Lal Gooneratne	-	-	-	-
M.A.Hasitha Premaratne	40,000	0.01	40,000	0.01
	753,723	0.11	40,000	0.01

**5 PUBLIC SHAREHOLDING**

	31 March 2022	31 March 2021
No.of Shares	284,258,903	278,104,326
	39.66%	39.21%

**6 FLOAT ADJUSTED MARKET CAPITALIZATION**

The public holding of the Company as at 31 March 2022 was 39.66% comprising 8,468 shareholders and a float adjusted market capitalization of LKR 11,342,037,400. In terms of the rule 7.14.1(a) of the Listing Rules if the Colombo Stock Exchange, the Company Qualifies under option One and Four of the minimum public holding requirement.

# GRI Index

GRI Disclosure	Disclosure Title	Topic Reference/ Comments	Page Reference
<b>GENERAL STANDARD DISCLOSURES</b>			
<b>Topic: Organizational Profile</b>			
102-01	Name of the Organization	About this Report	4
102-02	Primary brands, products, and services	Our Business	10 & 11
102-03	Location of Organizations Head Quarters	Our Business	10
102-04	Location of Organizations Operations	Our Business	10
102-05	Nature of ownership and legal form	Our Business	10
102-06	Markets served	Our Business	10
102-07	Scale of the reporting organization	Our Business	10
102-08	Information on employees and other workers	Human Capital	48
102-09	Organization's Supply Chain	Social and Relationship Capital	58
102-10	Significant changes to the organization and its supply chain	Chairman's Message / CEO's Review/ Social and Relationship Capital – Suppliers	Nil
102-11	Precautionary Principle or approach	Risk Management	80
102-12	External initiatives	About this Report	4
102-13	Membership associations and affiliations	Natural Capital	64
<b>Topic: Strategy</b>			
102-14	Statement from the most senior decision maker of the organization.	CEO's Review	15
<b>Topic: Ethics and integrity</b>			
102-16	Values, principles, standards, and norms of behavior	Our Philosophy and Direction	6



GRI Disclosure	Disclosure Title	Topic Reference/ Comments	Page Reference
<b>Topic: Governance</b>			
102-18	Governance structure	Corporate Governance	67
<b>Topic: Stakeholder Engagement</b>			
102-40	List of stakeholder groups	Stakeholder Engagement	34
102-41	Collective bargaining agreements	Enterprise Risk Management	83
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	34
102-43	Organization's approach to stakeholder engagement	Stakeholder Engagement	34
102-44	Key topics and concerns raised through stakeholder engagement	Stakeholder Engagement, Our Value Creation Process	34
<b>Topic: Reporting practice</b>			
102-45	Entities included in the consolidated financial statements	About this report/ Financial statements	4
102-46	Defining report content and topic Boundaries	About this report	4
102-48	Restatements of information	About this report	4
102-49	Changes in reporting	About this report	4
102-50	Reporting period	About this report	4
102-51	Date of most recent report	About this report	4
102-52	Reporting cycle	About this report	4
102-53	Contact point for questions regarding the report	About this report	4
102-54	Claims of reporting in accordance with the GRI Standards	About this report	4
102-55	GRI content index	GRI content index	167
102-56	External assurance	About this report	4
<b>Topic : Management Approach</b>			
103-01	Explanation of the material topic and its Boundary	Risk Management	80
103-02	The management approach and its components	Risk Management	80
103-03	Evaluation of the management approach	Risk Management	80

GRI Disclosure	Disclosure Title	Topic Reference/ Comments	Page Reference
<b>SPECIFIC STANDARD DISCLOSURE</b>			
<b>Category: ECONOMIC</b>			
<b>Topic: Economic Performance</b>			
201-01	Direct economic value, generated, distributed and retained	Performance Highlights, Financial Capital	8 & 40
201-02	Financial implications and other risks and opportunities due to climate change	Management Discussion and Analysis & Financial Capital	40
201-03	Defined benefit plan obligations and other retirement plans	Financial Statements	148, 149 & 150
<b>Topic: Indirect Economic Impacts</b>			
203-01	Development and impact of infrastructure investments and services supported	Social and Relationship Capital	58
<b>Topic: Anti-corruption</b>			
205-02	Communication and training about anti-corruption policies and procedures	Human Capital	49
205-03	Confirmed incidents of corruption and actions taken	Human Capital	Nil
<b>CATEGORY: ENVIRONMENTAL</b>			
<b>Topic: Materials</b>			
301 -02	Recycled input materials used	Natural Capital	65
<b>Topic: Energy</b>			
302-01	Energy consumption within the organization	Performance Highlights & Natural Capital	8 & 64
302-04	Reduction of energy consumption	Performance Highlights & Natural Capital	8 & 64
302-05	Reductions in energy requirements of products and services	Performance Highlights & Natural Capital	8 & 64
<b>Topic: Water &amp; Effluents</b>			
303-01	Water withdrawal by source	Natural Capital	64
303-02	Water sources significantly affected by withdrawal of water	Natural Capital	64
303-03	Water recycled and reused	Natural Capital	64
303-04	Water discharge	Natural Capital	64

GRI Disclosure	Disclosure Title	Topic Reference/ Comments	Page Reference
<b>Topic: Biodiversity</b>			
304-01	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Natural Capital	63
<b>Topic: Emissions</b>			
305-01	Direct greenhouse gas (GHG) emissions (Scope 1)	Natural Capital	62
305-02	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Natural Capital	62
305-03	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Natural Capital	62
305-04	Greenhouse gas (GHG) emissions intensity	Natural Capital	62
305-05	Reduction of greenhouse gas (GHG) emissions	Natural Capital	62
<b>Topic: Effluents and Waste</b>			
306-02	Waste by type and disposal method	Natural Capital	62
306-03	Significant spills	Natural Capital	Nil
306-04	Transport of hazardous waste	Natural Capital	64
<b>Topic: Compliance</b>			
307-01	Non-compliance with environmental laws and regulations	Risk Management	80
<b>CATEGORY: ENVIRONMENTAL</b>			
<b>Topic: Employment</b>			
401-01	New employee hires and employee turnover	Performance Highlights	8
<b>Topic: Occupational Health and Safety</b>			
403-01	Workers representation in formal joint management-worker health and safety committees	Risk Management	83
<b>Topic: Training and Education</b>			
404-01	Average hours of training per year per employee	Performance Highlights	8 & 9
404-02	Programs for upgrading employee skills and transition assistance programs	Human Capital	48

GRI Disclosure	Disclosure Title	Topic Reference/ Comments	Page Reference
<b>Topic: Diversity and Equal Opportunity</b>			
405-01	Diversity of governance bodies and employees	Human Capital	48
<b>Topic: Local Communities</b>			
413-01	Operations with local community engagement, impact assessments, and development programs	Social and relationship Capital – Community Development	58
<b>Topic: Supplier Assessment for Labor Practices</b>			
414-01	New suppliers that were screened using labor practices criteria	Social and relationship capital	57
414-02	Negative social impacts in the supply chain and actions taken	Social and relationship capital	57
<b>Topic: Compliance</b>			
419-01	Non-compliance with laws and regulations in the social and economic area	Enterprise Risk Management	80

# Glossary of Financial Terms

## A

### Accounting Policies

Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

## C

### Capital Employed

Total assets less interest free liabilities.

### Capital Reserves

Profits of a company that, for various reasons, are not regarded as distributable to Shareholders as dividends. These include gains on revaluation of capital assets.

### Cash and cash equivalent

Short-term highly liquid assets those are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value

### Contingencies

A condition or situation existing at the reporting date where the outcome will be confirmed only by occurrence or non-occurrence of one or more future events

### Current Ratio

Current assets divided by current liabilities.

## D

### Debt to Equity Ratio

Interest bearing borrowings divided by equity

### Deferred Taxation

Sum set aside for tax in the accounts of an entity that will become liable in a period other than that under review

### Dividend Cover

Profit attributable to equity holders divided by gross dividend. Measures the number of times dividend is covered by distributable profit

### Dividend Payout Ratio

Dividends Per Share divided by Earnings Per Share

## E

### Earnings per Share

Profits attributable to ordinary Shareholders divided by the number of ordinary shares in issue and ranking for dividend

## G

### Gross Dividend

Portion of profits, inclusive of tax withheld, distributed to Shareholders

## I

### Interest Cover

Earnings before interest, tax, divided by finance expenses

## N

### Net Assets per share

Shareholders' funds divided by the number of ordinary shares issued

## O

### Operating Profit Margin

Operating Profit divided by turnover

## P

### Price Earnings Ratio

Market price of a share divided by Earnings per share

## R

### Related Parties

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

### Return on Assets

Net profit for the year divided by assets

### Return on Equity

Net profit for the year divided by equity

### Revenue Reserves

Reserves considered as being available for distributions and investments

## S

### Shareholders' funds

Total of issued and fully paid up capital and reserves.

## V

### Value Additions

The quantum of wealth generated by the activities of the group and its application

## W

### Working Capital

Capital required to finance the day to day operations (current assets minus current liabilities)

# Notice of Meeting

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of Teejay Lanka PLC will be held online via a virtual platform on Thursday, 18th August 2022, at 2.30 p.m for the following purposes::

## AGENDA

1. To receive and consider the Annual Report of the Board and the Financial Statements of the Company for the financial year ended 31st March 2022 together with the Report of the Auditors thereon.
2. To re-appoint Messrs. PricewaterhouseCoopers, Chartered Accountants, as the Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be agreed upon with them by the Board of Directors and to audit the Financial Statements of the Company for the ensuing year.
3. To propose the following resolution as an ordinary resolution for the reappointment of Mr. A.L. Gooneratne who has reached the age of 70 years.  
  
"IT IS HEREBY RESOLVED that the age limit referred to in section 210 of the Companies Act No.07 of 2007 shall not apply to Mr. A.L. Gooneratne who has reached the age of 70 years prior to this Annual General Meeting and that he be reappointed as a director of the Company".
4. To re-elect Mr.A.D. Gunewardene, who retires in terms of Article 27(3) of the Articles of Association and being eligible has offered himself for re-election.

5. To re-elect Mr.M.Okutomi, who retires in terms of Article 27(3) of the Articles of Association and being eligible has offered himself for re-election.
6. To declare a final dividend of LKR 1.50 per share for the financial year ended 31st March 2022 as recommended by the Board.
7. To authorize Directors to determine contributions to charities.

By order of the Board



**CORPORATE SERVICES (PRIVATE) LIMITED**  
Secretaries  
**TEEJAY LANKA PLC**

At Colombo, on this 27th day of July 2022.

## Note:

Any shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote/speak in his/her stead and a form of proxy is sent herewith for this purpose. A proxy need not be a shareholder of the Company. A completed form of proxy must be deposited at the registered office of the Company, at No. Block D8 – D14, Seethawaka, Export Processing, Zone, Avissawella or e-mailed to corporateservices@corporateservices.lk not less than 48 hours before the time appointed for the holding of the meeting.

**Meeting Guidelines**

- (A) The meeting is to be held in line with the guidelines given by the Colombo Stock Exchange and the health authorities and as per the applicable laws.
- (B) In the interest of protecting public health and facilitating social distancing in line with the guidelines issued by the Ministry of Health, Nutrition and Indigenous Medicine, the Annual General Meeting will be held in the manner set out below:
- (i) The shareholders who wish to participate at the meeting will be able to join the meeting through audio or audio and visual means via Zoom. In order for us to forward the access information necessary for participation at the meeting, which shall include the meeting identification number, access password, and access telephone number, please forward the duly completed registration form including your e-mail address and contact telephone number to the registered address of the Company not less than 48 hours before the time appointed for the holding of the meeting, so that the login information could be forwarded to the e-mail addresses so provided.

These measures have been adopted to observe social distancing regulations/ requirements to mitigate the dangers of spread of the virus.

- (ii) In terms of circular no. 4 of 2022 from the Colombo Stock Exchange, the Company will not be sending printed copies of the Annual Reports to the shareholders.
- The Annual Report, Notice of Meeting, Form of Proxy and Registration Form will be published on the website of the Colombo Stock Exchange ([www.cse.lk](http://www.cse.lk)) and the website of the Company ([www.teejay.com](http://www.teejay.com)).
- (iii) Proxy forms are forwarded to the shareholders together with the Notice of Meeting and Registration form. Proxy forms have been uploaded to the Company's website ([www.teejay.com](http://www.teejay.com)) and should be duly completed as per the instructions given therein and sent to the registered address of the Company or e-mailed to [corporateservices@corporateservices.lk](mailto:corporateservices@corporateservices.lk) not less than 48 hours before the time appointed for the holding of the meeting and the proxy so appointed shall participate at the meeting through audio or audio visual means only.
- (i) The shareholders who are unable to participate at the Annual General Meeting via Zoom could send their queries, if any, to email address [corporateservices@corporateservices.lk](mailto:corporateservices@corporateservices.lk) at any time before the meeting time and the responses to the same will be included in the minutes of the meeting.

- (ii) Voting in respect of the items in specified in the agenda to be passed will be registered by using the audio or audio and visual means (Zoom) or a designated ancillary online application. All of such procedures will be explained to the shareholders prior to the commencement of the meeting.
- (iii) Shareholders can use the "Q&A Forum" to communicate your questions/concerns as and when required.
- (iv) For any questions please contact Riyas Ahmed of Teejay Lanka PLC on +94766036366 during office hours.







# Form of Proxy

\*I/We.....of

being a shareholder/shareholders of Teejay Lanka PLC do hereby appoint

- |   |                 |
|---|-----------------|
| 1. Mr.A.D.Gunewardene                                   | or failing him, |
| 2. Mr. Mohamed Ashroff Omar                             | or failing him, |
| 3. Mr. M.Okutomi  | or failing him, |
| 4. Mr Hasitha Premaratne                                | or failing him, |
| 5. Mr. Kit Vai Tou                                      | or failing him, |
| 6. Mr.Amitha Lal Gooneratne                             | or failing him, |
| 7. Prof. Kulatilleke Arthanayake Malik Kumar Ranasinghe | or failing him, |

.....of

as \*my/our Proxy to attend and vote/speak at the Annual General Meeting of the Company to be held online via a virtual platform on 18th August 2022 at 2.30 p.m held and at any adjournment thereof.

	For	Against
1. To receive and consider the Annual Report of the Board and the Financial Statements of the Company For the financial year ended 31st March 2022 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-appoint Messrs. PricewaterhouseCoopers as the auditors of The Company and to audit the financial statements for the ensuing Year and authorize the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-appoint as a Director Mr. A.L.Gooneratne in terms of section 210 of the Companies Act No.07 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr. A.D.Gunewardene who retires in terms of article 27(3) of the articles of association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect Mr. M.Okutomi who retires in terms of article 27(3) of the articles of association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
6. To declare a final dividend of LKR 1.50 per share as recommended by the the Board.	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorize the Directors to determine contributions to charities.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of ..... 2022

Signature/s

**Note:** Instructions as to completion are noted on the reverse hereof.

**INSTRUCTIONS AS TO COMPLETION**

1. Kindly perfect the Form of Proxy after filling in legibly your full name, address and sign in the space provided. Please fill in the date of signature.
2. Please return the completed Form of Proxy to the Company after crossing out one or the other of the alternative words indicated by the asterisks on the body of the Form and by indicating with an 'X' in the space provided against each resolution, the manner in which you wish your vote to be cast.
3. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy who need not be a member, to attend and vote instead of him.
4. In the case of a Corporate Member, the Form must be completed under its Common Seal, or signed by its attorney or by an officer on behalf of the corporation. The Company may, but shall not be bound to require evidence of the authority of any such attorney or officer.
5. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy, in the manner prescribed by the Articles of Association.
6. The completed Form of Proxy should be deposited at the Registered Office of the Company, Block D8 – D14, Seethawaka Export Processing Zone, Avissawella not less than forty eight (48) hours before the appointed time for meeting.
7. If there is any doubt as to the manner in which the proxy should vote by reason of the manner in which instructions in 2 above have been carried out, the proxy holder will vote as she/he thinks fit.
8. A shareholder appointing a proxy (other than a director of the Company) to attend the meeting should indicate the proxy holder's National Identity Card (NIC) number on the Form of Proxy and should instruct the proxy holder to bring his/her National Identity Card to the Meeting.

# Corporate Information

## NAME

Teejay Lanka PLC

## LEGAL FORM

A public quoted Company with limited liability, incorporated on 12 July 2000.

## COMPANY REGISTRATION NO.

PV 7617 PB/PQ

## STOCK EXCHANGE LISTING

The issued Ordinary Shares of the Company was listed on the Main Board of the Colombo Stock Exchange of Sri Lanka on 9 August 2011.

## REGISTERED OFFICE

Block D8 – D14, Seethawaka  
Export Processing Zone,  
Avissawella

## DIRECTORS

Mr. Ajit Damon Gunewardene – Chairman  
Mr. Mohamed Ashroff Omar  
Mr. Masaru Okutomi  
Mr. Hasitha Premaratne  
Mr. Kit Vai Tou  
Prof. Malik Kumar Ranasinghe  
Mr. Amitha Lal Gooneratne

## SECRETARIES

Corporate Services (Private) Limited  
216, de Saram Place,  
Colombo 10.  
Sri Lanka.

## AUDITORS

PricewaterhouseCoopers,  
Chartered Accountants

## ATTORNEYS

F J & G de Saram  
Attorneys-at-Law  
216, de Saram Place,  
Colombo 10.  
Sri Lanka

## BANKERS

Hongkong and Shanghai Banking Corporation Limited  
Deutsche Bank AG  
Standard Chartered Bank  
Bank of Ceylon  
People's Bank  
DFCC Bank PLC  
National Development Bank PLC  
Nations Trust Bank PLC  
Commercial Bank of Ceylon PLC  
Hatton National Bank

## INVESTOR RELATIONS

Pubudu De Silva  
Salman Nishtar

teejay