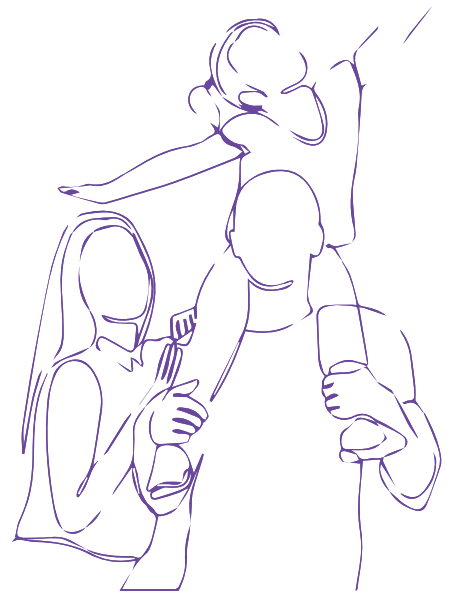




Rising to the Challenge



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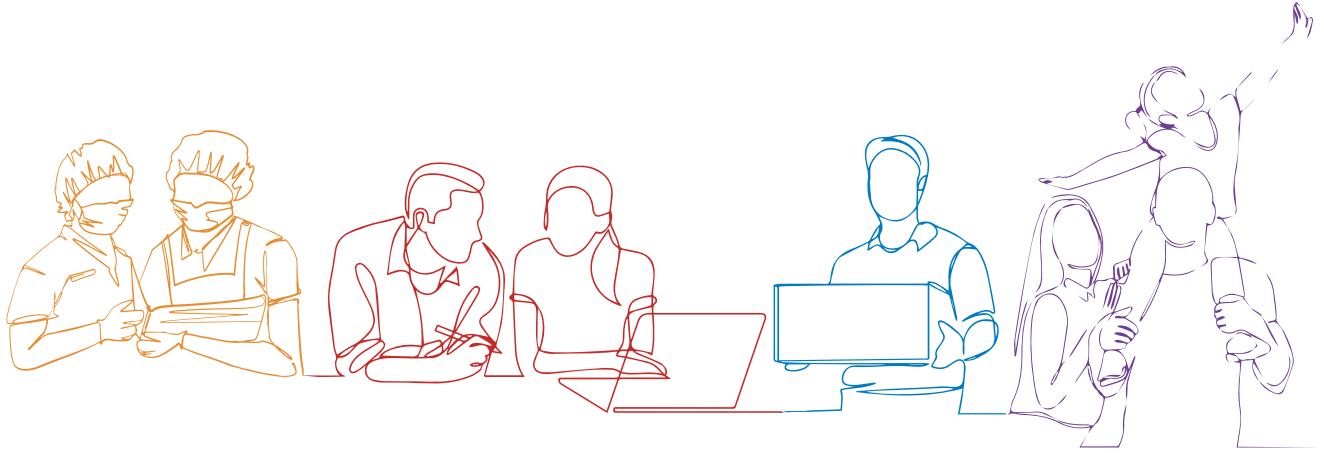
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The financial year 2021/22 was a test of our resilience and spirit, with the pandemic and the emerging economic crisis posing threats to the supply chain and deepening economic vulnerabilities.

Our challenge was to sustain our growth in an environment that was volatile and unsteady to fulfil our commitments to our consumer and country.

We stayed anchored in stormy environments by staying true to purpose and core values and, we strengthened the core of our business by supporting our people to adapt to change and building resilience through good governance and futuristic measures.

Our teams showed extraordinary passion and commitment as they rallied to turn challenges to triumph with the aim of fulfilling the food and nutrition needs of children, individuals and families.

This was a year that tested our mettle, but we rose to the challenge and emerged stronger.



Our Vision, Mission, Purpose and Values

(GRI 102-16)

Vision

“Total and complete nutrition to enhance the quality of life of future generations”

Mission

“To achieve total consumer satisfaction by maintaining consistently superior quality products that are innovative and nutritious while penetrating new markets to maintain market leadership in a competitive environment”

Group Purpose

“To create enriching moments of happiness for people, by being a caring global entity, with a true Sri Lankan identity”

Group Core Values

Caring

We are considerate. We respect our stakeholders, community and planet.

Quality

We strive with passion to deliver higher value and satisfaction through our products and services.

Innovation

We constantly explore new possibilities to create happy moments for people.

Integrity

We act honestly, responsibly and ethically.

About This Report

(GRI 102-12, 45, 46, 48, 50, 51, 52, 53 & 54)

Welcome to our Annual Report of Convenience Foods (Lanka) PLC (CFL)

“Rising to the Challenge” through which we hope to discuss how we directed our strategy in delivering performance, the value we created and our plans for future value creation. The Report is also designed to showcase how we direct strategy in an integrated manner that balances the often-competing interests of our diverse stakeholders. 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 our business.

Scope and Boundary

This Report has a comprehensive coverage of Convenience Foods (Lanka) PLC (CFL) business and operational activities, as well as the risk, governance and sustainability measures that support the achievement of the Company's strategic ambitions, while balancing the expectations of stakeholders. In addition, the Report covers both financial and non-financial data, enabling not only our shareholders but a wide range of stakeholders throughout our value chain, to ascertain the performance of CFL in a number of different forms.

The Report has been prepared using the principles set out in the GRI Standards published by the Global Reporting Initiatives, "In accordance" - core guidelines. CFL adopts a 12 months annual reporting cycle and this year's report covers the period 1st of April 2021 to 31st of March 2022. Any material events after this date and up to the Board approval date of 29th July 2022 have also been included.

Our previous Report (Excellence Exemplified) was for the year ended 31st March 2021 and released on the 20th of August 2021.

Reporting Structure

The structure of the report provides an overview of the steps taken to nurture our capitals' though which we deliver value to our stakeholders. We aim to continually improve the quality of our reporting standards and as such, this year's report includes the following added features which were introduced with the intent of enhancing clarity and readability;

- Our stakeholder value creation model.
- Increased strategic orientation in reporting.
- Improved connectivity using navigation icons.
- Careful consideration of relevant and material information.

Independent Assurance

Convenience Foods (Lanka) PLC has obtained an independent assurance for the financial statements from External Auditors Messrs KPMG. These reports have been set out on pages 104 and 141, respectively.

Targeted Audience

The Report is aimed at providing Company related information, to our shareholders and potential investors, in order to make informed decisions about the organization's growth, strength, stability, and sustainability aspects. The material matters in this Report also looks to support the information requirements of other stakeholders, including customers, employees, suppliers, business partners, and local communities. We have taken the responsibility for providing mandatory disclosures as well as voluntary information as may be deemed necessary and important by relevant regulatory and statutory bodies.

Reporting Standards

The following Voluntary Reporting frameworks and guidelines were used to prepare the Report moving beyond regulatory compliance to incorporate international best practices into our reporting processes.

Integrated Reporting:

- International <IR> Framework of the IIRC.
- A Preparer's Guide to Integrated Corporate Reporting ICASL.
- The guidelines for presentation of Annual Reports 2021 ICASL.
- Handbook on Integrated Corporate Reporting ICASL.

About This Report

Financial Reporting, Governance, Risk Management and Operations:

- Sri Lanka Accounting Standards (SLFRS/ LKAS) ICASL.
- Listing requirements of the CSE and subsequent revisions to date.
- Code of Best Practice on Corporate Governance issued jointly by CA Sri Lanka and the Securities and Exchange Commission of Sri Lanka (SEC).
- Laws and regulations of the Companies Act No. 7 of 2007.

Assurance:

- Sri Lanka Auditing Standards (SLAuS).
- Internal Auditing Framework of Institute of Internal Auditors.

Sustainability Reporting:

- GRI Standards: Core guidelines,
- Aligned to United Nations Sustainable Development Goals.
- Disclosure on Gender Parity Reporting (ICASL).

Transparency:







- Strong internal processes to ensure the integrity of financial and non-financial information.
- Timely and adequate disclosure of material information.
- External assurance on the Financial Statements.

Accountability:







- Clearly defined governance structures at the Company to support the timeliness, accuracy and relevance of the financial and non-financial information provided.
- Statement of Board Responsibility in confirming the integrity of the Annual Report.
- Board commitment to ESG through the launch of CFL Sustainability initiatives.

Navigation Our Report

CAPITALS:

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

STAKEHOLDERS:

-  Shareholders
-  Employees
-  Customers
-  Suppliers and Business Partners
-  Government and Regulatory Bodies
-  Communities

Board Responsibility

The Board takes responsibility and assures the credibility of our Annual Report, 2021/22. The Board assures that the report gives a fair and transparent account of all material issues underlining the sustainability of Convenience Foods (Lanka) PLC.

Signed for and on behalf of the Board:



R. S. A. Wickramasingha
Chairman
29th July 2022

Feedback

We understand that integrated reporting is an ongoing learning process. Hence, we welcome your feedback and suggestions to improve our 2021/22 annual report along with any queries and clarifications.

Please contact:

S. K. I. Sameera Senarathne
General Manager - Finance
Convenience Foods (Lanka) PLC,
No. 133, 7th Lane, Off Borupana Road, Kandawala, Ratmalana.
Email: sameeras.cf@cblk.com

About The Company

(GRI 102-1 to 7, 12, 16, 45, 46 & 102-50 to 54)

We are fortunate to have a proud legacy built on the strong core values of caring, quality, innovation and integrity. As an emerging market Company, we have witnessed rapid growth and are pursuing our exciting and innovative aspirations.



Convenience Foods (Lanka) PLC (CFL) is a subsidiary of CBL Investments Limited. With beginnings dating back to over three decades. Our Company entered the Sri Lankan business arena and commenced operations in 1991, named as Soy Foods Forbes and Walker Limited, a public quoted subsidiary of Forbes and Walker Limited. The Company pioneered the concept of textured vegetable protein (TVP) or popularly known as the soya meat market locally. Creating headway under the brand 'Lankasoy' this product functioned as an alternative source of protein, and grew in popularity, especially among the vegetarian and vegan markets.

In 2000, Ceylon Biscuits Limited (CBL) – who has been a pioneer in the local business arena - gained a controlling stake in the business by acquiring a majority share of 79%. The Company was renamed under the name Soy Foods Lanka Limited. The market which was slow moving was put into gear with the introduction of nugget-shaped fish, chicken and vegetarian flavoured soya products. These new, flavoured soya products transformed and expanded the domestic soya market, leading to many accolades for the brand.

With ambitious growth strategies in the pipeline in 2008, the Company changed its name to Convenience Foods (Lanka) PLC (CFL), to reflect its growth plans of diversification beyond soya based foods, into the convenience foods segment.

In 2017, CBL Investments Limited purchased 71.38% of the issued share capital of CFL from Ceylon Biscuits Limited, thereby transferring majority ownership of CFL to CBL Investments Limited. This diversification heralded the growth of the product range, adding Sera Kottu, Sera Salt, Sera Coconut Oil and Sera Coconut Milk to the portfolio. 2021 witnessed further growth in the product range with the introduction of Sera spices. Today, the Company boast a portfolio of more than 100 SKU's and enjoys the patronage of consumers across different continents. We have built the foundation to make a presence in the Middle East, Europe, USA, Asia and thereby contribute a noteworthy percentage towards CBL exports. Our success has been amply rewarded with the many awards and accolades which we have received throughout the years, this is indeed an affirmation of our brand's strength and the trust we have created in our consumers.

The registered office of the Company is located at No.555, High Level Road, Makumbura, Pannipitiya and the principal place of business is situated at No. 133, 7th Lane, Off Borupana Road, Kandawala, Ratmalana. Throughout the years CFL has ensured they utilize high-tech machinery and automated packaging lines in accordance with global standards. The factory has received ISO 9001, 14001 and 22000 standard accreditations, along with GMP, HACCP and Sri Lanka Standards (SLS) certification for soy food products certified by the National Standards Body for quality assurance.

In addition to our strong financial performance and innovative and much-loved product offerings, it is imperative for us that CFL remains a sound Company. We are bringing together our passion and purpose to make a difference through our sustainability approach, to build a more inclusive and greener Sri Lanka. At the heart of it all is our talented team. We take much pride in fostering an inspiring workplace with an agile and high-performance culture. We are also deeply committed to recognizing and valuing diversity across our teams.

Year at a Glance



CFL Achieved
Highest Ever Turnover of

Rs. 4.8 Bn



New Product Categories

10
New Product Launches



Our Workforce

329 Employees
Female Representation
17.1%



Strength of Financial Capital

- Revenue Growth : **51.5%**
- Current Asset Ratio : **2.8 Times**
- Silver Award : Manufacturing Companies (Turnover Up to **Rs. 5 Bn**) 56th Annual Report Awards 2021, The Institute of Chartered Accountants of Sri Lanka.



Manufactured Capital Upgrade

- Introduced "Low Temperature Grinding Technology" for spice processing.
- Production processes adhere to the highest quality standards.
- Capital Expenditure : **Rs. 180 Mn**



Value adding to Human Capital

- A workforce of **329** Permanent employees.
- **458.5** training hours.
- Make sure wellbeing of the employees.



Enhancement of Intellectual Capital

- New Product Developments : **10**
- Investment in R&D
- Continuous innovation in our product portfolio.
- Continuous product quality testing.
- Consistent efforts and Investment on brands.



Contribution to Social Relationship Capital

- CFL Won a **Gold award** at **NCQP 2021** organized by the SLAAQP.
- Long term relationship with supplier base.
- Strong customer complaints handling process.
- Acknowledgement of product responsibility.
- Continuous efforts on compliances and certifications.



Natural Capital

- 1,210 Trees planted during the financial year 2021/22.
- Efforts on sustainability initiatives.
 - PET Bottles Collecting Project
 - Tree for Life Project
 - Water recycling
 - ECO Friday
 - Project PROMISE
- Fully compliant with the requirements of ISO 14001:2015 Environmental Management Systems.



Revenue
51.5%

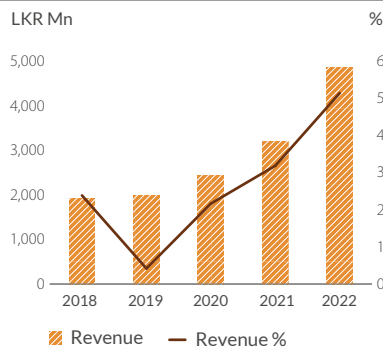


GP Margin
23.9%



Net Profit Margin
7.9%

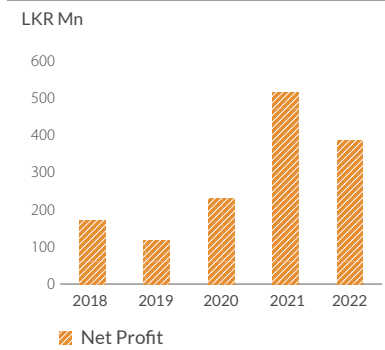
Revenue



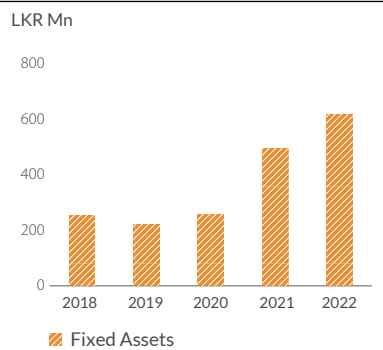
Operating Profit



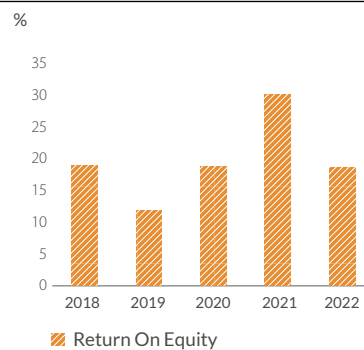
Net Profit



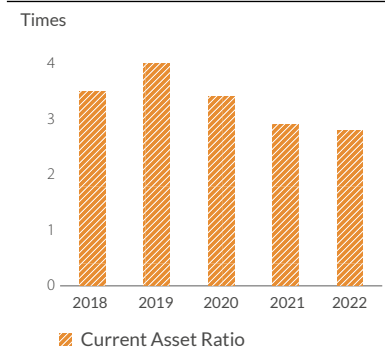
Fixed Assets



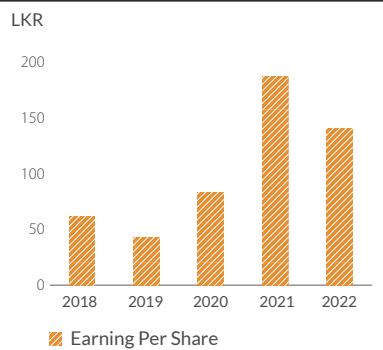
Return On Equity



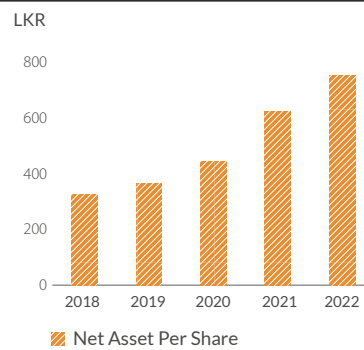
Current Asset Ratio



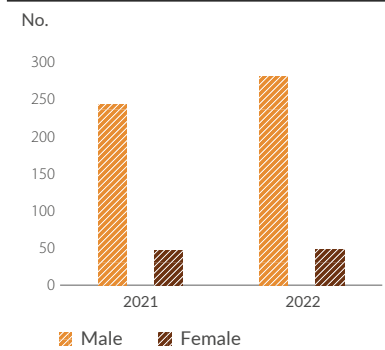
Earnings Per Share



Net Asset Per Share



Workforce



Key Milestones

"Convenience Foods (Lanka) PLC (CFL) entered the Sri Lankan business arena and commenced operations in 1991 and was the pioneer in textured soy products. In 2000, the controlling stake in the Company was acquired by Ceylon Biscuits Limited, a leading Sri Lankan Food manufacturer and in 2017, majority ownership was acquired by CBL Investments Limited (CBL Group) which is one of Sri Lanka's largest and fastest growing food manufacturing conglomerates.

1990/91

- Commencing of operations of Textured Vegetable Protein (TVP) under the name Soy Foods (Pvt) Ltd.

1991/92

- Company listed under Colombo Stock Exchange (CSE).

2000/01

- Ceylon Biscuits Limited (CBL) acquires controlling stake in the Company and applies its expertise to change the perception of 'Soya Meat' in the market.

2001/02

- Introduction of new shapes and authentic flavours to revolutionize the slow moving Soya meat in the marketplace.

2002/03

- Lankasoy won awards at the SLIM Brand Excellence Awards and Sri Lanka Food Processors Association.
 - » Gold Award - 'Turnaround Brand of the Year'
 - » Silver Award - 'Innovative Brand'
 - » Bronze Award - 'Brand of the Year'

2003/04

- Soy Foods Lanka Limited expanded its operations with the introduction of modern technology to the factory by investing in new machinery.

2006/07

- Introduction to Lean Manufacturing Practices.
- Certification of ISO 9001 for the new high tech factory.
- Won SLIM 'Brand Excellence' award and 'Productivity and Quality' award from the National Productivity Secretariat (NPS).

2007/08

- Soy Foods Lanka Limited was listed as Public Listed Company (PLC) as the Soy Foods Lanka PLC.
- Won SLIM 'Brand Excellence' award and 'Productivity and Quality' award from the National Productivity Secretariat (NPS).

2008/09

- Soy Foods Lanka PLC was transformed to Convenience Foods (Lanka) PLC (CFL) as the Company expanded with diverse range of food.

- Won SLIM 'Brand Excellence' award and 'Productivity and Quality' award from the National Productivity Secretariat (NPS).

2009/10

- Certified with SLS certification for Soy food products by making Lankasoy the first Soya food brand to qualify for the certification.

2010/11

- Certified with ISO 22000, GMP and HACCP.

2011/12

- Bronze award and secured position among the Top 10 Awards of Extra Large category at CNCI Achievers awards

2012/13

- Introduction to State of the Art Machinery for production of variety of flavours and snack range.
- Won the following at SLIM Brand Excellence Awards
 - » 'Brand of the Year'
 - » Gold Award for 'Product Brand of the Year'
 - » 'Local Brand of the Year'
 - » Gold Award 'Innovative Brand of the Year'

2013/14

- Silver Quality Circle Award at the National Business Excellence Summit
- Bronze Award - Brand of the Year at SLIM Brand Excellence Awards
- Gold Award - Manufacturing Food and Beverages at National Business Excellence Awards

2014/15

- Implementing of SAP ERP System and HRIS System
- Introducing Nutriline Cereal with three different varieties
- Certification of ISO 14001 - Environment Management System
- Gold Award - Manufacturing Food & Beverages at National Business Excellence Awards

2015/16

- Introducing of Tetos snack range

2016/17

- Ownership transfer of CFL with majority shares to CBL Investments Limited
- Certification of OHSAS 18001
- Introduction of easy to make Kottu range

2017/18

- Introduction of Sera Coconut Milk
- CBL celebrated its' 50th anniversary
- Existing system upgrade to SAP HANA ERP System
- Recognised with Business Excellence Award for New Product Initiatives/ Innovations at the Chairman's Awards organised for the first time by CBL Group
- Runners Up - Manufacturing Food & Beverages at the National Business Excellence Awards
- Sri Lanka's Best Brand Award at CMO Asia Brand Leadership Awards

2018/19

- Launching of Sera Coconut Oil
- Gold Award - Quality and Productivity at National Convention conducted by Sri Lanka Association for Advancement of Quality & Productivity
- Gold Award for Lankasoy 'Kiri Malu' in the Best New Entrant category at SLIM Brand Excellence Awards

2019/20

- Introduction of refined and iodised Sera Salt range

2020/21

- Recorded highest ever price of a single share of Rs. 1,999 during the year.

2021/22

- Introducing of Sera Spices Range with investment at state of the art facility with modern technology in spice processing.
- Silver Award - Manufacturing Companies (Turnover Up to LKR 5 Bn) 56th Annual Report Awards 2021 ICASL.
- Won Gold Award at NCQP 2021 organized by the SLAAQP.
- 3rd place of National Productivity Awards 2020
- SAP COPA Implementation.
- COVID-19 Safety Management System Certification SLS 1672: 2020.

Performance Highlights

(GRI 201-1)

FINANCIAL HIGHLIGHTS

	Metric	2021/22	2020/21	% Variance
Profitability				
Revenue	Rs.	4,858,647,421	3,207,282,244	51
Results from operating activities	Rs.	460,539,807	575,972,199	(20)
Finance income	Rs.	40,957,256	62,158,719	(34)
Finance expenses	Rs.	(11,679,300)	(5,183,148)	125
Profit before tax	Rs.	489,817,763	632,947,770	(23)
Income tax expenses	Rs.	(103,644,723)	(117,042,986)	(11)
Profit for the year	Rs.	386,173,040	515,904,784	(25)
Return on capital employed	%	22.91	36.56	(36)
Profit before tax	%	10.08	19.73	(49)
Financial Position				
Non current assets	Rs.	740,544,976	541,327,824	37
Current assets	Rs.	2,390,842,156	1,984,093,130	21
Non current liabilities	Rs.	200,584,013	127,186,874	58
Current liabilities	Rs.	854,378,398	684,661,271	25
Capital and reserves	Rs.	2,076,424,720	1,713,572,809	21
Current ratio	Times	2.80	2.90	(3)
Quick assets ratio	Times	1.47	2.54	(42)
Shareholder Information				
No of shares in issue	Number	2,750,000	2,750,000	-
Market value per share (closing MPS)	Rs.	1,182.25	1,245.00	(5)
Earnings per share (EPS)	Rs.	140.43	187.60	(25)
Net assets per share	Rs.	755.06	623.12	21
P/E ratio	Times	8.42	6.64	27



Rs. 490 Mn

Profit Before Tax



10%

PBT Margin



Rs. 1,182

MPS



Rs. 180 Mn

CAPEX Expenses

NON-FINANCIAL HIGHLIGHTS

	Metric	2021/22	2020/21	% Variance
Manufactured Capital				
Property, plant & equipment (NBV)	Rs.	616,391,944	494,613,301	24
Capital expenditure	Rs.	180,163,951	271,632,264	(34)
Depreciation of PPE	Rs.	58,385,307	31,856,095	83
Human Capital				
Employees	Number	329	290	13
Remuneration & post employment benefits	Rs.	563,017,456	479,619,981	17
Female representation	%	17.1	19.3	(11)
Investment in training & development	Rs.	2,279,986	1,293,714	76
Total training hours	Hours	458.5	488.5	(6)
Average training hours/employee	Hours	1.4	1.7	(17)
No. of injuries	Number	2	2	-
Lost days due to injuries	Days	10	5	100
Intellectual Capital				
New Products Developments (NPD's)	Number	10	-	100
Existing product categories	Number	105	95	11
Investment in R&D	Rs.	524,619	282,016	86
Social & Relationship Capital				
Investment in charity & donation	Rs.	490,143	153,528	219
No. of Compliance certifications	Number	7	7	-
Natural Capital				
Electricity	kWh	*2,464,775	1,712,375	44
Furnace oil	Liters	141,811	184,425	(23)
Diesel	Liters	*71,673	37,625	91
LPG	Kg	*25,500	18,713	36
Emission	Co ₂ e/Kg prod.	*0.24	0.23	4
Water consumption	m ³	13,954	14,192	(2)

* Increase is due to addition of a newly built business line of the Spices production plant.

Shift to alternative energy sourcing due to power interruptions.

Steps into a New Chapter

CBL Sera launched an exciting new chapter for the CBL Group, entering one of the largest categories in the FMCG market with the Sera Spice range.



Sera Spices are made using the highest quality of raw materials and processed using precision low temperature grinding technology to ensure the highest standards of freshness, quality, aroma and taste.

One of the key specialties of Sera spices is that after the raw materials have been fed into the system, there is no human handling until the product comes out in packaged form, which ensures a hygienic closed process to maintain the highest quality standards.

The fully automated process grinds the raw materials in a closed low temperature chamber which closely preserves the freshness, taste and aroma of the product. The Sera Spice range was successfully launched on the 11th of August 2021 via a virtual ceremony, which was a new experience for the CBL family.

Our own CBL family was the first consumer of the Sera Spices and the team presented every CBL staff member across the Group with a special gift pack of Sera Chili Powder and Sera Pepper Powder with the official launch.

- Introduces Sri Lanka's first 'Low-Temperature Grinding Technology' for spice processing.
- Promises purest and highest quality spice experience to consumers.
- CBL raises the bar for the industry, even amidst a pandemic.
- Aims to capture a significant share of the fast-growing local spice market.
- Keen to explore into export markets.



Launch of Sera Spice range.

New Product Launches



Sera Spice Range

Sera Spices are manufactured with the highest quality spices, finely ground using state-of-the-art low-temperature grinding technology and follows an automated roasting process to preserve the aroma, taste and flavour that is synonymous with the quality promise of CBL.



Sera Coconut Milk 500ml

Pure coconut milk is extracted from the milky kernel of the mature coconut, UHT treated and aseptically packed in a Tetra pack with a fat percentage of 20%. Commonly used as a cooking ingredient and in dairy-free drinks and desserts.

The purpose of launching 500ml SKU was targeting high usage consumers providing additional convenient lid in the pack.



Nutriline Grain Berry 150g

Nutriline was the first local player in the market to introduce chocolate center-filled breakfast cereals to Sri Lanka. The latest addition to the portfolio was a delicious multigrain cereal with chocolate and natural strawberry-flavoured center fill. This product has no added artificial colours, artificial flavours and preservative. Nutriline Grain Berry is enriched with Vitamin A, D3, Iron and Calcium which are vital vitamins and minerals for a healthy kid.



Nutriline Lemon Crunch 150g

Nutriline Lemon Crunch is the first lemon-flavored breakfast cereal in Sri Lanka. It is a delicious and nutritious multigrain cereal with chocolate and natural lemon-flavoured center fill. It is enriched with Vitamin A, D3, Iron and Calcium which are vital vitamins and minerals for a healthy kid and the product has no added artificial colours, flavours and preservatives.



Lankasoy Jumbo 120g

The Jumbo pack was launched as a strategic SKU to stay relevant to consumer needs in a hyperinflationary economic conditions. It is a 120g chicken-flavored SKU that is sufficient to feed the entire family for two meal occasions hence it acts as a super-saver pack for low and mid-consumer segments to manage their main day-to-day meals.

Our Products Range

(GRI 102-2)



Being a pioneer in introducing soy nuggets to Sri Lankan consumers, Lankasoy has been instrumental in developing and shaping the textured soya protein category and has revolutionized the market with different varieties, nugget shapes and attractive communication strategies over the years. Establishing Lankasoy as a trendsetter and providing inspiration to others to uplift the category, the brand offers its variants under the original range, Malusoy, Chickosoy, Vegesoy, Meatysoy, Mincéd Mix and novel products such as Kiri



Malu, Polos, Ala Curriya, Miris Malu, Jumbo Pack, etc. The diverse range, the taste profiles and the innovative shapes with effective communication have enabled Lankasoy to be the Market Leader who has won heart share amongst consumers. Our products have been accredited both locally and internationally with ISO 22000, HACCP, ISO 9001, OHSAS 18001 and GMP certification in addition to SLS, with annual audits to ensure the highest quality standards.



Sera is the gastronomic food brand under the CBL brand portfolio. Within a very short period, Sera was able to penetrate the homes of Sri Lankan consumers and become a household brand name, that stands for quality and trust. With busy lifestyles requiring innovative solutions that deliver convenience, Sera offers a range of functional and easy-to-use food products. With the vision to be the aspirational kitchen partner for the convenience-seeking homemaker, Sera continues to extend the portfolio to capture the market through the introduction of different culinary aids - coconut milk and salt, meal accompaniments - soups and family meals - Kottu and value additions, this year Sera ventured into huge category-spices to provide consumers with high quality trusted products that make meals delicious and enjoyable.





Nutraline is a progressive, urban Nutrition brand for CBL, which cuts across both children and teenage target audience through its Breakfast Cereal range. The Nutraline Kids cereal range is a tasty, healthy and wholesome cereal enriched with multi-grains, offering goodness with affordability for children. It is made locally using Sri Lankan grains and manufactured to the highest quality standards. Nutraline cereal makes a nutritious and convenient breakfast option that appeals to mothers and is loved by children. This year, Nutraline further expanded its portfolio with the launch of Nutraline Lemon Crunch and Grain Berry.

CBL Tetos

CBL Tetos is an exciting, urban brand that caters to both youth and children. Tetos delivers a rich potato-based array of flavors manufactured adhering to the highest quality standards. With the growing demand need for fun and exciting snacks for on the go snacking, movie get-togethers and sharing with friends, Tetos provides a Real Potato experience to young consumers Tetos Moments.



Key Communication Campaigns



Lankasoy & Nutriline Communication Campaign

Lankasoy throughout the year various above the Line (ATL) communication and demand generation activities, including loyalty programs and promotions for customers and traders were carried out.

The brand Nutriline leveraged its strong lifestyle associated with its last year ATL campaign and brand proposition titled "Podi Waddanta". This was used to further establish significant awareness among the main target group of mothers and children.

'Sera' started its mobile promotion unit 'Sera Kitchen'.

This gives a real product experience to customers by providing opportunity to taste Sera products samples prepared by a professional chef. The customers can also purchase Sera products and be entitled to win eco-friendly kitchen items essential for the pantry. This initiative aims to support domestic industries and create awareness on locally produced environmentally friendly products. 'Sera' also provided a plant to consumers to promote a tree planting habit.

The Sera Mobile Promotion units has been promoted through radio channels with continuous endorsements and location live updates. Sera's recipe book 'Sera Rasa Rahasa' another feature of Sera Kitchen concept has been positively received by the Sri Lankan consumers.

CBL Sera Smart Kitchen

CBL Sera Smart Kitchen - is fun and exciting Cookery and Entertainment TV Program - exclusively for Sera and Food Cluster brands. Featuring a leading Sri Lankan Chef and popular personalities and celebrities to deliver on audience engagement, the program airs on the Swarnavahini channel every Saturday at 6.00 p.m.

The main objective of this program is to popularize the Sera full range, with a special highlight on newly launched spices. Consumers will be educated about the best ways of using our products the unique selling propositions get highlighted through applications and food tips given by chef of preparations.

This initiative will support to expand the brand awareness and increase relevance of our Sera products. This is a 12-month program with excitement and surprises every week.



CBL Sera smart kitchen - every Saturday at 6 p.m. on Swarnavahini.

Sera Spice Coms

The Sera Brand launched the Communication of Sera Spices, highlighting the quality, hygiene and CBL trust in the consumers' minds by creating a 360-degree campaign through TV, radio, print, digital, LED panel advertising, vehicle branding and hoardings, along with a distinctive pack design that gave visibility to the Sera Spice Brand in the competitive market.

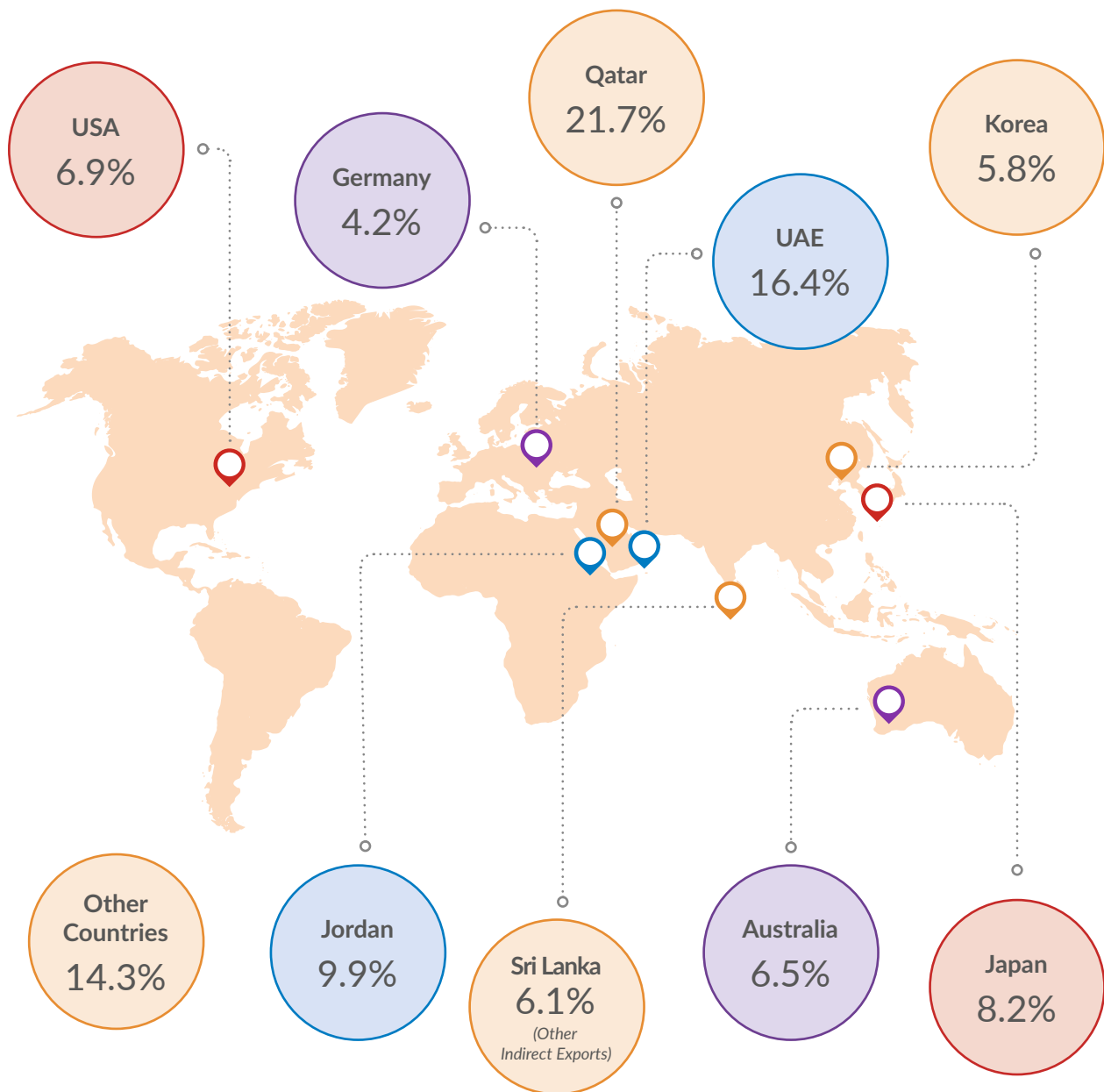
Under phase one, an aggressive visibility drive with posters, door panels, Streamers and visibility units was carried out whilst creating availability in the trade for Sera Spices and grabbing outlet shelf share. Teaser campaigns were developed under the theme "Theguna Prathiganawa" followed by a TVC, Digital and Press campaign highlighting product consistency in Taste, Aroma and Quality with CBL Trust, which was aired with high frequency on leading media channels.

It is further supported by BTL activations under the Sera Kitchen Concept, promoting the Spice Range with a basket of Sera products to the consumer. Digital media was used to further establish the brand and create awareness of the new category with tailor-made campaigns emphasizing reach and consumer engagement. The 360-degree campaign was well accepted in the trade and by consumers enabling the brand grab market share in a short period of time.

Our Global Markets by Sales Volumes

Convenience Foods (Lanka) PLC is a pioneer and the largest soy manufacturer in Sri Lanka which has marked pre-eminence and is by far the market leader of the Soy industry with an array of product categories under the brand name Lankasoy.

Today the Company exports a range of products to the Middle East, Europe, USA, Asia and Australia thereby contributing a notable percentage to the CBL exports.



Note: The above data is for export revenue and reflects the Country share as a percentage to export revenue.

Achievement and Awards



56th Annual Reports Awards 2021

Convenience Foods (Lanka) PLC
Silver Award - Manufacturing Companies
(Turnover Up to LKR 5 Bn)
56th Annual Report Awards 2021
The Institute of Chartered Accountants of
Sri Lanka.



National Productivity Awards 2020

3rd place of National Productivity Awards 2020, in the Manufacturing and Services Sector - Large Category conducted by the National Productivity Secretariat (Ministry of Labour and Foreign Employment).



Gold Award at NCQP 2021

Convenience Foods (Lanka) PLC won a Gold award at NCQP 2021 organized by the SLAAQP. This was awarded for a project carried out by a cross functional team and the project was focused on reducing customer complaints due to non-availability of curry sachets in TSP and Kottu packets. This is the second time that CFL won a gold award at NCQP awards.



CBL Food Cluster Bags an Award from Eco Spindle

CFL (CBL Food Cluster) was recognized by Eco Spindles for the initiative taken to reduce plastic waste by placing PET bottle collection bins at SPAR outlets.



Chairman's Message

(GRI 102-14)

We are committed to journey of sustainability that prioritizes environmental, social and governance performance for inclusive growth.

Dear Shareholders,

I am pleased to welcome you to the 31st Annual General Meeting of Convenience Foods (Lanka) PLC (CFL) and place before you the Annual Report which includes the Audited Financial Statements for the financial year ended 31st March 2022. During the financial year we underwent many challenges, impact of COVID-19 and its consequences on people, society and the economy, left us all vulnerable. Add to that, the economy was also not conducive. Despite the tough times, we were able to strengthen our company and made every effort to overcome all the challenges.

I am proud of the determination of my colleagues and other stakeholders who have rallied together to lead the change and deliver sustainable outcomes. Our purpose guides us to work towards a sustainable future that ensures environmental sustainability, good governance, community development and socio economic growth.

It is with deep sadness that we share the loss of our beloved President Emeritus and Founder of the CBL Group, Deshamanya Mineka Wickramasingha. His vision was for safe, high quality food that delivered value beyond business to support communities to grow. He created avenues for Sri Lankan brands to thrive in the local market and overseas. He was a strong voice for

industry and national growth, conferred with the second highest civilian honour of Deshamanya for his highly meritorious service to the nation. He instilled the foundations of Caring, Quality, Innovation and Integrity at CBL and shaped our purpose to deliver enriching moments of happiness by being a responsible global entity with a truly Sri Lankan identity. The CFL family is grateful for his visionary leadership and will continue to be inspired by these foundations that will guide our journey.

In the year 2021/22, we managed to overcome most of the challenges. Our operational team who demonstrated tremendous determination to support the resilience of our valued chain stakeholders and the food supply chain.

As we manoeuvred tough incoming supply chain disruption and inflation, the demand for our Lankasoy, Sera, Tetos and Nutriline product range remained strong. The market continued to rebound well and we were able to expand our position in significant target markets. The economic volatility threatens food and nutrition security, our brands and products continue to have an important role in supporting the food and nutrition needs of our communities. Our sales team was able to reach consumers across the Nation. The marketing team's quick response with pricing and demand



31
Years' History



+ 21.2%
Net Asset Per Share



+51.5%
Revenue

Chairman's Message

generation initiatives to compensate for raw material cost inflation was indeed assisted by the Procurement, R&D, Supply chain, Production, Quality and HR teams. Digitising all processes enabled to serve the customers efficiently and continuously.

Sri Lankan Economy

Due to COVID-19 pandemic lockdowns and mobility restrictions resulted in a slowdown in the economy in the first half of the year. During the latter part, successful vaccination campaigns and health and safety protocols enabled the reopening of the economy. According to the Annual Report (2021) of the Central Bank of Sri Lanka, the Sri Lankan economy grew in real terms by 3.7% in 2021, compared with a 3.6% contraction recorded in the preceding year. All sectors of the economy grew during 2021 (Agriculture, Forestry and Fishing by 2%, Industry sectors by 5.3% and Services by 3%).

The majority of subcategories within the industries sector registered robust growth. This is amid an easing of nation-wide pandemic restrictions in some months during the period under review. Due to the external factors and adverse developments on global and domestic fronts, The Central Bank allowed flexibility in exchange rates, intending to maintain the depreciation

Net Profit



rate at a stable level. However, large pressures in domestic foreign exchange markets caused an overshoot in the Sri Lankan Rupee. Against this backdrop, the Company was required to be proactive in foreign currency funding to ensure smooth raw material importation while ensuring uninterrupted production.

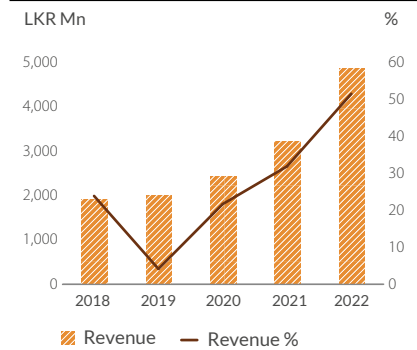
Company Performance

Your Company, with a 31 years' history of serving consumers both locally and globally, is proud to reach another milestone with the introduction of Sera Spices into its portfolio which continued to make headway into households across the island, by leveraging on the goodwill of the CBL Group. With increasing focus on consumer health and nutrition, Nutriline cereals grew its market share as the preferred breakfast cereal.

The Company achieved the highest ever revenue amounting to Rs. 4,859 Mn despite the extremely volatile economic environment it was surrounded by, it ended the year recording 51.5% growth over the previous financial year. This revenue growth came about with the entrant into a new market segment of spices. The Company ended the year with a positive bottom line recording an Operating Profit (OP) of Rs.461 Mn and Profit After Tax (PAT) of Rs.386 Mn. This includes the income tax expense of Rs.104 Mn. The Return on Equity (ROE) was reported at 18.6% compared to 30.1% in the previous period. The Earning Per Share (EPS) was Rs. 140.43 per share for 2022 compared with Rs. 187.60 in 2021. The Company declared and paid a Dividend of Rs. 10.00 per share for the year ended 2020/21.

During the period under review, brand building efforts to enhance the brand equity for Lankasoy, the flagship brand,

Revenue



were sustained, as it continues to dominate the soy food segment. The Company which was reliant on Soy based products from its inception has now reduced its dependence on this segment to 61% from 72% in the previous year. This came about through the expansion of the non-soy product portfolio including culinary aids. The launch of Sera Spices which was very effective to influence consumers for early adoption.

Governance

Good governance and transparent relationships have been at the heart of the Company. During the year the Company has been focusing on the safety and wellness of people and partners in these challenging times. The Company's strong governance framework is detailed on page 72 of this report. The Board of Directors and the Board sub-committees met in a timely manner to perform their duties and wish to ensure that CFL's financial statements for 2021/22 comply fully with financial reporting requirements. There was no change in the composition of the eight (8) Board of Directors during this financial year. Further details on governance, compliance and initiatives can be found in the Corporate Governance section of this Report.

"I am confident that with a strong governance structure, ethical practices, quality and innovative strategies we can guide the Company towards success during these challenging times. In our long history, we have faced countless challenges and risen to them all because we have stayed true to our foundations of purpose and core values."

I am pleased to report that CFL was the winner of the silver award for manufacturing companies (Turnover up to LKR 5 Bn) at the 56th Annual Reports Awards 2021, conducted by the Institute of Chartered Accountants of Sri Lanka. I see this as further assurance of the efficacy and completeness of our overall approach to transparent reporting.

Future outlook

The outlook for Sri Lanka in the short to medium term is expected to remain volatile. Even though, the outlook of the country remains unpredictable it's expected that structural changes will be implemented with comprehensive economic programs to correct the macroeconomic imbalances. With IMF intervention, guided tax reforms are expected to roll out while increasing government revenue to reduce the fiscal deficit. We are optimistic that during the latter part of the year solutions will be evident with a positive way forward.

Despite the prevailing economic challenges, we are positive that the Company can maintain steady financial performance with effective pricing strategies, productivity and cost measures. The Company will continuously monitor developments in the economic environment and adopt flexible strategies while ensuring our quality standards are maintained. With the rising

demand for affordable food and nutrition, our Company will have a competitive advantage due to the wide variety of food solutions we offer. The Company will continue its growth trajectory while taking proactive measures. With the country's need to drive export growth, the Company is aligned to focus on export markets. We will continue to prioritise stakeholder expectations and work towards delivering meaningful value for the business in the years to come. I am confident that our foundations will continue to guide our resilience.

Acknowledgements

I thank the entire team at CFL and all our stakeholders who have contributed to the growth of the Company. In particular, our teams at CFL have worked tirelessly to ensure nutritional and enriched products to the satisfaction of our customers. We will strive to serve their needs at all times.



R. S. A. Wickramasingha
Chairman
29th July 2022

Managing Director's Message

In a year filled with challenge, we aligned strategies to operate in a post-pandemic era with an absence of norms, to record the highest revenue in our history.

Dear Shareholders,

It is my privilege to present to you the Annual Report of Convenience Foods (Lanka) PLC (CFL) and financials for the year ending 31st March 2022. The year under review has been volatile, requiring agility and foresight to navigate the converging challenges. Our theme year is 'Rising to the Challenge' and it captures how our teams responded to the turbulence of the year. We pride ourselves on being a food producer that adds meaningful value to the consumer household. We know that households across the country rely on our products to fulfill needs of individual and family and our teams actioned our purpose by ensuring that our products reached consumers nation-wide. We took steps to reduce our environmental impact and we supported our employees and local communities to stay resilient. We embodied our core values in our work and we stood with integrity. The country's economic uncertainty, foreign exchange deficit, rupee devaluation and rising overall cost of raw materials were challenges which we had to chart our course though we adapted our processes to support continuity in these changing environments, streamlining processes and optimizing systems. We also expanded our portfolio to address opportunities to fulfil consumer needs.

This expansion included the venture into a new category with Sera Spices, utilizing low temperature grinding technology, to ensure freshness, for the first time in Sri Lanka.

Challenges Faced

Our teams conquered new horizons and focused on building resilience in the face of impending threats. COVID-19 led disruptions to supply chains remained a key challenge during the year. Against this backdrop, the Company continued to work proactively with its eco-system of network partners, to ensure a continuous supply of raw materials. Rising inflation rates and the depletion of foreign exchange reserves had an adverse effect on the importation of goods, while restrictions in the form of fuel shortages added to the burdens to the Company and its consumers. Consumer behavioural patterns too took a drastic shift with essentials being on the top of the list and comfort food having less place on it.

Product and employee safety were key priorities for CFL's management and far sighted strategies were implemented to improve health, safety and quality. Notwithstanding the challenges currently faced within the export market the Company also was able to make inroads into direct exports and the expansion into HoReCa (Hotels, Restaurants, Catering)



23.9%

Gross Profit Margin



9.5%

Operating Profit Margin



7.9%

Net Profit Margin

channels. With food inflation continuing to soar which was partly due to the depreciation of the Sri Lankan Rupee, non-food inflation followed a similar pattern of rising prices. In this backdrop ensuring a steady supply of imported raw materials was indeed a struggle. However, due to the Company's strong relationship with the local and foreign banks and other financial institutions, we were able to maintain a steady flow of imported raw materials, ensuring continuous product lines and sufficient stocks available to our consumers.

As one of the strongest Companies in the CBL Group, CFL is a key contributor to the socio-economic progress of the country and will continue to strive towards ensuring nationwide resilience through the current crisis. CFL is an important contributor to the food supply chain. The expansion of direct exports which took place during the year under review will ensure the inflow of much needed foreign exchange through which the Company and the nation at large would benefit. Our teams continue to gear themselves and build capabilities to tackle emerging threats. Using insights from the challenges of this year, I am confident that we will continue to adapt and innovate to raise the bar through purpose driven, ethical practices to face the future.

Financial Performance

The Company's top line increased by 51.5% from the previous year, reaching the highest revenue ever recorded. With strong strategies in place to mitigate risk and support performance, the Company was able to face the unprecedented challenges of 2021/22 with remarkable success, costs were efficiently controlled to a level where we were able to close the year with a commendable performance with operating profit recorded at Rs.461 Mn and Profit

After Tax recorded as Rs.386 Mn. These figures are testament to the Company's product portfolio and the strong sales and marketing efforts used to ensure the brand remains top of mind recall among its consumers. A decrease of 55% in the Total Investment Base was witnessed, which was due to the liquidation of fixed deposits held by the Company in order to facilitate the expansion of the working capital requirement of the Company.

Amidst the pandemic and the country's struggling economy, we value the trust and confidence our shareholders have placed in us. As part of this return on investment strategy the Company declared a dividend of Rs. 3.50, ROS (Return On Sales) was recorded at 7.9%, ROA (Return On Assets) was recorded at 12.3% and ROE (Return On Equity) was recorded at 18.6%. Overall, the CFL brand performed exceptionally well. This has been their story of adaptability and farsighted thinking which has brought about a resilient financial year.

Strategy and Execution

A critical driver of our growth is the accelerated development of our prioritized capabilities, which are increasingly proving to be our competitive advantage for building sustainable long-term growth. This is supported by an established and capable team that is driving an ambitious agenda; Strategic implementations established in this financial year include One HR Information System, an Upgraded HRIS System, SAP COPA module implementation, cost reduction initiatives, equipping field sales teams with tabs and mobile devices online with the Sera Kitchen improving process efficiencies with the CBL FOCUS application and CBL FOCUS to operate better and smarter. The Company's bottom line was further strengthened by a flurry of direct exports. The expansion to the

number of Modern Trading (MT) companies which are already in our portfolio and the emphasis on HoReCa channels, enabled the Company to grow strategically in this brand market. This demonstrates our focus on strategic additions to our territories alongside relevant bolt-on additions to our portfolio. I am grateful for the trust placed in us by the shareholders, staff and communities even during challenging times and I am very pleased by the potential of the business and its people.

Increasing consumer value and ensuing brand recall have been the ethos of our marketing and branding teams. During the year under review brand awareness was increased through the continuation of the Lankasoy corporate campaign, which highlights the Company's standards, quality and values, hence winning the hearts of consumers. The advertising campaign emphasized the Brand status as a consumer focused, high-quality, ethical brand. Strategic planning, positioning and segmentation of these products enabled these new entrants to gain market share in the congested segment environment.

Product Development

During the year the Company made significant inroads into this process with its entry into the largest consumer segment of FMCG. Yet another noteworthy venture is the new and exciting Innovation Centre, which was launched during the year under review, which is targeted toward developing new, innovative products. The launch of the Sera spice range during a year filled with turbulence and economic uncertainty was indeed a challenge and we are indeed excited at the market share it has gained over a short period of time, this could be attributed to the highest quality raw materials which are used, and the innovative fully automated equipment

Managing Director's Message

which is been used to ensure the best product freshness, taste, and aroma are maintained. The strength of a product is in its brand presence and availability, in order to ensure this CFL has increased its production capacity as well as its storage capabilities in Sri Lanka through supply chain mechanisms, in addition to the major sourcing relationship with India. Customer demands are constantly changing, in order to ensure that we keep abreast with these changing customer demands, highly experienced team members have been hired to lead this and lead initiatives which will keep the consumers' minds ticking. CFL is maintaining the highest environmental standards while increasing production and has earned certificates for its COVID-19 safety management system and certification of its quality management system - ISO 9001-2015.

Brand Performance

Lankasoy

Lankasoy had a record-breaking fiscal year last year with a volume market share over 40%, the brand established itself far ahead of its competitors. Effective & well-planned sales and marketing strategies, visibility, and timely communication in digital and media channels all contributed to this achievement. The Brand created a page in CFL history recorded by achieving the ever highest annual sales turnover of Lankasoy. Many programs were conducted on Digital and Press media channels emphasizing the nutritional properties of the product. Another key initiative the "Manusith Sathkaraya" program of giving a good and a valued message for our people was carried out in every Poya day on leading TV channels.

Nutriline

The Brand Nutriline developed steadily this financial year, capitalising on the restrictions applied on imported cereals. The Brand strengthened its digital presence with purpose and created digital marketing to effectively interact with its relevant target groups. Brand presence grew tremendously during the year. Non complacent to this growth, time was invested in modern trade in order to generate fresh and successful campaigns to increase further penetrate into new homes.

Sera

Sera Brand has grown from strength to strength year on year, with aggressive sales strategies and timely campaigns across several of its categories. The brand was able to further establish itself as a strong player in the liquid coconut milk industry by introducing a 500ml coconut milk pack, increasing its visibility and volume through this venture. The Sera Kottu brand grew exceptionally well with the aid of its creative and effective campaigns. Further with the strategic partnership with Coca-Cola, which provided to expand in penetration into more households and promoted consumer trials. Sera Salt brand had a successful year, growing though an extended distribution network. Sera Spices started its virgin journey in August this year. In a short period, the brand was able to penetrate multiple households by anchoring on the trust created over years by the Sera Brand. The product which is consistent in hygiene, taste and aroma, and is manufactured using advanced low-temperature grinding technology made its mark enabling it to acquire around 5% market share in a short period. This is attributed to a strong and effective

360-degree communication campaign and a strategic and planned sales drive.

Tetos

Despite low foot traffic and lockdowns affecting the impulse buying category, Tetos created a strong presence, through effective sales strategies which created brand availability and visibility and special campaign to drive consumer buying trends. The brand invested in visibility racks and a social media campaign to capture the attention of the Youth, this being the main target group. Through these initiatives, the brand increased exponentially establishing itself as a key player in the extruded snack category.

Our Human Resources

CFL's management is the guiding force behind the Company's strategic vision, through a diversified selection of skills and expertise second to none. During the year, we continued to focus on ensuring the correct mix of talent was maintained throughout the organisation. Despite political and economic downturns, we ensured career development took precedence at all levels of the Company. This led to the completion of the employee evaluation procedure. CFL Quality Assurance together with the HR and Production teams organized an induction program to provide awareness of Safety, Quality, Hygiene practices and HR-related functions of the Company. This was well received by all employees and gave them the necessary training which is necessary for maintaining proper health and safety standards which will not only protect themselves but also ensure that all production lines maintain the highest levels of hygiene and safety. Basic first aid and fire training was yet another project which

dotted the HR calendar during the year. We believe that a highly motivated and well-recognized workforce is essential for achieving operational excellence.

Corporate Citizenship

The Company's sustainability and corporate responsibility policy provide high-level guidance on the selection and implementation of community projects. At CFL we believe in deep-rooted relationships with communities around the county, this enables us to drive meaningful change among the most vulnerable segments of society. Following the outbreak of the COVID-19 pandemic, the CFL team engaged in donations to communities and hospitals. This included the donation of medical equipment, face masks, rubber gloves, essential items and dry rations, among others. The construction of a waiting area at the Lunawa hospital, which was treating female COVID-19 patients from the Western province, was yet another project which was undertaken during the year. The joy of Christmas is best seen through the eyes of children. Stemming from this idea Nutriline shared the joy of Christmas and gift giving with children of several orphanages. We believe initiatives such as these not only help the recipients, but also help our employees in bridging social, racial and religious barriers and work as one family towards a collective goal. It not only brings a smile to the face of the recipient but also the gift giver.

Environmental, Social and Governance (ESG)

Our ESG framework ensures socially responsible ethical and sustainable business practices are maintained throughout our entire value chain. These include ethical,

sustainable and institutional governance issues to ensure transparency and accountability for our Environmental, Social and Governance (ESG) commitment and to ensure that we have good systems in place to manage our carbon footprint. We have identified ESG priorities for each component and set goals to achieve them, and this year's annual report added a new section entitled Our Value Creation Process, which highlights sustainability at CFL. CFL remains a market leader for Lankasoy. Who has won the hearts of its customers with its portfolio of home brands, working closely with local communities. Over the past year our Company has organized corporate social responsibility projects focusing on local communities as they face many hardships including the ever-prevalent risk from COVID-19. This year we have added new sections as an extension of last year and have prepared annual reports in line with reporting standards, adding value to transparency, accountability, governance and sustainability to all our stakeholders.

Future Outlook

The year 2022/2023 began with a challenging economic outlook, Key downside risks within the local business context due to the economic crisis, instability of the government coupled with the volatility of the exchange rate, import restrictions and escalating raw material prices had a direct bearing on future business performance. Despite these risks, we remain confident of the Company's ability to focus on our strategy, embracing and adapting to the new realities of a world which will never be the same again. The safety and well-being of our people will continue to be of paramount importance. We remain focused on driving

our business with long-term objectives to derive stakeholder value whilst delivering our unique products redefined with the evolving lifestyle aspirations of our customers. A country-wide presence clearly articulated strategic priorities positioned to increase Company's growth. The outlook for this vibrant sector is positive despite the foreign exchange constraints and declining disposable income at present. The change in sourcing strategies is expected to enhance the relevance of our product portfolio to the customer and there are potential areas that can be explored to drive growth. A country-wide network, a growing online presence and a strong brand support the ambitious growth plans of this sector.

Appreciation

I take this opportunity to express my sincere appreciation to my management team and the entire CFL team for their outstanding commitment and willingness to go above and beyond, which made it possible for CFL to excel in these difficult times. I extend my sincere thanks to the Chairman and the Board of Directors for their expert guidance during the year. Our business partners are pillars of support to the Company driving us towards innovation to reach new heights; while our customers are at the heart of every CFL brand which has been designed to fulfil their needs on our journey to excellence.



E. T. De Zoysa
Managing Director
29th July 2022



300+

Employees

We believe in empowering our change makers to lead by example in every role in life; with the right support, learning opportunities and resources to live our core values and action our purpose.



2000+

*Supplier and
Business Partners*

We reached out to our Suppliers and Business partners to work jointly on sustainability, environmental responsibility, ethics, and compliance.

Together For Progress

For over 31 years, our brands have enriched lives and fuelled community growth.



40%+

Customers

Lankasoy Market Share

We always try to deliver value, create an experience and exceed customers' expectations.

Our Value Creation Model

(GRI 102-7)

CAPITAL INPUTS

Financial Capital

- Shareholder funds
- Cash flow from operations
- Working capital management

Manufactured Capital

- One Manufacturing Plant
- Machinery and operations
- Sustainable manufacturing practices

Human Capital

- Employee experience & strengths
- Employee diversity & inclusion
- Training & Development

Intellectual Capital

- Brand Initiatives
- Research and development
- Compliance & Certifications
- Partnership with Industrial Associations

Social & Relationship Capital

- Customer relationships:
- Supplier relationships:
- Community relationships
- Other stakeholder relationships

Natural Capital

- Energy
- Water
- Other natural resources
- Raw materials

Vision

“Total and complete nutrition to enhance the quality of life of future generations”

Mission

“To achieve total consumer satisfaction by maintaining consistently superior quality products that are innovative and nutritious while penetrating new markets to maintain market leadership in a competitive environment”

Group Purpose

“To create enriching moments of happiness for people, by being a caring global entity, with a true Sri Lankan identity”

Group Core Values

Caring	Quality	Innovation	Integrity
We are considerate. We respect our stakeholders, community and planet.	We strive with passion to deliver higher value and satisfaction through our products and services.	We constantly explore new possibilities to create happy moments for people.	We act honestly, responsibly and ethically.

Manufacturing

```

graph TD
    A[Imported raw materials] --> B[Extrusion & Mixing]
    C[Local Raw Materials] --> B
    B --> D[Packing & Labelling]
    D --> E[Finished Goods Warehouses]
    F[Value Adding Process] -.-> B
    G[New Product Development & Process Development] -.-> B
    H[Branding Promotion] -.-> B
    I[Quality & Innovation] -.-> B
    
```

Channels

```

graph TD
    A[Finished Goods Warehouses] --> B[Direct Sales]
    A --> C[Direct & Indirect Exports Sales]
    A --> D[Modern Trade (MT) Sales]
    A --> E[Distributors]
    A --> F[HoReCa (Hotel, Restaurants, Catering)]
    
```

Customers

```

graph TD
    A[Direct Sales] --> B[Consumers]
    A --> C[Retailers]
    D[Direct & Indirect Exports Sales] --> B
    D --> C
    E[Modern Trade (MT) Sales] --> B
    E --> C
    F[Distributors] --> B
    F --> C
    G[HoReCa (Hotel, Restaurants, Catering)] --> B
    G --> C
    
```


OUTPUTS



Financial Capital

- + Revenue: Rs. 4,858 Mn
- + Profit after tax: Rs. 386 Mn
- + Dividends paid: Rs. 27.5 Mn



Manufactured Capital

- + Property, plant and equipment: Rs. 616.4 Mn
- + Capital expenditure : Rs. 180.1 Mn



Human Capital

- + Remuneration & Post Employment Benefits: Rs. 563.0 Mn
- + Staff Welfare: Rs. 61.1 Mn



Intellectual Capital

- + Investment in Research & Development:
- + No. of New products launched (NPD's) : 10 new product categories



Social & Relationship Capital

- + Community initiatives
- + No. of Compliance Certifications: 7 Certificates



Natural Capital

- Energy usage: 2.46 Mn kWh
- Water Withdrawal: No. of units m³ 13,954
- Co₂ emission : 0.24 Co₂e/Kg prod.
- Diesel: Liters 71,673
- Furnace Oil: Liters 141,811
- LPG: Kg 25,500

OUTCOMES



Shareholders

Sustainable shareholder returns commensurate with the risk undertaken

(pages 30 to 31)



Employees

Attractive rewards and opportunities for skill and career development in a conducive work, dynamic and inclusive environment

(pages 30 to 31)



Customers

Access to innovative, high-quality products which are manufactured through sustainable practices coupled with excellent customer service

(pages 30 to 31)



Suppliers & Business Partners

Business growth driven by continued demand for products/ services and transfer of knowledge

(pages 30 to 31)



Government & Regulatory Bodies

Contribute towards job creation, socio-economic growth and government revenue through tax contributions

(pages 30 to 31)



Communities

Fulfilment of community needs leading to an improved standard of living

(pages 30 to 31)

APPLICABLE SDGs

Financial Capital



Manufactured Capital



Human Capital



Intellectual Capital



Social & Relationship Capital



Natural Capital



Stakeholder Engagement

(GRI 102-40, 42, 43 & 44)

CFL's stakeholder engagement process is a vital link in creating a competitive advantage and sustainable growth. The Company identifies material issues of the stakeholder that must be addressed by the Company as we strive to be a better corporate citizen.

CFL has defined its stakeholders as those groups which significantly influence or are influenced by the economic, environmental and social performance of CFL. It identifies its stakeholders by an internally driven process based on the risks and opportunities for its business performance, strategy execution and strategic objectives.

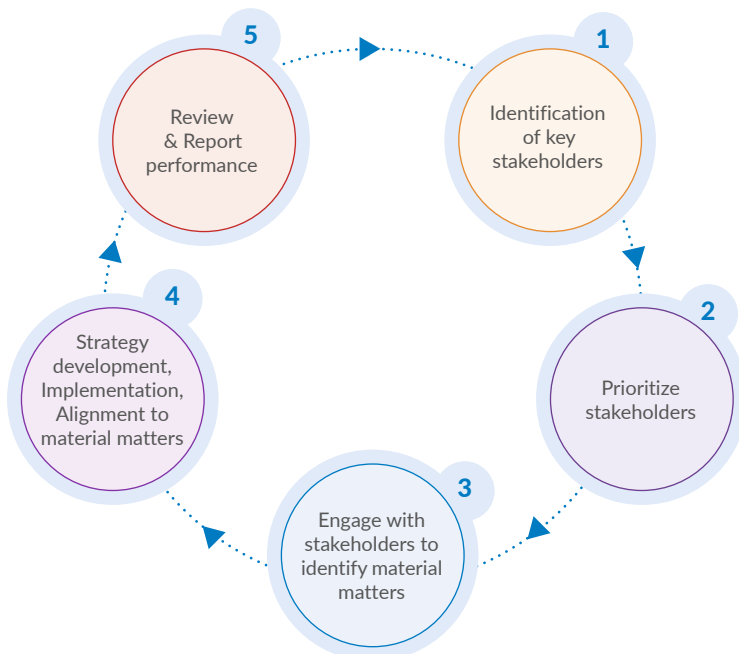
Our key stakeholder groups include shareholders, employees, customers, suppliers and business partners,

government and regulatory bodies and communities at large. We pride ourselves on effective engagement with all these groups.

CFL recognizes that real business benefits can only be achieved by involving all stakeholders and continuously engages with all these groups to understand their priorities and concerns through various means.

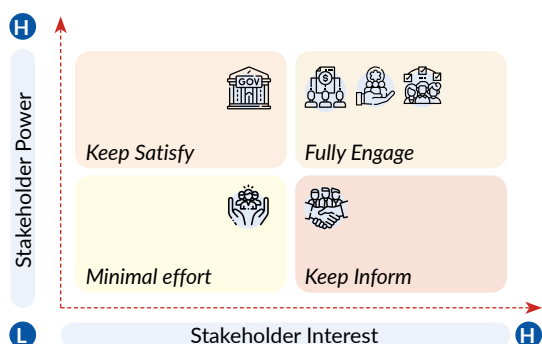
Stakeholder Engagement Process

We have developed a five-step engagement process that ensures inclusivity, transparency, accountability and follow-through at every stage of the process.



Stakeholder Identification and Prioritization

We prioritise our stakeholders based on their power and interest. This year, for the first time, the CFL will disclose the priorities of our stakeholders in the annual report.



	Shareholders	Employees	Customers	Suppliers and Business Partners	Government and Regulatory Bodies	Communities
Key Concerns	Sustainable return and Financial stability, Compliance, Transparency, Creation of wealth.	Job security, Staff motivation & Job satisfaction, Rewards and recognition, Career progression, Healthy work life, Safe and equitable environment.	Quality of products, Value addition, Customer satisfaction.	Continuous supply/distributor relations, Business partnering.	Compliance with applicable laws and regulations, Good corporate practices.	Mitigate social and environmental damages, Corporate contribution to the community, Reduced resource consumption through better planning and monitoring.
Our Responses and Outcomes	Deliver a sustainable strategy to meet shareholder expectations Adherence of laws and regulations fulfilment of information expectations timely.	Fair pay and other benefits, Increase employee Engagement activities, Diversity and inclusion, Follow the employee grievance process, training and professional development.	Strengthen the quality parameters and product development process, Focus on customer needs and follow the customer satisfaction metrics & survey.	Making due settlements, Maintain good relationships with suppliers and business partners, Maintain integrity.	Submission of returns timely, Accurate, and complete. Fulfilment of tax obligations and payments timely, Follow Directives and circulars appropriately.	Recycling of waste, Recycling of paper, Eco-friendly practices, Energy savings.
Stakeholder Engagement Method	Annual General Meetings, Publication of Interim Financial Statements, Announcements at CSE Press conference and media releases, Corporate Website Dialogue with investors and analysts.	Intranet for HR-related matters, Meetings and email communications, Events, Training and development of employee, Employee survey initiatives, Structured career development programs.	Corporate website, Media campaigns/ advertisements, Social media Interactions with employees.	Business meetings, Negotiations, Awareness creation and engagement of suppliers.	Return submission, Directives and circulars Meeting/discussion with Government and Regulators.	Environmental impact assessment and mitigation initiatives, Community projects, Public, Social media and corporate website.

Identifying Material Matters

(GRI 102-46, 47, 49 & 103-1, 2)

We recognise that our activities and the way we carry them out have impacts that reach well beyond our financial performance.

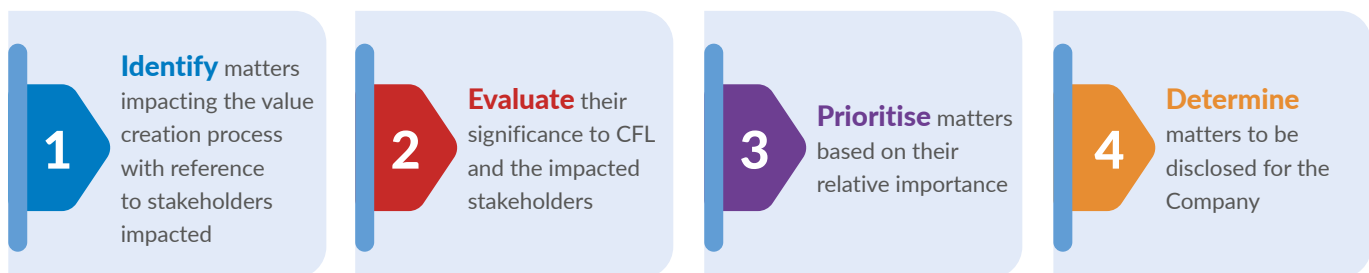
Materiality Assessment Process

We conduct a materiality assessment to ensure we prioritize the issues that have the biggest impact on our business, communities and the environment and that matter most to our stakeholders. In order to remain successful in the long term, we need to engage in societal discourse and find ways to align our broader business performance and both our positive and negative societal impact with the expectations of our shareholders, our stakeholders and society at large. To achieve this, a thorough and deep understanding of the environmental, social and governance (ESG) topics that matter most to these groups is essential. Understanding their views on the social, economic, environmental and governance topics affecting CFL will enable us to

better address their concerns, exchange constructively on dilemmas and in the end, better manage our business.

To define the most important ESG issues for CFL, we conduct a simple and systematic process, along with our internally developed reporting principles. Our materiality assessment helps us to understand the issues that matter most to our internal and external stakeholders; how our economic, social and environmental impacts are perceived along with our value chain and how they translate today and in the future into associated risks and opportunities for our Company. It enables to capture our impacts and helps us to a prioritize impacts on which to focus and informs our strategic thinking.





The process for identifying and prioritizing material issues is as follows:












Materiality Assessment

Materiality Assessment

We use the principle of materiality to review our strategic priorities and assess the material matters included in sustainability. During 2021/22, we updated the methodology to determine and prioritize those material matters which are most material to our Company and our stakeholders. The internal and external importance of each of these material topics are determined and validated periodically. Identified material matters are prioritized considering the significance to stakeholders and significance of the impact on CFL's economic, environmental and social topics by its importance.

Material matter	Key Actions/Initiatives	Progress	UNSDG	Link to capitals/section
<p>1. SUSTAINABLE FINANCIAL PERFORMANCE</p> <p>Generation of sustainable financial performance Impact - Critical</p> <p>Risk of high volatility in shareholder return in the current business environment Guiding GRI Principle: - 201-1</p>	<p>Risk Management process is followed to mitigate the impact on performance.</p> <p>Rewards are linked on variable performance-based KPIs.</p> <p>Cost structure changes to have more variable cost lines.</p>	<p>Ongoing</p> <p>Implemented</p> <p>Ongoing</p>		<p>For 2021/22 performance review, please refer to Financial capital on page 43.</p>
<p>2. SUSTAINABLE MANUFACTURING METHODS</p> <p>Development of sustainable manufacturing methods Impact - Significant</p> <p>Minimizing negative environmental impacts from business activities. Guiding GRI Principle: - 302-1, 303-1/2/5, 305-1/2, 306-2</p>	<p>Economically sound processes by minimizing negative environmental impacts while conserving energy and natural resources.</p> <p>Practicing the 3R concept to optimize material usage and other resources through waste reduction.</p>	<p>Ongoing</p> <p>Ongoing</p>		<p>For 2021/22 performance review, please refer to Manufactured capital on page 46 & Natural capital on page 63.</p>
<p>3. DIVERSE, EMPLOYEE HEALTH & ENGAGEMENT</p> <p>Availability of an increasingly engaged, diverse and capable workforce Impact - High</p> <p>Mitigate challenges of workforce capabilities Guiding GRI principle: - 401-2, 403-1/3/5/6/9, 405-1, 408-1, 409-1</p>	<p>Equal opportunity employer and transparent recruitment policies.</p> <p>Health and safety working environment.</p> <p>Fair performance management system.</p>	<p>Implemented</p> <p>Ongoing</p> <p>Implemented</p>		<p>For 2021/22 performance review, please refer to Human capital on page 48.</p>
<p>4. BRAND BUILDING AND CERTIFICATION</p> <p>Following customer trends, changing patterns and benchmark our products against international brands Impact - Critical</p> <p>Ability to servicing the customers' needs and create value Guiding GRI Principle: - 418-1</p>	<p>Lankasoy being the market leader continued to dominate the category by driving key brand values and offer.</p> <p>Compliance and quality certifications.</p>	<p>Ongoing</p> <p>Ongoing</p>		<p>For 2021/22 performance review, please refer Intellectual capital on page 54.</p>

Materiality Assessment

Material matter	Key Actions/Initiatives	Progress	UNSDG	Link to capitals/section
<p>5. CUSTOMER EXPECTATION Dependent on garnering a wide customer base by offering competitive offers to achieve customer requirements - Critical</p>	Customer complaints handling process.	Implemented		For 2021/22 performance review, please refer to Social and Relationship capital on page 57.
Ability to improve customer satisfaction and create brand loyalty Guiding GRI Principle: - 418-1	Customer relationship enhancing activities.	Ongoing		
<p>6. SOUND CORPORATE GOVERNANCE, INTERNAL CONTROLS AND RISK MANAGEMENT Availability of sound corporate governance, internal controls and risk management practices Impact - Significant</p>	Risk Management Process.	Ongoing		For 2021/22 performance review, please refer to Corporate governance on page 73 to 92, Internal control and risk management on page 35 to 38.
Mitigating impacts on reputational risk and financial impact Guiding GRI principle: 102-18	Corporate Governance Best Practices.	Ongoing	 	
	Review of design and operational effectiveness of internal controls.	Ongoing		
<p>7. COMMUNITY INVOLVEMENT Adaptation of strategic approach towards sustainability and strives to embed the principles of sustainability into its strategic agenda and daily operations Impact - High</p>	Building better nutrition practices.	Ongoing		For 2021/22 performance review, please refer to Social and Relationship capital on page 57.
Ability to recognize the organisation as a socially responsible entity Guiding GRI Principle: - 413-1	Empowering communities.	Ongoing	  	
	Greening our business.	Ongoing		
<p>8. PRODUCT QUALITY AND INNOVATION Creation of a Centre of innovation and greater balance in its product portfolio with food quality and certification Impact - Significant</p>	Products are labelled responsibly, in a transparent and comprehensible manner.	Implemented		For 2021/22 performance review refer to Intellectual capital on page 54 and Social and Relationship capital on page 57.
Ability to meet customer expectations for quality standards and food safety. Guiding GRI Principle: - 417-1	Certifications to ensure the products meet the quality and food safety.	Implemented		

Internal Controls and Risk Management

Internal controls

The Board and Management Committee have established required Risk, Control and Compliance to make sure the Company has adequate procedures for internal controls. Which are explained on page 72. In 2021/22, we enhanced our Internal Control process and continued to obtain outsourced internal audit expertise service through Group internal audit function to review the design, operating effectiveness and segregation of duties in the organisation.

Risk Management

Our risk management approach is explained in this section as doing business inherently involves taking risks. By seeking to take balanced risks, we strive to be a successful and respected Company. Hence, CFL is following a robust risk management process and it ensures a culture of proactive identification and mitigation of key risks relevant to its business operations. Risk management is an essential element of our corporate governance and strategy development. We continuously strive to foster a high awareness of business risks and internal control to provide transparency in our processes and operations. The Financial Year 2021/22 had been a very challenging year due to the continuation of outbreak of the COVID-19 pandemic coupled with ongoing economic challenges in Sri Lanka.

The Company took various measures in response to the pandemic including strict adherence to the safety guidelines issued by the health authorities. CFL exposes it to numerous challenges stemming from the internal and external environments that necessitate consistent evaluation and management of significant risks. In meeting the expectations of our stakeholders, identification of key risks, implementation of appropriate control measures, and implementing procedures to manage them within permissible levels of tolerance have

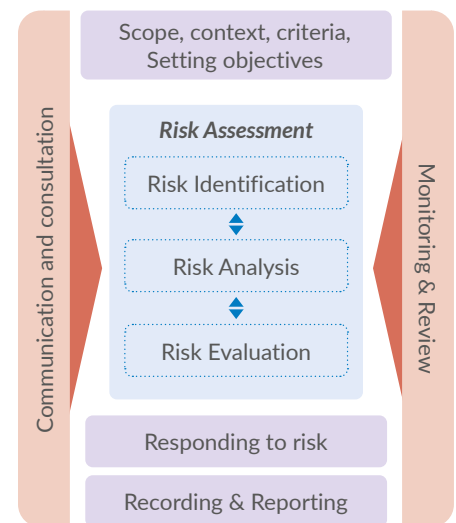
become extremely important. The risk management process has been designed on a standardized, holistic and integrated approach to managing risk. This also involves embedding risk in the culture of the organization and establishing clear roles and responsibilities in managing risks. The key risk faced at the Company level is identified, analysed, evaluated and mapped through a risk register, based on the impact and the likelihood. Accordingly, risk response plans are developed and timely monitoring and reporting mechanism is established.

The Board and Management Committee are responsible for managing the risks associated with our activities and the establishment and adequate functioning of appropriate risk management and control systems. The risk management process involves the systematic application of policies, procedures and practices which will assist to manage the risk. The Risk Management process consists of the following main components and is briefly described below;

- **Scope, context, criteria and setting objectives** The scope, context, criteria involve defining the scope of the process and understanding the external and internal context and specifying the amount and type of risk that it may or may not take relative to its objectives.
- **Risk assessment** - Risk assessment is the overall process of risk identification, risk analysis and risk evaluation.
- **Risk identification** - Risk identification is to find, recognize and describe risk
- **Risk analysis** - Detailed consideration of uncertainties, risk sources, consequences, likelihoods, events, scenarios, controls and their effectiveness.

“We continuously strive to foster a high awareness of risk management and internal control.”

Risk Management Process



- **Risk evaluation** - involves comparing the results of the risk analysis with the established risk criteria to determine where additional action is required.
- **Responding to risk** - the purpose is to select and implement options for addressing risk and risk treatment can also introduce new risks that need to be managed.
- **Monitoring and review** - monitoring and review are to assure and improve the quality and effectiveness of process design, implementation and outcomes.

Identify key risks liaise with the departmental heads who are identified as the risk owners. They will identify and report the key risk in their business process to the risk champions. Risk champions

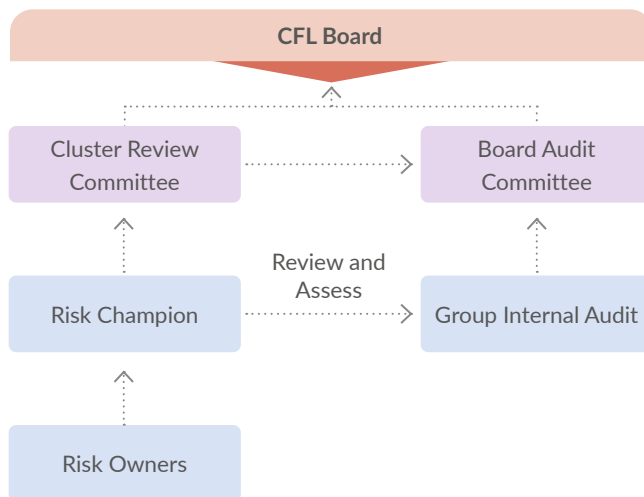
Internal Controls and Risk Management

evaluate and assess all key risks and record them in a key risk register with risk treatments and response plans. Managing risk rests with everybody in the organization including the Board of Directors who set policies and procedures to manage the risks. Key risks identified by the risk champions are reviewed at the cluster review committee level and by the Board Audit Committee of CFL. The Board is assisted by the audit committee in this regard which has oversight responsibility for the same. The Board Audit Committee reviews significant risks and their mitigation plans. Group internal audit department review and assess the material risks and the mitigation plans continuously and report independently to the CFL Board Audit Committee.

Risk Management in 2021/22

During 2021/22, we continue to maintain the risk register and identified risk scenarios are prioritized by responsible management teams and functional experts, followed by the definition of adequate mitigating actions. We consider risk assessment and mitigation to be a continuous process, carried out against the background of an evolving risk landscape, which includes short, medium and longer-term challenges. For information related to financial risk, see Note 33 of the financial statements.

Risk Management Reporting Structure at CFL



Principal Risks and Mitigation Plans

No	Risk Exposure	Description	Risk Mitigation
1	Quality Risk	<ul style="list-style-type: none"> Potential Quality issues in products. 	<ul style="list-style-type: none"> Adequate quality controls check to assure quality throughout our process. Continuous quality management and assurance programs. Third-party, independent quality checks and certifications.
2	Reputational Risk	<ul style="list-style-type: none"> Potential losses due to damages to our credibility as a trusted brand in Sri Lanka. 	<ul style="list-style-type: none"> Maintenance of the highest ethical standards at all times in business activities. Prompt follow-up actions on complaints and suggestions.
3	Regulatory & Compliance Risk	<ul style="list-style-type: none"> Losses and fines arising due to violations or non-conformance with laws and regulations. This includes internal policies & procedures as well. 	<ul style="list-style-type: none"> Group regulatory affairs division supports individual companies in compliance with existing and new laws and regulations. Legal advisers are sorted from legal experts. Finance and Non-finance compliance requirements are monitored on regular basis.

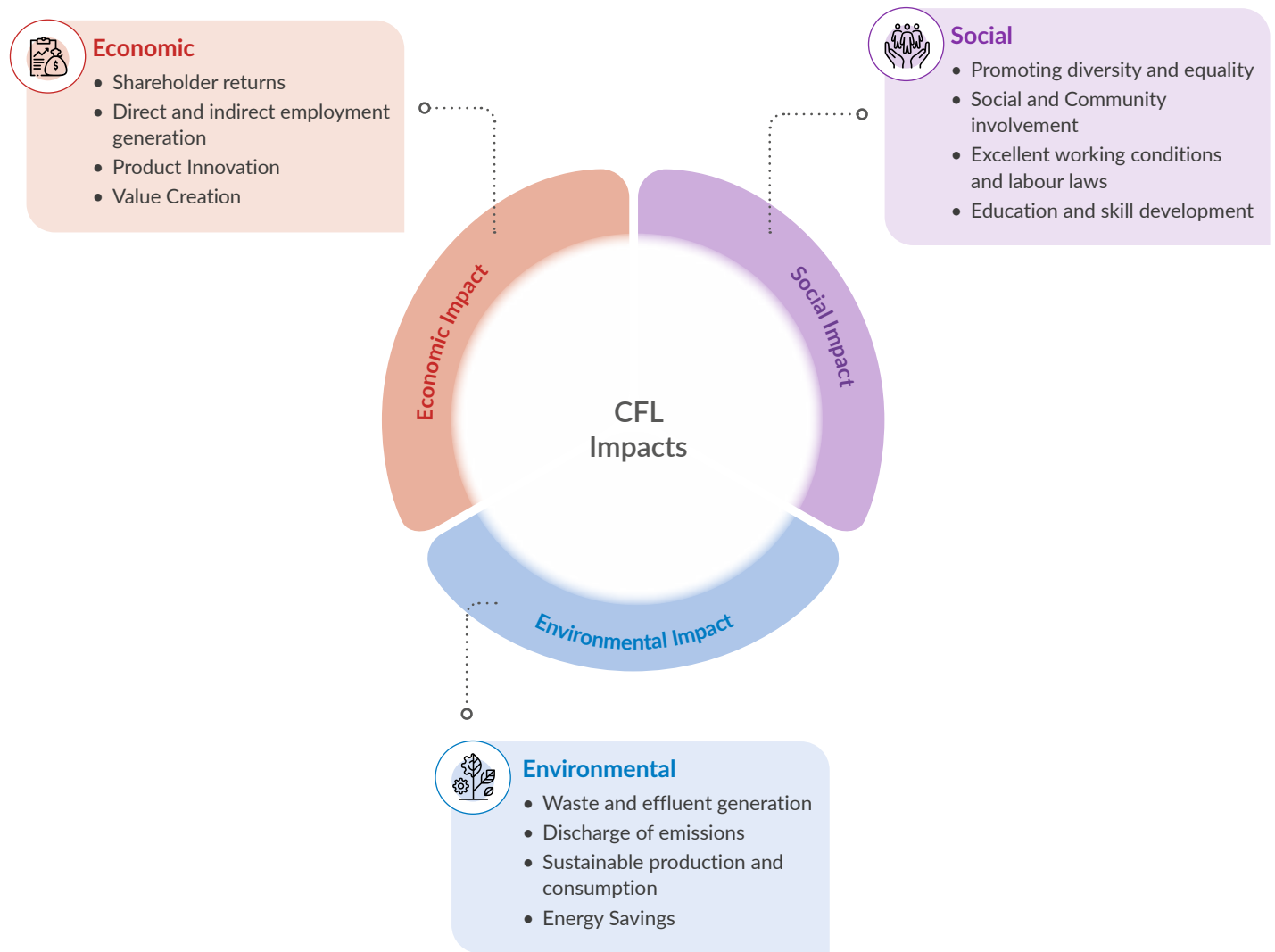
No	Risk Exposure	Description	Risk Mitigation
4	Market Risk	<ul style="list-style-type: none"> Sri Lanka's current unpredictable economic situation, with its impact on supply and demand and the highly competitive market in which we operate, requires our ongoing attention to protect our financial performance. Economic condition and government policies, aggressive competition, new entrants and changes to customer attitudes in the market cause loss of market share or market leadership in the relevant segments. 	<ul style="list-style-type: none"> Forecast assessment as part of financial planning and short to medium-term operational planning. Deployment of commercial and procurement excellence programs. Continued focus on operational cost, complexity reduction and margin management. Continuous focus on innovation & regular monitoring of customer/consumer trends. Enhancing productivity/efficiency to improve price competitiveness, monitor market data and strengthen the offers.
5	Supply Chain Risk	<ul style="list-style-type: none"> Supply disruptions due to continued supply shortages, price change impacts and pandemic effects on the supplier side require continuous attention to protect our service levels to our customers. Disruptions to the production process by not having the right material/service at the right time with the right quality. 	<ul style="list-style-type: none"> Maintain and further improve strong industry and market intelligence analysis of suppliers and raw material market. Drive supply chain network design, end-to-end from supplier to end customer, roll out raw material plan and stocking through business planning. Test product quality control of supplies for effectiveness, review key suppliers periodically to ensure they meet rigorous quality standards. Consistent engagement with diverse suppliers to maintain strong relationships.
6	Human Resource Risk	<ul style="list-style-type: none"> Ability to attract and retain talent in a tightening talent market and rapidly evolving business environment determines, to a large extent, the success of our organization to deliver on our targets. Potential disruption to work as a result of failure to attract, develop and retain a skilled workforce and loss of key executives. 	<ul style="list-style-type: none"> Strengthen CFL's employer value proposition, based on our commitment to employee growth and the Company's purpose. Focus on talent acquisition plan, talent development programs and succession planning. Talent Management driving talent, leadership development and Succession planning applied at the Company.
7	System Risk, IT and cybersecurity	<ul style="list-style-type: none"> With the increasing frequency and magnitude of cybersecurity threats facing us, we are taking additional measures to strengthen our security to be better able to respond and recover as quickly as possible in the event of an incident impacting our Company. Potential of system failures, inaccuracy, or delays in decision-making to inaccurate or non-availability of timely information from key computer systems. 	<ul style="list-style-type: none"> Continually reinforcing a cybersecurity culture (intensified training, awareness creation). Continuation of system rationalization to remove redundant legacy systems where they exist. Increasing collaboration with suppliers on various detection, response activities and measures. Regular system audits are conducted to cover the key risk. Disaster recovery plans are identified and tested on regular basis.

Internal Controls and Risk Management

No	Risk Exposure	Description	Risk Mitigation
8	Exchange rate Risk	<ul style="list-style-type: none"> Scarcity of finding foreign currencies have been a real challenge during the period under review to source imported materials. Potential losses due to adverse fluctuation of exchange rates. 	<ul style="list-style-type: none"> Action is taken to provide more focus on exports to bring foreign currencies to the country. Shift and NPDs focus on more locally procured raw materials to reduce dependency on imported materials. Consistent monitoring of forex rates and outlook by the Finance Department.
9	Operational Risk	<ul style="list-style-type: none"> Potential losses due to inadequate internal controls, failures of internal processes, people and systems as a result of natural and human activities 	<ul style="list-style-type: none"> Businesses continuity plans to ensure the smooth operation of the business even at the time of disaster. Internal audits on internal controls and compliance.
10	Product Risk	<ul style="list-style-type: none"> Market leadership where our markets are growing is one of the cornerstones of our strategy. Probability of new product failing or demand to decline for existing products. 	<ul style="list-style-type: none"> Investment in sales capability and deployment of commercial excellence programs. Driving demand planning, product innovation and supply chain agility through integrated business planning. Develop strategies to get closer to customers and be responsive to their needs.
11	Liquidity Risk	<ul style="list-style-type: none"> Adverse impact on the liquidity position as a result of payment delays by debtors, long stock holding period, and early payment for creditors. 	<ul style="list-style-type: none"> Continuous reviewing of business models and working capital management. Strong relationships with banks and unutilised funding lines Consistently monitoring of assets and liabilities maturity mismatches.
12	Interest rate Risk	<ul style="list-style-type: none"> Fluctuations in market interest rates have an impact on profitability and capital. 	<ul style="list-style-type: none"> Interest rate trends and outlook are monitored consistently. Interest rate sensitivity analysis is performed regularly to measure the potential impacts of rate variations. Consistent negotiations with banks to obtain attractive interest rates.
13	Health & Safety Risk	<ul style="list-style-type: none"> The risk of a pandemic materialized in 2021/22. The Company acted to safeguard employee health and well-being and minimize business disruption. The likelihood that an individual may be harmed or suffers adverse health effects if exposed to a hazard. 	<ul style="list-style-type: none"> Safety guidelines for our staff, contractors and/or third-party suppliers working on our premises, updated in real-time, based on local regulations/ guidance. Focus on well-being support for our staff, health & Safety reviews are conducted in locations where internal parties and external consultants consider crucial.
14	Credit Risk	<ul style="list-style-type: none"> Potential losses arising due to default by the debtors. 	<ul style="list-style-type: none"> Efficient debt follow-up and collection practices. Adherence to business-specific credit policies. Where necessary, Bank guarantees have been placed to cover up high volume transactions.
15	Social Risk	<ul style="list-style-type: none"> Labour and human rights violations, environmental degradation, corruption, or the implications of undue social and economic stratifications or marginalization at CFL cause serious harm to the local people involved and make business unsustainable in the long run. 	<ul style="list-style-type: none"> Caring for society and the communities in which we operate is a vital part of our activities through the social projects we run under the CFL. Focused on uplifting and renovating communities as well as educating, mentoring and training future generations, unlocking possibilities for people who need them most Implementation of CSR projects across CFL.

CFL Impacts

The depth and breadth of the businesses have allowed it to nurture deep-rooted relationships across industries and value chains, generating significant socio-economic impacts throughout the country. We recognize that we have to respect suppliers and business partners in our value chain and the influence we can have on bringing about improvements. As part of our core values of caring, quality innovative and integrity and environment friendly business approaches. Given the nature of its operations, the Company also has positive environmental impacts and has over the years adopted holistic, Company-wide efforts to reduce its adverse impacts while nurturing and rejuvenating natural resources while serving to the people.



Sustainability at CFL

Our Approach

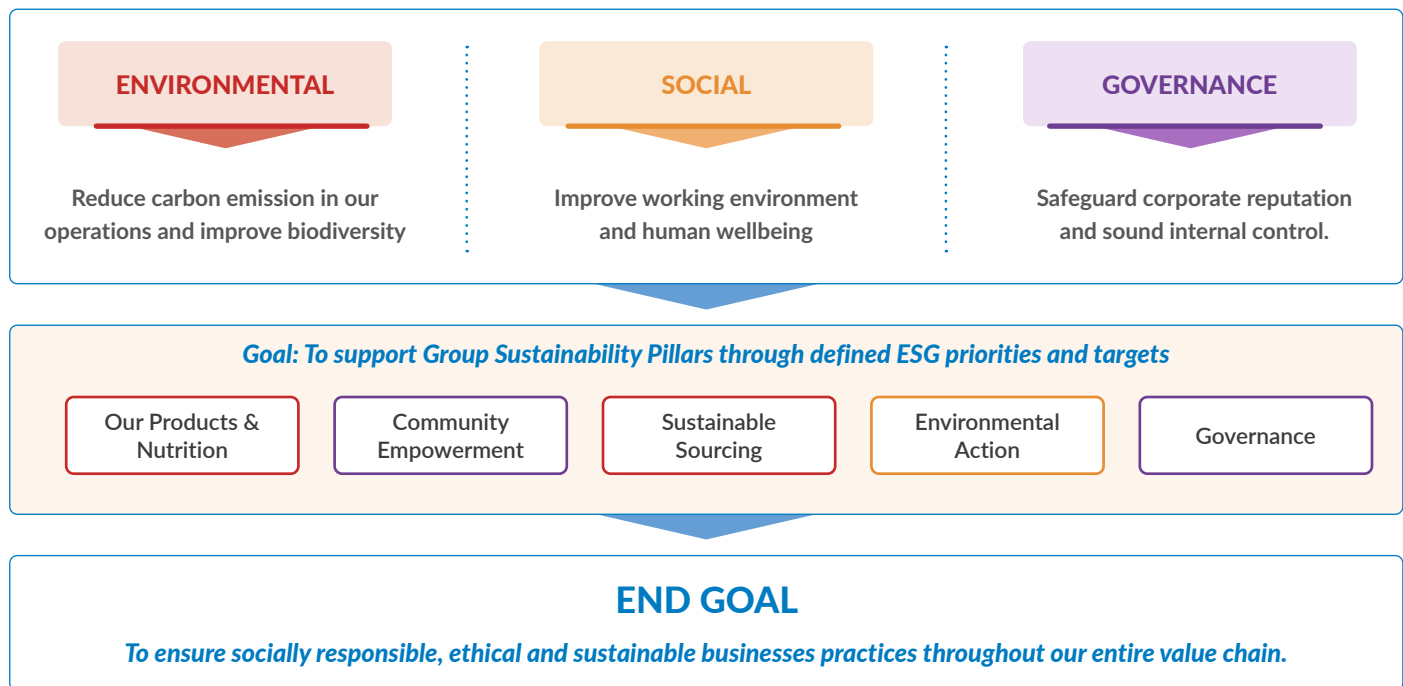
Sustainability Integration

Our Sustainability ambitions, for a cleaner and healthier world, address the ways in which we continuously improve our social and environmental performance through initiatives and deliver our impactful ambitions and targets. To ensure we are successful in mitigating our negative impacts on the planet and society, it is essential that we have a robust and achievable plan.

As a result, CFL strives to minimize its operational impacts through the entrenchment of responsible business practices and the monitoring of key sustainability performance indicators. Throughout the Annual Report, we disclosed in detail our sustainability steps taken in individual areas and methodologies adopted by CFL in embedding sustainability within its operations.



ESG PRIORITIES OF CFL



We are in the process of developing a Sustainability Road Map based on the ESG framework by identifying ESG priorities and the targets of the organization to support the group sustainability pillars. Under each section, we have main objectives to achieve our end goal of ensuring socially responsible, ethical and sustainable business practices throughout the entire value chain. Further, we have disclosed sustainability related initiatives and updates undertaken so far during the year in each capitals section in this Annual Report.

Economic Review

Continued effects of the COVID-19 pandemic, compounded by the unprecedented economic downturn instability of the political environment in the country, and lack of sustainable state policies, heavily impacted all sectors in the year under review.

Global Economic Outlook

In the aftermath of the different waves of the COVID-19 pandemic, the global economy rebounded, yet global growth is expected to decelerate considerably to 4.1 during the year 2022. The increase in COVID-19 infections related to the delta variant triggered a decrease in consumer demand. While the decline in demand was more limited when compared to previous pandemic waves, supply chain interruptions continued to disrupt world trade and global production. While advanced economies illustrated a stabilising trend with widely spread vaccination rates and considerable fiscal support, emerging market and developing economies suffered due to a lack of political support as well as tightening of financial conditions. Global financial conditions remained supportive during 2021 driven by accommodative policies in advanced economies and equity price surges driven by strong corporate earnings. Nevertheless, portfolio flows to emerging economies decreased, while financing conditions tightened as a result of policy rate hikes.

The Economic Backdrop of Sri Lanka

The Sri Lankan economy rebounded in CY2021 recording a 3.7% growth in GDP driven by a revival in economic activity and a gradual easing of pandemic related challenges, compared to the 3.6% contraction recorded in CY2020. The successful vaccination drive, favourable weather conditions and accommodative

policy stimuli contributed to a recovery in consumption and spending, although challenges on the external financing position and related foreign exchange liquidity challenges, together with inflationary stresses, exerted pressures on the economy, as detailed in the ensuing section.

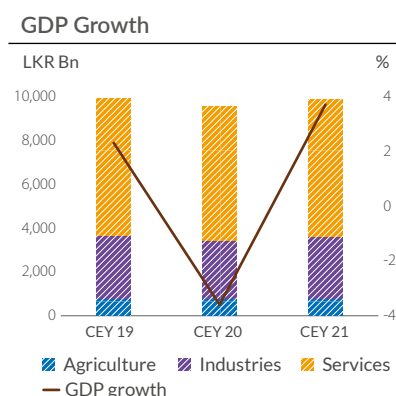
Meanwhile, increased imports of intermediate and capital goods expanded imports. Driven by high food inflation at 24.7%, amidst fuel price adjustments and high global commodity prices, year-on-year inflation increased up to 17.5% by February 2022. The Country's trade deficit increased to USD 8.1 Bn in 2021 from USD 6 Bn in 2020 in spite of restrictions imposed on non-essential goods, with the accelerating imports bill off-setting the favourable export earnings. The decline in remittances (22.7%) and tourism receipts (61.7%) intensified economic woes. Sri Lanka's current account deficit widened to USD 3.3 Bn during the year under review. The fiscal deficit is predicted to have remained at 12.2% of GDP in 2021 while public and publicly guaranteed debt increased to 117% of GDP. Net foreign assets of the banking system dropped to USD 4.9 Bn by December 2021, depicting the growing foreign exchange liquidity shortages.

GDP Growth

+3.7%

Per Capita GDP USD

3,815



The Sri Lankan economy expanded by 3.7% in CY2021 [CY2020: contraction of 3.6%].

Industry Review

Opportunities arise from a crisis. This was especially true for the FMCG industry since 2020, as the world grappled with the aftermath of the COVID-19 pandemic. The sector is learning, innovating and rising above the many disruptions, while looking forward to the new year with optimism and renewed confidence.

The industry today is constantly being disrupted by ever-changing consumer preferences and new technologies. Customers demand innovative products, which means producing a wider range of goods at higher volumes quickly. In developing markets, consumers are also spending more, which raises the call for an expanded supply chain. According to the CBSL Annual Report 2021, the agriculture sector grew by 2.0% and services by 3%, while the industry sector expanded by a robust 5.3%.

The Sri Lankan Consumer FMCG market is expected to decline in volumes, due to the surging cost inflation, amidst reducing disposable incomes. The processed food sector too is expected to show a slump amidst the drastic rationalising of consumer spending. On the contrary, the global FMCG market is predicted to grow 5.4% in the next five years opening new avenues to expand business opportunities.

CFL remains conscious of the impact of price increases on consumers, especially on essential food products and is focused on improving productivity and reducing wastage, to ensure that the burden of rising costs is minimized for the consumer. As a leading manufacturer, distributor and marketer of processed food products in the country, our core objective remains to provide affordable nutrition to consumers. During the reporting period, there were many obstacles which made this objective

challenging, including the rising cost of raw materials and packaging materials, rising fuel and distribution costs, and other operational challenges such as power interruptions which impacted the entire island. Nevertheless, our teams worked proactively to ensure the continuous availability of products for the consumer while supply chain teams were committed to supporting our partners. The Management took all necessary steps to secure the employment and well-being of team members across the Group.

CFL is working relentlessly to expand new export opportunities to leverage global demand in these challenging times for the nation.

The Company remains confident that Sri Lanka will overcome its current economic crisis. We are encouraged by steps taken to engage with the IMF and believe that the newly introduced tax rates are the need of the hour to stabilize the government's fiscal position. CFL will continue to make investments on a selective basis, to support the upliftment of our partners and reduce costs for the consumer.

Market Share (Lankasoy)

40% +

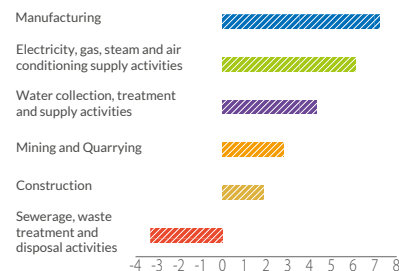
Food Inflation

24.7%

↑ 5.3%

Industry Sector

Growth Rates of Industry Activities



(a) Based on the GDP estimates (base year 2010)
Source: Department of Census and Statistics

Financial Capital

(GRI 201-1)



Align with CFL
Sustainability Road Map
(see page 40)

Management Approach

We share this journey of success with a larger customer base, business partners and the communities which we work with. By engaging with these key stakeholders, the Company aims to create shared value. The Company is committed to maintaining the highest degree of transparency and integrity in all its transactions and ensures a bond of trust is built through stakeholder Groups. The Company also adopts the highest product responsibility standards in packaging and communicating nutritional qualities so that consumers can make an informed choice. In a world plagued by the pandemic, the upkeep and maintenance of these relationships and human connection were challenged, but CFL strived to take control of the 'new normal' and has succeeded in nurturing and fostering these networks amidst a pandemic.

Overview

CFL was successfully able to secure the highest ever revenue recorded in this financial period under review through a commitment to strive amidst the external threats posed by the economy. With Sri Lanka's worsening liquidity position due to limited foreign reserves, high external debts and insufficient exports, imports had become challenging to the economic stability and strength. Further, with the strong relationships maintained throughout the supply chain, cash flow management, customer loyalty and employee commitment, CFL was able to record yet another successful financial year amidst the unstable economic conditions affected by the global pandemic and economic downside.

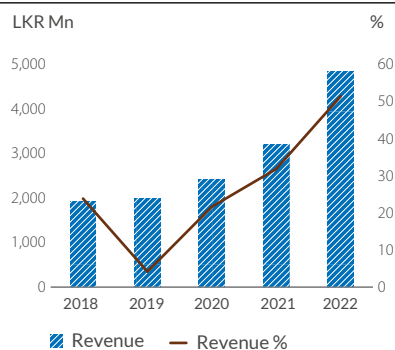
During the financial year 2021/22, CFL recorded a Revenue of Rs. 4.9 Bn, creating a new all-time high, this been an impressive increase of 51.5% compared to last year's performances. Profit before tax (PBT) this year was Rs. 490 Mn. An essential factor in maintaining the stability and resilience of the balance sheet. For the first time this year, we have entered the spice market and through this new investment, we have

raised significant sales of Rs. 1 Bn which contributed immensely to the bottom line. These achievements at a time when customer purchasing power and desire are declining sharply in the face of rising inflation and declining revenue streams, our remarkable growth as a strong institution are attested to by CFL's unique strategies, our team's tireless support and customer satisfaction for our products.

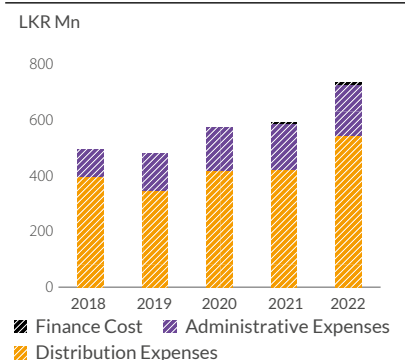
Revenue

The Company's revenue increased by 51.5% for the year ended 31 March 2022 to Rs. 4,859 Mn compared to last year's Rs. 3,207 Mn, despite a challenging operating environment. With the holistic demand curve has been affected by the lockdown, depreciation of the Sri Lankan Rupee and tedious supply chain restrictions. This growth was mainly supported by the introduction of the spice range with increased sales of Soya. From the Company revenue lines includes, sales from Lankasoy, Sera, Nutriline and Tetos brands.

Revenue



Operating Expenses



Financial Capital

Earnings Before Interest and Tax (EBIT)

The Company as a whole reported Gross Profits of Rs. 1.2 Bn, which indicates a 2.6% growth year on year. Margin pressure due to the high cost of imported raw materials saw Gross Profit margins declining to 23.9% from 35.3% in the previous year. The Company's Gross Profit has been under pressure during the period under review due to significant increases in the raw material prices, caused by foreign currency issue. The Company has taken steps to absorb part of raw material price increases in-order to reduce the burden to our consumers. The Company's Operating Profit (OP) recorded was Rs. 461 Mn and which is a margin percentage drop to 9.5%. The drop in OP combined with the Rs. 5 Mn decrease in Other Operating Income, Rs. 124 Mn increase in distribution expenses and Rs. 16 Mn increase in administration expenses translated into a lower EBIT of Rs. 501 Mn from Rs. 638 Mn last year, depicting a drop of 21.5%. Further, exchange loss has negatively impacted to drop. This was arose due to exchange rate change as at 31st March 2022. Main cause was that the release of exchange rate to float in the market by CBSL in the month of March 2022. Soaring inflation and the fluctuations in the exchange rate mainline contributors to the drop in OP as compared to the last year.

Net Finance Income

Short-term investments fell by 55% from Rs. 940 Mn to Rs. 419 Mn in the year under review. These funds have been invested back in the inventories to make sure continuous supply to our customers. The Company went into bulk buying of materials in order to ensure the continuity of the production lines. The Company's finance costs increased to Rs. 11.7 Mn in the year under review from Rs.5.2 Mn in the financial year 2020/21.

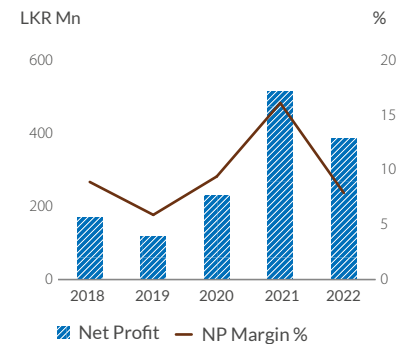
Profit After Tax (PAT)

Profit After Tax edged to a decrease of 25.2% from Rs. 516 Mn to Rs. 386 Mn. PAT margin dipped to 7.9% in 2021/22 compared to 16.1% last year. The Company's tax charge was Rs. 104 Mn, indicating a drop of 11.1% from the tax charges of Rs. 117 Mn incurred in the previous year. This was mainly due to exchange loss as at 31st March 2022 as well as a reduction of interest income from Fixed Deposits due to withdrawal of investment in order to buy raw materials for future supply.

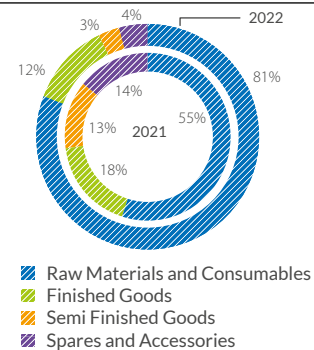
Cash Flow and Liquidity Position

Operating cash flows decreased to Rs. (216) Mn in comparison with the previous year's cash flow of Rs. 515 Mn. Free cash flows from the operations were largely affected by the increase in working capital. The management took this conscious decision to use existing funds as well as borrowings in order to invest the raw material irrespective of the pressure on the cash flow stocks to secure uninterrupted supply in to the market. Owing to the expansion of operations and distribution network, the Company increased production to generate a large inventory of finished goods which lead to an increase in working capital. Due to increasing processes and dips in the supply chain, the CFL was compelled to invest in large quantities of raw material on a cash basis, a sizeable amount of this inventory remained at the raw material stage, leading to a decrease in supplier credits. As a consequence of the above, the current ratio declined to 2.8 times from 2.9 times in the previous year.

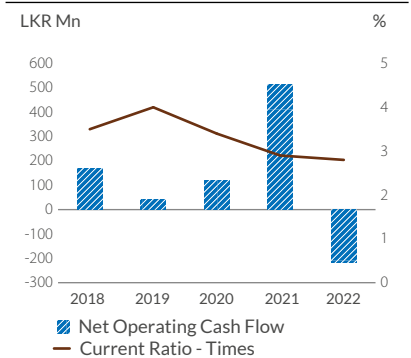
Net Profit and Net Profit Margin



Inventories



Operating Cash Flow, Current Assets Ratios



Return on Capital Employed (ROCE)/ Return on Equity (ROE)

Owing to the decline in operating profit due to the exchange impact in March 2022 both ROCE and ROE declined in the reporting period. The Company ROCE declined to 23.9% from 36.5% recorded in the preceding year while the decreased ROE stood at 18.6% from 30.1% as recorded in the previous year. A key strategic outcome is expected through our corporate strategy to turn around this situation when current inventories are getting converted to cash.

Asset Turnover

The Company expanded into spices product range, which incurred a heavy sum of capital, at the Ratmalana factory during the year under review. With this investment, the Company was able to reach higher revenue. The capital expenditure during the year was Rs. 180 Mn, most of which was spent on the spice project. The investment in property, plant and equipment increased by 25% compared to the previous year and the CFL was able to maintain a steady level of total asset turnover ratio in the current year recording 1.7 times as opposed to 1.5 times in the preceding year. The Total Assets in the period under review rose to Rs. 3,131 Mn from Rs. 2,525 Mn in the preceding year. This growth can be attributed to spices project assets

capitalizations and growth in inventories due to the proactive planning to ensure continuous operation.

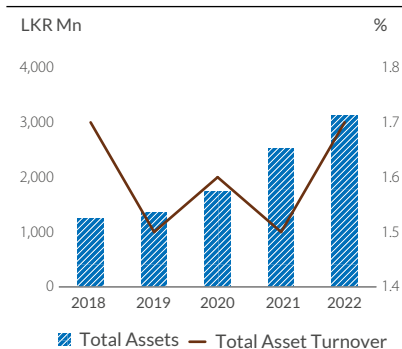
Earnings Per Share (EPS) and Dividend Per Share (DPS)

Irrespective of reduction of the Company's earnings as compared to last year, couple with cash-flow challenges during the period, the Company has announced a first and final dividend of Rs. 3.50 per share for the financial year ended 2021/22, which will be distributed after the AGM. The EPS has decreased by 25.1% to Rs. 140.43 per share, from Rs. 187.60 in the previous year.

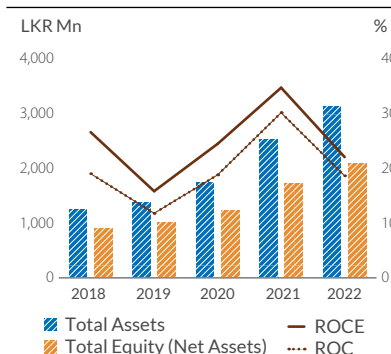
Performance of the Share

The CFL share price showed mixed results in the current financial year. During the year, CFL share reached an all-time high of Rs. 1,990.00 on 13th January 2022 and the lowest trade share price is Rs. 999.75 on 14th March 2022. The year-end share price of the Company as at 31st March 2022 was Rs. 1,182.25 per share as compared to Rs. 1,245.00 in 2020/21. CFL recorded a market capitalization value of Rs. 930,457,941.75 as at 31st March 2022, compared to Rs. 979,843,635.00 at the end of the previous financial year.

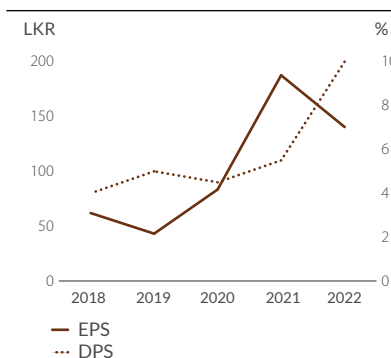
Total Asset vs Total Asset Turnover



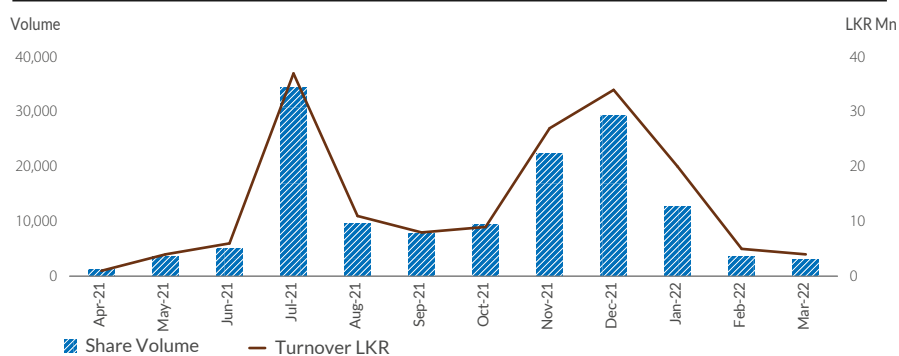
ROCE and ROE



EPS and DPS



Share Volume vs Turnover



Manufactured Capital



Align with CFL
Sustainability Road Map
(see page 40)

Management Approach

Manufactured Capital is a critical part of the Company's value creation process enabling the manufacture and delivery of our products efficiently and responsibly, strengthening the brand. We have invested in state-of-the-art manufacturing facilities that are operated under stringent controls to optimize capacity and maintain consistency in product quality.

This year has been an extraordinarily challenging year that has put to test our strong business progressions. We have always believed in the need to invest in technology and this vision has assisted us during these challenging years though the diversification of our product portfolio, from majority of soy-based product facility to 61% this year. The state-of-the-art systems and processes deployed throughout the manufacturing cycle ensuring that all products are produced under stringent health and safety standards.

Capacity Utilisation

Capacity utilisation is one of the most crucial aspects of production planning, considering several parameters such as speed process, design, etc. The Company continues to pay greater attention to capacity utilisation and maintenance, as the upkeep and improving of machine utilisation - with regular preventive maintenance helps to achieve the optimum performance of the machinery on the production floor.

What we are up to

CFL has offered the local and global market with a range of products which span from soya nuggets, cereals, kottu, soups, spices, and snacks. During the year under review, the Company added Sera Spices to their product portfolio, expanding the Company's product lines even further.

Capital Assets

Efficient use of manufactured capital enables us to be flexible, responsive to market and societal needs, innovative and faster in getting our products and services to the market. Also, the combination of manufactured capital with the right technology results in reduced resource usage and enable us to focus more on human creativity, thereby enhancing both efficiency and sustainable development of our organization. The Company's businesses involve significant investments in Manufactured Capital which comprise property, plant and equipment and right of use assets. CFL operates two manufacturing facilities in two locations. The total carrying value of the infrastructure amounted to Rs. 573 Mn by 31st March 2022.



New Spice plant facility.

Net Carrying Value (LKR Mn) (GRI 203-1)	2021/22	2020/21
Buildings	263	173
Plant and Machinery	310	29
Furniture and Fittings & Office Equipment	25	11
Capital Work in Progress*	-	267
Right of Use Assets	116	40
Other Assets	18	15
Intangible Assets	8	6
Total Value of Depreciable Assets	740	541

*2021 figure includes the investment made for the new spice project that was fully capitalized in the financial year of 2021/22

Expansion at CFL in 2021/22

CFL invested a total of Rs. 415 Mn to enhance manufacturing facilities during the year 2021/22. CFL's venture into the spice market introducing Sri Lanka to the first 'Low-temperature Grinding Technology' for spice processing. This investment raises the bar for the industry, promising the purest and highest quality spice experience to consumers.

Sustainable Manufacturing Methods

The Company has placed a strategic focus on driving operational efficiencies and productivity improvements through the implementation of economically-sound processes by minimizing negative environmental impacts while conserving energy and natural resources. (Optimizing material usage, energy and other resources, waste reduction, practicing the 3R concept). KPIs are set in order to minimize wastage, which has led to considerable improvements in safety and quality, enhanced productivity of the manufacturing line and generated sustainable improvements in cost management. Ongoing awareness and training associated with these programs have also contributed to nurturing a safety-conscious, quality-oriented culture.

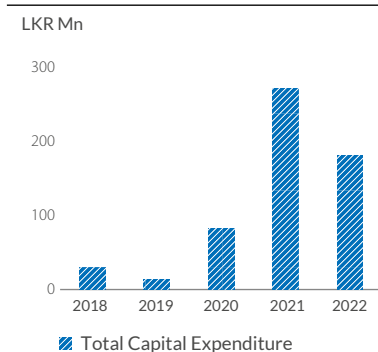
Skills Training

The Company's training proposition centers on equipping employees with the skills required to drive its strategic ambitions while addressing competency gaps. Training needs are identified through the annual performance appraisal and are addressed through a range of internal, external and on-the-job training opportunities. The Company is improving structures, centralizing cost management functions, unifying systems, automating, digitalizing and simplifying processes and creating process lines in a manner that organizational efficiency translates into higher quality and competitive prices. Hence, efficient operational processes are just as important as innovative products and contact channels.

Future Strategy

The Company operates state-of-the-art manufacturing facilities, which are designed to ensure compliance with a range of quality and food safety standards and certifications. We have continued to invest in upgrading our manufacturing technology, R&D capabilities and quality infrastructure while infusing sustainable practices thereby reducing the carbon footprint.

Total Capital Expenditure



Human Capital

(GRI 102-8 & 41)



Align with CFL
Sustainability Road Map
(see page 40)

Management Approach

The manner in which market competition emerges and grows among competitive business entities in the highly volatile business context over traditional economic entities today has far surpassed the way it was in the past. In order to maintain long-term market leadership, any organization must be innovative and create value for its consumers. Such organizations pursue human capital, their most valuable asset, providing superior products and services in order to achieve customer satisfaction and sustain future market share. As our main value creator, human capital plays an important role in the business operations of CFL. Consequently, we make continuous investments to nurture our team while offering them a holistic value proposition to ensure we retain a competent team.

At CFL, our HR mission is to “advance human capability, to accelerate business results, to drive sustainable business growth and to create enriching moments of happiness for many people”. Therefore, Human Resource (HR) Management is considered key and we place a higher priority on any aspect of human capital management. In line with the aforementioned mission, our priorities are aligned around the following pillars:

- Attract and Retain Talent
- Advance Human Capability
- Build a Culture of Trust and High Performance
- Mobilize Information

Our HR Policy (GRI 102-41)

Our HR policy is compliant with the local statutes and also incorporates international ratifications on employee rights and HR practices, aimed at facilitating a merit-based non-discriminatory work environment in terms of career growth, rewards and recognition. Some of these include a comprehensive disciplinary policy, training and development policies, reward policy, whistleblowing policy, code of ethics, anti-harassment policies and grievance handling policies.

Equal Opportunity Employer

We at CFL are committed to ensuring equal employment opportunities in the work environment whilst adopting non-discriminatory policies in all our processes. The remuneration and recruitment structure is fair and transparent and does not discriminate against individuals on the basis of race, colour, gender, ethnicity, religion, marital status, sexual orientation, disability, or any other factors that are not job-related. This is supported by our

CBL Group talent acquisition policy which covers its subsidiaries. As a Group of companies, our main activities comprise manufacturing and packing activities, in order to meet this requirement our workforce comprises mainly male workers who are engaged in the manufacturing processes, while the packaging sector is predominantly female.

Recruitment and Selection

We follow a structured recruitment process that combines internal and external recruitment strategies to support our goal of sourcing the most suitable candidates for the job. We ensure that all candidates have the ‘right’ attitude which is aligned with our unique culture and value system.

Our external recruitment strategies focus on attracting suitable candidates from different areas across the country. In order to attract these candidates job, fairs and career guidance workshops are conducted in local areas in collaboration with the affiliated GA offices. During the year under review, such a job fair was conducted in the Kilinochchi district.



In the event of a vacancy arising within the Company, priority is given to applicants within the staff, who are encouraged to apply for these vacancies and move up the career ladder. New recruits are obtained through an advertisement placed on various digital and print media channels. Internships are a common occurrence in the Company, in the successful completion of an internship the individuals identified will be absorbed into the cadre on a full-time employment basis.

No Child Labour, Forced Labour or Unethical Employment Practices (GRI 408 -1 & GRI 409-1)

CFL is committed to complying with the regulatory requirements pertaining to employment and has a strict policy on child labour and forced or compulsory labour. The Company conforms to the labour laws of Sri Lanka and therefore we do not maintain or advocate any type of child labour, underage employment or forced labour or any form of unfair or unethical labour practices. The necessary policy requirements have been in-built into the service provider agreements and duly acknowledged by the service providers. There have been no incidents of child labour reported to date.

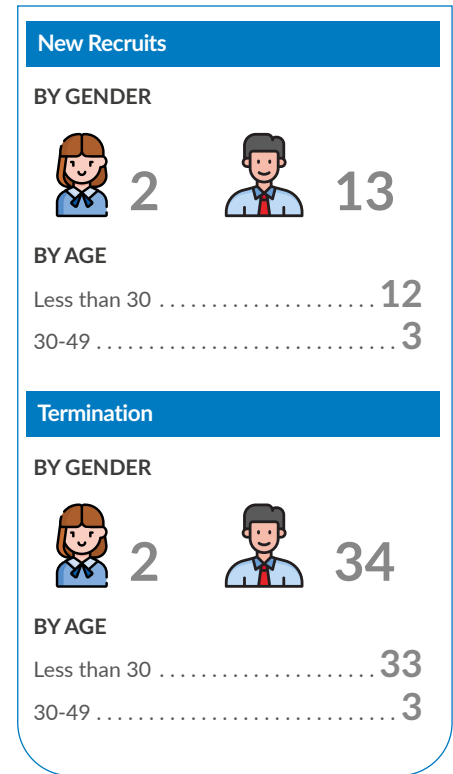
Number of Incidents of Child Labour: None
Number of Incidents of Forced Labour: None

Work-Life Balance

At CFL our work day revolves around 8.30 am to 5.00 pm daily, however, the option of flexible working hours, if requested by an individual or team are reviewed case by case and a consensus is achieved. Work from home is a buzzword which came about with the first wave of COVID-19, this is encouraged across the Company to employees who are unable to commute to the office given their existing circumstances. A set of guidelines are provided to employees working from home or a remote location. These guidelines are designed to ensure that the employees have the necessary resources such as technological tools and training required to work from home, a smooth flow of communication and the achievement of the targeted results.

Remuneration and Benefits (GRI 401-2)

Our human capital is our greatest strength and CFL's primary goal is to provide our employees with motivational value, both financially and non - financially. During the year under review, we provided competitive pay increases in line with statutory



requirements and introduced several welfare schemes designed to enhance the value created for them.

Yet another benefit which is offered to employees is the insurance and OPD cover, which are reviewed annually in order to provide a suitable package. Furthermore, they enjoy the benefits of annual performance bonuses and increments along with a quota of Company products which is given free of charge monthly. The Company provides a meal to factory staff at a subsidies price.

	2021/22	2020/21
Total Remuneration & Post Employment Benefits	Rs. 563 Mn	Rs. 480 Mn



Training and Development (GRI 404-2)

CFL has a comprehensive Training and Development process where Training and Development needs are identified through the performance management process to address current and future competency requirements. Training opportunities provided to employees are identified through a matrix which identifies gaps and falls into three main categories, which are technical skill building, behavioural skill-building and leadership development. With a 70:20:10 mechanism in place (other than the formal learning interventions), employees are encouraged to practically imply the theories learned through the formal learning interventions. Our robust post-training monitoring mechanism ensures the ROI of these programs. At CFL, our main focus is on improving the total well-being of our employees, and we conduct a number of training programs on mental well-being, physical well-being and financial well-being. Accordingly, we held a session to help our employees better manage their finances during these challenging times.

Our performance monitoring framework facilitates the identification of training needs and enables the alignment of employees' goals to corporate goals. We plan our employees' succession through job enrichment efforts, providing employees with a platform to learn and develop their current roles as well as providing them with the opportunity to improve their behaviour and leadership skills. Our training structure also includes middle management development programs for our management level employees as future leaders of CFL. We conduct a comprehensive induction program for our recruits to understand the Company history, the corporate environment and the manufacturing process, which is a great support to their success and robust start-up.

Enabling the right health and quality standards is paramount in our segment of business, SHEQ (Safety, Health, Environment and Quality) week which is an annual training program held with the participation of employees and is an engaging event. Several in-house competitions featured in the year's calendar, including a poster and video competition along with a quiz for employees.

Performance Management System

The Company has a streamlined Performance and Development Plan (PDP) process where SMART objectives are set out at the beginning of each financial year. These objectives are derived from the consensus of the employee and their respective line manager. Our PDP process not only evaluates the achievement against the set objectives but also analyses their achievement in line with the set values and behaviours of the Company. The document is evaluated on a six-month rotation thus ensuring that the set objectives are processing. The final rating affects each employee's annual increment percentage.

EMPLOYEE STRENGTH

MANAGEMENT/EXECUTIVE STAFF

	As at 31.03.2022	
	Male	Female
Director	2	-
Senior Managers	2	1
Managers	6	2
Assistant Managers	6	2
Executives	23	6
	39	11

NON-EXECUTIVE STAFF

	As at 31.03.2022	
	Male	Female
Support Staff	155	7
Factory Staff	87	30
	242	37

FUNCTIONAL ANALYSIS OF TOTAL EMPLOYEES

	As at 31.03.2022	
	Male	Female
General Management	2	-
Finance	7	4
Stores	26	-
Information Technology	2	-
Sales & Marketing	161	4
Production	59	29
Quality	7	3
Research & Development	1	3
Procurement	3	2
Human Resources	2	1
Administration	1	2
Engineering	10	-
	281	48

Rewards and Recognition

At CFL, we believe appreciating and acknowledging employee contribution results in positive outcomes such as motivating employees to reach their true potential, while also boosting productivity and generating loyalty

Human Capital

towards the organization while motivating employees to reach their true potential. The annual Chairman's Awards are conducted to recognise new projects, innovations and achievements by employees. Projects are requested from all SBUs under the categories of Business Excellence Awards, Sustainability Awards and Spirit Awards. The projects are evaluated by a panel of judges comprising the Board Directors, Internal Audit and Corporate HR. The Spirit Awards mainly recognize individuals who have contributed and have gone out of their way to support the business function. This year we provided employees with an ex-gratia in appreciation of their efforts in driving the Company towards excellence in these trying times. Long-term employment is indeed valued throughout the CBL Group. Employees who have completed 15, 20, 25 and 30 years of service avail themselves of a cash reward and a gold coin in recognition of their loyalty and service.

Employee Welfare and Social Events

CFL periodically revises employee welfare benefits to uplift the quality of work-life balance among employees. An active welfare society organizes events throughout the year with commendable participation by employees. Through the welfare facilities, employees are eligible to receive short-term and long-term welfare loans and meals for factory staff at subsidized rates. The Company also provides uniforms and safety shoes for operative staff. In addition to the above, the Company also presents each employee with a product welfare bag for the Sinhala Hindu New Year and at the beginning of the calendar year. The construction of the employee welfare outlet is in the pipeline and scheduled to be completed next year. This will be located at the factory premises and enable employees to purchase Company products at a discounted price. The distribution of soy packets to all staff

Training and Development (GRI 404-1)		
	2021/22	2020/21
Investment in Training & Development	Rs. 2.3 Mn	Rs. 1.3 Mn
Training Hours	458.5	488.5
Average training hours		
Male	394.4	409.3
Female	64.1	79.2

on a monthly basis is yet another venture which comes under the preview of the welfare society. The Sera brand appreciated all female employees celebrating International Women's Day with an event-themed 'A moment beyond thanks'. A personalized appreciation card signed by the Managing Director, Mr. Thilanka de Zoysa was presented to each employee emphasising their valuable contribution to the Company.



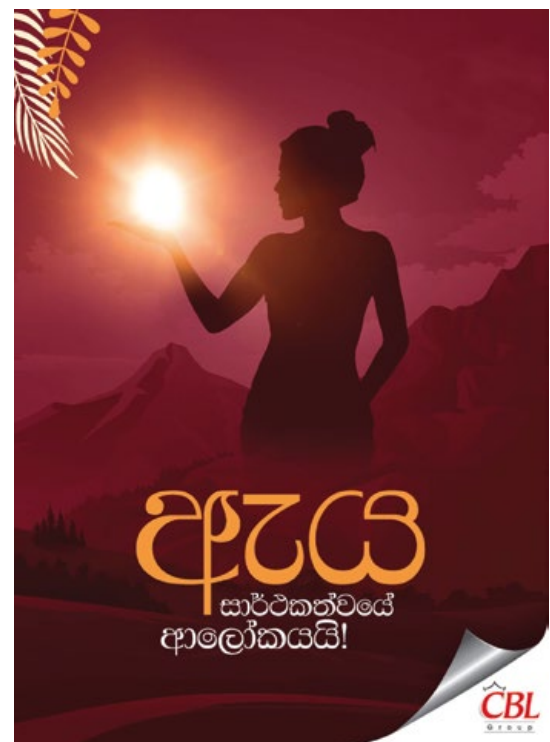
Long service awards.

This reporting year, we expensed Rs. 61.1 Mn for staff welfare costs. This includes welfare events, staff transport due to the interruption of the COVID and health and safety.

Occupational Health and Safety

(GRI 403-1, 403-5 & 403-6)

As a sustainable Company, we recognize the importance of continuously investing in Occupational Health and Safety (OHS) practices and we conduct regular workshops throughout the year to create the necessary awareness around this critical issue. We have an inbuilt OHS management system in order to identify workplace hazards that could impact employees and



International Women's day celebration.

the greater populace who may be affected by the organization's activities. Well-established OHSAS procedures ensure that health and safety practices are regularly inspected and a third-party audit is conducted. We are currently in the process of obtaining ISO 45001: 2018 Occupational Health and Safety Management System.

A 'whole' employee is the vision which the Company has established and works towards. In creating this 'whole' employee 'total wellness' plays a critical role. In order to accomplish this, a four-dimensional wellness culture has been established. The four wellnesses have been: Physical, Emotional, Mental and Spiritual. We encourage our employees to choose a better and balanced lifestyle encapsulated in these four attributed areas. As a Company, we do our part through the provision of medical and eye camps with the facility of spectacles on an instalment basis. According to the total well-being projects, measured BMI and conducted compulsory tests (FBS, FBC & Lipid Profile) on all employees, doctor's advice given to the high-risk category employees and second-time testing for the high-risk employees and continuous medical assistance.

Health and Safety at the Workplace (GRI 403-9)				
	2021/22	2020/21	2019/20	2018/19
No. of Injuries	2	2	8	12
Lost Time Accidents During the year				
	2021/22	2020/21	2019/20	2018/19
Lost (Hours)	90	45	585	1,404
Lost (Days)	10	5	65	156

Fire safety is yet another area which is of paramount importance to the Company. Every three years, a third-party audit with a fire consultant is carried out to identify fire hazards by safety measures. The Company has tied up with the Ratmalana Fire Brigade, to conduct regular programs and training for employees. This year we successfully conducted fire mock drills and fire training with the participation of the Fire and First Aid Teams. A highlight of the year was the OHAS session conducted during SHEQ week. All OHS incidents are logged and statistics are monitored regularly to assess the effectiveness of the safeguards in place. Employees are trained regularly on health and safety aspects with adherence being mandatory, and line managers are held accountable for

enforcement. During the year under review, there were two injuries and 90 man-hours were lost due to these injuries. There is a formal accident investigation and action follow-up mechanism which is followed by the Company and accident statistics are published and discussed for actions at the monthly management meetings.

Way Forward

Our human capital remains our greatest strength and by providing a motivational workplace atmosphere, CFL is able to attract and retain the best and brightest talent in the industry. Our valuable employees are at the heart of our operations and the Company is committed to enhancing their experience and benefits by creating a truly great place to work.

All Executive category employees have an inbuilt, annual 70:20:10 Differentiated Development Plan aligned to the business priorities and individual career aspirations as a part of the annual performance and development planning exercise. Furthermore, the annual talent management drive provides the Company with a good overview of the existing talent pipeline as against the critical roles for the business as well as the current key talent. This drive enables us to accelerate skill building where required.



Fire mock drills and fire training at CFL.

Intellectual Capital



Align with CFL
Sustainability Road Map
(see page 40)

Management Approach

Intellectual Capital comprises a unique set of intangible assets, including the Company's brand value and operating processes, organizational culture and tacit knowledge, which give the organization a competitive advantage in the market they serve. CFL operates in a highly competitive FMCG industry with many players, maintaining brand presence and dominance in this industry is indeed an uphill task.

Intellectual materials help in creating wealth while producing high level results. During the year the Company's remarkable agility and adaptability attest to the strength of its unique intellectual capital. Regular monitoring of local and international customer trends and new product developments along with customer feedback which we receive in the form of surveys and customer expectations helps us to further enhance our product offering and sustain top of the mind brand recall among our target consumers.

Systems, Procedures and Protocols

The Company's commitment to operational excellence and continuous improvement is reflected in the host of domestic and international certifications it complies with. The requirements of the Company's global customer base have also encouraged sectors to comply with stringent quality certifications, which have contributed towards strengthening internal systems and processes thereby enhancing the Company's intellectual capital base.

Brand Building

It should be noted that the period in the review was a subdued year due to the pandemic, economic and political instability and most of the brand promotion activities took place in digital medium/platforms. However, care was given to necessary brand building programs in order to further strengthen the brand despite using the advertising budgets effectively.

It is noteworthy to mention, that CFL brands performed exceptionally well in

spite of adverse economic conditions and the environment. Despite most products being in highly competitive sectors, the strength of the CBL corporate brand and our brands' equity ensured customer loyalty. Our products are priced optimally to give customers value for money while still offering the highest quality. Throughout 2021/22, the Company focused on growing our Brands market share, increasing top of mind brand recall and retail shelf visibility.

Brand Building Activities in 2021/22

- Lankasoy has won the hearts of consumers as a trusted and responsible brand amongst all walks of life. This is due to the innovations, brand building activities, not using MSG or artificial enhancers and not being made using genetically modified Soya. The Non genetically modified Soya flour used in Lankasoy products adhering to food regulations with best manufacturing practices, whilst not using any MSG or artificial enhancers has enabled Lankasoy brand to grow market



Newly constructed analytical lab.

leadership with trust and credibility in the category. Throughout the year various Above the Line (ATL) communication and demand generation activities including loyalty programs and promotions for customers and traders were carried out. Retail measurement services research revealed that Lankasoy market share, numeric distribution, weighted distribution and share among handles have all increased. The SRL consumer track confirmed all brand health parameters of Lankasoy (Brand Awareness, Brand Penetration, Brand Preference, Brand Adaptation and Brand Loyalty) have also increased.

- Lankasoy conducted a series of activities in Towns and Small & Medium and Modern Trade (SMMT) outlets targeting rural and urban consumer's country wide product sampling and live cookery demonstrations were also part of the year's activities. With the aftermath of COVID-19 prevalent, the Company ensured that all health regulations were adhered to, whilst giving consumers a unique product and brand experience.
- Culinary applications and product experience: Lankasoy regularly takes part in many consumer engagement campaigns in order to impart proper knowledge on the nutritional values of foods, cooking methods and applications.
- The Sera Range continued to build a strong brand association with culinary products as a trusted, quality and convenient solutions provider through digital media and consumer activations. The range was driven further into the market through digital market campaigns, trade visibility drives and the expansion of the distribution network.
- The brand Nutriline leveraged its strong lifestyle associated with its new ATL campaign and brand proposition titled "Podi Waddanta". This was established to create significant awareness among the main target group of mothers and children.

CBL Nutriline has created a prominent position in the breakfast cereal category competing with international brands whilst being locally sourced and manufactured. CBL Nutriline created an impactful brand presence and relevance which supported the growth of the brand and category in the financial year under review.

R&D Process

The Company's innovative spirit has enabled it to pioneer a range of products, thereby setting the standards in the industry. Research and development capabilities are nurtured by a dedicated R&D team. The collaboration with leading research institutions further enhances the facility to innovate new concepts for the local and export markets.

The new product development process is a six-stage plan. By breaking down tasks it enables internal and external cross

departmental collaboration, which further enhances team building.

Product Definition:

Once we completed the business case and discussed the target market and product functionality, it was time to define the product. This is also referred to as scoping or concept development and focuses on refining the product strategy. Here we consider our business matrix, value proposition, product success metrics and the marketing strategies to place the product.

Prototyping:

At this stage R&D team intensively researched the conceptualised product considering the market by creating a more detailed business plan to construct the product. This helps to identify the risk before launching the product. Detailed business plan to construct the product.

New Products Introduced

- Lankasoy Jumbo 120g
- Nutriline Grain Berry 150g
- Nutriline Lemon Crunch 150g
- Sera Coconut Milk 500ml



- Sera Spice Range - Basic Spices



Intellectual Capital

Initial Design:

Here we all cross functions work together to produce the product while creating and developing the product with the target audience in our mind to complement the key function of the product.

Validation and Product Testing:

Here we go live with the product to ensure that every part of the product from development to marketing is working in line and effectively.

Commercialization:

Now it's time to commercialize our concept, which involves launching a product and implementing it.

A Culture of R&D and Sustainable Innovations

R&D has become a culture in our business model and is one of the key drivers in putting a country on the development path and maintaining sustainable economic growth. Innovation underpins the process of bringing our novel products to the market. Most of the innovations in our business aim to transform into sustainable innovations.

Sustainable product innovation:

Projects are ongoing on exploring Sustainable Packaging to convert laminated Packing Materials to recyclable materials by introducing homogeneous materials.

Update on IT platforms and cybersecurity

Implementation of Blackberry Cylance as the End Point Protection Solution. Upon COVID-19, the working model of the organization has been changed as the majority of the computer users are adopting the WFH strategy. Therefore, the traditional security architecture is not valid to safeguard against increasing threats all

Investments in R&D		
	2021/22	2020/21
Investments in R&D	524,619	282,016
Number of Existing Products	105	95
Number of New Products Developed	10	-

around the world. Especially, during this period, there was a sudden spike in cyber threats as a country towards Sri Lanka as well. Therefore, the existing traditional A.V. is not adequate to defend against most sophisticated attacks such as ransomware, and bitcoin-mining attacks especially, while users are connected to their home networks. Therefore, in July 2021, the IT department implemented Blackberry Cylance as the End Point Protection Solution for the company with the below features.

This product is geared toward both traditional signature-based detection, machine learning capabilities powered by Artificial intelligence detection, and on-the-fly remedial techniques to identify and respond to both common and targeted threats (zero-day attacks). With this solution, IT can monitor and respond to incidents on a 24*7 basis.

'CBL Focus' New Development

CBL Group IT division implemented the CBL FOCUS application in 2015 to automate the sales force operation of the Group. The existing CBL FOCUS application was revamped in April 2021 with the help of advanced technologies to increase the performance of the sales force team.

Way Forward

Research and development transformation and improvements

R&D provides powerful knowledge and insights, while leading improvements to existing processes where efficiency can be increased and costs reduced. We contribute to productivity by helping to uncover new and innovative ways to improve our production lines from start to finish. We believe that innovative thinking is indeed the way forward and strive to ensure while capitalizing on our knowledge we ensure to provide the best results to our consumers.

- Existing product improvements with the cost reductions.
- Facing up the competition with the new innovations and developments.
- Re-engineering of existing products to face up and overcome the situational changes and its challenges keeping given customer promise as it is.
- We cater and develop new innovative naval products to the export market with innovative profiles.

Social and Relationship Capital



Align with CFL
Sustainability Road Map
(see page 40)

Management Approach

We share this journey of success with a larger customer base, business partners and the communities which we work with. By engaging with these key stakeholders, the Company aims to create shared value. The Company is committed to maintaining the highest degree of transparency and integrity in all its transactions and ensures a bond of trust is built through stakeholder groups.

The Company also adopts the highest product responsibility standards in packaging and communicating nutritional qualities so that consumers can make an informed choice. In a world plagued by the pandemic, the upkeep and maintenance of these relationships and human connection were challenged, but CFL strived to take control of the 'new normal' and has succeeded in nurturing and fostering these networks amidst a pandemic.

Customers Relationship (GRI 102-6)

The Company's local and global customer base comprises a diverse B2C and B2B base, with whom we engage via multiple channels. We believe that fostering these relations is important, especially in the FMCG sector as it is a fast-growing market with many alternatives, hence building and enhancing brand share is at the core of our business framework. We have built a principle of no compromise on quality, which extends to its integrity in relation to product, customer, community and natural environment.

Customer Satisfaction

Lankasoy is considered a healthy choice, stemming from this brand value, it has been able to grow and currently holds the top position in the Soya Meat category. Brand loyalty could be considered one of the most important aspects of a brand, however, this does require extreme dedication and due diligence to ensure that the customers' needs are met at every turn. Lankasoy has throughout the years been able to

strengthen the brand loyalty. Being able to adapt to the customers' needs is yet another unique trait of the brand with an adoption rate of 97% and a total awareness of 98%.

No. of Customers Catered to in 2021/22

- Lankasoy market share : +40% Volume YTD March 2022 (Source: Retail Measurement Services), Lankasoy market share continuously increased and achieved the highest market share.
- Sera Spices market share : +4% Volume Cumulative Share (Source: Retail Measurement Services March 2022)

Customer Relationship - Enhancing Activities

- CFL continues to advocate health and nutrition for their consumers, working towards this goal the Company launched a healthier convenient breakfast options for many age groups. This breakfast cereal has over a short period of time gained considerable market share



CBL Care Project.

Social and Relationship Capital

leveraging restrictions on imported products and the growing trends to seek locally produced foods.

- CFL has revolutionized the soya meat market as the dominant player. Soya is a nutritious and healthy choice for families with busy lifestyles. Today, Lankasoy's soya meat flavours are increasingly popular and a must have in every kitchen along with Nutriline Breakfast cereals. The introduction of Sera Spices further solidified the brand's presence.
- One-to-one interaction with customers
- Customer service and relationship management teams
- Social media engagement & interaction
- Brand promotions
- Periodic customer satisfaction surveys

Building Nutrition & Goodness with Lankasoy

- Customer surveys carried out to ascertain Sri Lankan consumers' awareness of the goodness of protein and the benefits of consuming soya indicated a vacuum in knowledge. Considering how important it is to address the nation on the importance of protein especially being a brand with products of plant-based protein, several activities were conducted to communicate this knowledge to the consumers.
- The brand carried out a series of campaigns with leading newspapers and digital channels to engage and educate the core target group and masses.
- The campaign was kick-started with a series of educational articles focusing on; the importance of a daily diet with protein, animal proteins vs plant protein, benefits of soya protein, how TVP prevents cancer, nutritional and medical properties of soya protein, Soya bean

being a high source of protein and myths of soya. The brand sought the insight of Professional expertise in the area to carry on these articles.

- The series inculcates the Brand's promise of providing affordable nutrition, whilst educating the core target group on making better informed decisions about their health.
- Being a responsible and ethical Brand, Lankasoy has always been at the forefront of innovation and quality, ensuring their loyal consumers are

provided with an affordable and reliable source of protein.

Handling Customer Complaints (GRI 418-1)

A dedicated Quality Assurance Department under the supervision of a Quality Assurance Manager, has been set up to handle customer complaints. Complaints are recorded in the Customer Feedback/Product Complaints Register and transferred to a Customer Feedback/Product Complaints report. These complaints are handled within 24 hours



Sera Kottu Kottu and Tetos at eat street CMB.



Sri Pada season activation for pilgrims.

through our Territory Sales Officers who are stationed around the country. Depending on the nature of the complaint, an Area Sales Manager would step in and visits the consumer or this would be escalated to a Quality Assurance Officer. Other customer communication which is classified as feedback, is handled by the relevant Brand Managers. The customer complaints are reviewed during ISO reviews and monthly management review meetings and necessary remedial action is taken to assure it does not happen again.

Supplier Relationships (GRI 102-9)

Supplier Relationship Management

We need our suppliers to be in line with our required levels of quality for which we have set aside parameters, standards and certifications which they need to comply with. Their ability to understand the market and readiness to provide innovative solutions promptly is critical in our ability to distinguish our products from those of our competitors. However, CFL supplier management does not merely focus on sourcing from vendors based on the best price and quality. We at CFL also seek responsible and sustainable development goals. Building trust and long-term business relationships with our suppliers ensure we have a competitive edge. This has helped us to limit drastic impacts and disruptions in supply, especially during these challenging times.

Supplier Engagement

Suppliers are a part of our business. Therefore, we work in collaboration with the supplier regularly to reduce costs, discuss process improvements and also improve the quality of the services and materials provided by them. We facilitate supplier engagement mainly through face-to-face meetings, supplier site visits and

also through communication via electronic media. Our transactions with the suppliers are not merely monetary. We are receptive towards their concerns and strive towards achieving their trust and loyalty. During these challenging times, many of our suppliers had concerns over their liquidity levels. They were unable to source funds to continue their business. Therefore, CFL took many initiatives to help such suppliers such as advancing their credit period and even directly importing the required material while having them as the indenting agent. This in return helped CFL to sustain the required material on time without any disruptions whilst winning supplier trust and loyalty.

Company Purchasing

Apart from suppliers, our procurement team also works in liaison with other CBL Group procurement teams as well as CFL internal departments such as the store's team, quality team, R&D team and production team to develop and expedite sourcing strategies and methods. Additionally, these teams also work collectively to support the selection and development of our supplier base. Following their successful efforts, we have managed to register 99 new suppliers during the year. CFL has a total of 1,440 suppliers of which 1,402 are local (Sri Lankan) suppliers and 38 are foreign suppliers. Our teams are working towards increasing the number of suppliers as well as sourcing from different geographical regions.

Supplier Screening to Ensure Ethical Sourcing (GRI 414-1)

Whilst it is of utmost importance to maintain healthy and reliable supplier relationships, CFL constantly focuses on its obligations to its environment and society as a whole. Therefore, it is also

important for the Company to ensure that these obligations are well looked after by suppliers as well. The trust and reliable supplier relationships built throughout have helped in driving these efforts. To facilitate this requirement, the Company carries out Supplier Evaluations for both existing and new suppliers through site visits and one-on-one discussions with them. The methodology used to evaluate our suppliers takes into consideration the social, legal and environmental impacts of the supplier's processes.

For existing suppliers, annual evaluations will be carried out where areas for improvement will be suggested by our teams. In the event a new supplier does not meet the minimum requirement, they will be temporarily discontinued until it is achieved. In some instances, our teams have extended support and guidance to new suppliers to obtain the relevant standards and certifications.

Business Partners Relationship

In the process of its operations, the Company engages with business partners who play a critical role in our supply chain. CFL is committed to building mutually beneficial relationships with its business partners. In order to manage the marketing and promotional campaign executions, many suppliers and business partners are being dealt with on a daily basis. The media buying agency supports our brands to ensure a share of voice against the share of spend while securing and optimizing the best commercial spots which are relevant and beneficial for the brands to reach the target audience. Our brands are dealing with numerous renowned agencies to create content and campaigns on TV, Radio, Press and digital platforms. The activations and promotions team deals with direct business partners such

Social and Relationship Capital

as Activation agencies, Culinary experts, Housewife associations, Chefs and Other industry professionals while maintaining close relationships with activation agencies to ensure relevance and closeness to the target audience of the brands respectively.

Product Responsibility (GRI 102-13 & 417-1)

CFL always focuses on the quality of the products that are being manufactured there and it is considered one of the CBL Group's core values. As it suggests "We

strive with passion to deliver higher value and satisfaction through our products and services". Our employees are committed to abiding with this core value. CFL is the pioneer in textured soy protein manufacturing and in addition to that there are other convenient food products namely spices, ready to eat extruded snacks, breakfast cereals, soup mixes and instant kottu. The Company is certified for ISO 22000, GMP, HACCP, ISO 9001, ISO 14001 and COVID-19 management systems while our products are Halal certified and some of the products are SLS certified.

We use higher quality raw materials sourced both locally and internationally. We assure that the raw materials comply with the local legal and regulatory requirements and the packaging materials are also safe for food packaging. We obtain the raw & packing materials only from qualified suppliers which were selected by a Company developed stringent criteria. Further, our Company regularly develops the suppliers by giving them feedback after supplier audits which are pre-scheduled by the Procurement & Quality Assurance teams. The compliance of the raw & packing materials is thoroughly checked at the receiving point by a qualified & experienced team through globally accepted test methods. In addition, the manufacturing process is regularly inspected by the quality assurance team in order to assure safe and quality products are manufactured.

Compliance Certifications - FY 2021/22

SLS 898: 2017 (Specification for Textured Soy Protein)

Scope: This is a product certification and assures the product is complying with the specifications declared under the SLS 898:2017 standard. Product quality is assured by this certification.



SLS ISO 9001: 2015 (Quality Management System Certification)

Scope: This risk based system ensures that the processes in the company are smoothly running and are continually improved. The performance of every process is periodically reviewed.



ISO 22000:2018 (Food Safety Management System (FSMS))

Scope: This system ensures that the products that are manufactured are safe for human consumption. This is also a risk based system whose processes are continually improved. The performance of the system is periodically reviewed and actions are taken if necessary.



ISO 14001:2015 (Environmental Management System)

Scope: This system enhances the company's environmental performance & Contributes to the environmental pillar of sustainability.



GMP (SLS 143 : 1999)

Scope: This certification is Awarded to any manufacturing process based on the Sri Lanka Standards on codes of practice available in the related discipline and SLS 143.



HACCP (Hazard Analysis and Certification Control Points System)

Scope: This is a system that analyzes the physical, biological & chemical hazards which are harmful to humans and eliminate them during the manufacturing & packing processes.



HAC (Halal Accreditation Council)

Scope: This certification ensures that the products that are manufactured comply with the Halal certification terms & conditions and standards of HAC.



COVID-19 (Safety Management System Certification SLS 1672: 2020)

The Sri Lanka Standards Institution Certifies that the COVID-19 Safety Management System of CFL.



Industry Associations - FY 2021/22

Sri Lanka Food Processors Association



Industrial Association of Sri Lanka (IASL)



The Employers' Federation of Ceylon (EFC)



Lanka Confectionery Manufacturers' Association (LCMA)

Our manufacturing processes are carried out under strict hygienic conditions, while regular training on GMP (Good Manufacturing Practices) is mandatory to employees. The food handlers are given appropriate clothes and wearables in order to prevent food contamination and ensure their safety. Necessary infrastructure has been built on the premises, ensuring a hygienic environment and pest control programs and cleaning schedules are implemented in order to ensure uncontaminated and safe products are manufactured on our premises. Product packaging is made according to local and international standards and laws and regulations. Therefore, we ensure that the nutritional information and other details declared on the label are designed in accordance with the labelling regulations regulated by the Food act, no.26 of 1980.

A laboratory situated at our premises ensures necessary tests are carried out to ensure the products are complying with food safety standards. The following tests are carried out at the lab - moisture analysis, fat analysis, water hardness analysis, Spectroscopic analysis and Ash & Acid insoluble ash analysis. The latest addition to this list is the aflatoxin test which is based on the ELISA technique and ensures that our products are safe from aflatoxins. Products are checked for aflatoxin B1, which is the most critical type, as well as the total aflatoxin.

Microbiological tests such as Total plate count, Yeast & moulds, Coliforms, E. coli & Salmonella are performed in the newly built microbiology laboratory by a qualified & skilled microbiologist.

Not only do we maintain the quality of our products, but we also try to improve the quality of products and packaging to keep the customers satisfied. As a result of which we won the gold award for one

of our continuous improvement projects carried out by a cross-functional team at the National Convention on Quality and Productivity which was organized by SLAAQP (Sri Lanka Association for Advancement of Quality & Productivity) in 2021.

Community Development (GRI 102-16, 203-1 & 413-1)

CFL's Corporate Social Responsibility (CSR) strategy is mainly focused on uplifting the future generation by imparting knowledge and conducting social development programs. CSR activities are organized by the CSR committee and sales and marketing teams with the help of employees and

the management. Committee members represent different levels from the Managing Director to the factory employee. As part of our wider commitment to CSR, CFL reaches out to the community through corporate philanthropy as well. A separate budget is allocated for CSR activities.

Key CSR Highlights for 2021/22

Our Food cluster brands partnered with different stakeholders to support communities affected by the COVID-19 pandemic. In order to strengthen national efforts toward controlling COVID cases across the country, Samaposha, Lankasoy and Sera supported the below initiatives:



CFL Foods supports communities in need.



CFL dry ration packs to villagers.



Lankasoy and Sera support communities during COVID-19.

Social and Relationship Capital

- CBL Care Project - The CBL Care package includes popular products from CBL Group Lankasoy, Sera, Samaposha, Munchee and Ritzbury. The package also includes a personal note from the CBL Family. Munchee, Ritzbury, Lankasoy, Sera and Samaposha began the second phase of the CBL Care project to support communities in need during this challenging time. Popular products from across our brands were selected to create 7,000 Care packages. These packages were distributed to the most vulnerable communities in 10 districts of Colombo, Kalutara, Gampaha, Galle, Kurunegala, Kegalle, Kandy, Polonnaruwa and Vavuniya and Batticaloa.
- CBL Foods Cluster Brands Lankasoy, Sera and Samaposha partnered with Sri

Lanka Food Processors Association's (SLFPA) CSR initiative and distributed product packs for families who were affected by the COVID pandemic.

- 1,000 gift aid packs were handed over to the blood donors at 6 blood donation centers together with Sri Lanka National Blood Transfusion Services. (Narahenpita, Anuradhapura, Kurunegala, Bingiriya, Naththandiya and Negombo)
- CFL initiated a project to distribute dry rations packs to families in the Sandungama area. The project was carried out to support the efforts of the chief incumbent and Dayaka Sabhawa of the Sandungama temple to take relief to needy families in the village.

- CFL donated a shelter to the hospital to meet this requirement, where the patients can be seated till they are transferred to another government facility.
- Nutriline team took the children to these places for Christmas, Siri Daru Piyasa - Kindelpitiya Jagaddala Child Home - Kindelpitiya Sunera Foundation - Homagama Yasodaradevi Children's Home - Atthidiya.

Way Forward

At CFL, we believe we need a social license to operate and this must be earned through cooperation with the local community while also sharing our prosperity. We believe in having a positive impact on the communities in the vicinity of our manufacturing operations.



CBL Care Project.



CBL Nutriline, a special program to celebrate christmas.

Natural Capital

(GRI 102-11)



Align with CFL
Sustainability Road Map
(see page 40)

Management Approach

We at Convenience Foods (Lanka) PLC, who have gained reputation as the frontrunner in the manufacture of Textured Soya Protein (TSP), remain conscious of the impact our manufacturing processes have on the environment and constantly explore avenues to minimise harmful impacts on nature. Our initiatives in this area are governed by the compliance of the triple bottom line of the plant, people and profit. Through this initiative the 3R concept of Reduce, Reuse and Recycle including avoid, recover and dispose is practiced in order to support the environment for its sustainability. The adherence to Sustainable Consumption and Production (SCP) practices is yet another initiative which we have embarked on in our effort to minimize our carbon footprint.

The deep understanding of renewable and non-renewable resources has led CFL to adapt and practice resource-efficient systems and environmentally sound practices. These methods have been the cornerstones of CFL achieving a competitive and sustainable production process. While protecting and minimising the impact on natural resources, these environmentally friendly practices and adoptions contribute towards tangible and intangible benefits to the Company.

Standards and certifications contribute towards enhancing our knowledge base and thereby adding further credibility to our operations. Careful to subscribe to the right standards and certifications that add value to our business, we have adopted the following global best practice the ISO 14001:2015 certification for Environmental Management Standards. This further resonates with our proactive approach to identifying, monitoring and controlling the negative environmental impacts.

Environmental Policy

The Company has understood the importance of integrating sustainability agendas into the business plan, long before the commercialisation of ethical and sustainable practices. Governed by a comprehensive environmental policy, CFL makes every effort to ensure its environmental commitment will continue to be fully compliant with the requirements of ISO 14001:2015 Environmental Management Systems.

The Company is committed to upholding its environmental management system in a cohesive manner, with every department playing a role towards its environmental agenda. This is performed through packaging developments, sustainable energy and waste management through target-setting for waste reduction, monitoring environmental parameters and making improvements where possible. The Company's environmental policy, nurtures an environmentally-conscious culture through awareness and implementation of sound environmental practices in all our activities, products and services. To meet our environmental objectives, CFL would:

- Communication of the policy to all persons working for or on behalf of the Company.
- Sponsoring programs and providing training.
- Managing operations in a cost-effective manner and reducing potentially adverse environmental effects.
- Complying with all environmental laws and regulations and other environmental requirements and concerns of all interested parties.
- Setting objectives and targets for pollution prevention and continual improvement and reviewing the goals periodically for progress and effectiveness.
- Conservative use of materials, supplies and energy where practicable recycle items and/or use recycled items.
- Maintaining a reporting system that advises senior executives immediately of any serious incident detrimental to the environment.
- Promoting informational exchange and the adoption of similar environmental protection policies by suppliers, vendors and contractors.



Cultivation of vegetables with in the factory premises.

Natural Capital

Ongoing Environmentally-Friendly Initiatives

Minimizing dust	<ul style="list-style-type: none"> A dust collection system was introduced to minimize dust within the premises.
Reducing energy consumption	<ul style="list-style-type: none"> Increase energy efficiency in order to lower usage and conduct proper monitoring. A range of eco-friendly initiatives have been taken to reduce energy consumption. Boiler efficiency is monitored annually and necessary corrective actions are taken (Flue gas analysis).
Noise pollution	<ul style="list-style-type: none"> Noise levels are measured annually and noise-reducing improvements are done (PPE – are provided for necessary areas).
Reducing carbon footprint	<ul style="list-style-type: none"> Co₂ levels are monitored. Reducing emissions, effluent and waste.
Water consumption	<ul style="list-style-type: none"> Reducing water consumption and recycling whenever possible.
Waste management	<ul style="list-style-type: none"> Reducing material consumption and recycling and reuse of materials. We effectively implemented Sustainable Cleaner Production (SCP) practices. Inculcate a waste-free environment through training employees.

From the inception of the Company, people and the planet have been at the heart of CFL's operations, being a mere tool in the entire production process of quality TSP, CFL takes extra measures to safeguard and protect the environment. Ethical behaviour is a key principle upon which the Company is built and creating an impact beyond the realms of profit maximisation is an integral part of that value. These environment friendly practices have led towards tangible and intangible benefits for the Company. Notable reduction in production cost and

increase in revenue are notable tangible results stemming from these initiatives.

Raw Material & Packing Material Management

By optimum usage of raw materials and packing materials by reduction of waste. Set up KPIs and review them monthly. Wastages and consumption are monitored daily and on a monthly basis and internal audits are carried out based on the ISO systems. Introduced dash boards to create awareness. Kaizen suggestions QC projects are evaluated and rewarded.

Packing material improve reliability of wrapper suppliers by frequent supplier visits and meetings, Maintaining wrapper specification at upper levels and reduce wrapper wastage by setting KPIs for all processors.

Energy Management

As a responsible corporate citizen, CFL ensures that its energy and emissions management focuses on minimizing the CFL's overall carbon footprint through the improvement of its energy consumption.

CFL always tries to identify and coordinate the maximization of energy efficiency opportunities across the Company. The CFL cross-functional meets periodically to share information and best practices across the various operating units of the CFL. Minimize process energy consumption by improving efficiencies (Energy Intensity).

- Increase energy efficiency in order to lower usage and conduct proper monitoring KPIs set for energy consumption.
- Boiler efficiency is monitored annually and necessary corrective actions are taken (Flue gas analysis).
- Energy audits, awareness.
- Energy saving initiatives E.g. Using efficient motors, LED lights, skylights and machine modifications.

Energy Consumption (GRI 302-1)

	2021/22	2020/21	2019/20	2018/19
Energy Consumption within the Organisation				
Electricity - kWh	*2,464,775	1,712,375	1,568,377	1,522,220
Furnace Oil - Liters	141,811	184,425	204,235	202,184
Diesel - Liters	#71,673	37,625	13,051	15,718
LPG - Kg	*25,500	18,713	12,750	13,575
Direct (Scope 1-2) GHG Emissions - (GRI 305-1, GRI 305-2)				
Total Co ₂ emission Co _{2e} /Kg production	* 0.24	0.23	0.23	0.24

* Increase is due to addition of a newly built business line of the Spices production plant
Shift to alternative energy sourcing due to national electricity power interruption

Emission Management

The health of the environment lies at the core of the brand's business strategy and the Company works tirelessly in the areas of energy, water and waste, with comprehensive plans detailing goals, milestones and mitigation strategies in order to reduce emissions. The periodic monitoring of the boilers, cleansing of service nozzles and replacement of diffuser plates have led to efficient production during the year under review.

Water Management (GRI 303-1)

Water is a basic human need; without it survival is impossible. Stemming from this viewpoint the Company recognises the importance of this scarce and essential global resource. At CFL water consumption is monitored & limited to manufacturing processes and the drinking and sanitation requirements of employees. We continuously monitor our water consumption while conducting regular awareness programs to educate our staff about water preservation. During the

Water Usage (GRI 303-5)				
	2021/22	2020/21	2019/20	2018/19
Water and Effluent				
Water Consumption (m ³)	13,954	14,192	9,902	9,587

year under review, water consumption has shown a 1.7% reduction compared to the last financial year. The introduction of following into the Company's framework could be attributed to factors which have helped in minimizing and use of water;

- Water audits
- Regular monitoring
- Setting KPIs
- Awareness

World water day which was celebrated on the 22nd March 2022 helped raise awareness of the BN's of people living around the world without access to safe drinking water. Aligning with this important event CFL conducted a range of key activations through digital channels such as the internet, video presentations and inter

factory TV campaigns, on the themes of water conservation and saving water.

We measure both our water footprint and water related impacts such as the disposal of wastewater. In addition, we minimised any water impacts by ensuring the safe disposal of wastewater through the Municipal Council's waste recycling project. The implementation of regular awareness and training workshops carried out periodically further emphasizes our commitment to the goal of safe water-waste management. Our commitment to environmental management is further solidified through our ISO 14001 commitment, mapping out a framework for an effective environmental management system.



World water day celebration 22nd March 2022.

Natural Capital

Waste Management (GRI 306-2)

The Company's waste is mainly generated in production and packaging operations other than the general activities. Several initiatives were launched during the year to reduce the usage of non-renewable and non-biodegradable materials. The importance of waste segregation was once again emphasized through workshops and other communication channels. Ensuring green forest stewardship and the protection of trees, CFL has tied up with Recyclers, ensuring all Waste papers are collected and recycled with the outside recycler. Polythene waste which is known for its hazardous properties is also recycled through a tie-up, resulting in the manufacturing of paving blocks and pots. Biodegradable waste is disposed of through two means, namely the process of animal feed and a compost fertilizer project.

Greening Our Business

Eco Friday

Safeguarding Sri Lanka's biodiversity, natural habitats and natural resources is integral and therefore a key focus area of CFL's environmental conservation efforts. An Eco Friday campaign which emphasized the importance of proper waste management and waste segregation was conducted for employees, further stressing the importance of correct waste disposal methods.

Project PROMISE

The problem around proper waste disposal with minimum impact can feel overwhelming, but there are key areas where we can make a difference. Stopping plastic from getting into the ocean and eliminating it before it works its way up the food chain is one such area, which is part of CFL's environmental mission. The collaboration with the National Cleaner

Production Center (NCPC) under EU Switch Asia for implementing waste minimization and resource efficiency in line with Sustainable Consumption and Production (SCP) for PROMISE (Prevention of Marine Litter in the Lakshadweep Sea) project is one such initiative which the Company has embarked on.

Recycling Helps the Environment and Climate

The paper industry is notorious for its contribution to the degradation of forests, but our goal isn't to demonize an industry that provides us with products we need as well as countless jobs throughout the world. Instead, we aim to raise awareness about the benefits of recycling paper and preventing further deforestation. The introduction of a digital invoicing system in which invoices are scanned and soft copies shared at a centralized location in NAS (Network Attached Storage) is one such initiative which was embarked on by the Food Cluster team. The introduction of a Document Management System (DMS) by the marketing team with the IT team was yet another project which was implemented.

Pet Bottle Collecting Project

The environmental damage that plastic waste causes have become a global problem. Steps to address the issue are now being taken worldwide, with a reduction in non-biodegradable plastics being a key goal. While the issue pertaining to plastic waste remains overwhelming, we at CFL are resolute in taking the necessary steps in generating awareness and creating a plastic waste-free society. The projects undertaken in this area included the collaboration with Eco Spindles to recycle 'Pet Bottles' into manufacturing yarn. During the period of October 2020 to March 2022 a total 928 Kg of plastic collected and recycled through this process.



Eco Friday - a day to focus on the environment.



PROMISE project (Prevention of Marine Litter in the Lakshadweep Sea).



CFL starts PET bottle recycling project (SPAR location).

Trees for Life Project

Environmental compliance forms one of the first points of reference for CFL's approach to managing its natural capital. While trees contribute to our environment by providing oxygen, improving air quality, climate amelioration, conserving water and preserving soil, community tree planting transforms shared spaces into greenbelts. The Trees for Life project, which was established in 2019, under the 'Save for Environment' theme, is driven by the sales team across retailer points scattered all around the country. Through this project over 1,210 trees were planted during the fiscal year 2021/2022. The vision 2025 of this project is to plant 15,000 trees. A key feature of this project is the fact that all the trees planted are nurtured and maintained by the sales team themselves.

World Environment Day Celebration

World environment day is celebrated annually on the 5th of June, this year to mark this event several workshops were conducted to create the necessary awareness among employees on their contribution to building a greener future through the conservation of resources. Awareness was created through digital channels such as video clips and internal advertisements.

Way Forward

Conserving Natural Capital is one of the core pillars of sustainable initiatives embedded in the framework of CFL. This is carried out mainly through workshops and seminars designed in educating staff about the importance of conserving natural resources. Training staff on methods of reducing and recycling are yet other initiatives which dot the HR training calendar for the year.



Trees for Life Project.

We have put together our own climate agenda to drive meaningful change as we seek to invest for good, driving meaningful change towards a carbon-neutral economy. We will also continue to invest in reducing our own carbon footprint in our journey to be carbon neutral. Admittedly, this is a journey, and we are at the stage of charting a suitable course.

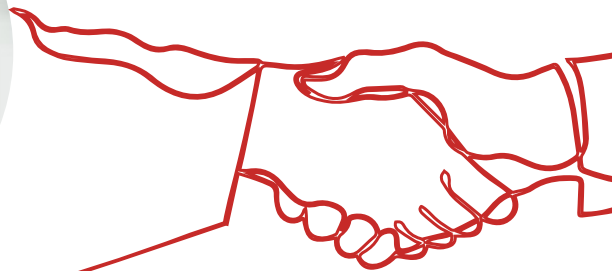


Environmental return on investment by recycling Pet Bottles.

We believe in action that inspires others to dream more, learn more, do more and be more; equally and diversely towards our purpose.

17% +

Female Representation



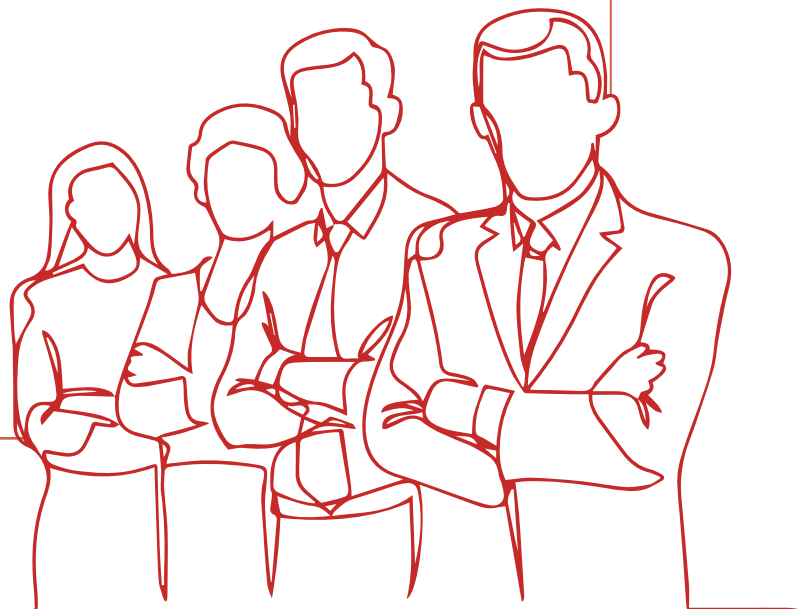
Transparency

We believe values are centered on the fundamental principles of cultivation of transparent, ethical, and empowering relationships between stakeholders, in general, are at the very foundation of any successful business enterprise.



We believe that teamwork is at the heart of great achievement. It helps to reach the heights of our capabilities and moving forward together, then success takes care of itself.

Teamwork to Thrive



Board of Directors

The Board of Directors of Convenience Foods (Lanka) PLC consists of eight Directors during the financial year of 2021/22, with one Executive Director, four Non-Executive Directors and three Non-Executive Independent Directors.

Mr. R. S. A. Wickramasingha

Chairman

Mr. R. S. A. Wickramasingha was appointed as the Chairman of Convenience Foods (Lanka) PLC on 24th June 2015 having served on the Board since 10th May 2000. He is currently the Chairman of Ceylon Biscuits Limited Group, the largest FMCG conglomerate in the food industry that manufactures biscuits, chocolates, wafers, cakes, soy products, cereals, snacks and dehydrated fruits. CBL possesses the strongest brands in the food industry and has market leadership in all categories it competes in. Its products are exported to over 50 countries while also operating in Bangladesh and Myanmar. He is also Chairman of all subsidiary companies of the CBL Group.

Mr. Wickramasingha possesses vast and varied experience in the food industry and is qualified in food technology at "Borough Polytechnic", now known as the "University of South Bank, UK". While his focus has been on continuous product innovation and quality improvement, he has over the years been overall in charge of product, quality assurance, product development and procurement across the CBL Group. He is the patron of the Lanka Confectionery Manufacturers Association.

Mr. E. T. De Zoysa

Managing Director/Executive Director

Mr. Thilanka De Zoysa possesses over 25 years of experience in General Management. He started his career in the plantation sector and has been with Soy Foods Lanka Ltd, now Convenience Foods (Lanka) PLC since 1996. He was appointed to the Board of CFL on 30th October 2002 and was appointed as the Managing Director of the Company with effect from 1st April 2011. Subsequently, he was appointed as CEO of the Food Cluster of the CBL Group with effect from 1st May 2020.

Ms. D. S. Wickramasingha

Non-Executive Director

Ms. Wickramasingha was first appointed to the Board of Soy Foods (Lanka) Limited (Now Convenience Foods (Lanka) PLC) in May 2000. She is the Group Managing Director of CBL Investments Limited and the Managing Director of Modern Pack Lanka (Pvt) Ltd. She also serves on the Board of Subsidiary Companies of CBL Investments Limited, namely JF&I Packaging (Pvt) Ltd. and Food Revolution (Pvt) Ltd.

Presently she is a member of the main committee of the Ceylon Chamber of

Commerce, the EDB Advisory Committee on Processed Food and Beverages, The Council of the Employers' Federation of Ceylon, the Board of American Chamber of Commerce in Sri Lanka, the Board of United States- Sri Lanka Fulbright Commission and an alternate member of the Sun Movement Executive Committee.

She holds a MSc degree in Food Chemistry from Purdue University USA and a BSc in Food Science & Industry from Kansas State University, USA. She has an interest in the Functional and Healing properties of Food and has studied extensively on the subject.

Ms. N. K. Wickramasingha

Non-Executive Director

Ms. N. K. Wickramasingha is a Director of CBL Investments Limited and serves on the Board of some of the subsidiary Companies of CBL Investments Limited. She holds a BSc. Degree in Food Science from Purdue University, USA and is also CIM qualified. Ms. Wickramasingha joined CBL as a Management Trainee (R&D) in 1993 and worked across various management positions in the Company. Ms. Wickramasingha was appointed to the Board of CBL in 1999 and counts over 29 years of experience with the CBL Group.

Mr. L. J. M. De Silva

Non-Executive Director

Mr. L. J. M. De Silva Joined the Ceylon Biscuits Limited Group as Group Managing Director in October 1999 and completed 14 years with the Group. He was formally the Managing Director of Delmege Forsyth & Co. Group Commercial Controller of Al-Futtaim Trading, Finance Manager of Reckitt & Colman, Finance Manager of Richard Pieris & Co. Ltd. and Group Accountant of Rowlands Group of Companies.

Presently, in addition to serving as a Non-Executive Group Director of CBL Investments Limited, he is also a Non-Executive Director of Convenience Foods (Lanka) PLC & Plenty Foods (Pvt) Ltd. Mr. De Silva is a Fellow of the Institute of Chartered Accountants of Sri Lanka (FCA) and completed his articles at Torqued Young's (now Ernst & Young) and qualified as a Chartered Accountant in June 1970.

Dr. D. M. A. Kulasooriya

Independent Non-Executive Director

Dr. D. M. A. Kulasooriya holds a BSc. Graduate from the University of Peradeniya. He holds a PhD in Lean management from JNTU India, an MSc in Management at the University of Sri Jayewardenepura, Postgraduate Training in Management at the Postgraduate Institute of Management and a Certification in Six Sigma Black Belt. He currently serves as the Director-General at the National Institute of Business Management and Possesses 25 years of experience in the field of Quality and Productivity Management and Design Thinking, 12 years of which dealt directly with Lean Six Sigma implementation and Data Analytics.

Mr. Udara Thilakawardana

Independent Non-Executive Director

Mr. Udara Thilakawardana, Attorney-at-Law currently practices as a Counsel for civil and criminal cases in Colombo and outstation courts and is a Legal Consultant for several organizations including private and public companies. He started his career in 1990 when he was enrolled in the Attorney General's Department as a State Counsel. Following six years in the Attorney General's Department, he joined the unofficial bar and started practice in original and appellate courts. Currently, he is the legal Counsel of Rosemead Law Chambers.

Mr. M. S. Nanayakkara

Independent Non-Executive Director

Mr. Nanayakkara has over 30 years of extensive experience in both Public and Private Sector Organizations in the external and internal auditing and management consultancy-related roles. He is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka (FCA) and an Associate Member of the Chartered Institute of Management Accountants (ACMA, UK). He holds a Master of Business Administration (MBA) degree from the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura, and a Bachelor of Commerce (B. Com) degree from the University of Colombo. Mr. Nanayakkara was appointed to the Board as an Independent Director and is currently the Chairman of the Board Audit Committee. He functioned as the Senior Manager of Group Assurance & Advisory Services of Sri Lankan Airlines Ltd for 12 years. He is currently functioning as Senior Manager of Financial Services of Sri Lankan Airlines Limited.

Corporate Governance Statement

The Governance philosophy and operating procedures of Convenience Foods (Lanka) PLC (CFL) have been derived by the Company since its inception and through the values inherited from its parent Company. CFL aspires to the highest standards of corporate governance and seeks to consistently enhance and improve corporate governance performance, emphasizing transparency and sustainable culture for long-term value creation. As such, the Board of Directors are committed to meeting the set business goals with the highest standards of transparency and professionalism.

Board of Directors, Sub-committees and Management Committee

The Board of Directors of CFL consists of eight (08) Directors, with one (01) Executive Director, four (04) Non-Executive Directors and three (03) Non-Executive Independent Directors. The Board has the overall responsibility and accountability for the management of the affairs of the Company, maintenance of prudent Risk Management practices and safeguarding stakeholder rights. The Board delegates some of its functions to the Board Sub-Committees - the Audit Committee, the Remuneration Committee and the Related Party Transactions Review Committee (RPTRS) chaired by Independent and Non-executive Directors. Please refer profile of Directors on page 70 to 71, Committee and its roles and responsibilities on pages 78 to 79.

Integrity and Compliance

The Board of Directors and committees promote openness and engagement through an established code of conduct, policies, rules and procedures incorporated in the Company's policies backed by the corporate governance framework in order to drive a culture of good governance, consistency and functional excellence. During 2021/22, there is no violations reported of any of the provisions of the Code of Conduct and Ethics by the Directors on the Board.

Operational Control

The committees hold periodic meetings to discuss the implementation of the Company's strategy, performance reviews for actions and functional agendas. It reviews the Company's long-term perspectives, including risk and opportunities; decides on escalation and possible scenarios and supervises the key deliverables and key performance indicator achievements with corrective actions as appropriate. Please refer governance section on pages 73 to 92.

Internal Controls and Risk Management

The Company has adequate procedures for internal controls. The Board of Directors and committees have established process for periodic internal audit reviews and risk management to mitigate such threats which would have an adverse effect. Please refer internal control and risk management on pages 35 to 38.

Declaration of Compliance

We are committed to our stakeholders, and ensure that we will continuously develop and maintain our focus on improving the effectiveness of our governance practices, complying with latest regulatory and statutory developments. Please refer pages 89 to 92 for compliance against listing rules of CSE.

The Company has complied with all statutory and regulatory requirements. The details of the extent of compliance at CFL is provided on page 81.

In addition to that CFL has taken step to comply with the principle of Code of Best Practice on Corporate Governance 2017 issued by CA Sri Lanka, which is a voluntary governance benchmark and its compliance status is provided on pages 82 to 89 in this report.



R. S. A. Wickramasingha
Chairman

29th July 2022
Colombo

Corporate Governance

(GRI 102-16)

The Board of Directors of Convenience Foods (Lanka) PLC aspires to observe the highest standards of Corporate Governance across the organization, in order to fulfil our responsibilities towards our shareholders, employees, customers and other stakeholders by meeting our business objectives through integrity and professionalism.

The Governance Structure

The Board

The Board of Directors of CFL consists of eight (08) Directors during the financial year of 2021/22, with one (01) Executive Director, four (04) Non-Executive Directors, and three (03) Non-Executive Independent Directors who fulfil the mandate of the Listing Rules of the Colombo Stock Exchange which requires a minimum of two or one-third of Non-Executive Directors to be Independent Directors. Profiles of the Board of Directors are provided on page 70 to 71.

Management Structure

The operational management function is guided by a team of Senior Managers within the ethical framework as established by the Board. Monthly management review meetings are also held, the agenda of which is to review the operation of the Senior Management team under the supervision and guidance of the Board. At these meetings, the Board reviews strategic direction, risk management and other issues. The Senior Management team also reports to the Board on the trends in Key Performance Indicators which are discussed at weekly/monthly internal meetings and management review held with sectional heads. The Organization structure is provided on page 76 to 77.

Core Principles of Our Governance Framework

The governance framework of CFL follows core principles as shown below:

Leadership

This refers to the governance of the Company's leadership. The Board of Directors is responsible for the overall strategic direction of the Company which they delegate to the executive management of the Company for execution and then evaluate their performance.

Accountability, Transparency and Assurance

This refers to the proper governance of the assurance framework and the regulatory assurance environment, as well as operational effectiveness and completeness in the execution of the governance practices of the organisation.

Stakeholder Engagement

This refers to governance in relation to the effective participation, communication and management of stakeholders who are impacted by the various aspects and operations of the Company.

Independence

The Board of CFL has a combination of Independent and Non-independent Directors with a diverse as well as complementary skill set, experience and vision that enable them to discharge their individual and collective responsibilities to:

- Maintain good governance and compliance
- Provide a strong leadership to the Company
- Maintain accountability to the shareholders.

Our corporate governance framework is illustrated on page 75.

Composition of the Board of Directors

A majority of the Board (7 out of 8) is comprised of Non-Executive Directors. This ensures that their views and opinions have significant influence at the Board. 3 out of 8 of the Board are Independent Non-Executive Directors, whose judgment is not influenced by the Company.

Each Non-Executive Director has submitted a declaration of his independence or non-independence as required under the Listing Rules of the Colombo Stock Exchange.

The period of service of Mr. M. U. S. G. Thilakawardana, Dr. D. M. A. Kulasooriya and Mr. M. S. Nanayakkara exceeds nine years. The Board is of the view that the period of service of the said Directors do not compromise their independence and objectivity in discharging their functions as Directors and therefore, based on declarations submitted by the said Directors, has determined that those Directors shall nevertheless be 'Independent' as per the Listing Rules.

Corporate Governance

Separation of the Roles of Chairman and MD (CEO)

The Board has taken further steps to balance the decision making power and authority as well as accountability of the roles of the Chairman and Managing Director by having a separate Chairman and a Managing Director, thus ensuring that no one Board member has unfettered power on the Board. The roles of Chairman and Managing Director/CEO are provided in detail on page 78.

Financial Acumen of the Board

The Board is comprised of multiple Board members who have solid financial acumen spanning the areas of Audit, Financial Reporting and Corporate Finance.

Independent Advice

Provisions are in place to enable Directors to seek professional advice at the Company's expense when it is requested by the Board members. All Board members have access to the Company Secretaries P W Corporate Secretarial (Pvt) Ltd. to obtain advice on applicable rules, regulations and compliance requirements. Advice on taxation has been obtained over the year under review from Messrs Ernst & Young, Chartered Accountants, while opinions were sought from the Employers Federation to ensure the organization maintained healthy employee relations.

Supply of Information

The Board's decision making capabilities are further strengthened by supplying comprehensive information through budgets, monthly Financial Statements, market reports and other reports as required, in accordance with the agenda. The Chairman ensures that all Directors are adequately briefed on matters to be decided at the meeting and ensures the

Directors are fully conversant and up to date with all developments taking place in the Company. Arising out of these briefings, advice and guidance is provided to the Company's Board on a regular basis in order to evaluate progress in relation to performance targets and ensure accountability of the Senior Management team. This is an ongoing process and is reviewed periodically by the entire Board.

Training and career development also continues to be an issue of strong emphasis among the Board and at all levels of the organisational hierarchy. This has created a committed and empowered workforce and continues to generate value for the Company by driving continuous improvements in terms of productivity, innovation and performance excellence.

Relations with Shareholders and Financial Reporting

Active participation of shareholders is encouraged at the Annual General Meeting, of which notice is given in the Annual Report. The Notice contains the agenda for the AGM and the prescribed period of notice set out in terms of the Articles of Association of the Company has been met. Individual shareholders are encouraged to participate at the Annual General Meeting and to carry out adequate analysis or seek independent advice on their investing decisions. Through the Managing Director's Message and the financial and non-financial information set out in the Annual Report and the interim accounts which are submitted to them (and to the CSE) at quarterly intervals, the shareholders are able to obtain a clear indication of the Company's performance over the year. The Board is committed to ensure complete transparency in disclosing its financial and non-financial information.

Major Transactions

No major transactions have occurred during the year, which falls within the definition of the Companies Act.

Directors' Remuneration

Directors' remuneration, in respect of the Company for the financial year 2021/22 is Rs. 37,224,723 consisting of Executive Directors' and Non-Executive Directors' Remuneration.

Internal Controls

The Board is responsible for establishing a sound framework of internal financial controls and monitoring its effectiveness on a continuous basis. By establishing such a strong framework, CFL is able to manage business risks and ensure that the financial information on which business decisions are made and published are reliable. Policies in the areas of stocks, debtors, purchases, budgeting, and financial investments, among others; are continuously monitored by Messrs Ernst & Young. Results from regular internal audits and system reviews are discussed with the Managing Director and General Manager - Finance of CFL and where necessary, corrective measures are adopted and discussions held with the Audit Committee and the Board of CFL.

Going Concern

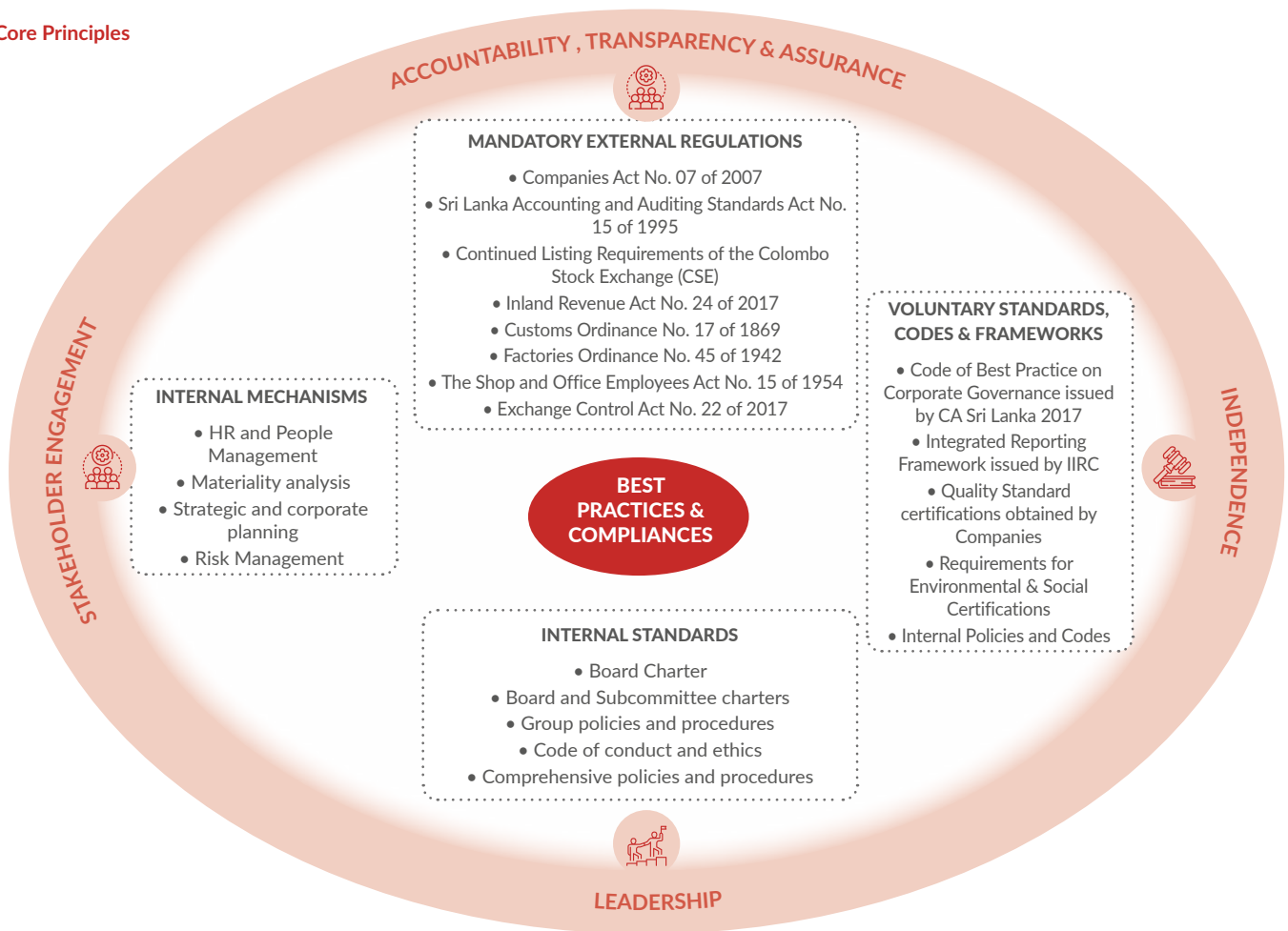
After extensive analysis of Financial Statements, management reviews, feedback from the Group internal audit team and analysis of the annual budgets, capital expenditure and other investment requirements, periodic cash flow forecasts and the organization's liquidity indicators, the Board is convinced that the Company has sufficient cash flow to continue as a going concern in the foreseeable future.

Our Corporate Governance Framework

**Governance Structure
(GRI 102-18)**



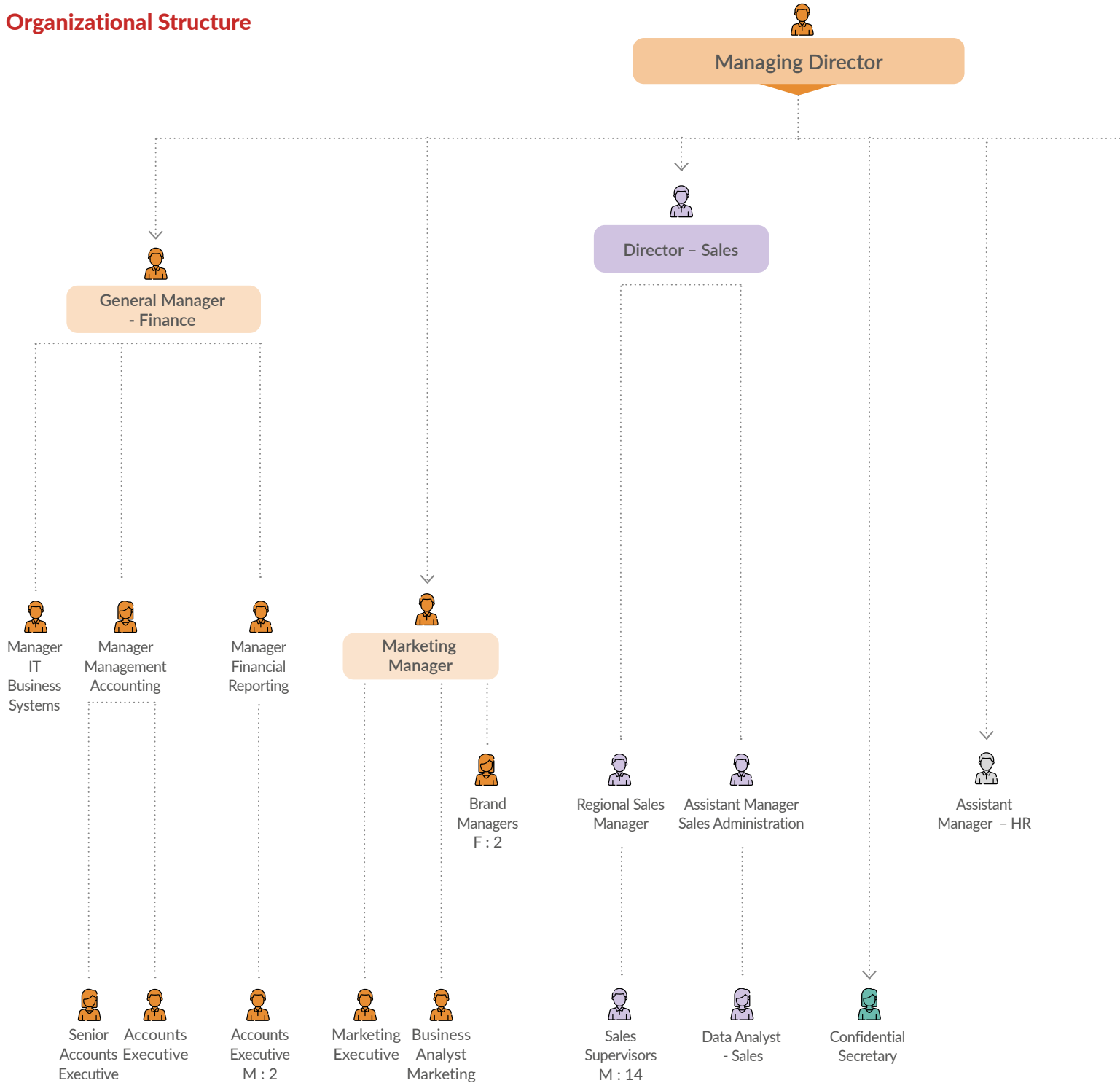
Core Principles



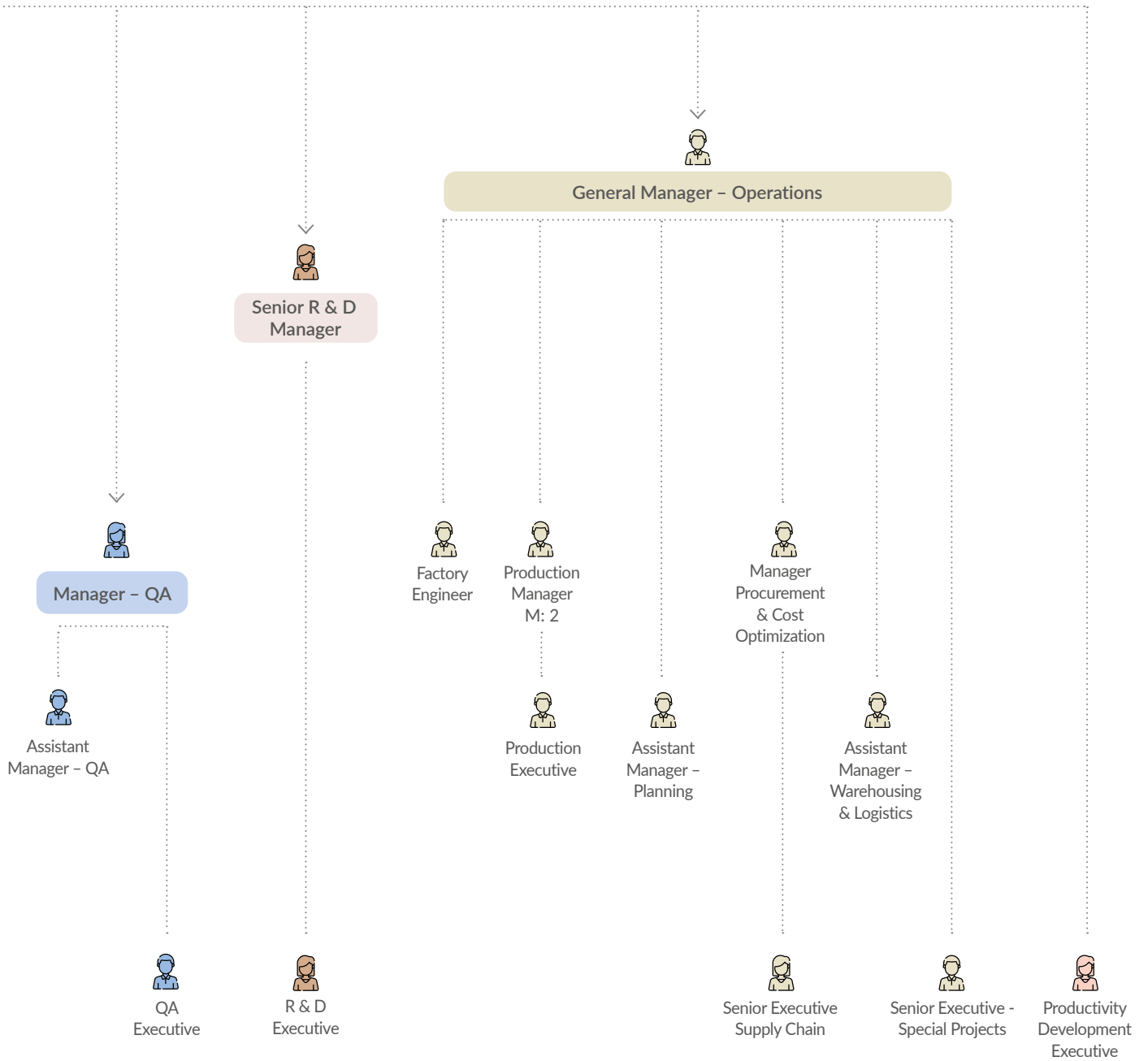
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Corporate Governance

Organizational Structure



M : Male
F : Female



Corporate Governance



Role of the Board

The Role of the Chairman

Provides firm and objective leadership to the Board.

- Facilitates the effective discharge of the duties pertaining to the Board.
- Maintains order and smooth functioning of the Board.
- Presides over Directors' and Shareholders' Meetings to ensure Director participation and proper execution of Board proceedings.
- Initiate self-assessment of the Board to further improve the effectiveness of the Board.
- Promotes and carries out responsibilities in the best interest of good governance.

The Chairman of the Board

Mr. R. S. A. Wickramasingha

A full profile of the Chairman is available on page 70.

The Role of Managing Director

- Takes leadership in the execution of the strategy outlined by the Board of Directors.
- Manages the Executive Management in day-to-day operations.
- Reviews and oversees the implementation of key initiatives to meet the objectives of the Company.
- Leads the Executive Management in achieving the corporate objectives set by the Board and included in the corporate plan of the Company.

The Managing Director

Mr. E. T. De Zoysa

A full profile of the MD on available on page 70.

The Role of Independent Non-Executive Directors

- Act as the element of independence and unbiased opinions in the Board.
- Provide an unbiased opinion in matters where conflict of interest may arise.
- Provide valuable input in shaping Company strategy, with their years of diverse experience and knowledge.
- Challenge and constructively support the management in evaluating their performance.
- Provide corporate credibility due to their extensive experience in leadership roles in various organisations.
- Improve governance standards by becoming members of Board sub-committees.

Three Independent Non-Executive Directors are serving on the Board of CFL:

Mr. M. U. S. G. Thilakawardana

Dr. D. M. A. Kulasooriya

M. S. Nanayakkara

Refer to page 71 for their profiles.

The Role of Company Secretary

- Supports the Board by ensuring a proper flow of information.
- Ensures that the meetings are conducted in accordance with the Articles of Association, the Board Charter and relevant legislations.
- Coordinates with the management on Board papers, agenda, memoranda or presentations for the meetings.
- Ensures that all proceedings of the meetings are duly recorded in the minutes.
- Maintains statutory registers and files statutory returns.
- Promptly communicates with regulators & shareholders facilitating a healthy relationship with the Company.
- Facilitates access to legal advice in consultation with the Board, where necessary.

Company Secretary for CFL:

P W Corporate Secretarial (Pvt) Ltd.



Responsibilities of the Board

	Responsibility	2021/22 Update
Strategic Decision	<ul style="list-style-type: none"> • Setting Annual Budget & Strategic Objectives. • Review of risk register and update new risk and agree mitigation actions. • Effective use and discharge the duties of Board Sub-Committees. • Sustainable Business Development initiatives to Company strategy and reporting. 	<ul style="list-style-type: none"> • Annual Budget is reviewed by the Board, achievements monitored on quarterly basis. • Risk Register reviewed on quarterly basis. • Function wise accountability. • The sub committees meet quarterly and functions are performed effectively. • Strategic targets have set across the function including quality and innovation aspects.
Execution and Operating Governance	<ul style="list-style-type: none"> • Guiding and providing input to the Corporate Management to execute their strategic duties. • Operating effectiveness. • Succession Planning. • Evaluating of Capital and other projects and financial delegation. 	<ul style="list-style-type: none"> • Annual operating plan reviewed monthly at the cluster Board for action plans. • Standard Operating Procedures updated periodically. • Next level leaders are identified and training developments plans are assigned. • Financial outcome of major capital projects are reviewed before approving to make sure the feasibility.
Continuous Monitoring	<ul style="list-style-type: none"> • Monitoring execution of the Strategic Plan and risks faced by the Company. • Monitoring the periodic financial performance and published by the Company. • Performance driven reward mechanism. • Monitor specific objectives and targets. 	<ul style="list-style-type: none"> • Cluster Board reviews on operations, performance and involve for strategic plan developments. • Financial Performance, KPI and budget achievements are reviewed at Board meetings. • Variable performance targets are set and reward accordingly. • Set KPI's are reviewed periodically and correctives actions are taken.
Reporting and Compliance	<ul style="list-style-type: none"> • Complying with laws, governing body regulations and compliances certification and standards. • Reporting to shareholders on their stewardship. • Ensuring the integrity of financial information, internal controls, risk management and Business Continuity as well as code of conduct. • Reviewing & approving interim and annual financial statements for publication. 	<ul style="list-style-type: none"> • Compliance checklist are tracked and reviewed to make sure the compliance with legal and regulatory requirements. • The Corporate Governance section includes aspects of shareholders stewardship. • Data integrity and controls over ERP is implemented to make sure timely and accurate information. • Timely and transparent disclosure of the Annual Report information and Quarter Financial Statements.

Corporate Governance

Board Committees

The Board has appointed three (3) committees, namely the Audit Committee, the Remuneration Committee and the Related Party Transactions Review Committee as required by the listing rules to assist the Board. Their composition and roles are summarized below.

Board Committee & Composition	Role	Further Information
Audit Committee		
<p>Comprises of three (3) Independent Non-Executive Directors.</p> <ul style="list-style-type: none"> Mr. M.S. Nanayakkara (Chairman) (IND/NED) Dr. D. M. A. Kulasooriya (IND/NED) Mr. M. U. S. G. Thilakawardana (IND/NED) 	<p>Oversight of financial reporting process in ensuring:</p> <ul style="list-style-type: none"> The Integrity of financial statements in accordance with Sri Lanka Accounting Standards. Adequacy and the effectiveness of the internal control environment and the risk management system and performance of the internal audit function of the organization. Monitoring of compliance with the standards, laws and regulations. The External Auditor's Independence and performance. 	<p>The Report of the Audit Committee is published on pages no 98 to 99.</p>
Related Party Transactions Review Committee		
<p>Comprises three (3) Independent Non-Executive Directors and one (1) Executive Director.</p> <ul style="list-style-type: none"> Dr. D. M. A. Kulasooriya (Chairman) (IND/NED) Mr. M. S. Nanayakkara (IND/NED) Mr. M. U. S. G. Thilakawardana (IND/NED) Mr. E. T. De Zoysa (ED) 	<p>Committee reviewed the related party transactions and their compliances and communicated the same to the Board.</p>	<p>The Report of the Related Party Transactions Review Committee is published on page no 101.</p>
Remuneration Committee		
<p>Comprises two (02) Independent Non-Executive Directors and one (01) Non-Executive Directors.</p> <ul style="list-style-type: none"> Ms. N. K. Wickramasingha (Chairman) (NED) Dr. D. M. A. Kulasooriya (IND/NED) Mr. M. U. S. G. Thilakawardana (IND/NED) 	<p>The committee focuses on and is 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 experts who can assume leadership roles in the organization to achieve the objectives of the Company.</p>	<p>The Report of the Remuneration Committee is published on page no 100.</p>

Board Composition

SKILLS & EXPERTISE

- Food Science & Chemistry
- Accounting, Auditing & Finance
- Corporate and Commercial Law
- Management & Marketing
- Manufacturing
- IT, Quality & Productivity Management

POWER BALANCE

Executive Director



Non-Executive Director



Independent Non-Executive Director



TENURE

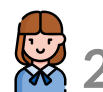
Above 15 years



Below 15 years



GENDER



2



6

Meeting & Attendance

The Board held five (5) Board meetings during the year and attendance at these meetings by Board Committee members & Board of Directors are provided below:

Director's Name	Board Meeting	Audit Committee	Remuneration Committee	RPT Review Committee
Mr. R. S. A. Wickramasingha	5/5	-	-	-
Ms. D. S. Wickramasingha	3/5	-	-	-
Mr. E. T. De Zoysa	5/5	-	-	4/4
Mr. M. U. S. G. Thilakawardana	5/5	4/4	1/1	4/4
Dr. D. M. A. Kulasooriya	4/5	4/4	1/1	4/4
Mr. M. S. Nanayakkara	5/5	4/4	-	4/4
Mr. L. J. M. De Silva	5/5	-	-	-
Ms. N. K. Wickramasingha	5/5	-	1/1	-

CFL's commitment to adopt the Code of Best Practices on Corporate Governance and the extent of adherence to the Listing Rules of Colombo Stock Exchange are summarised into six sections, for the convenience of our stakeholders.

Section:	Standard / Principle / Code	Covered Areas	Adherence
01 & 02	Code of Best Practice on Corporate Governance (2017) issued by Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).	A. Directors B. Directors' Remuneration C. Relations with Shareholders D. Accountability and Audit E. Institutional Investors F. Other Investors G. Internet of things and cyber security H. Environment, Society and Governance (ESG)	Voluntary provisions - 2017 Code, to the extent of business exigency and as required by the CFL
03	Listing Rules of the Colombo Stock Exchange (CSE) - Section 7.6 - Contents of Annual Report	This reflects CFL's level of conformity to CSE's listing rules which must include in its annual report and accounts.	Mandatory provisions
04	Listing Rules of the Colombo Stock Exchange (CSE) - Section 7.10 - Corporate Governance	<ul style="list-style-type: none"> • Non-Executive Directors • Independent Directors • Disclosures relating to Directors • Remuneration Committee • Audit Committee 	Mandatory provisions
05	Listing Rules of the Colombo Stock Exchange (CSE) - Section 9 - Related Party Transactions	<ul style="list-style-type: none"> • Non-recurrent Related Party Transactions • Recurrent Related Party Transactions • Related Party Transaction Review Committee • Disclosure by the Board and the Committee 	Mandatory provisions
06	The Companies Act No.7 of 2007	<ul style="list-style-type: none"> • Companies Act No. 7 of 2007 	Mandatory provisions

Corporate Governance

Section 01 & 02: Code of Best Practice on Corporate Governance issued by CA Sri Lanka

Ref. ICASL Code	Corporate Governance Principle	Compliant with the principle Yes or No	Compliance and Implementation
A.	Directors		
A.1	The Board		
A.1.1	Board Meetings	Yes	The Board meetings are held on a quarterly basis and attendance of the meetings is provided on page no 81.
A.1.2	Board Responsibilities	Yes	The Board is responsible for the supervision and management of the Company's business and affairs, which includes ensuring that the policies and practices of the organization are in full compliance with the established corporate governance framework of the Company.
A.1.3	Compliance with the laws and access to independent professional advice	Yes	The Board collectively, and Directors individually must act in accordance with the laws as applicable to the Company. Directors have the power to obtain independent professional advice where necessary.
A.1.4	Company/Board Secretary & Availability of Insurance cover for Board, Directors & Key Management Personnel (KMP)	Yes	All Directors have access to the advice and services of the Company Secretary as required.
A.1.5	Independent judgment of the Directors	Yes	All Directors exercise independent judgment in decisions made by the Board on issues of strategy, performance, resource allocation and the conduct of business.
A.1.6	Dedication of adequate time and effort	Yes	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 are satisfactorily discharged.
A.1.7	Calls for Resolutions	Yes	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	Yes	The Board reviews on the training and development needs of the Directors regularly and are provided guidelines on general aspects of directorships and industry specific matters.
A.2	Chairman and Chief Executive Officer (MD)		
A.2	Segregation of roles of the Chairman and Managing Director (CEO)	Yes	The positions and functions of the Chairman and the Managing Director have been separated.
A.3	Chairman's Role		
A.3	Chairman's Role	Yes	Chairman facilitates the effective discharge of Board functions.
A.3.1	Conduct of Board Meetings	Yes	The Chairman ensures the Board governance and conduct of meeting as stipulated.
A.4	Financial Acumen		
A.4	Availability of financial acumen	Yes	The Board comprises of two Chartered Accountants. One of them serves as chairman of the Audit Committee. Mr. M. S. Nanayakkara, Independent Non-Executive Director (IND/NED): FCA (ICASL), ACMA (UK), MBA (PIM) Mr. L. J. M. De Silva, Non-Executive Director (NED): FCA (ICASL)

Ref. ICASL Code	Corporate Governance Principle	Compliant with the principle Yes or No	Compliance and Implementation
A.5	Board Balance		
A.5.1	Presence of Non-Executive Directors	Yes	The Board consists seven (7) Non-Executive Directors and one (1) Executive Director on its Board as at 31 March 2022. Please refer pages 70 and 71 for the profiles of the Directors.
A.5.2	Independent Non-Executive Directors	Yes	Three (3) out of seven (7) Non-Executive Directors are Independent. Three (3) Non-Executive Directors are determined to be independent by the Board of Directors and disclosed same in item A.5.5 of the ICASL Code table.
A.5.3/ A.5.5	Independence of Non-Executive Directors	Yes	Three (3) out of seven (7) Non-Executive Directors were Independent as at 31st March 2022. Please refer pages 70 and 71 for the profiles of the Directors.
A.5.4	Annual Declaration of Directors	Yes	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 Managing Director (CEO) is not the same person.
A.5.9	Chairman's meeting with Non-Executive Directors	Yes	The Chairman meets with the Non-Executive Directors without the presence of Executive Director, as necessary.
A.5.10	Recording of concerns in Board Minutes	Yes	Matters arising from the Board meeting is minuted and concerns raised by the Directors recorded in the Board Minutes timely with adequate details.
A.6	Supply of Information		
A.6.1	Management obligation to provide appropriate and timely Information to the Board	Yes	The Board was provided with timely and appropriate information by the management by way of Board papers, Board memos and proposals.
A.6.2	Adequate time for effective Board Meetings	Yes	The minutes, agenda and papers are circulated in advance to facilitate its effective conduct.
A.7	Appointments to the Board		
A.7.1	Nomination Committee	To be formalised from 2022/23 onwards	No recent Director appointment or resignations took place at CFL. Formation of formal nomination committee with relevant participants will be completed and published from 2022/23 onwards
A.7.2	Assessment of Board Composition by the Nomination Committee	To be formalised from 2022/23 onwards	No recent new Director appointment or resignations took place at CFL. Formation of formal nomination committee with relevant participants will be published from 2022/23 onwards
A.7.3	Disclosure of New Appointments	Yes	Timely disclosures are made when new appointments are made.

Corporate Governance

Ref. ICASL Code	Corporate Governance Principle	Compliant with the principle Yes or No	Compliance and Implementation
A.8	Re-Election		
A.8.1 & A.8.2	Re-election of Directors	Yes	This is performed as per Articles of Association.
A.8.3	Resignation	Yes	In the event of resignation, a letter of resignation to be submitted by the Director. This is tabled at the Board meeting.
A.9	Appraisal of Board Performance		
A.9.1 & A.9.2	Appraisal of Board and its committees	Yes	The Board undertakes an annual self-evaluation of its own performance and of its Committees.
A.9.3	Evaluation at re-election	Yes	The Board reviews the participation, contribution and engagement of each Director at the re-election.
A.9.4	Disclosure on performance evaluation criteria	Yes	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	Yes	Please refer pages 70 and 71 for the profiles of the Directors.
A.11	Appraisal of Chief Executive Officer (MD)		
A.11.1 & A.11.2	Evaluation the performance of the Managing Director (CEO)	Yes	Prior to the commencement of each financial year, the Board sets reasonable financial and non-financial targets which are in line with short, medium and long-term objectives of the Company,
B.	Directors' Remuneration		
B.1	Remuneration procedure		
B.1.1	Establishment of a Remuneration Committee	Yes	A Remuneration Committee is established to follow the set out principles.
B.1.2 & B.1.3	Composition of Remuneration Committee	Yes	The Remuneration Committee consists of two (02) Independent Non-Executive Directors and one (01) Non-Executive Directors and the Chairman of this Committee is appointed by the Board.
B.1.4	Determination of Remuneration of the Non-Executive Directors	Yes	Remuneration of the Non-Executive Directors is decided by the Board.
B.1.5	Consultation of the Chairman and access to professional advice	Yes	Each Committee has the authority to seek internal and external independent professional advice on remuneration of other Executive Directors and also on matters falling within its purview at the Company's expense. Views of the Chairman of each Committee are obtained, in addition to the views of the Managing Director (CEO).
B.2	The Level and Make up of Remuneration		
B.2.1 to B.2.5	Levels of Remuneration	Yes	The Remuneration Committee structures the remuneration package to attract, retain and motivate.
B.2.6	Executive share options	N/A	No Executive Share Option Schemes (ESOS) for CFL.
B.2.7	Designing schemes of related remuneration	Yes	Please refer the Report of Remuneration Committee on page 100.
B.2.8 & B.2.9	Early termination of Executive Directors	N/A	Executive director termination is governed by their contracts of service/employment.

Ref. ICASL Code	Corporate Governance Principle	Compliant with the principle Yes or No	Compliance and Implementation
B.2.10	Levels of Remuneration of Non-Executive Directors	Yes	Remuneration for Non- Executive Directors reflects the time commitment and responsibilities of their role.
B.3	Disclosure of Remuneration		
B.3.1	Disclosure of Remuneration	Yes	Refer the Report of Remuneration Committee on page 100. The total of Directors' Remuneration is reported in Note 8 to the Financial Statements.
C.	Relations with Shareholders		
C.1	Constructive use of the Annual General Meeting (AGM)		
C.1.1	Dispatch of Notice of AGM and related papers to shareholders	Yes	The notice and the agenda of the AGM 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	Yes	A separate resolution is proposed at an AGM on each substantially separate issues where necessary.
C.1.3	Votes and use of proxy	Yes	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)	Yes	The Board arranges the Chairman of the Audit Committee and Remuneration Committee to be available to answer queries at the AGM when necessary.
C.1.5	Procedure of voting at general meeting	Yes	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	Channel to reach all shareholders	Yes	The main mode of communication between the Company and the shareholders is the Annual General Meeting. Shareholders are provided with the information prior to the AGM.
C.2.2	Policy methodology for communication with shareholders	Yes	The Chairman and the Directors answer all the queries raised by the shareholders at the AGM. Contact details are published in annual financial reporting.
C.2.3	Implementation of the policy and methodology for communication with shareholders	Yes	Please refer C.2.4 and C.2.5 for the implementation of the policy and methodology.
C.2.4 & C.2.6	Contact person for communication	Yes	Details of contact persons are disclosed in the back inner cover of the Annual Report and Quarterly Financial Statements.
C.2.5	Process to make Directors aware of major issues and concerns of shareholders	Yes	The Company Secretary maintains a record of all correspondence received. All major shareholder issues and concerns of the shareholders are referred to the Board of Directors with the views of the management.
C.2.7	Response to the shareholders matters	Yes	The process for responding to shareholder matters have been formulated by the Board and disclosed. Such matters are responded at the shareholder meetings, publications at the Colombo Stock Exchange or through communication by the Company Secretary to the Shareholders.

Corporate Governance

Ref. ICASL Code	Corporate Governance Principle	Compliant with the principle Yes or No	Compliance and Implementation
C.3 Major and Material Transactions			
C.3.1	Disclosure on proposed major transaction	Yes	During the year under review, there were no major transactions as defined by Section 185 of the Companies Act No. 07 of 2007 which materially affect the net asset base of Company's consolidated net asset base.
C.3.2	Shareholder's approval by special resolution	Yes	During the year under review, there were no transactions/events which require approval by way of a special resolution. Comply the disclosure requirements and approval by special resolution as required by the rules and regulations by SEC and the CSE.
D. Accountability and Audit & Audit Committee			
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.	Yes	The Company has presented balanced and understandable financial statements which gives a true and fair view quarterly and annually.
D.1.3	Declaration by Managing Director (CEO) and General Manager Finance on the Financial Reporting	Yes	Managing Director and General Manager Finance have made all required declarations in the 'Responsibility Statement of Chairman, Managing Director and General Manager Finance and appears on page 97. The 'Statement of Directors' Responsibilities for Financial Statements is given on page 96.
D.1.4	Declaration by Board	Yes	Directors have made necessary declarations. Refer the Annual Report of The Board of Directors on the Affairs of the Company Report in page no 93 to 95.
D.1.5	Statement of Directors Responsibility, statement on internal controls and Auditors' Report	Yes	This is declared in the Annual Report of the Board of Directors on the Affairs of the Company on page 93 to 95 and the Statement of Directors' Responsibilities for Financial Statements on page 96 and pertains to required declarations.
D.1.6	Management Discussion and Analysis	Yes	See 'Management Discussion and Analysis' on pages 28 to 67.
D.1.7	Summon an EGM to notify serious loss of capital	N/A	No such reason arose during the period under review for an EGM
D.1.8	Disclosure of Related Party Transaction	Yes	Related party transaction (RPT) committee reviews the RPT on a quarterly basis to make sure arm's length principles.
D.2 Risk Management and Internal Control			
D.2.1	Monitoring sound system of Internal Control	Yes	The Board and Management Committee have established required Risk, Control and Compliance Committees. Internal control design and operational effectiveness is reviewed independently by third party internal audit firm and submit the observations directly with group internal audit function to present at the CFL Audit Committee.
D.2.2	Assessment of principle risks facing the Company	Yes	The Board and Management Committee are responsible for managing the risks associated with our activities.

Ref. ICASL Code	Corporate Governance Principle	Compliant with the principle Yes or No	Compliance and Implementation
D.2.3	Internal Audit Function	Yes	The Company has deployed outsourced internal audit firm to review the design and operating effectiveness of the business process periodically. In addition to that the Group internal Audit team overlooks for the internal audit matters of the Company.
D.2.4	Review of the process and effectiveness of Risk Management and Internal Controls	Yes	The risk management process has been designed on a standardized, holistic and integrated approach to manage risks.
D.2.5	Director's responsibility of maintaining of a sound internal control system	Yes	Please refer Statement of Directors' Responsibilities for Financial Statements on page 96.
D.3	Audit Committee		
D.3.1	Composition of the Audit Committee	Yes	The Audit Committee consists of three (3) Independent Non-Executive Directors.
D.3.2	Duties of the Audit Committee	Yes	The Audit Committee keeps under review the scope and results of the audit and its effectiveness, and the independence and objectivity of the auditors. Refer Audit Committee Report on page 98 to 99 for the duties.
D.3.3	Terms of reference of the Audit Committee	Yes	Terms of Reference of the Audit Committee is defined in the Charter of the Audit Committee approved by the Board of Directors. Please refer Audit Committee Report on page 98 to 99.
D.3.4	Disclosures of the members of Audit Committee	Yes	The names of the members of the Audit Committee are given under section D.3.1 of this Code.
D.4	Related Party Transaction Review Committee		
D.4.1	Related Party Transactions (RPT)	Yes	Company is adhering to LKAS 24 and Transactions entered into with related parties during the year is disclosed in Note 32 to the Financial Statements.
D.4.2	Composition of Related Party Transactions Committee	Yes	RPT Review Committee consists of three (3) Independent Non-Executive Directors and one (1) Executive Director.
D.4.3	Terms of Reference	Yes	Please refer Related Party Transactions Review Committee Report on page 101.
D.5	Code of Business Conducted and Ethics		
D.5.1	Code of Business Conduct and Ethics	Yes	The Company has implemented a Code of Conduct for its employees.
D.5.2	Material and price sensitive information	Yes	Material and price sensitive information is promptly identified and reported to the shareholders through Colombo Stock Exchange.
D.5.3	Shares purchased by Directors and Key Management Personnel	Yes	The Company has a policy and a Process for monitoring, and disclosure of shares purchased by any Director and Key Management Personnel (KMP).
D.5.4	Affirmation of Code in the Annual Report by the Chairman	Yes	Please refer "Chairman's Message" on page 19 to 21.
D.6	Corporate Governance Disclosures:		
D.6.1	Disclosure of Corporate Governance	Yes	This requirement is met through the presentation of this report.

Corporate Governance

Ref. ICASL Code	Corporate Governance Principle	Compliant with the principle Yes or No	Compliance and Implementation
SECTION 2			
E. Institutional Investors			
E.1 Shareholder Voting			
E.1.1	Dialogue with shareholders	Yes	In order to avoid conflicts of interest by nurturing the mutual understanding, the Board carries out dialogues with its shareholders at General Meetings.
E.2 Evaluation of Governance Disclosures			
E.2	Due weightage by Institutional Investors	Yes	The Institutional Investors are encouraged to give due weightage to relevant matters relating to the Board structure and composition.
F. Other Investors			
F.1 Investing/ Divesting Decision			
F.1	Seek Independent Advice	Yes	Individual investors are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.
F.2 Shareholder Voting			
F.2	Encouraging Shareholder participation	Yes	Individual shareholders are encouraged to participate in General Meetings of the Company and exercise their voting rights.
G. Internet of Things and Cyber Security			
G.1	Internal & External IT devices connected to the Business Model	Yes	Internal and external IT devices to the corporate network is executed according to the IT & Access Control Policies.
G.2	CISO (Chief Information Security Officer) and Cyber security risk management policy.	Yes	The Manager Network Infrastructure Security & Governance of CBL Group is continuously monitoring and review the Cyber security requirements and CBL Group level IT Incident Management Procedure has been implemented to manage cyber security risks.
G.3	Discussions on Cyber risk management	Yes	This has been reviewed on a regular basis and has been given due attention to make sure cyber security risk management.
G.4	Independent periodic review and assurance	Yes	Periodic reviews are carried out by the internal IS/ IT Auditor and annual security assessments are carried out by external security consultants.
G.5	Disclosure on Cyber security risk management	Yes	Disclosure on Cyber security risk management has been made in this annual report.
H. Environment, Society and Governance (ESG)			
H.1.1	ESG Reporting	Yes	Company has included the environmental, social and governance initiatives performed and provided information in the Annual Report.
H.1.2	Environment Factors	Yes	The Company follows best practices which mitigates the environmental threats and improves best practices in Company's engagements to fulfil the obligation towards the environment.
H.1.3	Social Factors	Yes	The Company follows best practices to build strong relationship with the community and strives towards sustainable development.

Ref. ICASL Code	Corporate Governance Principle	Compliant with the principle Yes or No	Compliance and Implementation
H.1.4	Governance	Yes	The Company established a governance structure to support its ability to create value and manage risks on aspects of ESG. Please refer Corporate Governance on page 73 to 92 and Internal Controls and Risk Management on page 35 to 38 in this Annual Report.
H.1.5	Board's role on ESG Factors	Yes	Under the guidance of Board. The management presents Sustainability initiatives on a quarterly basis to the Board of Directors and to make sure actions are executed.

Section 03: Listing Rules of the Colombo Stock Exchange (CSE) - Section 7.6

This section covers Convenience Foods (Lanka) PLC's extent of adherence to the requirements of the Continuing Listing Requirements of Section 7.6 on Annual Report Disclosure for Listed Companies issued by the CSE.

CSE Rule	Compliance Status	Reference (within the CFL Annual Report)	Page Reference
(i) Names of persons who were Directors of the Entity.	Compliant	Board of Directors	Refer pages 70 to 71
(ii) Principal activities of the entity and its subsidiaries during the year, and any changes therein.	Compliant	About The Company	Refer page 5
(iii) The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held.	Compliant	Shareholder and Investor Information	Refer pages 143 to 144
(iv) The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement.	Compliant		
(v) A statement of each Director's holding and Managing Director's (CEO) holding in shares of the Entity at the beginning and end of each financial year.	Compliant		
(vi) Information pertaining to material foreseeable risk factors of the Entity.	Compliant	Internal Controls and Risk Management	Refer pages 35 to 38
(vii) Details of material issues pertaining to employees and industrial relations of the entity.	Compliant	The Capital Reports, Stakeholder Engagement and Identifying Material Matters	Refer pages 30 to 67
(viii) Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	Compliant	Notes to the Financial Statements	Refer pages 120 to 141
(ix) Number of shares representing the Entity's stated capital.	Compliant	Shareholder and Investor Information	Refer pages 143 to 144
(x) A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings.	Compliant		

Corporate Governance

CSE Rule	Compliance Status	Reference (within the CFL Annual Report)	Page Reference
(xi) Financial ratios and market price information.	Compliant	Decade at a Glance & Shareholder and Investor Information	Refer pages 142 to 144
(xii) Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year.	Compliant	Notes to the Financial Statements	Refer pages 120 to 141
(xiii) Details of funds raised through a public issue, rights issue and a private placement and ESOS during the year.	N/A	N/A	N/A
(xiv)			
(xv) Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Listing Rules.	Compliant	Corporate Governance Section & Notes to the Financial Statements	Refer pages 73 to 92
(xvi) Related Party transactions exceeding 10% of the equity or 5% of the total assets of the Entity as per audited financial statements, whichever is lower.	Compliant		Refer pages 120 to 141

Section 04: Colombo Stock Exchange Listing Rules Section 7.10

This section covers Convenience Foods (Lanka) PLC's extent of adherence to the requirements of the continuing listing requirements of Section 7.10 on Corporate Governance Rules for Listed Companies issued by the CSE.

CSE Rule	Corporate Governance Principles	CFL Extent of Adaption	Compliance Status	Reference (within the CFL Annual Report)
7.10.1 (a)	Non- Executive Directors	Seven (7) of the eight (8) Directors were Non-Executive Directors as at 31st March 2022.	Compliant	Corporate Governance A.5.1
7.10.2 (a)	Independent Directors	Three (3) out of seven (7) Non-Executive Directors were Independent as at 31st March 2022.	Compliant	Corporate Governance A.5.2
7.10.2.(b)	Independent Directors	Each Non-Executive Director has submitted a declaration of his independence or non-independence as required under the Listing Rules of the Colombo Stock Exchange.	Compliant	Corporate Governance A.5.4
7.10.3.(a) and (b)	Disclosures relating to Directors	Three (3) Non-Executive Directors are determined to be independent by the Board of Directors. The period of service of Mr. M. U. S. G. Thilakawardana, Dr. D. M. A. Kulasooriya and Mr. M. S. Nanayakkara exceeds nine years. The Board is of the view that the period of service of the said Directors do not compromise their independence and objectivity in discharging their functions as Directors and therefore, based on declarations submitted by the said Directors, has determined that those Directors shall nevertheless be 'Independent' as per the Listing Rules.	Compliant	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.	Compliant	Refer Board of Directors profile on pages 70 and 71
7.10.3.(d)	Disclosures relating to Directors	New Directors were not appointed during the year.	N/A	N/A

CSE Rule	Corporate Governance Principles	CFL Extent of Adaption	Compliance Status	Reference (within the CFL Annual Report)
7.10.5 (a)	Composition of Remuneration Committee	The Remuneration Committee comprises of two (2) Independent Non-Executive Directors and one (1) Non-Executive Director.	Compliant	Corporate Governance B.1.1, B.1.2, B.1.3, B.1.4, B.1.5 on Page 73 to 92 and Remuneration Committee Report on page 100
7.10.5 (b)	Functions of Remuneration Committee	The Committee recommends to the Board, the remuneration payable to the key executives.	Compliant	Corporate Governance B.1.1, B.1.2, B.1.3, B.1.4, B.1.5 on Page 73 to 92 and Remuneration Committee Report on page 100
7.10.5 (c)	Disclosure in the Annual Report relating to Remuneration Committee	The disclosure of the Remuneration Committee and the remuneration paid to Directors is given in the Note 8 to the Financial Statement.	Compliant	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, on page 73 to 92, Refer Remuneration Committee Report on page 100, Financial Statement on pages 104 to 141
7.10.6 (a)	Composition of Audit Committee	The Audit Committee comprise of three (3) Independent Non-Executive Directors.	Compliant	Corporate Governance D.3.1, D.3.2 on page 73 to 92 and Audit Committee Report on pages 98 to 99
7.10.6 (b)	Function of Audit Committee	Company has presented balanced and understandable financial statements which gives a true and fair view quarterly and annually.	Compliant	Corporate Governance D.3.3 on page 73 to 92, Audit Committee Report on pages 98 to 99
7.10.6 (c)	Disclosure in the Annual Report relating to Audit Committee	The names of the Audit Committee members given on page 98. The basis of determination of the independence of the Auditor is also given in section D.3.4 of the ICASL code table.	Compliant	Corporate Governance D.3.4 on page 73 to 92, Audit Committee Report on pages 98 to 99

Section 05: Listing Rules of the Colombo Stock Exchange (CSE) - Section 9

This section covers Convenience Foods (Lanka) PLC's extent of adherence to the requirements of the Code of Best Practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka and Section 9 of the Listing Rules of the CSE.

CSE Rule	Corporate Governance Principles	CFL Extent of Adaption	Compliance Status	Reference (within the CFL Annual Report)
9.2.1 & 9.2.3	Related Party Transactions Review Committee (RPTRC)	RPTRC is operating in-line with the requirements of Code of Best Practice on RPT issued by the SEC.	Compliant	Refer Related Party Transactions Review Committee Report on page 101.
9.2.2	Composition of Related party Transactions Review Committee	The RPTRC comprises of three (03) Independent Non-Executive Directors and one (01) Executive Director.	Compliant	Refer Related Party Transactions Review Committee Report on page 101.
9.2.4	Related Party Transactions Review Committee Meetings	The RPTRC met four (4) times during the year.	Compliant	Refer Related Party Transactions Review Committee Report on page 101.
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.	N/A	N/A

Corporate Governance

CSE Rule	Corporate Governance Principles	CFL Extent of Adaption	Compliance Status	Reference (within the CFL Annual Report)
9.3.2 (a)	Disclosure: Non-Recurrent Related Party Transactions	The Company has not been involved in any non-recurrent related party transactions.	N/A	N/A
9.3.2 (b)	Disclosure: Recurrent Related Party Transactions.	The Company has disclosed recurrent related party transactions which exceed 10% of Gross Revenue.	Compliant	Refer Note 32 of the Financial Statements on page 134.
9.3.2 (c)	The Report by the Related Party Transactions Review Committee	The report of the RPTRC is given.	Compliant	Refer Related Party Transactions Review Committee Report on page 101.
9.3.2 (d)	A Declaration by the Board of Directors	Annual Report of Board of Directors is included.	Compliant	Refer the Annual Report of the Board of Directors on the Affairs of the Company on page 93 to 95.

Section 06: Companies Act No. 7 of 2007

This section covers Convenience Foods (Lanka) PLC's compliance pertaining to Companies Act No. 7 of 2007.

Section Ref.	Requirement	Compliance Status	Reference (within the CFL Annual Report)	Page Reference
168 (1) (a)	The nature of the business together with any change thereof	Compliant	About The Company	Refer page 5
168 (1) (b)	Signed financial statements of the Company	Compliant	Financial Statements	Refer page 104 to 141
168 (1) (c)	Auditors' Report on financial statements	Compliant	Independent Auditors' Report	Refer page 104 to 106.
168 (1) (d)	Accounting policies and any changes therein	Compliant	Notes to the Financial Statements	Refer page 120 to 141.
168 (1) (e)	Particulars of the entries made in the Interests Register	Compliant	Annual Report of the Board of Directors on the Affairs of the Company	Refer page 93 to 95.
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company	Compliant	Notes to the Financial Statements	Refer page 120 to 141.
168 (1) (g)	Corporate donations made by the Company	Compliant	Annual Report of the Board of Directors on the Affairs of the Company	Refer page 93 to 95.
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	Compliant	About The Company	Refer page 5.
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Compliant	Notes to the Financial Statements	Refer page 120 to 141.
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Compliant	Audit Committee Report / Financial Statements	Refer page 98 to 99. Refer page 104 to 141.
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Compliant	Financial Statements /Annual Report of the Board of Directors on the Affairs of the Company	Refer page 104 to 141. Refer page 93 to 95.

Annual Report of the Board of Directors on the Affairs of the Company

(GRI 102-10)

The Directors of Convenience Foods (Lanka) PLC (CFL) have the pleasure of presenting their Annual Report together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiary (the "Group") for the year ended 31st March 2022.

General

CFL is a public limited liability Company which was incorporated on 27th March 1991 as a private limited liability Company under the Companies Act, No.17 of 1982 as Soy Foods (Private) Limited. The Company was converted to a public limited liability Company on 11th March 1992 and was listed on the Colombo Stock Exchange in May 1992. It was re-registered as per the Companies Act, No.7 of 2007 on 25th June 2008 under Registration No. PQ 164. The name of the Company was changed to Convenience Foods (Lanka) PLC on 21st August 2008.

Principal Activity

The principal activity of the Company in the manufacture and marketing of Textured Vegetable Protein (TVP), which is popularly known as soya meat and also other food products. The Company owns 100% of the issued stated capital of Soy Products (Private) Limited. The Subsidiary Company did not carry out any operations during the year.

Review of Business

The Chairman's Message on pages 19 to 21 and the Managing Director's Message on pages 22 to 25 provide an overall assessment of the business performance of the Company during the year with comments on financial results, future strategies and prospects. These Reports together with the Financial Statements,

reflect the state of affairs of the Company and its Subsidiary Company.

Financial Statements

The Financial Statements of the Company and the Consolidated Financial Statements of the Group have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) laid down by The Institute of Chartered Accountants of Sri Lanka and comply with the requirements of the Companies Act, No.7 of 2007. The aforesaid Financial Statements, duly signed by the General Manager - Finance, two Directors on behalf of the Board, and the Auditors are included in this Annual Report and form an integral part of this Annual Report of the Board of Directors.

Independent Auditors Report

The Report of the Auditors on the Financial Statements of the Company and the Group is given on pages 104 to 106.

Accounting Policies

The accounting policies adopted by the Company in the preparation of the Financial Statements are given on pages 111 to 119, which are consistent with those of the previous period.

Major Shareholders, Distribution Schedule, and Other Information

Information on the twenty five (25) largest shareholders of the Company, the distribution schedule of shareholders, percentage of shares held by the public, and market values per share as per the Listing Rules of the Colombo Stock Exchange are given on pages 143 and 144 under Shareholder Information.

Directors

The Board of Directors of the Company consists of eight (8) Directors as at end of the financial year with wide financial and operational knowledge and experience. The following were the Directors of the Company as at 31st March 2022:

Non-Executive Directors

Mr. R. S. A. Wickramasingha - Chairman
Ms. D. S. Wickramasingha - Director
Ms. N. K. Wickramasingha - Director
Mr. L. J. M. De Silva - Director
Mr. M. U. S. G. Thilakawardana - Director*
Dr. D. M. A. Kulasoorya - Director*
Mr. M. S. Nanayakkara - Director*

**Independent Non-Executive Directors*

Executive Director

Mr. E. T. De Zoysa - Managing Director

Directors of the subsidiary Company as at 31st March 2022

Soy Products (Private) Limited
Mr. R. S. A. Wickramasingha
Mr. E. T. De Zoysa

Directors' Remuneration

The remuneration of the Directors is given in Note 8 to the Financial Statements on page 121.

Annual Report of the Board of Directors on the Affairs of the Company

Directors' Interest in Shares

The relevant interests of Directors in the shares of the Company as at 31st March 2022 and 31st March 2021 are as follows:

Director's Name	31st March 22	31st March 21
Mr. R. S. A. Wickramasingha	Nil	Nil
Ms. D. S. Wickramasingha	Nil	Nil
Mr. E. T. De Zoysa	Nil	Nil
Mr. M. U. S. G. Thilakawardana	Nil	Nil
Dr. D. M. A. Kulasooriya	Nil	Nil
Mr. M. S. Nanayakkara	Nil	Nil
Mr. L. J. M. De Silva	Nil	Nil
Ms. N. K. Wickramasingha	Nil	Nil

Mr. R.S.A. Wickramasingha, Ms. D.S. Wickramasingha, Ms. N.K. Wickramasingha and Mr. L. J. M. De Silva served as Directors of CBL Investments Limited, which held 1,962,977 shares equivalent to 71.381% of the shares constituting the Stated Capital of the Company.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company and the Group to reflect a true and fair view of the state of its affairs.

Interest Register

The Company maintains an Interest Register in terms of the Companies Act, No.07 of 2007. The relevant interests of Directors in the shares of the Company as at 31st March 2022 as recorded in the interest register are given in this report under Directors' Shareholding.

Information on the Directors of the Company and the Group

The names of the Directors who held office at the end of the accounting period are given and their brief profiles appear on pages 70 and 71.

Retirement and Re-appointment of Directors

Mr. R. S. A. Wickramasingha who is 75 years of age vacates office at the conclusion of the Annual General Meeting in terms of Section 210(2) (b) of the Companies Act, No.7 of 2007 and is recommended by the Board for re-appointment as a Director under Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Director.

Mr. L. J. M. De Silva who is 78 years of age vacates office at the conclusion of the Annual General Meeting in terms of Section 210(2) (b) of the Companies Act No.7 of 2007 and is recommended by the Board for re-appointment as a Director under Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Director.

Corporate Governance

The Board of Directors confirms that the Company is compliant with the Rules on Corporate Governance contained in the Listing Rules of the Colombo Stock Exchange.

Material Foreseeable Risk Factors

An ongoing process is in place to identify and manage the risks that are associated with the business and operations of the Company. The Directors review this process through the Audit Committee. There were no material issues pertaining to employees and industrial relations of the Company during the year.

Statutory Payments

The Directors confirm that to the best of their knowledge, all taxes, duties, and levies payable by the Company, all contributions, levies, and taxes payable on behalf of, and in respect of employees of the Company, and all other known statutory dues as were due and payable by the Company as at the Balance Sheet date have been paid or, where relevant provided for, except for certain assessments where appeals have been lodged.

Environmental Protection

The Directors are confident that the Company works in a way that minimizes its adverse effects on the environment and delivers products and services that enrich its consumers and the communities in which it operates after receiving full evidence from management.

Related Party Transactions (RPT) with the Company

All RPT which encompass the transactions of Directors who were directly or indirectly interested in a contract or a RPT with the Company during the accounting period are recorded in the interests register in due compliance with the applicable rules and regulations of the relevant regulatory authorities. Transactions of related parties (as defined in LKAS 24 - Related Party Disclosure) with the Company are set out in Note 32 to the financial statements. The Directors declare that the Company is in compliance with Section 9 of the Listing Rules of the CSE pertaining to RPT during the financial year ended 31st March 2022.

Stated Capital

The Stated Capital of the Company is Rs. 52,521,178/- represented by 2,750,000 Ordinary Shares.

Reserves

The movements of reserves during the year are given under the Statement of Changes in Equity on page 109.

Capital Expenditure

The total capital expenditure during the year was Rs. 180 Mn. Details of movements in property, plant, and equipment are given in Note 12 to the Financial Statements on page 110.

Land Holdings

The Company does not own any freehold land.

Investments

Details of the Company's investments as at 31st March 2022 are given in Notes 15 to the Financial Statements on page 125.

Contingent Liabilities

The Contingent Liabilities as at 31st March 2022 are given in Note 29.3 to the Financial Statements on page 132.

Financial Ratios

The Earnings Per Share and other financial ratios are given under the Performance Summary on page 107.

Dividend

The payment of a first and final dividend of Rs. 3.50 per share as recommended by the Board of Directors will be proposed at the Annual General Meeting.

Donations

The total amount of donations made during the year under review amounted to Rs. 490,143/-.

Going Concern

After making adequate inquiries from management, the Directors are satisfied that the Group has adequate resources to continue its operations in the foreseeable future except the Subsidiary Company which will be wound up in the year 2022/23 as there were no transactions in the said entity during the past few years.

Events Occurring after the Reporting Period

Details of the events occurring after the reporting date are given in Note 30 to the Financial Statements on page 133.

Independent Auditors

The financial statements for the year have been audited by Messrs KPMG, Chartered Accountants who are deemed to have been re-appointed as auditors in terms of Section 158 of the Companies Act No.7 of 2007. A resolution proposing the Directors be authorised to determine their remuneration will be submitted at the Annual General Meeting.

The audit fee payable to the Messrs KPMG Auditors for the year under review is Rs. 770,000/- (2020/21 - Rs. 700,000/-).

Messrs Ernst & Young provided tax compliance (online platform) services during the year under review and the fee payable therefore amounts to Rs. 381,200/- (2020/21 - Rs. 389,668/-).

Based on the declaration provided by Messrs KPMG, Chartered Accountants and to the extent that the Directors are aware, the Auditors do not have any relationship with (other than that of the Auditor), or interest in, the Company and the Group, which in the opinion of the Board, may reasonably be considered to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by The Institute of Chartered Accountants of Sri Lanka as at the reporting date.

Integrated Annual Report

The Board of Directors approved the consolidated financial statements on 29th July 2022. The requisite number of copies of this report will be submitted to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board.

Annual General Meeting

The Annual General Meeting will be held by electronic means (online platform) on 12th September 2022 at 3.30 p.m. centered at Ceylon Biscuits Limited at No.555, High Level Road, Makumbura, Pannipitiya. The Notice of the Annual General Meeting appears on page 150.

Acknowledgment

The Board of Directors have approved the Audited Financial Statements together with the Annual Report of the Board of Directors and the reviews which form part of the Annual Report.

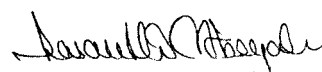
This Annual Report is signed for and on behalf of the Board of Directors by



R. S. A. Wickramasingha
Chairman



E. T. De Zoysa
Managing Director



P W Corporate Secretarial (Pvt) Ltd.
Secretaries

29th July 2022
Colombo

Statement of Directors' Responsibilities for Financial Statements

The Directors are responsible under Sections 150 (1), 151, 152 (1), and 153 of the Companies Act No. 07 of 2007, to ensure compliance with the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the profit and loss of the Company and the Group for the financial year.

The Directors are also responsible, under Section 148, for ensuring that proper accounting records are kept to enable, the determination of financial position with reasonable accuracy, preparation of financial statements, and audit of such statements to be carried out readily and properly.

The Board accepts responsibility for the integrity and objectivity of the financial statements presented. The Directors confirm that in preparing the financial statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

They also confirm that the financial statements have been prepared and presented in accordance with the Sri

Lanka Accounting Standards (SLFRS/ LKAS), Companies Act No. 07 of 2007, and the Listing Rules of the Colombo Stock Exchange. Further, the financial statements provide the information required by the Companies Act and the Listing Rules of the Colombo Stock Exchange.

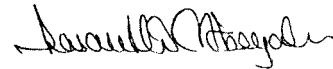
The Directors are of the opinion, based on their knowledge of the Company, key operations, and specific inquiries, that adequate resources exist to support the Company on a going concern basis over the next year. These financial statements have been prepared on that basis. The Directors have taken reasonable measures to safeguard the assets of the Company and, in that context, have instituted appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities.

The External Auditors, Messrs KPMG Chartered Accountants deemed eligible for re-appointment in terms of Section 158 of the Companies Act No. 07 of 2007 were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the financial statements. The Report of the Auditors, shown on page 104 to 106 sets out their responsibilities in relation to the financial statements.

Compliance Report

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that was due in respect of the Company and its Subsidiaries as at the Balance Sheet date have been paid or where relevant, provided for.

By order of the Board,



P W Corporate Secretarial (Pvt) Ltd.
Secretaries

29th July 2022
Colombo

Responsibility Statement of Chairman, Managing Director/CEO and General Manager Finance

The financial statements of Convenience Foods (Lanka) PLC and the consolidated financial statements of the Group, as at 31st March 2022, are prepared and presented in conformity with the requirements of the following:

1. Sri Lanka Accounting Standards, issued by the Institute of Chartered Accountants of Sri Lanka
2. The Companies Act No. 07 of 2007
3. The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
4. Listing Rules of the Colombo Stock Exchange
5. The Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accounts of Sri Lanka.

We confirm that the significant accounting policies used in the preparation of the financial statements are appropriate, and are consistently applied unless otherwise stated in the Notes to the Financial Statements. The significant accounting policies and estimates that involved a high degree of judgment and complexity were discussed with the Audit Committee and our external auditors.

We have also taken proper and sufficient care in installing systems of internal control

and accounting records to safeguard assets and to prevent and detect fraud as well as other irregularities. These have been reviewed, evaluated, and updated on an ongoing basis. Reasonable assurances that the established policies and procedures of the Company have been consistently followed were provided by periodic audits conducted by the Group internal audit function. However, there are inherent limitations that should be recognized in weighing the assurance provided by any system of internal controls and accounting.

The Audit Committee of the Company meets periodically with the internal auditors and the independent auditors to review the effectiveness of audits, and to discuss auditing, internal control, and financial reporting issues. The independent auditors and the internal auditors have been provided full and free access to the Audit Committee to discuss any matter of substance.

The financial statements were audited by the independent external auditors, Messrs KPMG, Chartered Accountants. The Audit Committee approves the audit and non-audit services provided by the external auditor, in order to ensure that the provision of such services does not impair their independence.

We confirm that

- The Company and its subsidiaries have complied with all applicable laws, regulations, and prudential requirements;
- There are no material non-compliances; and
- There are no material litigations that are pending against the Group



R. S. A. Wickramasingha
Chairman



E. T. De Zoysa
Managing Director



S.K.I. Sameera Senarathne
General Manager Finance

29th July 2022
Colombo

Audit Committee Report

The Roles and Responsibilities

The Audit Committee plays an important role in providing oversight of the Convenience Foods (Lanka) PLC's (CFL) governance, risk management, and internal control processes. This oversight mechanism also serves to provide confidence in the integrity of these processes. The Audit Committee performs its role by providing independent oversight to the Board of Directors. The Audit Committee ("the Committee") will assist the Board of Directors in fulfilling its oversight responsibilities. To fulfill its responsibilities, the Committee shall carry out the following:

1. Financial Reporting

- Overseeing the preparation, presentation, and adequacy of disclosures in the financial statements of the entity, in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS).
- Review the annual financial statements and interim financial statements and consider whether they are complete and consistent with information known to the Committee members and reflect appropriate accounting standards and policies.

2. Internal Audit

Approve the annual internal audit plan and review internal audit reports and action plans by the management. Further, the Committee will assess their scope, independence and appointments.

3. External Audit

Review the external audit reports, and management letters and will assess the scope of the external audit and their independence and take the final decision on their appointment, re-appointment and remuneration.

4. Internal control, Compliance, and Risk Management

- Consider the effectiveness of the organization's control framework.
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of the management's investigations and follow-up of any instances of non-compliance.
- Review and assess the Company's risk management process, including the adequacy of the overall control environment and controls in areas of significant risks.
- Monitor management's performance in establishing and maintaining an effective enterprise-wide risk management process.

Terms of Reference

The Committee functions, based on an Audit Committee Charter approved by the Board of Directors and deals with, the purpose, authority, composition, and responsibilities.

Audit Committee Composition and Meetings

The Audit Committee comprises three (03) Non-Executive Directors all of whom are independent.

During the financial year ended 31st March 2022, the Audit Committee held four (04) meetings. The members of the management attend the meetings upon invitation to brief the Audit Committee on specific issues. In addition, the Audit Committee met with the External Auditor Messrs KPMG Sri Lanka, Chartered Accountants to ascertain the nature, scope, and approach of the External Audit function and to review the financial statements and the management reports.

The members of the Audit Committee appointed by, and responsible to, the Board of Directors comprised the following members at the end of the year as at 31st March 2022.

Members	25th May 21	27th July 21	26th October 21	25th January 22
Mr. M. S. Nanayakkara - (Chairman) - IND/NED	✓	✓	✓	✓
Dr. D. M. A. Kulasooriya - (Member) - IND/NED	✓	✓	✓	✓
Mr. M. U. S. G. Thilakawardana - (Member) - IND/NED	✓	✓	✓	✓

ED - Executive Director | NED - Non-Executive Director | IND/NED - Independent Non-Executive Director

Please refer to pages 70 to 71 for a brief profile of the Directors

Secretary

P W Corporate Secretarial (Pvt) Ltd. acts as the Secretary to the Audit Committee.

Invitees

The Managing Director, General Manager Group Internal Audit, and General Manager Finance are permanent invitees for audit committee meetings.

Internal Audit Function

The Internal Auditor of Convenience Foods (Lanka) PLC reports to the Audit Committee of CFL and the Audit Committee of the CBL Group. The Internal Audit function is outsourced to Messrs Ernst & Young, Chartered Accountants. The Internal Audit function provides risk-based and objective assurance, advice and insight to protect and enhance the organization's system of internal controls.

Key Activities of the Audit Committee During the Financial Year

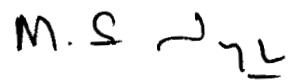
- Ensured that a sound financial reporting system is in place and is well managed, in order to give accurate, appropriate and timely information to Management, Regulatory Authorities and Shareholders.
- Reviewed and discussed with Management the un-audited quarterly financial statements and the annual audited financial statements prior to the recommendation of same to the Board including the quality, transparency, integrity, accuracy, and compliance with accounting standards, laws, and regulations.
- Reviewed the implementation of the annual internal audit plan and the audit findings on the system of internal controls including IT controls and the adequacy and effectiveness on implementation of management action plans thereon.
- Reviewed the results of the external audit report and management responses to the issues highlighted, in order to be satisfied that appropriate action is being taken on a timely basis.
- Reviewed the procedures in place for the identification, evaluation, and monitoring of risk faced by the Company at an enterprise level.
- Reviewed the extent of compliance with laws of the country, government regulations, listing rules of the CSE and established policies of the Company.
- Reviewed the Internal Audit Function, including the independence and authority of its reporting obligations and the Internal Audit plan.
- Assessed the independence of the External Auditor and monitored the External Audit function. The Audit Committee is satisfied that the independence of the External Auditors had not been impaired by any event or service that gives rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the External Auditor.
- Made recommendations to the Board pertaining to the appointment of the External Auditor, Messrs KPMG Sri Lanka, Chartered Accountants including their remuneration and terms of engagement by assessing qualifications, expertise, resources, and independence as the statutory auditors during the financial year.

Appointment of External Auditor

The Audit Committee has recommended to the Board of Directors that Messrs KPMG continue as auditors for the financial year ending 31st March 2023.

Conclusion

The Audit Committee is satisfied that the effectiveness of the financial reporting process, the group's accounting policies, and operational controls provide reasonable assurance that the affairs of the Group are managed in accordance with Group policies and that Group assets are properly accounted for and adequately safeguarded.



M. S. Nanayakkara
Chairman

Audit Committee
29th July 2022

Remuneration Committee Report

The Role and Responsibilities

The Remuneration Committee (“the Committee”) is tasked with establishing and maintaining the remuneration policies of the Company as a whole. The policies have been designed in such a manner to

reward, motivate and retain Company’s executive team while maximizing the overall profitability of the organization in the long term. The Committee has acted within the parameters set out by the Listing Rules of the CSE.

increments, and matters concerning the recruitment of the Executive team are made at the meetings. One of its other goals is to ensure that the Company’s Executive team is adequately rewarded for their performance and commitment to the Company’s goals on a competitive basis.

Remuneration Committee Composition and Meetings

The Committee comprises three (03) Non-Executive Directors, two (02) of whom are independent. The Chairman of the Committee is a Non-Executive Director. The members of the Remuneration Committee as of 31st March 2022 are disclosed in the below table.

During the financial year ended 31st March 2022, the Remuneration Committee held one (01) meeting. The members of the management attend the meeting upon invitation to brief the Committee on specific issues.

Members	31st March 22
Ms. N. K. Wickramasingha - (Chairman) NED	✓
Mr. M. U. S. G. Thilakawardana - (Member) - IND/NED	✓
Dr. D. M. A. Kulasooriya - (Member) - IND/NED	✓

ED - Executive Director | NED - Non-Executive Director | IND/NED - Independent Non-Executive Director

Please refer to pages 70 to 71 for a brief profile of the Directors

Remuneration Policy

The Company has established its remuneration policy to make sure,

- Attractive and capable of retaining well qualified and knowledgeable employees.
- Rewarding employees based on experience and quantifiable contribution to the Company’s bottom line.
- Be in line with industry standards and best practices.
- principles, performance-related pay schemes, industry trends, and past remuneration.
- Ensuring no Director is involved in deciding his own pay package.
- Deciding on the remuneration packages and extra benefits of the Executive Director.
- Review information related to executive pay from time to time to ensure the same is on par with the industry rates.
- Assess and recommend to the Board of Directors the promotions of the Key Management Personnel and address succession planning.

Responsibilities of the Remuneration Committee

The functions of the Remuneration Committee include;

- Making recommendations to the Board on the ideal compensation packages in a transparent manner based on performance targets, benchmark

Remuneration Committee Meetings

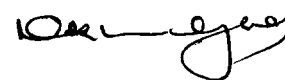
The Committee meets to ensure two-way communication, comprehensive dialogue, and resolution of issues. Meetings are held as often as required. Recommendations on compensation structures, bonuses,

Disclosure

Apart from the one Executive Director who is involved with the operations of the Company on a full-time basis, other Directors receive a fee. Details of Directors’ emoluments are disclosed on page 121.

Conclusion

The Remuneration Committee is satisfied that the Company adheres to proper human resource management procedures and compensation guidelines intended to draw in, grow, and protect employees with professional, managerial, and operational expertise who can fill leadership positions within the Company to meet strategic and operational goals. According to the Remuneration Committee, the Company’s human capital is respected and appreciated thanks to the present performance evaluation, career development, rewards, and recognition processes.



N. K. Wickramasingha
Chairman

Remuneration Committee
29th July 2022

Related Party Transactions Review Committee Report

The Role and Responsibilities

The Related Party Transactions Review Committee ("the Committee") is tasked with reviewing all Related Party Transactions of the Company and ensuring that it complies with the requirements, limits, and reporting guidelines of the SEC Code of Best Practices on Related Party Transactions ("the Related Party Code") and the Listing Rules of the Colombo Stock Exchange (CSE). Furthermore, the Committee establishes guidelines and policies for management and reporting of Related Party Transaction.

The Committee remains steadfast in ensuring that fairness and transparency are maintained in reviewing Related Party Transactions, communicating the same to the Board and reviewing required market disclosures to be published at Colombo Stock Exchange (CSE) as necessary.

Related Party Transactions Review Committee Composition and Meetings

The Committee comprises three (03) Independent Non-Executive Directors and one (01) Executive Director. The

composition of the Committee fulfilled the Code of Best Practice on Related Party Transactions issued by the SEC of Sri Lanka and Section 9 of the Listing Rules of the CSE. The members of the Related Party Transactions Review Committee as of 31st March 2022 are disclosed in the below table.

During the financial year ended 31st March 2022, the Committee held four (04) meetings. The members of the management attend the meetings upon invitation to brief the Committee on specific issues.

Members	25th May 21	27th July 21	26th October 21	25th January 22
Dr. D. M. A. Kulasooriya - (Chairman) - IND/NED	✓	✓	✓	✓
Mr. M. S. Nanayakkara - (Member) - IND/NED	✓	✓	✓	✓
Mr. M. U. S. G. Thilakawardana - (Member) - IND/NED	✓	✓	✓	✓
Mr. E. T. De Zoysa - (Member) - ED	✓	✓	✓	✓

ED - Executive Director | NED - Non-Executive Director | IND/NED - Independent Non-Executive Director

Please refer to pages 70 to 71 for a brief profile of the Directors

Key Activities of the Related Party Transactions Review Committee During the Financial Year

- Reviewed and pre-approved all non-recurrent Related Party Transactions prior to approval by the Board of Directors.
- Reviewed recurrent/ non-recurrent Related Party Transactions of the Company on a quarterly basis and ascertained the economic and commercial substance.
- Identified instances where an immediate market disclosure of non-recurrent Related Party Transaction is required in line with the definition of the Code.
- Reviewed all Related Party Transactions to ensure that they are in the best interests of the Company.
- Ensured that all reporting requirements of the Related Party Code and other statutes and regulations are met.

- Updated the Board of Directors on Related Party Transactions of the Company.
- Assessed the adequacy of Related Party reporting systems along with the advice of the External and Internal Auditors.
- Ensured that all transactions with Related Parties are in the best interest and adequate transparency is maintained.

Key Management Personnel

Key Management Personnel of the Company include members of the Board of Directors and identified senior management personnel of the Company. The Committee ensures that no participant in the discussions of a Related Party Transaction shall be a direct Related Party to the particular transaction. However, such persons may participate in the discussion for the sole purpose of providing information on such transactions.

Related Party Transactions During the Year

A detailed disclosure of all the related party transactions including Recurrent and Non Recurrent related party transactions which are required to be disclosed under section 9.3.2 of the Listing Rules of the CSE has been made in Note 32 to the financial statements on page 134 to 135.

Conclusion

The Board of Directors confirm that the Company has complied with the requirements of the Listing Rules of the Colombo Stock Exchange on Related Party Transactions.



Dr. D. M. A. Kulasooriya
Chairman

Related Party Transactions Review Committee
29th July 2022

31+ Years of caring

Through our award winning brands, we've made nutrition convenient with good food choices for everyone to enjoy. Through our everyday actions, we're taking strides in our communities to create meaningful access to growth opportunities, better livelihoods and sustainable growth.

Trusted Stability

Rs. 386 Mn
Profit for the year



Financial Calendar

Financial Calendar 2021/22

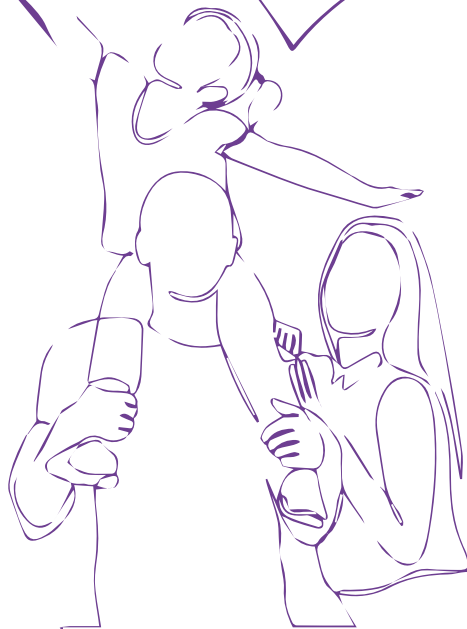
	<i>Submitted on</i>
1st Quarter Report	3rd August 2021
2nd Quarter Report	3rd November 2021
3rd Quarter Report	31st January 2022
4th Quarter Report	27th May 2022
Audited Financial Statements	1st August 2022
31st Annual General Meeting	12th September 2022

Financial Calendar 2022/23

	<i>To be submitted on</i>
1st Quarter Report	1st August 2022
2nd Quarter Report	On or before 15th November 2022
3rd Quarter Report	On or before 15th February 2023
4th Quarter Report	On or before 31st May 2023
Audited Financial Statements	1st August 2023
32nd Annual General Meeting ..	On or before 11th September 2023



We are committed to making food we are proud of. We help better nutrition habits in our communities and we're innovating new ways to create great food that our consumers can trust. Using the best ingredients and more and more locally grown, fresh produce in our recipes we're taking our products to new heights every day in safety, quality and taste and, helping people make informed good food choices at every meal of the day.



51.5%
Revenue
Growth

Independent Auditors' Report



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
Internet : www.kpmg.com/lk

TO THE SHAREHOLDERS OF CONVENIENCE FOODS (LANKA) PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Convenience Foods (Lanka) PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at March 31, 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies set out on pages 06 to 38.

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

Basis for Opinion

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

Key Audit Matters

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

Recognition of Revenue

Refer to Note 4.2 significant accounting policies and explanatory Note 5 to the financial statements.

Risk Description	Our Response
<p>The Company has recognized a Revenue of Rs. 4,858,647,421/- for the year ended 31st March 2022.</p> <p>Revenue from sale of goods is recognized when control has been transferred to the buyer and is measured at net of discounts.</p> <p>The Group focuses on revenue as a key performance measure and as an important element in measuring management performance and how management are incentivized. Which could create an incentive for revenue to be recognized prior to control being transferred, resulting in a higher risk associated with revenue.</p> <p>We identified the recognition of revenue as a key audit matter because revenue is a significant audit risk and one of the key performance indicator of the Group and therefore there is an inherent risk of manipulation of the timing of revenue recognition by management to meet specific targets or expectations.</p>	<p>Our audit procedures included among others.</p> <ul style="list-style-type: none"> Assessing the appropriateness of the revenue recognition accounting policies and assessing compliance in accordance with Sri Lanka Accounting Standards. Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internals in relation to revenue recognition from sales transactions. Comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with the underlying goods delivery notes and/or invoices to assess whether the related revenue had been recognized in the correct financial period. Testing a sample of sales transactions incurred during the year with the invoices, delivery notes and receipts.

KPMG, a Sri Lankan Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

P.Y.S. Perera FCA
W.J.C. Perera FCA
W.K.D.C. Abeyaratne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K.Sumanasekara FCA

C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA

T.J.S. Rejakerier FCA
Ms. S.M.B. Jayasekara FCA
G.A.U. Kanunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, W.A.A. Weerasekara CFA, ACMA, MRICS



Carrying value of Inventories

Risk Description	Our Response
<p>The inventory balance comprises of raw materials, packing materials, finished goods, semi-finished goods, consumables, spares and accessories amounting to Rs. 1,136,374,206/- as at 31st March 2022.</p> <p>Inventories are carried at lower of cost or net realizable value (NRV). There is a risk that carrying value may exceeds their NRV due to obsolete/damaged or expired products.</p> <p>Carrying value of inventories is identified as a Key Audit Matter because establishing a provision for slow-moving, obsolete and damaged inventory and valuation of inventories involve significant judgements and assumptions exercised by the management.</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> • Obtaining an understanding of and assessing the design, implementation, and operating effectiveness of management's key internals in relation to recognition, measurement of Inventory and Inventory provisioning. • Assessing, on a sample basis, the net realizable value by comparing the actual cost with selling price less cost to sell. • Attending, on a sample basis, the physical inventory verification and reconciling with the system balances. • In addition, assessing the effectiveness of the physical count controls in operation to identify damaged stock, expired stocks and slow-moving in a timely manner. • Assessing, on a sample basis, the accuracy of the Inventory aging. • Gaining an understanding of the movements in the inventory for the year and assess the adequacy of the provision for non-moving and slow- moving inventory. • Comparing, on a sample basis, specific inventory purchases transactions recorded before and after the financial year end date with the underlying goods received notes to assess whether the related purchases had been recognized in the correct financial period. • Testing a sample of purchases transactions incurred during the year with the Purchase orders, invoices and goods received notes.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditors' Report



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for
- Our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3544.

Chartered Accountants
Colombo, Sri Lanka

29th July 2022

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Revenue	5	4,858,647,421	3,207,282,244	4,858,647,421	3,207,282,244
Cost of Sales		(3,696,355,746)	(2,074,451,264)	(3,696,355,746)	(2,074,451,264)
Gross Profit		1,162,291,675	1,132,830,980	1,162,291,675	1,132,830,980
Other Operating Income	6	23,785,260	28,797,222	23,201,620	28,797,222
Distribution Expenses		(541,365,129)	(417,513,192)	(541,365,129)	(417,513,192)
Administrative Expenses		(184,171,999)	(168,142,811)	(184,171,999)	(168,127,811)
Results from Operating Activities		460,539,807	575,972,199	459,956,167	575,987,199
Finance Income	7.1	40,957,256	62,158,719	40,957,256	62,158,719
Finance Expenses	7.2	(11,679,300)	(5,183,148)	(11,679,300)	(5,183,148)
Net Finance Income		29,277,956	56,975,571	29,277,956	56,975,571
Profit Before Tax	8	489,817,763	632,947,770	489,234,123	632,962,770
Income Tax Expenses	9	(103,644,723)	(117,042,986)	(103,644,723)	(117,042,986)
Profit for the Year		386,173,040	515,904,784	385,589,400	515,919,784
Other Comprehensive Income					
Items that will not be reclassified to Profit or Loss					
Actuarial Gain/(Loss) on Retirement Benefit Obligation	25	5,096,184	(11,555,476)	5,096,184	(11,555,476)
Deferred Tax on Actuarial (Gain)/Loss		(917,313)	2,079,986	(917,313)	2,079,986
Other Comprehensive Income for the Year		4,178,871	(9,475,490)	4,178,871	(9,475,490)
Total Comprehensive Income for the Year		390,351,911	506,429,294	389,768,271	506,444,294
Profit for the Year attributable to:					
Owners of the Company		386,173,040	515,904,784	385,589,400	515,919,784
Non-Controlling Interest		-	-	-	-
Total Profit for the Year		386,173,040	515,904,784	385,589,400	515,919,784
Total comprehensive income for the year attributable to:					
Owners of the Company		390,351,911	506,429,294	389,768,271	506,444,294
Non-Controlling Interest		-	-	-	-
Total Comprehensive Income for the Year		390,351,911	506,429,294	389,768,271	506,444,294
Basic and Diluted Earnings Per Share	10	140.43	187.60	140.21	187.61
Dividend per share	11	10.00	5.50	10.00	5.50

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Company set out on pages 111 to 141. The Report of the Auditors is given on pages 104 to 106.

Statement of Financial Position

As At 31st March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Assets					
Non Current Assets					
Property, Plant and Equipment	12	616,391,944	494,613,301	616,391,944	494,613,301
Right of Use Assets	13	116,325,327	40,279,015	116,325,327	40,279,015
Intangible Assets	14	7,827,705	6,435,508	7,827,705	6,435,508
Investment in Subsidiary	15	-	-	20	20
Total Non Current Assets		740,544,976	541,327,824	740,544,996	541,327,844
Current Assets					
Inventories	16	1,136,374,206	242,033,806	1,136,374,206	242,033,806
Trade and Other Receivables	17	636,390,109	751,933,096	636,390,109	751,933,096
Amounts due from Related Companies	18	26,337,704	9,331,044	26,337,704	9,331,044
Short Term Investments	19	418,645,514	940,475,759	418,645,514	940,475,759
Cash and Cash Equivalents	20	173,094,623	40,319,425	173,094,623	40,319,425
Total Current Assets		2,390,842,156	1,984,093,130	2,390,842,156	1,984,093,130
Total Assets		3,131,387,132	2,525,420,954	3,131,387,152	2,525,420,974
EQUITY AND LIABILITIES					
Equity attributable to equity - holders of the parent					
Stated Capital	21	52,521,178	52,521,178	52,521,178	52,521,178
Other Reserves	22	41,613,945	41,613,945	41,613,945	41,613,945
Retained Earnings		1,982,289,597	1,619,437,686	1,982,289,617	1,620,021,346
Total Equity		2,076,424,720	1,713,572,809	2,076,424,740	1,714,156,469
Liabilities					
Non Current Liabilities					
Deferred Tax Liability	23	17,168,762	5,743,322	17,168,762	5,743,322
Lease Liabilities	24	112,526,574	31,911,903	112,526,574	31,911,903
Retirement Benefit Obligation	25	70,888,677	89,531,649	70,888,677	89,531,649
Total Non Current Liabilities		200,584,013	127,186,874	200,584,013	127,186,874
Current Liabilities					
Trade and Other Payables	26	783,769,818	612,512,875	783,769,818	611,929,235
Lease Liabilities	24	7,987,138	6,189,056	7,987,138	6,189,056
Current Tax Liabilities	27	32,074,465	38,328,088	32,074,465	38,328,088
Amount due to Related Companies	28	30,546,978	27,631,252	30,546,978	27,631,252
Total Current Liabilities		854,378,399	684,661,271	854,378,399	684,077,631
Total Liabilities		1,054,962,412	811,848,145	1,054,962,412	811,264,505
Total Equity and Liabilities		3,131,387,132	2,525,420,954	3,131,387,152	2,525,420,974
Net assets value per share		755.06	623.12	755.06	623.33

The financial statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Company set out on pages 111 to 141. The Report of the Auditors is given on pages 104 to 106.

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.



S.K.I.S. Senarathne
General Manager - Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements. Approved and signed for and on behalf of the Board;



R. S. A. Wickramasingha
Chairman



E.T. De Zoysa
Managing Director

29th July 2022
Colombo

Statement of Changes in Equity

Group

	Stated Capital Rs.	Other Reserves Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1st April 2020	52,521,178	41,613,945	1,128,133,392	1,222,268,515
Comprehensive Income for the Year				
Profit for the year	-	-	515,904,784	515,904,784
Other Comprehensive Income for the year	-	-	(9,475,490)	(9,475,490)
Total Comprehensive Income for the Year	-	-	506,429,294	506,429,294
Transactions with owners of Equity				
Payment of dividend for the year 2019/2020 (Rs. 5.5 per share)	-	-	(15,125,000)	(15,125,000)
Balance as at 31st March 2021	52,521,178	41,613,945	1,619,437,686	1,713,572,809
Balance as at 1st April 2021	52,521,178	41,613,945	1,619,437,686	1,713,572,809
Comprehensive Income for the Year				
Profit for the year	-	-	386,173,040	386,173,040
Other Comprehensive Income for the year	-	-	4,178,871	4,178,871
Total Comprehensive Income for the Year	-	-	390,351,911	390,351,911
Transactions with owners of Equity				
Payment of dividend for the year 2019/2020 (Rs. 10 per share)	-	-	(27,500,000)	(27,500,000)
Balance as at 31st March 2022	52,521,178	41,613,945	1,982,289,597	2,076,424,720

Company

	Stated Capital Rs.	Other Reserves Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1st April 2020	52,521,178	41,613,945	1,128,702,052	1,222,837,175
Comprehensive Income for the Year				
Profit for the year	-	-	515,919,784	515,919,784
Other Comprehensive Income for the year	-	-	(9,475,490)	(9,475,490)
Total Comprehensive Income for the Year	-	-	506,444,294	506,444,294
Transactions with owners of Equity				
Payment of dividend for the year 2018/2019 (Rs. 5.5 per share)	-	-	(15,125,000)	(15,125,000)
Balance as at 31st March 2021	52,521,178	41,613,945	1,620,021,346	1,714,156,469
Balance as at 1st April 2021	52,521,178	41,613,945	1,620,021,346	1,714,156,469
Comprehensive Income for the Year				
Profit for the year	-	-	385,589,400	385,589,400
Other Comprehensive Income for the year	-	-	4,178,871	4,178,871
Total Comprehensive Income for the Year	-	-	389,768,271	389,768,271
Transactions with owners of Equity				
Payment of dividend for the year 2019/2020 (Rs. 10 per share)	-	-	(27,500,000)	(27,500,000)
Balance as at 31st March 2022	52,521,178	41,613,945	1,982,289,617	2,076,424,740

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Company set out on pages 111 to 141. The Report of the Auditors is given on pages 104 to 106.

Statement of Cash Flows

For the year ended 31 March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Cash Flows From Operating Activities					
Profit Before Tax		489,817,763	632,947,770	489,234,123	632,962,770
Adjustments for:					
Depreciation of Property, Plant and Equipment	12	58,385,307	31,856,095	58,385,307	31,856,095
Amortization of Intangible Assets	14	1,446,714	1,272,559	1,446,714	1,272,559
Depreciation of Right of use Assets	13	9,555,443	7,336,352	9,555,443	7,336,352
Interest Income	7.1	(40,957,256)	(62,158,719)	(40,957,256)	(62,158,719)
Interest Expenses	7.2	9,688,186	4,144,082	9,688,186	4,144,082
Profit on Disposal of Property, Plant and Equipment	6	-	(17,334,026)	-	(17,334,026)
(Reversal) / Provision for Slow Moving & Obsolete Inventories		(2,478,737)	(2,341,126)	(2,478,737)	(2,341,126)
(Reversal) / Provision for Impairment of Trade Receivables		704,116	(3,769,701)	704,116	(3,769,701)
Provision for Retirement Benefit Obligation	25	11,181,112	13,377,158	11,181,112	13,377,158
Operating Profit before Working Capital Changes		537,342,648	605,330,444	536,759,008	605,345,444
Changes in Working Capital					
(Increase) / Decrease in inventories		(891,861,619)	(27,372,265)	(891,861,619)	(27,372,265)
(Increase) / Decrease in Trade and Other Receivables		114,838,871	(190,067,019)	114,838,871	(190,067,019)
(Increase) / Decrease in Amount due from Related Companies		(17,006,660)	1,278,270	(17,006,660)	1,278,270
Increase / (Decrease) in Amount due to Related Companies		2,915,726	(20,340,398)	2,915,726	(20,340,398)
Increase / (Decrease) in Trade and Other Payables		171,256,943	274,096,181	171,840,583	274,081,181
Cash (Used in) / Generated from Operations		(82,514,091)	642,925,213	(82,514,091)	642,925,213
Retiring Gratuity Paid	25	(24,727,900)	(403,048)	(24,727,900)	(403,048)
Interest Paid	7.2	(9,688,186)	(4,144,082)	(9,688,186)	(4,144,082)
Income Tax Paid		(99,390,219)	(123,874,534)	(99,390,219)	(123,874,534)
Net Cash Flows (Used in) / from Operating Activities		(216,320,396)	514,503,549	(216,320,396)	514,503,549
Cash Flows From Investing Activities					
Purchase of Property, Plant and Equipment	12	(180,163,951)	(271,632,264)	(180,163,951)	(271,632,264)
Proceeds from Disposal of Property, Plant and Equipment		-	17,350,829	-	17,350,829
Purchase of Intangible Assets	14	(2,838,911)	(397,350)	(2,838,911)	(397,350)
Interest Received	7.1	40,957,256	62,158,719	40,957,256	62,158,719
Withdrawal of / (Investment in) Fixed Deposits		521,830,245	(334,707,236)	521,830,245	(334,707,236)
Net Cash Flows from / (Used in) Investing Activities		379,784,639	(527,227,302)	379,784,639	(527,227,302)
Cash Flows from Financing Activities					
Repayment of Lease		(3,189,045)	(5,074,724)	(3,189,045)	(5,074,724)
Dividend Paid	11	(27,500,000)	(15,125,000)	(27,500,000)	(15,125,000)
Net Cash Flows Used in Financing Activities		(30,689,045)	(20,199,724)	(30,689,045)	(20,199,724)
Net Increase / (Decrease) in Cash and Cash Equivalents		132,775,198	(32,923,477)	132,775,198	(32,923,477)
Cash and Cash Equivalents at the Beginning of the Year		40,319,425	73,242,902	40,319,425	73,242,902
Cash and Cash Equivalents at the End of the Year	20	173,094,623	40,319,425	173,094,623	40,319,425

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Company set out on pages 111 to 141. The Report of the Auditors is given on pages 104 to 106.

Significant Accounting Policies

1 Corporate information

1.1 General

Convenience Foods (Lanka) PLC ('the Company') is a public limited liability Company incorporated and domiciled in Sri Lanka and listed in the Colombo Stock Exchange. The registered office of the Company is located at High Level Road, Makumbura, Pannipitiya and the principal place of business is situated at No. 133, 7th Lane, Off Borupana Road, Kandawala, Ratmalana. The consolidated Financial Statements of Convenience Foods (Lanka) PLC for the year ended 31st March 2022 comprises the Company and its subsidiary (together referred to as the "Group").

1.2 Principal activities and nature of operations

The Company is engaged in the manufacturing and marketing of Textured Vegetable Protein (TVP) and other food products.

1.3 Parent company

The Company's parent undertaking is CBL Investments Limited. In the opinion of the Directors, the Company's ultimate parent undertaking and controlling party is also CBL Investments Limited, which is incorporated in Sri Lanka.

1.4 Date of authorization for issue

The Financial Statements of the Group for the year ended 31st March 2022 were authorized for issue under a resolution of the Board of Directors on 29th July 2022.

2 Basis of preparation

2.1 Statement of compliance

The Financial Statements of the Group (statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows together with accounting policies and notes) are prepared in accordance with Sri Lanka Accounting Standards (LKASs and SLFRSs) as issued by The Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No.07 of 2007.

2.2 Basis of consolidation

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified

assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consolidated Financial Statements incorporate the Financial Statements of the Company and its subsidiary.

The following companies have been consolidated:

- Convenience Foods (Lanka) PLC – Parent
- Soy Products (Pvt) Limited - Subsidiary

Subsidiary is an entity controlled by the Group. The Group 'controls' an entity when it 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. The Financial Statements of the subsidiary are included in the consolidated Financial Statements from the date on which control commences until the date on which control ceases. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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

However, the subsidiary had not carried out any operations during the year and the subsidiary has been dormant for many years.

2.3 Basis of measurement

The Financial Statements have been prepared on the historical cost basis except in respect of the following material items in the statement of financial position:

The defined benefit obligation is recognized at the present value of the defined benefit obligation

2.4 Functional and presentation currency

The Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional currency and presentation currency. All financial information presented in Sri Lankan Rupees is rounded to the nearest rupee unless otherwise stated.

2.5 Comparative information

The accounting policies have been consistently applied by the Group with those of the previous financial year in accordance with LKAS 01 - presentation of Financial Statements.

Significant Accounting Policies

The presentation and classification of the Financial Statements of the previous year have been amended, where relevant, for better presentation and to be comparable with those of the current period for the better presentation of financial information. The management has reasonable evidence that such presentation would be more relevant for the understanding of the entity's financial performance and financial position.

2.6 Materiality & aggregation

In compliance with LKAS 01 on presentation of Financial Statements, each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately, if they are material.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not off set in the income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies.

3 Significant accounting judgements, estimates and assumptions

The preparation of Financial Statements requires the application of certain critical accounting assumptions relating to the future. Further, it requires the management of the Group to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods. Hence, actual experience and results may differ from these judgements and estimates.

In the process of applying the Group's accounting policies, management has made the following judgements, estimates and assumptions which have the most significant effect on the amounts recognized in the financial statements:

a) Income Tax and Deferred tax assets/liabilities

The Group recognized assets and liabilities for current, deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters could be different from the amounts that were initially recorded, such differences will impact the income, deferred and tax amounts in the period in which the determination is made.

Deferred tax assets are recognized for all deductible temporary differences and tax credits to the extent it is probable that

taxable profits will be available against which these losses/credits can be utilized. Management judgements are required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable profits together with future tax planning strategies.

b) Useful lifetime of the property, plant and equipment

The Group reviews the residual values, useful lives and methods of depreciation of assets at each reporting date. Judgement of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

c) Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Group. Therefore, the financial statements continue to be prepared on the going concern basis. The management assessment of impact due to uncertain and volatile macro- economic condition is described in Note 31.

d) Loss allowance on financial assets

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group makes impairment for receivables based on the Expected Credit Losses (ECLs) as per SLFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

In assessing collective impairment, the Group/Company uses historical information on the probability of default, the timing of recoveries, and the amount of loss incurred, and makes an adjustment if current and forward looking economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested historical trends.

e) Defined benefit plans

The cost of defined benefit plans is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future.

These include the determination of the discount rate, future salary increases, mortality rates, etc. Due to the complexity of the valuation, the underlying assumptions and their long-

term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the yield of Sri Lanka Government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rates and expected future salary increase rate of the Group.

4 Summary of significant accounting policies

The significant accounting policies applied by the Group in preparation of its financial statements are included below.

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements unless otherwise is indicated.

4.1 Foreign currency transactions and balances

All foreign currency transactions are translated into the functional currency, which is Sri Lankan Rupees, using the exchange rates prevailing at the dates the transactions were affected.

At each reporting date, monetary items denominated in foreign currencies are translated into local currencies at the rates of exchange prevailing at the reporting date while non-monetary items are reported at the rates prevailing at the date of the transactions were affected.

The exchange difference arising on the translations are recognized in the Statement of Profit or Loss and Other Comprehensive Income.

4.2 Revenue recognition

4.2.1 Sale of goods

Revenue principally comprises, sales of products to external customers. Revenue is measured at the fair value of the consideration received or receivable and excludes taxes collected on behalf of third parties, rebates, discounts and certain marketing expenses which are not distinctive from sales. The Group considers sale and delivery of products as one performance obligation and recognizes revenue when it transfers control to a customer.

The Group applies the five-step process to recognize revenue:

- I. Identify contracts with customers
- II. Identify the separate performance obligation
- III. Determine the transaction price of the contract

- IV. Allocate the transaction price to each of the separate performance obligations, and
- V. Recognize revenue when performance obligation is satisfied

Under the Group's standard practice, customers have a right to return damaged and/or expired goods. At the time of return, adjustment to revenue is recognized in the financial statements with a corresponding adjustment against trade receivables. Such returns are recognized as income from scrap sales at the point of disposal.

The Group uses historical experience to estimate the number of returns on a portfolio basis. It is considered highly probable that a significant reversal in the cumulative revenue recognized will not occur given the consistent level of returns over previous years.

4.2.2 Interest income

Interest income is recognised using the Effective Interest Rate (EIR) method.

4.2.3 Dividend income

Dividend income is recognised in profit or loss on an accrual basis when the Group's right to receive the dividend is established.

4.2.4 Other income

Other income is recognized on an accrual basis.

4.3 Expenditure recognition

Expenses are recognized in profit or loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in running the business and in maintaining property, plant and equipment in a state of efficiency has been charged to the profit or loss.

For the purpose of presentation of the statement of profit or loss, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Group's performance.

4.4 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

The Group has determined that interest and penalties related to income taxes, including uncertainties tax treatments, do

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not meet definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, contingent liabilities and contingent assets.

4.4.1 Current tax

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current year and any adjustment to tax payable in respect of prior years. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted as at the reporting date.

4.4.2 Deferred tax

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

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

The carrying amount of a deferred tax asset is reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Un-recognised deferred tax assets are re-assessed at each statement of financial position date and are recognised to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or subsequently enacted at the reporting date.

Temporary differences in relation to a right-of-use asset and lease liability are regarded as a net package (net lease liability) for the purpose of recognizing deferred tax.

4.5 Earnings Per Share (EPS)

The Group presents basic Earnings Per Share (EPS) based on profit or loss attributable to the ordinary shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

4.6 Non-financial assets

4.6.1 Property, plant and equipment

Recognition and measurement

Property, plant & equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 16 - property, plant & equipment. Initially, property, plant and equipment are measured at cost.

Cost model

Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the equipment when that cost is incurred, if the recognition criteria are met.

Subsequent cost

Subsequent expenditure incurred for the purpose of acquiring, extending, or improving assets of a permanent nature by means of which to carry on the business or to increase the earning capacity of the business is treated as capital expenditure and such expenses are recognized in the carrying amount of an asset. The costs associated with day-to-day servicing of property, plant and equipment is recognized in the statement of profit or loss as incurred.

Depreciation

Depreciation is calculated using the straight-line method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives. Land is not depreciated.

The rate of depreciation based on the estimated useful life is as follows:

Category of asset	Depreciation rate (%)
Buildings	4
Machinery	12.5
Tools and equipment	15
Motor vehicles	25
Furniture and fittings	20
Electrical installations	15
Office equipment	15
Computers	25
Point of sale equipment	50

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted,

if appropriate, at each financial year end with the effect of any changes in such estimates accounted for prospectively.

De-recognition

Property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from the use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'other income' in profit or loss in the year the asset is de-recognised.

4.6.2 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such exists, then the assets recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount.

4.7 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

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

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

borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4.8 Intangible assets

Computer software

Purchased computer software is stated at cost less accumulated amortization and any accumulated impairment losses. It is amortized over its estimated life of ten years using the straight-line method. If there is any indication that there has been a significant change in amortization rate, useful life or residual value of an intangible asset, the amortization of the asset is revised prospectively to reflect the new expectations.

4.9 Investment in subsidiary

In the Group's Financial Statements, the investment in subsidiary is treated as a long-term investment and stated at cost less impairment. Transaction costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination are expensed and included in administrative expenses.

4.10 Inventories

Inventories are valued at the lower of cost and Net Realisable Value (NRV). NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. Costs incurred in bringing inventories to their present conditions and locations are determined as follows:

Raw Materials and Consumables	- At actual cost on weighted average basis.
Finished Goods	- At actual cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity.
Spares & Accessories	- At actual cost on weighted average basis.

4.11 Financial Instruments

4.11.1 Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are

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initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

4.11.2 Classification and subsequent measurement

Financial Assets

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

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

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

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

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

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Financial assets at amortised cost

All financial assets of the Group represent financial assets at amortised cost and include trade and other receivables, amounts due from related parties, short term investments and cash and cash equivalents.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are

recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

a) Financial assets – Business model assessment

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

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

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

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

b) Assessment whether contractual cash flows are solely payment of principal and interest

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

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

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

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

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

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

4.11.4 De-recognition

a) Financial assets

The Group derecognizes a financial asset when:

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

b) Financial liabilities

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

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid

(including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4.11.5 Offsetting

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

4.11.6 Impairment

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

Measurement of ECLs

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

Presentation of allowance for ECL in the statement of financial position

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

4.11.7 Write off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off.

4.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made towards the amount of the obligations.

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The expense relating to any provision is presented in profit or loss net of any reimbursement.

4.13 Stated capital

Ordinary shares are classified as equity. The equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

4.14 Retirement benefit obligations

4.14.1 Defined benefit plan - gratuity

The Group is liable to pay gratuity in terms of the Payment of Gratuity Act No. 12 of 1983, according to which an obligation to pay gratuity arises only on completion of 5 years of continued service. The Group's obligation under the said Act is determined based on an actuarial valuation, using the projected unit credit method, carried out by a professional actuary.

The Group recognises the total actuarial gain and loss that arises in calculating the Group's obligation in respect of the plan in other comprehensive income during the period in which it occurs.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gain or losses on the settlement of a defined plan when the settlement occurs.

4.14.2 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss as in the periods during which services are rendered by employees.

a) Employees' Provident Fund

The Group and employees contribute 12% and 8% respectively on the salary of each employee to the approved Provident Fund.

b) Employees' Trust Fund

The Group contributes 3% of the salary of each employee to the Employees' Trust Fund.

4.15 Statement of cash flows

The statement of cash flows has been prepared using the indirect method, as stipulated in LKAS 7- statement of cash flows. Cash and cash equivalents comprise of cash in hand, cash at bank and bank overdrafts.

4.16 Segmental information

A segment is a distinguishable component engaged in providing services and that is subject to risks and returns that are different to those of other segments. The Group does not have distinguishable components to be identified as a segment as all operations are treated as one segment.

4.17 New Accounting Standards issued but not effective as at the reporting date

The new and amended standards that are issued, but not yet effective to the date of issuance of these financial statements are disclosed below.

None of the new or amended pronouncements are expected to have a material impact on the consolidated financial statements of the Group in the foreseeable future. The Group intends to adopt these amended standards, if applicable, when they become effective.

a) COVID-19 Related Rent Concessions (Amendment to SLFRS 16)

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 Pandemic.

A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession.

The practical expedient will only apply if

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30th June 2021; and
- no other substantive changes have been made to the terms of the lease

The amendment applies to annual reporting periods beginning on or after 1st June 2020.

b) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to LKAS 16)

This amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendment applies to annual reporting periods beginning on or after 1st January 2022.

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

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1st January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate.

d) Classification of Liabilities as Current or Non-current (Amendments to LKAS 1).

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

The Key amendments are as follows:

- the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The standard also clarifies that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

e) Other Standards

- Reference to Conceptual Framework (Amendments to SLFRS 3)
- Annual improvements to SLFRS standards 2018 - 2020, which are not effective as at reporting date
- Deferred tax related to Assets & Liabilities arising from a single transaction (Amendments to LKAS 12)
- Disclosure of Accounting policies (Amendments to LKAS 1)
- Definition of Accounting estimates (Amendments to LKAS 8)

The amendment applies to annual reporting periods beginning on or after 1st January 2023.

Notes to the Financial Statements

5 Revenue

For the year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Sales	4,952,721,698	3,252,998,775	4,952,721,698	3,252,998,775
Sales Returns	(94,074,277)	(45,716,531)	(94,074,277)	(45,716,531)
	4,858,647,421	3,207,282,244	4,858,647,421	3,207,282,244
5.1 Timing of Revenue Recognition				
Goods transferred at point in time	4,858,647,421	3,207,282,244	4,858,647,421	3,207,282,244
5.2 Contract Balances				
Receivables, which are included in "trade receivables"	559,949,115	369,924,230	559,949,115	369,924,230

6 Other Operating Income

For the year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Profit on Disposal of Property, Plant and Equipment	-	17,334,026	-	17,334,026
Net Scrap Sales Income	8,342,619	5,441,773	8,342,619	5,441,773
Write back of payables	583,640	-	-	-
Raw Material Sale	14,621,315	6,238,672	14,621,315	6,238,672
Sundry Income	210,559	-	210,559	-
Exchange gain / (loss)	27,127	(217,249)	27,127	(217,249)
	23,785,260	28,797,222	23,201,620	28,797,222

7 Net Finance Income

For the year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
7.1 Finance Income				
Interest Income	40,957,256	62,158,719	40,957,256	62,158,719
	40,957,256	62,158,719	40,957,256	62,158,719
7.2 Finance Expenses				
Bank Charges	2,568,343	1,039,066	2,568,343	1,039,066
Lease Interest	9,058,007	4,075,717	9,058,007	4,075,717
Interest on Security Deposits	52,950	68,365	52,950	68,365
	11,679,300	5,183,148	11,679,300	5,183,148
Net Finance Income	29,277,956	56,975,571	29,277,956	56,975,571

8 Profit before Tax

Profit before Tax is stated after charging all expenses including the following:

For the year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Raw Materials and Packing Materials	3,171,191,317	1,694,701,201	3,171,191,317	1,694,701,201
Staff costs	520,690,528	438,437,753	520,690,528	438,437,753
Contributions to Employees' Provident Fund	24,950,443	22,284,329	24,950,443	22,284,329
Contributions to Employees' Trust Fund	6,195,372	5,520,742	6,195,372	5,520,742
Defined benefit plan contribution	11,181,112	13,377,158	11,181,112	13,377,158
Staff Welfare	61,172,171	30,078,437	61,172,171	30,078,437
Directors fees	2,390,508	1,825,000	2,390,508	1,825,000
Depreciation of Property, Plant & Equipment	58,385,307	31,856,095	58,385,307	31,856,095
Depreciation of Right of use Assets	9,555,443	7,336,352	9,555,443	7,336,352
Amortisation of Intangible Assets	1,446,714	1,272,559	1,446,714	1,272,559
Audit and related services	966,666	878,760	966,666	878,760
Investment in Research & Development	524,619	282,016	524,619	282,016
Investment in Training & Development	2,279,986	1,293,714	2,279,986	1,293,714
(Reversal) / Charge of impairment for trade receivables	704,116	(3,769,701)	704,116	(3,769,701)
(Reversal) / Charge of impairment for obsolete inventories	(2,478,781)	(2,341,126)	(2,478,781)	(2,341,126)

9 Income Tax Expenses

For the year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Income Tax for the year (Note 9.1)	93,703,742	122,360,491	93,703,742	122,360,491
Over provision of previous year's taxes	567,146	(4,722,243)	567,146	(4,722,243)
Deferred tax recognized during the year (Note 23.1)	10,508,127	(595,262)	10,508,127	(595,262)
	103,644,723	117,042,986	103,644,723	117,042,986

Notes to the Financial Statements

9.1 Reconciliation between Accounting Profit and Taxable Income

For the year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Accounting Profit before Tax	489,817,763	632,962,770	489,234,123	632,962,770
Investment & Other Income	64,158,876	(62,158,719)	64,158,876	(62,158,719)
Non Taxable Income	-	(17,334,026)	-	(17,334,026)
	553,976,639	553,470,025	553,392,999	553,470,025
Disallowable Expenses	152,633,195	78,298,470	153,216,835	78,298,470
Allowable Deductions	(146,766,449)	(58,940,741)	(146,766,449)	(58,940,741)
Business Income	559,843,385	572,827,754	559,843,385	572,827,754
Investment Income	(64,158,876)	62,158,719	(64,158,876)	62,158,719
Total Taxable Income	495,684,509	634,986,473	495,684,509	634,986,473
Taxable Income at 14%	33,823,860	10,352,336	33,823,860	10,352,336
Taxable Income at 18%	364,635,894	483,350,483	364,635,894	483,350,483
Taxable Income at 24%	97,224,756	141,283,654	97,224,756	141,283,654
Taxable Income at 28%	-	-	-	-
	495,684,510	634,986,473	495,684,510	634,986,473
Income Tax				
Tax at 14%	4,735,340	1,449,327	4,735,340	1,449,327
Tax at 18%	65,634,461	87,003,087	65,634,461	87,003,087
Tax at 24%	23,333,941	33,908,077	23,333,941	33,908,077
Income Tax for the year	93,703,742	122,360,491	93,703,742	122,360,491

According to the revised Inland Revenue Act No 10 of 2021, the Company is liable for Income Tax at the rate of 14% on Export Income, 18% on Manufacturing Income and 24% on Other Income (2021 : 18%).

10 Basic and Diluted Earnings per Share

Earnings per Share has been calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the year. There were no potentially diluted shares outstanding at any time during the year. Therefore, the diluted earnings per share are equal to the Basic earnings per share.

For the year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Profit for the year attributable to Ordinary Shareholders (Rs.)	386,173,040	515,904,784	385,589,400	515,919,784
Weighted average number of Ordinary Shares	2,750,000	2,750,000	2,750,000	2,750,000
Basic / Diluted Earnings per Share (Rs.)	140.43	187.60	140.21	187.61

11 Dividends per share

For the year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
First and Final Dividend (Rs.)	27,500,000	15,125,000	27,500,000	15,125,000
Number of Ordinary Shares	2,750,000	2,750,000	2,750,000	2,750,000
Dividend per Share (Rs.)	10.00	5.50	10.00	5.50

The dividend payment for the financial year 2020/21 (Rs. 10 per share) is Rs.27,500,000.

12 Property, Plant and Equipment

Group/Company

	Buildings Rs.	Machinery Rs.	Furniture, Fittings & Office Equipment Rs.	Motor Vehicles Rs.	Installation, Tools & Equipment Rs.	Point of Sale Equipment Rs.	Capital work in Progress Rs.	Total Rs.
Cost								
Balance as at 1st April 2020	243,849,340	167,695,628	42,917,938	71,554,695	32,119,684	6,379,512	39,962,251	604,479,048
Additions during the year	18,870,548	18,647,194	4,884,560	1,151,750	499,364	810,048	226,768,800	271,632,264
Disposals during the year	-	(2,504,887)	(580,348)	(15,047,717)	-	-	-	(18,132,952)
Balance as at 31st March 2021	262,719,888	183,837,935	47,222,150	57,658,728	32,619,048	7,189,560	266,731,051	857,978,360
Balance as at 1st April 2021	262,719,888	183,837,935	47,222,150	57,658,728	32,619,048	7,189,560	266,731,051	857,978,360
Additions during the year	102,860,887	312,665,681	20,388,543	850,000	6,759,496	3,370,395	-	446,895,002
Disposals during the year	-	-	-	(4,758,952)	-	-	(266,731,051)	(271,490,003)
Balance as at 31st March 2022	365,580,775	496,503,616	67,610,693	53,749,776	39,378,544	10,559,955	-	1,033,383,359
Accumulated Depreciation								
Balance as at 1st April 2020	80,312,489	149,678,706	32,726,659	54,267,024	27,280,377	5,359,859	-	349,625,114
Charge for the year	9,721,684	7,622,523	4,304,237	7,966,749	1,365,619	875,283	-	31,856,095
Disposals/Transfers during the year	-	(2,504,887)	(563,545)	(15,047,717)	-	-	-	(18,116,149)
Write off during the year	-	-	-	-	-	-	-	-
Balance as at 31st March 2021	90,034,173	154,484,342	36,467,351	47,186,056	28,645,996	6,235,142	-	363,365,060
Balance as at 1st April 2021	90,034,173	154,484,342	36,467,351	47,186,056	28,645,996	6,235,142	-	363,365,060
Charge for the year	12,543,605	31,469,550	6,568,514	4,946,676	1,588,332	1,268,630	-	58,385,307
Disposals during the year	-	-	-	(4,758,952)	-	-	-	(4,758,952)
Balance as at 31st March 2022	102,577,778	186,265,892	43,035,865	47,373,780	30,234,328	7,503,772	-	416,991,415
Carrying Value								
As at 31st March 2022	263,002,997	310,237,724	24,574,828	6,375,996	9,144,216	3,056,183	-	616,391,944
As at 31st March 2021	172,685,715	29,353,593	10,754,799	10,472,672	3,973,052	954,418	266,731,051	494,613,301

12.1 Cost of Property, Plant and Equipment amounting to Rs. 250,977,152 (2021 - Rs. 229,591,184), which were fully depreciated are still in use as at the end of the reporting date.

Notes to the Financial Statements

13 Right of Use Assets

Group / Company

	Land Rs.	Motor Vehicles Rs.	Buildings Rs.	Total Rs.
Cost				
Balance as at 1st April 2020	6,580,075	12,566,834	-	19,146,909
Additions during the year	-	6,537,447	27,339,965	33,877,412
Balance as at 31st March 2021	6,580,075	19,104,281	27,339,965	53,024,321
Balance as at 1st April 2021	6,580,075	19,104,281	27,339,965	53,024,321
Additions during the year	-	-	82,867,759	82,867,759
Balance as at 31st March 2022	6,580,075	19,104,281	110,207,724	135,892,080
Accumulated Depreciation				
Balance as at 1st April 2020	1,638,901	3,770,053	-	5,408,954
Charge during the year	69,600	4,532,755	2,733,997	7,336,352
Balance as at 31st March 2021	1,708,501	8,302,808	2,733,997	12,745,306
Balance as at 1st April 2021	1,708,501	8,302,808	2,733,997	12,745,306
Charge during the year	69,592	5,077,542	4,408,309	9,555,443
Disposals during the year	-	-	(2,733,996)	(2,733,996)
Balance as at 31st March 2022	1,778,093	13,380,350	4,408,309	19,566,753
Carrying Value				
As at 31st March 2022	4,801,982	5,723,931	105,799,415	116,325,327
As at 31st March 2021	4,871,574	10,801,473	24,605,968	40,279,015

The details of the leasehold land is as follows:

Property	Lease period	Lessor	Extent	Number of Buildings
No. 133, 7th Lane, Off Borupana Road, Kandawala, Ratmalana.	99 Years commencing from 23 March 1994	Urban Development Authority	2A- 2R- 5.50P	2

14 Intangible Assets

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Computer Software				
Cost				
Balance as at 1st April	13,431,655	13,034,305	13,431,655	13,034,305
Additions during the year	2,838,911	397,350	2,838,911	397,350
Balance as at 31st March	16,270,566	13,431,655	16,270,566	13,431,655
Accumulated Amortization				
Balance as at 1st April	6,996,147	5,723,588	6,996,147	5,723,588
Charge for the year	1,446,714	1,272,559	1,446,714	1,272,559
Balance as at 31st March	8,442,861	6,996,147	8,442,861	6,996,147
Carrying Value	7,827,705	6,435,508	7,827,705	6,435,508

15 Investment in Subsidiary (Company)

As at 31st March	Holding %	Number of shares	2022 Rs.	2021 Rs.
Unquoted Investments				
Soy Products (Private) Limited	100	2	20	20

The subsidiary has not carried out any operations during the year under review.

16 Inventories

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Raw Materials and Consumables	917,282,523	135,499,900	917,282,523	135,499,900
Finished Goods	135,115,824	45,045,366	135,115,824	45,045,366
Semi Finished Goods	38,595,532	31,057,737	38,595,532	31,057,737
Spares and Accessories	47,773,971	35,303,228	47,773,971	35,303,228
	1,138,767,850	246,906,231	1,138,767,850	246,906,231
Provision for Slow Moving & Obsolete Inventories (Note 16.1)	(2,393,644)	(4,872,425)	(2,393,644)	(4,872,425)
	1,136,374,206	242,033,806	1,136,374,206	242,033,806

Notes to the Financial Statements

16.1 Provision for Slow Moving / Obsolete Inventories

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at 1st April	4,872,425	7,213,551	4,872,425	7,213,551
(Reversal) / Charge during the year	(2,478,781)	(2,341,126)	(2,478,781)	(2,341,126)
Balance as at 31st March	2,393,644	4,872,425	2,393,644	4,872,425

The write-downs and reversals are included in "Cost of sales".

17 Trade and Other Receivables

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Trade Receivables	559,949,115	369,924,230	559,949,115	369,924,230
Provision for Impairment of Trade Receivables (Note 17.1)	(4,827,140)	(4,123,024)	(4,827,140)	(4,123,024)
	555,121,975	365,801,206	555,121,975	365,801,206
Other Receivables*	81,268,134	386,131,890	81,268,134	386,131,890
	636,390,109	751,933,096	636,390,109	751,933,096

* Other Receivables mainly comprise of advances of Rs. 22,473,237 (2021: Rs. 179,089,617) and prepayments of Rs. 52,834,428 (2021 - Rs. 201,360,974).

17.1 Provision for Impairment of Trade Receivables

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at 1st April	4,123,024	7,892,725	4,123,024	7,892,725
(Reversal) / Charge during the year	704,116	(3,769,701)	704,116	(3,769,701)
Balance as at 31st March	4,827,140	4,123,024	4,827,140	4,123,024

18 Amounts due from Related Companies

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Ceylon Biscuits Limited	443,659	3,617,359	443,659	3,617,359
CBL Foods International (Private) Limited	4,127,411	285,450	4,127,411	285,450
Plenty Foods (Private) Limited	14,131,436	2,065,384	14,131,436	2,065,384
SPAR SL (Private) Limited	7,635,198	3,362,851	7,635,198	3,362,851
	26,337,704	9,331,044	26,337,704	9,331,044

19 Short Term Investments

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Investment in Fixed Deposits	418,645,514	940,475,759	418,645,514	940,475,759
	418,645,514	940,475,759	418,645,514	940,475,759

19.1 Details of Fixed Deposits of the Company;

As at 31st March	Amount Rs.
People's Bank	195,759,212
State Bank of India	222,886,301
	418,645,514

20 Cash and Cash Equivalents

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
People's Bank current account	498,500	1,282,268	498,500	1,282,268
Hatton National Bank current account (dividend)	2,445,153	1,567,275	2,445,153	1,567,275
Commercial Bank current account	(851,026)	499,750	(851,026)	499,750
Hatton National Bank money market savings (Note 20.1)	138,656,573	88,005,348	138,656,573	88,005,348
Hatton National Bank current account (Note 20.1)	(26,180,085)	(86,687,014)	(26,180,085)	(86,687,014)
Commercial Bank money market savings (Note 20.1)	1,575,254	35,382,588	1,575,254	35,382,588
Standard Chartered Bank current account	500,000	-	500,000	-
Standard Chartered Bank money market savings account	29,693,989	-	29,693,989	-
People's Bank money market savings account	7,208,544	-	7,208,544	-
State Bank of India current account	16,218,133	-	16,218,133	-
Bank of Ceylon current account	572,701	-	572,701	-
Hatton National Bank business foreign currency account	2,606,887	-	2,606,887	-
Petty cash	150,000	269,210	150,000	269,210
	173,094,623	40,319,425	173,094,623	40,319,425
Cash at Bank	199,975,734	126,737,229	199,975,734	126,737,229
Cash in Hand	150,000	269,210	150,000	269,210
	200,125,734	127,006,439	200,125,734	127,006,439
Bank Overdraft (Book balance with a right of set-off)	(27,031,111)	(86,687,014)	(27,031,111)	(86,687,014)
Cash & Cash Equivalents for the purpose of Cash Flows	173,094,623	40,319,425	173,094,623	40,319,425

20.1 The money market savings accounts with Hatton National Bank, Commercial Bank, People's Bank and Standard Chartered Bank are operated as savings accounts linked with current accounts where a minimum balance of Rs. 500,000 is maintained at any given time.

Notes to the Financial Statements

21 Stated Capital

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Issued and fully paid up shares				
2,750,000 number of ordinary shares	52,521,178	52,521,178	52,521,178	52,521,178
	52,521,178	52,521,178	52,521,178	52,521,178

The holders of ordinary shares confer their right to receive dividends as declared from time to time and are entitled to one vote per share at a meeting of the Company.

22 Other Reserves

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Gain on Disposal of Share Trust	41,613,945	41,613,945	41,613,945	41,613,945
	41,613,945	41,613,945	41,613,945	41,613,945

On 25 February 1992 and 25 June 1993, a total of 168,004 (One Hundred and Sixty Eight Thousand and Four) shares of the Company were purchased at a cost of Rs. 1,386,055 for the Share Trust setup by the Company. During the year ended 31 March 2015, the shares held by the trust were sold and the Company recognised the gain on disposal of shares held by trust. When these shares were disposed of by the Trust, the amount received were recognised as an increase in equity, and the resulting surplus from the transaction were transferred to a reserve without recognising any adjustments to the profit or total comprehensive income for the respective year.

23 Deferred Tax Liability

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at 1st April	(5,743,322)	(8,418,570)	(5,743,322)	(8,418,570)
Charge during the year	(11,425,440)	2,675,248	(11,425,440)	2,675,248
Balance as at 31st March	(17,168,762)	(5,743,322)	(17,168,762)	(5,743,322)

23.1 Recognized through

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Profit or Loss Statement	(10,508,127)	595,262	(10,508,127)	595,262
Other Comprehensive Income	(917,313)	2,079,986	(917,313)	2,079,986
	(11,425,440)	2,675,248	(11,425,440)	2,675,248

23.2 Charge during the year

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Arising on during the year Movement	(11,425,440)	(331,384)	(11,425,440)	(331,384)
Due to change in Tax Rates	-	3,006,632	-	3,006,632
	(11,425,440)	2,675,248	(11,425,440)	2,675,248

23.3 The recognised deferred tax (asset) / liability of the Company is attributable to the following;

Group / Company

As at 31st March	2022		2021	
	Temporary Difference Rs.	Tax Effects Rs.	Temporary Difference Rs.	Tax Effects Rs.
On Property, Plant and Equipment	(182,481,839)	(32,846,731)	(133,127,960)	(23,963,033)
On Net Lease Liability	8,990,366	1,618,266	2,693,518	484,833
On Inventory Provision	2,393,644	430,856	4,872,425	877,037
On Trade Receivable Provision	4,827,140	868,885	4,123,024	742,144
On Retirement Benefit Obligation	70,888,677	12,759,962	89,531,649	16,115,697
	(95,382,012)	(17,168,762)	(31,907,344)	(5,743,322)

According to the revised Inland Revenue Act No 10 of 2021, effective tax rate applicable for the Company is 18% (2021 : 18%).

24 Lease Liabilities

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at 1st April	38,100,959	9,298,271	38,100,959	9,298,271
Modification of new leases	85,601,798	33,877,412	85,601,798	33,877,412
Interest Expense for the year	9,058,007	4,075,717	9,058,007	4,075,717
Payments during the year	(12,247,052)	(9,150,441)	(12,247,052)	(9,150,441)
Balance as at 31st March	120,513,712	38,100,959	120,513,712	38,100,959
Amount Payable within One Year	7,987,138	6,189,056	7,987,138	6,189,056
Amount Payable after One Year	112,526,574	31,911,903	112,526,574	31,911,903
	120,513,712	38,100,959	120,513,712	38,100,959

Notes to the Financial Statements

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
24.1 Following are the amounts recognised in profit or loss:				
Depreciation charge on right-of-use assets	9,555,443	7,336,352	9,555,443	7,336,352
Interest expense on lease liabilities	9,058,007	4,075,717	9,058,007	4,075,717
Short term leases	12,749,616	8,403,840	12,749,616	8,403,840
Total amount recognised in profit or loss	31,363,066	19,815,909	31,363,066	19,815,909

24.2 Following are the amounts recognized in the statement of cash flows:

Total cash flows for leases	24,996,668	17,554,281	24,996,668	17,554,281
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24.3 Maturity analysis

Less than 1 year	7,987,138	6,189,056	7,987,138	6,189,056
Between 1 - 2 years	(867,950)	4,241,124	(867,950)	4,241,124
Between 2 - 5 years	359,195	2,999,834	359,195	2,999,834
More than 5 years	113,035,329	24,670,945	113,035,329	24,670,945
	120,513,712	38,100,959	120,513,712	38,100,959

25 Retirement Benefit Obligation

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at 1st April	89,531,649	65,002,062	89,531,649	65,002,062
Current Service Cost	5,931,129	6,876,952	5,931,129	6,876,952
Past Service Cost	(2,360,207)	-	(2,360,207)	-
Interest Cost	7,610,190	6,500,206	7,610,190	6,500,206
Actuarial (Gain)/Loss	(5,096,184)	11,555,476	(5,096,184)	11,555,476
Payments during the year	(24,727,900)	(403,048)	(24,727,900)	(403,048)
Balance as at 31st March	70,888,677	89,531,649	70,888,677	89,531,649

The amount recognised in the Statement of Profit of Loss and Other Comprehensive Income is as follows:

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Recognized in Statement in Profit of loss				
Current Service Cost	5,931,129	6,876,952	5,931,129	6,876,952
Past Service Cost	(2,360,207)	-	(2,360,207)	-
Interest Cost	7,610,190	6,500,206	7,610,190	6,500,206
Recognized in Other Comprehensive Income				
Actuarial (Gain)/Loss	(5,096,184)	11,555,476	(5,096,184)	11,555,476
	6,084,928	24,932,634	6,084,928	24,932,634

- 25.1** An actuarial valuation of the retirement benefit obligation was carried out as at 31st March 2022 by Messrs Actuarial & Management Consultants (Private) Limited, a firm of professional actuaries. The valuation method used by the actuary to value the retirement benefit obligations is the “Projected Unit Credit Method”, recommended by Sri Lanka Accounting Standards-LKAS 19 (Employee Benefits).
- 25.2** During 2021/22, the pension arrangements was adjusted to reflect new legal requirements as per Minimum Retirement age of workers Act No. 28 of 2021 regarding the retirement age. As a result of the plan amendment, the Group and the Company defined benefit obligation decrease by Rs.2,360,207 respectively. A corresponding past service credit was recognized in profit or loss during 2021/22.

25.3 The principal assumptions used for this purpose are as follows :

	2022 Rs.	2021 Rs.
Discount Rate	15.0%	8.5%
Future Salary Increment Rate		
- Executives	11%	9%
- Staff	11%	9%
- Associates	11%	9%
Retirement Age (Years)	60	55
Average expected future services	12.5	10

It is also assumed that the Company will continue in business as a going concern.

The liability was not externally funded.

- 25.4** Assumptions regarding the future mortality are based on A1967/70 Mortality table, issued by the Institute of Actuaries, London, United Kingdom.
- 25.5** The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Group / Company

	2022 Rs.		2021 Rs.	
	-1%	+1%	-1%	+1%
Sensitivity Analysis - Discount rate				
Increase / (Decrease) of Obligation	7,553,707	(6,498,638)	5,700,753	(4,962,190)
Sensitivity Analysis - Salary Increment Rate				
Increase / (Decrease) of Obligation	(6,859,823)	7,862,129	(5,409,254)	6,081,692

26 Trade and Other Payables

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Trade Payables	556,371,909	400,469,869	556,371,909	400,469,869
Other Payables	24,543,304	24,031,955	24,543,304	23,448,315
Accrued Expenses	202,854,605	188,011,051	202,854,605	188,011,051
	783,769,818	612,512,875	783,769,818	611,929,235

Notes to the Financial Statements

27 Current Tax Liabilities

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at 1st April	38,328,088	44,564,374	38,328,088	44,564,374
Over provision for previous year's taxes	(567,146)	(4,722,243)	(567,146)	(4,722,243)
Provision for the period	93,703,742	122,360,491	93,703,742	122,360,491
	131,464,684	162,202,622	131,464,684	162,202,622
Tax credit				
Economic service charge and tax payments	(99,390,219)	(122,723,369)	(99,390,219)	(122,723,369)
Withholding tax receivable	-	(1,151,166)	-	(1,151,166)
Balance as at 31st March	32,074,465	38,328,088	32,074,465	38,328,088

28 Amounts due to Related Companies

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
CBL Foods International (Private) Limited	3,917,100	3,935,903	3,917,100	3,935,903
Plenty Foods (Private) Limited	2,640,630	1,251,930	2,640,630	1,251,930
CBL Global Foods (Private) Limited	19,918,726	21,002,986	19,918,726	21,002,986
CBL Natural Foods (Private) Limited	-	36,975	-	36,975
Ceylon Biscuits Limited	583,968	1,403,458	583,968	1,403,458
CBL Corporate Services (Private) Limited	3,486,554	-	3,486,554	-
	30,546,978	27,631,252	30,546,978	27,631,252

29 Commitments and Contingent Liabilities

29.1 Financial Commitments

Commitments on account of Letters of credit as at 31st March 2022 was Rs. 744,148,456 (31st March 2021: Rs. 151,271,106). Shipping Guarantees as at 31st March 2022 was Rs. 122,037,530 (31st March 2021: Rs. 176,965,000). Import Bills as at 31st March 2022 was Rs. 4,483,794 (31st March 2021: Rs. 24,586,848).

29.2 Capital Commitments

There were no significant capital commitments as at reporting date.

29.3 Contingent Liabilities

There were no other significant contingent liabilities as at the reporting date except for the following:

The Company had made an appeal to the Court of Appeal on question of law arising from the determination of the Board of Review and is made under and in terms of Section 122 (1) of the Inland Revenue Act No. 28 of 1979 (as amended). The income tax payable as per the Board of Review determination for the year of assessment 1991/1992 amounts to a sum of Rs. 8,871,886 and surcharge on income tax of Rs. 1,072,031 (plus any penalties payable thereon). The Court of Appeal has given judgement in favour of the Company and has annulled the assessment. The Commissioner General of Inland Revenue has filed a petition in the Supreme Court seeking Special Leave to Appeal against the judgment of the Court of Appeal on this matter.

30 Events after the Reporting Period

There were no significant events after the reporting date that would require adjustments to or disclosures in the financial statements except for;

Dividend

The Board of Directors of the Company has declared a final dividend of Rs. 3.5 per share for the financial year ended 31st March 2022. As required by section 56 (2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with section 57 of the Companies Act No.07 of 2007, and has obtained a certificate from auditors.

Surcharge Tax

Surcharge Tax Act No. 14 of 2022 was enacted on 8th April 2022 and is applicable to the Group as the collective taxable income of companies belonging to the Group, calculated in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, exceeds Rs. 2,000 Mn, for the year of assessment 2020/21. The liability is computed at the rate of 25% on the taxable income of the individual Group companies, net of dividends from Subsidiaries

As the Act was certified by the Speaker of Parliament after the financial reporting date, no liability has been recognised in financial year 2021/22 on account of the one-off Surcharge Tax as the law had not been enacted as at 31st March 2022. The total Surcharge Tax liability of Rs.158 Mn will be recognized in the financial statements of FY 2022/2023 for the Group as an adjustment to the 1 April 2021 retained earnings in the statement of Changes in Equity as per the Statement of Alternative Treatment (SoAT) issued by The Institute of Chartered Accountants of Sri Lanka.

Value Added Tax

In terms of the powers vested under Section 2A of the Value Added Tax Act, No. 14 of 2002 (as amended), the rate of Value Added Tax will be increased from 8% to 12% with effect from June 01, 2022. Therefore, all goods and services liable to Value Added Tax at 8% will be liable at the increased rate of 12% with effect from June 01, 2022

In accordance with LKAS 10, Events after the reporting period, the final dividend and surcharge tax has not been recognized as a liability in the financial statements as at 31st March 2022.

31 Impact due to uncertain and volatile macro-economic condition

Inflation accelerated in the second half of the year, rising from 5.7% in September 2021 to 18.7% by March 2022 and reaching 54.6% in June 2022. This had a substantial influence on Sri Lanka's operational costs, particularly in the most recent quarter, and further cost profile revision will be necessary to protect margins.

Multiple sovereign rating downgrades throughout the year were particularly notable due to the deteriorating liquidity position, deteriorating fiscal outlook, and restricted access to international financial markets.

Business is expected to have pressures while importing materials, particularly given challenges in securing letters of credit given the country's lack of foreign currency. However, once the country's current liquidity difficulties are overcome, as previously noted, this influence is anticipated to progressively fade.

However, the market's current foreign currency shortage is anticipated to put more strain on the nation's supply chains. If trade facilities can't be established more easily, there may be disruptions for our suppliers, which would affect the production and seamless distribution of our product range.

While extended fuel shortages and power outages may complicate logistics and supply chain operations, there is a chance that the government will be able to get some bridging finance, which should guarantee the continuous delivery of essential commodities. The firm will proactively manage these disruptions as it did in March and April 2022 if any such initiatives are insufficient.

Notes to the Financial Statements

32 Related Party Disclosures

32.1 Transactions with Key Management Personnel

Related parties include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key Management Personnel include members of the Board of Directors and identified senior management personnel of the Company. Compensation to Key Management personnel are as follows:

As at 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Short term employee benefits	77,935,986	62,721,387	77,935,986	62,721,387
Post employment benefits	6,090,600	6,184,611	6,090,600	6,184,611
	84,026,586	68,905,998	84,026,586	68,905,998

32.2 Transactions with Related Companies (Group / Company)

Name of the Company	Relationship	Nature of Transaction	Transaction Value		Balance as at	
			Rs.	%	2022 Rs.	2021 Rs.
Ceylon Biscuits Limited	Subsidiary of the parent entity	Sales	14,164,195	0.29%	443,659	3,617,359
		Purchase of raw materials	5,881,622	0.12%	(583,968)	(1,403,458)
		Services received	11,993,596	0.24%		
Plenty Foods (Private) Limited	Subsidiary of the parent entity	Sales	36,471,696	0.74%	14,131,436	2,065,384
		Purchase of raw materials	24,585,528	0.50%	(2,640,630)	(1,251,930)
		Reimbursement of expenses to the Company	1,809,379	0.04%		
CBL Foods International (Private) Limited	Subsidiary of the parent entity	Sales	24,082,823	0.49%	4,127,411	285,450
		Purchase of raw materials	27,345,343	0.55%	(3,917,100)	(3,935,903)
		Services Received	425,450	0.01%		
Ritzbury Lanka (Private) Limited	Subsidiary of the parent entity	Stores rent expenses	4,968,000	0.10%	-	-
CBL Natural Foods (Private) Limited	Subsidiary of the parent entity	Purchase of raw materials	22,112,360	0.45%	-	(36,975)
CBL Corporate Services (Private) Limited	Subsidiary of the parent entity	Internal group services	28,221,678	0.57%	(3,486,554)	-
CBL Global Foods (Private) Limited	Subsidiary of the parent entity	Purchase of finished goods	130,461,933	2.63%	(19,918,726)	(21,002,986)
SPAR SL (Private) Limited	Joint venture of the parent entity	Sales	23,680,607	0.48%	7,635,198	3,362,851

% represent the aggregate transaction value as a percentage of gross revenue.

32.3 Related Party Transactions-Non Recurrent

The Company has not entered into any non-recurrent related party transactions during the year, which exceeds 10% of the equity or 5% of the total assets, whichever is lower, as per the Colombo Stock Exchange Section Listing Rule 9.3.2.

33 Risk Management Framework, Objectives and Policies

Risk management of the Group is the systematic process of identifying, quantifying and managing all risks and opportunities that can affect the achievement of Convenience Foods (Lanka) PLC and its subsidiary's strategic and financial goals. The Group has established a sound risk management framework to identify and mitigate the risk exposure.

Financial instruments held by the Group, principally comprise of cash, trade receivables, trade payables and investments held under amortized cost category. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Group.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group risk management processes / guidelines and procedures and reviews the adequacy of the risk management framework in relation to the risks. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Financial risk management of the Group is carried out based on guidelines established by the finance division which comes under the purview of the Board of Directors of the Group. The finance division identifies, evaluates and mitigates financial risk in close co-operation with the Group's finance department.

The Group has identified 3 critical types of risk which can affect the Group's operations adversely as Credit risk, Liquidity risk and Market risk.

33.1 Credit Risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables), and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Trade receivables consist of local and overseas customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Group does not have a significant credit risk exposure to any single counterparty or any group of counterparties. The Group has established policies and procedures to evaluate the clients before approving credit terms. Debtor balance as at 31st March 2022 comprises distributors, direct dealers and modern trade representing 56.88%, 9.41% and 33.71% respectively.

With respect to credit risk arising from the other financial assets of the Group, such as cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty. The Group manages its operations to avoid any excessive concentration of counterparty risk and the Group takes all reasonable steps to ensure that the counterparties fulfill their obligations.

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Based on the review of their past performance and credit worthiness the Group has obtained bank guarantees from its distributors.

The requirement for impairment is analysed at each reporting date on an individual basis for all customers. In order to mitigate settlements and operational risks related to cash and cash equivalents, the Group uses several banks with acceptable ratings for its deposits.

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Company / Group

a) The maximum exposure to credit risk at reporting date

	2022 Rs.	2021 Rs.
Cash at Bank	172,944,623	40,050,215
Short Term Investments	418,645,514	940,475,759
Trade Receivables	559,949,115	369,924,230
	1,151,539,251	1,350,450,204

b) Trade receivables at the reporting date (Group / Company)

For the year ended 31 March	2022		2021	
	Gross balance Rs.	Impairment Rs.	Gross balance Rs.	Impairment Rs.
Trade Receivable	559,949,115	(4,827,140)	369,924,230	(4,123,024)
0 days - 360 days	555,177,524	(55,549)	365,856,755	(55,549)
Over 360 days	4,771,591	(4,771,591)	4,067,475	(4,067,475)
	559,949,115	(4,827,140)	369,924,230	(4,123,024)

The Group grants credit approvals to its customers subjected to the internal credit limits which are regularly reviewed and controlled by the Management. The Average credit period granted to such debtors are 30 days.

c) Movement in the loss allowances (Company / Group)

	2022 Rs.	2021 Rs.
Balance at the beginning of the year	4,123,024	7,892,725
Loss allowance during the year	704,116	(3,769,701)
Balance at the end of the year	4,827,140	4,123,024

d) Cash at bank and other financial assets - fixed deposits

The Group held cash at bank and short term investments of Rs. 418,645,514 as at 31st March 2022 (2021 - Rs. 980,525,974) which represents its maximum credit exposure on these assets. These are invested/held with licensed commercial banks to limit its exposure to credit risk, which have better ratings.

Respective credit ratings of the banks are as follows

	Group / Company			
	2022		2021	
	Rs 000	%	Rs 000	%
Fitch ratings				
AA-	195,759	47%	671,035	68%
A+	-	0%	309,491	32%
BBB-	222,886	53%	-	0%
Total	418,645		980,526	

Source: <http://www.fitchratings.lk> as per latest available reports

33.2 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

	Group		Company	
	Carrying Amount Rs.	0-12 Months Rs.	Carrying Amount Rs.	0-12 Months Rs.
As at 31st March 2022				
Financial Liabilities (Non- derivative)				
Trade and Other Payables	783,769,818	783,769,818	783,769,818	783,769,818
Amount due to Related Companies	30,546,978	30,546,978	30,546,978	30,546,978
	814,316,796	30,546,978	814,316,796	30,546,978
As at 31st March 2021				
Financial Liabilities (Non- derivative)				
Trade and Other Payables	612,512,875	612,512,875	611,929,235	611,929,235
Amount due to Related Companies	27,631,252	27,631,252	27,631,252	27,631,252
	640,144,127	27,631,252	639,560,487	27,631,252

Lease Liability (Group / Company)

	2022 Rs.	2021 Rs.
Less than one year	7,987,138	6,189,056
More than one year	112,526,574	31,911,903
	120,513,712	38,100,959

The Group does not have any financial liquidity risk since the Group does not have any borrowings as at 31st March 2021 and the Group maintains adequate cash and cash equivalents to meet its obligations.

33.3 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to the changes in market prices. Mainly the changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns.

a) Foreign currency risk

The foreign currency risk is the risk that the fair values or future cash flows of a financial instrument fluctuating due to changes in foreign exchange rates. The Group is principally exposed to fluctuations in the value of the US Dollar (USD) against the Sri Lankan Rupee (LKR) on its pending letters of credit valued at Rs. 744,148,456, shipping guarantee valued at Rs. 122,037,530 and import bills valued at Rs. 4,483,794 as at 31st March 2022 (2021 - Rs. 151,271,106, Rs. 176,965,000 and Rs. 24,586,848 respectively).

As the Group does not have material foreign currency denominated financial assets and liabilities, there is no impact from foreign currency risk.

b) Interest rate risks

Interest rate risks mainly arises as a result of the Group having interest sensitive assets and liabilities which are directly impacted by changes in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market

Notes to the Financial Statements

interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The management monitors the sensitivities on regular basis and ensures that such risks are managed on a timely manner.

The Group has obtained overdraft facilities amounting to Rs. 100,000,000, Rs. 50,000,000 & Rs. 20,000,000 at an interest rate of AWPLR (Weekly)+0.25% or 9.5% whichever is lower and AWPLR+0.5% respectively, by negative pledge over project assets, stocks and debtors from Hatton National Bank PLC and Commercial Bank of Ceylon PLC respectively, which has a direct impact on the interest expense due to the fluctuation of the interest rates. However, as at the reporting date, the Group had not utilized the overdraft facility.

Other than the above, the Group does not have any financial instruments on which the realizable/market value will have significant effect by the movements of interest rates as at 31st March 2022.

Sensitivity analysis

The impact to profit before tax if the interest rate had increased/ decreased by 1% is shown below

For the year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Short Term Investments	418,645,514	605,768,523	418,645,514	605,768,523
Impact to profit before tax				
One percentage point increase (+7%) in interest rate	29,305,186	42,403,797	29,305,186	42,403,797
One percentage point decrease (-7%) in interest rate	(29,305,186)	(42,403,797)	(29,305,186)	(42,403,797)

Capital Risk Management

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

The Group manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

34 Fair Value Measurement

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

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

Level 2 : Valuation techniques based on observable inputs, either directly - i.e. as prices or indirectly - i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

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

34.1 Fair Values Versus the Carrying Amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows;

As at 31st March 2022	Group		Company	
	Carrying Value Rs.	Fair Value Rs.	Carrying Value Rs.	Fair Value Rs.
Financial Assets not measured at fair value				
Amounts due from Related Companies	26,337,704	26,337,704	26,337,704	26,337,704
Short Term Investments	418,645,514	418,645,514	418,645,514	418,645,514
Cash and Cash Equivalents	173,094,623	173,094,623	173,094,623	173,094,623
	618,077,840	618,077,840	618,077,840	618,077,840
Financial Liabilities not measured at fair value				
Trade and Other Payables	783,769,818	783,769,818	783,769,818	783,769,818
Lease Liabilities	120,513,712	120,513,712	120,513,712	120,513,712
Amounts due to Related Companies	30,546,978	30,546,978	30,546,978	30,546,978
	934,830,508	934,830,508	934,830,508	934,830,508
As at 31st March 2021				
	Group		Company	
	Carrying Value Rs.	Fair Value Rs.	Carrying Value Rs.	Fair Value Rs.
Financial Assets not measured at fair value				
Trade and Other Receivables	751,933,096	751,933,096	751,933,096	751,933,096
Amounts due from Related Companies	9,331,044	9,331,044	9,331,044	9,331,044
Short Term Investments	940,475,759	940,475,759	940,475,759	940,475,759
Cash and Cash Equivalents	40,319,425	40,319,425	40,319,425	40,319,425
	1,742,059,324	1,742,059,324	1,742,059,324	1,742,059,324
Financial Liabilities not measured at fair value				
Trade and Other Payables	612,512,875	612,512,875	611,929,235	611,929,235
Lease Liabilities	38,100,959	38,100,959	38,100,959	38,100,959
Amounts due to Related Companies	27,631,252	27,631,252	27,631,252	27,631,252
	678,245,086	678,245,086	677,661,446	677,661,446

Notes to the Financial Statements

34.2 Financial Assets and Liabilities by fair value hierarchy

The following table sets out the fair values of financial instruments not carried at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorized.

As at 31st March 2022	Group			Company		
	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Financial Assets						
Amounts due from Related Companies	-	-	26,337,704	-	-	26,337,704
Short Term Investments	-	-	418,645,514	-	-	418,645,514
Cash and Cash Equivalents	-	173,094,623	-	-	173,094,623	-
	-	173,094,623	444,983,218	-	173,094,623	444,983,218
Financial Liabilities						
Trade and Other Payables	-	-	783,769,818	-	-	783,769,818
Lease Liabilities	-	-	120,513,712	-	-	120,513,712
Amounts due to Related Companies	-	-	30,546,978	-	-	30,546,978
	-	-	934,830,508	-	-	934,830,508

As at 31st March 2021	Group			Company		
	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Financial Assets						
Trade and Other Receivables	-	-	751,933,096	-	-	751,933,096
Amounts Due from Related Companies	-	-	9,331,044	-	-	9,331,044
Short Term Investments	-	-	940,475,759	-	-	940,475,759
Cash and Cash Equivalents	-	40,319,425	-	-	40,319,425	-
	-	40,319,425	1,701,739,899	-	40,319,425	1,701,739,899
Financial Liabilities						
Trade and Other Payables	-	-	612,512,875	-	-	611,929,235
Lease Liabilities	-	-	38,100,959	-	-	38,100,959
Amounts due to Related Companies	-	-	27,631,252	-	-	27,631,252
	-	-	678,245,086	-	-	677,661,446

34.3 Analysis of financial instruments by measurement basis

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

As at 31st March 2022	Carrying Amount - Group				Carrying Amount - Company					
	FVTPL Rs.	FVTOCI - Debt Instruments Rs.	FVTOCI - Equity Instruments Rs.	Financial Assets at Amortized Cost Rs.	Other Financial Liabilities Rs.	FVTPL Rs.	FVTOCI - Debt Instruments Rs.	FVTOCI - Equity Instruments Rs.	Financial Assets at Amortized Cost Rs.	Other Financial Liabilities Rs.
Financial Assets not measured at Fair Value										
Amounts due from Related Companies	-	-	-	26,337,704	-	-	-	-	26,337,704	-
Short Term Investments	-	-	-	418,645,514	-	-	-	-	418,645,514	-
Cash and Cash Equivalents	-	-	-	173,094,623	-	-	-	-	173,094,623	-
	-	-	-	618,077,840	-	-	-	-	618,077,840	-
Financial Liabilities not measured at Fair Value										
Trade and Other Payables	-	-	-	-	783,769,818	-	-	-	-	783,769,818
Lease Liabilities	-	-	-	-	120,513,712	-	-	-	-	120,513,712
Amounts due to Related Companies	-	-	-	-	30,546,978	-	-	-	-	30,546,978
	-	-	-	-	934,830,508	-	-	-	-	934,830,508
As at 31st March 2021										
Financial Assets not measured at Fair Value										
Trade and Other Receivables	-	-	-	751,933,096	-	-	-	-	751,933,096	-
Amounts due from Related Companies	-	-	-	9,331,044	-	-	-	-	9,331,044	-
Short Term Investments	-	-	-	940,475,759	-	-	-	-	940,475,759	-
Cash and Cash Equivalents	-	-	-	40,319,425	-	-	-	-	40,319,425	-
	-	-	-	1,742,059,324	-	-	-	-	1,742,059,324	-
Financial Liabilities not measured at Fair Value										
Trade and Other Payables	-	-	-	-	612,512,875	-	-	-	-	611,929,235
Lease Liabilities	-	-	-	-	38,100,959	-	-	-	-	38,100,959
Amounts due to Related Companies	-	-	-	-	27,631,252	-	-	-	-	27,631,252
	-	-	-	-	678,245,086	-	-	-	-	677,661,446

Decade at a Glance

As at 31st March Group - Rs.	2022	2021	2020	2019	2018 Restated	2017 Restated	2016 Restated	2015	2014	2013
OPERATING RESULTS										
Revenue (Net)	4,858,647	3,207,282	2,430,829	1,996,719	1,825,161	1,546,476	1,655,253	1,742,503	1,343,789	1,179,238
Results from operating activities	460,540	575,972	251,901	111,777	208,341	107,297	134,187	220,253	118,065	76,722
Finance income	40,957	62,159	65,957	58,660	48,964	32,917	18,967	6,811	6,477	434
Finance expenses	(11,679)	(5,183)	(1,851)	(376)	(327)	(1,943)	(3,111)	(5,045)	(9,088)	(11,143)
Profit before tax	489,818	632,948	316,007	170,060	256,978	138,270	150,043	222,019	115,454	66,013
Income tax expenses	(103,645)	(117,043)	(86,568)	(51,456)	(86,945)	(51,156)	(53,513)	(57,096)	(29,484)	29,898
Profit for the year	386,173	515,905	229,439	118,604	170,033	87,114	96,530	164,923	85,970	95,911
CAPITAL EMPLOYED										
Stated capital	52,521	52,521	52,521	52,521	52,521	52,521	52,521	52,521	52,521	52,521
Other reserves	41,614	41,614	41,614	41,614	41,614	41,614	41,614	-	24,376	19,650
Retained earnings	1,982,290	1,619,438	1,128,133	914,237	803,179	648,537	567,509	522,269	368,941	288,953
Total equity	2,076,425	1,713,573	1,222,269	1,008,372	897,314	742,672	661,644	574,790	445,838	361,124
ASSETS EMPLOYED										
Property, plant and equipment	616,392	494,613	254,854	218,824	253,135	270,844	291,043	274,350	269,893	275,853
Other non current assets	124,153	46,715	21,049	13,475	14,157	14,072	14,762	6,402	50,719	58,270
Current assets	2,390,842	1,984,093	1,460,038	1,132,515	981,225	683,010	633,502	622,889	388,177	323,947
Liabilities net of debt	(1,054,962)	(811,848)	(513,672)	(356,441)	(351,203)	(225,254)	(277,663)	(328,852)	(262,951)	(296,946)
	2,076,425	1,713,573	1,222,269	1,008,372	897,314	742,672	661,644	574,789	445,838	361,124
CASH FLOWS										
Net cash inflow/(outflow)										
From operating activities	(216,320)	514,504	117,860	39,561	170,433	68,512	122,144	214,636	75,918	84,634
From investing activities	379,784	(527,227)	(16,414)	(69,677)	(145,883)	9,593	(96,011)	(212,988)	(56,923)	(111,568)
From financing activities	(30,689)	(20,200)	(15,644)	(13,864)	(11,026)	(31,544)	(35,400)	12,364	(30,558)	48,000
Increase/(decrease) in cash and cash equivalents	132,775	(32,923)	85,802	(43,980)	13,525	46,561	(9,267)	14,012	(11,563)	21,066
KEY INDICATORS										
Revenue growth (%)	51.49	31.94	21.74	9.39	18.02	(6.57)	(5.01)	29.67	13.95	33.76
EPS (Rs.)	140.43	187.60	83.43	43.13	61.83	31.68	35.10	59.97	31.26	34.88
DPS (Rs.)	10.00	5.50	4.50	5.00	4.00	4.00	5.50	3.00	1.50	1.00
NAPS (Rs.)	755.06	623.12	444.46	366.68	326.30	270.06	240.60	209.01	162.12	131.32
MPS (Closed) (Rs.)	1,182.25	1,245.00	337.40	399.60	430.00	310.00	365.00	325.70	210.00	139.90
ROE (%)	18.60	30.11	18.77	11.76	18.95	11.73	14.59	28.69	19.28	26.56
ROCE (%)	22.91	36.56	25.89	16.90	28.71	18.88	23.10	38.22	25.79	18.55
PE (Times)	8.42	6.64	4.04	9.27	6.94	9.79	10.40	5.43	6.72	4.01
Interest cover (Times)	39.43	111.12	136.10	297.02	637.13	55.22	43.14	43.65	12.99	6.89
Dividend payout (%)	7.12	2.93	5.39	11.59	6.47	12.63	15.80	5.00	4.80	2.87
Current ratio (Times)	2.80	2.90	3.36	3.97	3.52	4.17	2.95	2.36	2.04	1.50

Shareholder and Investor Information

1. Share Distribution as at 31st March 2022

From	To	Number of Shareholders	Number of Shares	Holding %
1	1,000	1,563	126,112	4.586
1,001	10,000	39	138,531	5.037
10,001	100,000	3	47,290	1.720
100,001	1,000,000	2	475,090	17.276
Over 1,000,000		1	1,962,977	71.381
		1,608	2,750,000	100.000

Categories of Shareholders	Number of Shareholders	Number of Shares	Holding %
Local Individuals	1,543	267,948	9.743
Local Institutions	58	2,472,414	89.906
Foreign Individuals	6	9,588	0.349
Foreign Institutions	1	50	0.002
	1,608	2,750,000	100.000

2. Share Trading Information

	As at 31.03.2022	As at 31.03.2021
Highest during the year	Rs.1,990.00 (13-01-2022)	Rs.1,999.00 (22-01-2021)
Lowest during the year	Rs.999.75 (14-03-2022)	Rs.300.00 (12-05-2020)
As at end of the year	Rs.1,182.25	Rs.1,245.00
Trade Volume	2,280	2,247
Share Volume	142,286	297,287
Turnover	Rs. 165,495,467.25	Rs. 304,616,576.85

3. Public Shareholding

The Percentage of shares held by the public as at 31st March 2022 - 28.619%.

No of shareholder presenting the above percentage - 1,607.

Float Adjusted Market Capitalization as at 31st March 2022 - Rs. 930,457,941.75.

The Float Adjusted Market Capitalisation of the Company falls under Option 5 of Rule 7.14.1 (i) (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under said option.

Shareholder and Investor Information

4. Top Twenty Five (25) Major Shareholders of The Company as at 31st March 2022

Name	31.03.2022		31.03.2021	
	No of Shares	(%)	No of Shares	(%)
1 CBL Investments Limited	1,962,977	71.381	1,962,977	71.381
2 Hatton National Bank PLC/Dawi Investment Trust (Pvt) Ltd	263,404	9.578	-	-
3 J.B Cocoshell (Pvt) Ltd	211,686	7.698	192,851	7.013
4 Mr A M D E S Jayaratne	18,570	0.675	18,570	0.675
5 Mr K C Vignarajah	14,720	0.535	14,210	0.517
6 Cocoshell Activated Carbon Company (Pvt) Ltd	14,000	0.509	15,000	0.545
7 Mr W.D.N.H. Perera	9,623	0.350	-	-
8 Mr U I Suriyabandara	9,498	0.345	9,431	0.343
9 Mr G W Amaratunga	8,677	0.316	8,677	0.316
10 Mr L H S Peiris	8,499	0.309	8,499	0.309
11 Mr E D K Weerasuriya & Mr A Weerasuriya	8,169	0.297	8,169	0.297
12 Mr R J S Jayamaha	7,000	0.255	7,000	0.255
13 Mr Z G Carimjee	6,867	0.250	6,867	0.250
14 Mrs S Vignarajah	6,300	0.229	6,300	0.229
15 Mrs M M Udeshi	6,000	0.218	6,000	0.218
16 DFCC BANK PLC/Mr.P.Pranavan	5,250	0.191	2,500	0.091
17 Dr S Yaddehige	4,798	0.174	4,798	0.174
18 Mr N.K. Flemming	4,064	0.148	4,090	0.149
19 Mr U.C. Bandaranayake & Mrs L. Bandaranayake	4,023	0.146	1,023	0.037
20 Mr A J Rummy	3,900	0.142	5,920	0.215
21 Mr S.K. Hathiramani (Deceased)	3,850	0.140	3,850	0.140
22 Mrs Z.M. Adamally	3,433	0.125	3,433	0.125
23 Sampath Bank Plc/Mr. Abishek Sithampalam	3,000	0.109	3,000	0.109
24 Dawi Investment Trust (Pvt) Ltd	2,669	0.097	210,128	7.641
25 Mrs Y.K. Amarasinghe	2,409	0.088	2,409	0.088
Sub Total	2,593,386	94.305	2,505,702	91.116
Others	156,614	5.695	244,298	8.884
Issued Capital	2,750,000	100.000	2,750,000	100.000

5. Director's Shareholding

Name of Director	31.03.2022		31.03.2021	
	No of Shares	(%)	No of Shares	(%)
Mr. R. S. A. Wickramasingha	Nil		Nil	
Ms. D. S. Wickramasingha	Nil		Nil	
Mr. E. T. De Zoysa	Nil		Nil	
Mr. M. U. S. G. Thilakawardana	Nil		Nil	
Dr. D. M. A. Kulasooriya	Nil		Nil	
Mr. M. S. Nanayakkara	Nil		Nil	
Ms. N. K. Wickramasingha	Nil		Nil	
Mr. L. J. M. De Silva	Nil		Nil	

Glossary of Financial Terms

Accrual Basis

Recording revenues and expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

Asset Turnover Ratio

Net Sales Divided by the Average Total Assets

Capital Employed

Total of stated capital, other reserves, retained earnings, and long-term interest-bearing liabilities.

Capital Reserves

Reserves are identified for specific purposes and considered not of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity available for distribution.

Current Ratio

Current assets are divided by current liabilities. A measure of liquidity.

Dividend per Share

Gross dividend is divided by the number of ordinary shares in issue at the year-end.

Dividend Payout Ratio

Ordinary dividend per share divided by earnings per share.

Earnings per Share

Profit attributable to ordinary shareholders divided by the number of shares in issue.

Float Adjusted Market Capitalization

Public holding percentage multiplied by market capitalisation.

Interest Cover

Profit before tax plus interest charges divided by interest charges

Investors Funds

Total of stated capital, other reserves, retained earnings, and long-term liabilities.

Market Capitalization

A number of shares in issue at the end of the financial year multiplied by the market value of a share as at that date.

Market Value (Price) per Share

The price at which an ordinary share is traded in the market.

Net Assets per Share

Total assets less total liabilities (net assets employed) divided by the number of shares.

Profit Before Tax Margin

Profit before taxation divided by turnover.

Price Earnings Ratio

The market price of a share at the end of the financial year is divided by the earnings per share for the financial year.

Quick Asset Ratio

The quick ratio is the value of a business's "quick" assets divided by its current liabilities.

Return on Capital Employed

Earnings Before Interest & Tax divided by average Capital Employed

Return on Equity

Profit after tax divided by shareholder's equity.

Return on Assets

Profit after tax divided by total assets.

Return on Sales

Operating Profit Divided by the Net Sales

Total Debt

The total of long and short-term (current) interest-bearing borrowings.

Working Capital

Capital is required to finance day-to-day operations (Current assets minus current liabilities).

GRI Content Index Tool

GRI Standard	Disclosure Title	Topic Reference/Comments	Page number	Omission
GENERAL STANDARD DISCLOSURES				
Topic: Organisational Profile				
Disclosure 102-1	Name of Organisation	About The Company	Page 5	
Disclosure 102-2	Activities, brands, products and services	About The Company, Our Products Range	Page 5, 14-15	
Disclosure 102-3	Location of headquarters	About The Company	Page 5	
Disclosure 102-4	Location of operations	About The Company	Page 5	
Disclosure 102-5	Ownership and legal form	About The Company	Page 5	
Disclosure 102-6	Markets served	About The Company, Social and Relationship Capital - Customers	Page 5, 57	
Disclosure 102-7	Scale of the organisation	About The Company / Our Value Creation Model	Page 5, 28-29	
Disclosure 102-8	Information on employees and other workers	Human Capital	Page 48-53	
Disclosure 102-9	Supply chain	Social and Relationship Capital - Suppliers	Page 59	
Disclosure 102-10	Significant changes to the organisation and supply chain	Annual Report of the Board of Directors on the Affairs of the Company	Page 93-95	
Disclosure 102-11	Precautionary principle	Natural Capital	Page 63- 67	
Disclosure 102-12	External initiatives	About This Report	Page 3-4	
Disclosure 102-13	Membership of associations	Social and Relationship Capital - Product Responsibility	Page 60-61	
Topic: Strategy				
Disclosure 102-14	Statement from senior decision maker	Chairman's Message	Page 19-21	
Topic: Ethics and integrity				
Disclosure 102-16	Values, principles, norms and standards of behaviour	Our Vision, Mission, Purpose and Values, Social and Relationship Capital - Community Development, Corporate Governance	Page 2, 61-62, 73-92	
Topic: Governance				
Disclosure 102-18	Governance Structure	Corporate Governance	Page 73-92	
Topic: Stakeholder Engagement				
Disclosure 102-40	List of stakeholder groups	Stakeholder Engagement	Page 30-31	
Disclosure 102-41	Collective bargaining agreements	Human Capital	Page 48-53	
Disclosure 102-42	Identifying and selecting stakeholders	Stakeholder Engagement	Page 30-31	
Disclosure 102-43	Approach to stakeholder engagement	Stakeholder Engagement	Page 30-31	
Disclosure 102-44	Key topics and concerns raised	Stakeholder Engagement	Page 30-31	

GRI Standard	Disclosure Title	Topic Reference/Comments	Page number	Omission
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Disclosure 102-46	Defining report content and topic boundary	About This Report, Identifying Material Matters	Page 3-4, 32-34	
Disclosure 102-47	Material topics	Identifying Material Matters	Page 32-34	
Disclosure 102-48	Restatement of information	About This Report	Page 3-4	
Disclosure 102-49	Changes in reporting	Identifying Material Matters	Page 32-34	
Disclosure 102-50	Reporting period	About This Report	Page 3-4	
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Disclosure 102-52	Reporting cycle	About This Report	Page 3-4	
Disclosure 102-53	Contact point for questions regarding Report	About This Report	Page 3-4	
Disclosure 102-54	Claims of reporting in accordance with GRI Standards	About This Report	Page 3-4	
Disclosure 102-55	GRI context index	GRI Content Index Tool	Page 146-149	
Topic : Management Approach				
Disclosure 103-1	Explanation of material topics and its boundaries	Identifying Material Matters	Page 32-34	
Disclosure 103-2	The Management Approach and its components	Identifying Material Matters	Page 32-34	
SPECIFIC STANDARD DISCLOSURE				
CATEGORY: ECONOMIC				
Topic: Economic Performance				
Disclosure 201-1	Direct economic value, generated, distributed	Performance Highlights, Financial Capital	Page 10-11, 43-45	
Disclosure 201-3	Defined benefit plan obligations and other retirement plans	Notes to the Financial Statements	Page 120-141	
Topic: Indirect Economic Impacts				
Disclosure 203-1	Infrastructure investments and services supported	Social and Relationship Capital – Community Development	Page 61-62	
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Topic: Energy				
Disclosure 302-1	Energy consumption within the organisation	Natural Capital	Page 63-67	

GRI Content Index Tool

GRI Standard	Disclosure Tittle	Topic Reference/Comments	Page number	Omission
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Disclosure 303-1	Interactions with water as a shared resource	Natural Capital	Page 63-67	
Disclosure 303-2	Management of water discharge-related impacts	Natural Capital	Page 63-67	
Disclosure 303-5	Water consumption	Natural Capital	Page 63-67	
Topic: Emissions				
Disclosure 305-1	Direct (Scope 1) GHG Emissions	Natural Capital	Page 63-67	
Disclosure 305-2	Energy indirect (scope 2)GHG Emissions	Natural Capital	Page 63-67	
Topic: Waste				
Disclosure 306-2	Management of significant waste-related impacts	Natural Capital	Page 63-67	
CATEGORY: SOCIAL				
Topic: Employment				
Disclosure 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Capital	Page 48-53	
Topic: Occupational Health and Safety				
Disclosure 403-1	Occupational health and safety management system	Human Capital	Page 48-53	
Disclosure 403-5	Worker training on occupational health and safety	Human Capital	Page 48-53	
Disclosure 403-6	Promotion of worker health	Human Capital	Page 48-53	
Disclosure 403-9	Work-related injuries	Human Capital	Page 48-53	
Topic: Training and Education				
Disclosure 404-1	Total Training hours	Human Capital	Page 48-53	
Disclosure 404-2	Programs for upgrading employee skills and transition assistance programs	Human Capital	Page 48-53	
Topic: Diversity and Equal Opportunity				
Disclosure 405-1	Diversity of governance bodies and employees	Human Capital	Page 48-53	
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Topic: Forced or Compulsory Labour				
Disclosure 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Human Capital, Social and Relationship Capital – Suppliers	Page 48-53, 59	

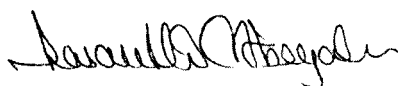
GRI Standard	Disclosure Title	Topic Reference/Comments	Page number	Omission
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Disclosure 414-1	New suppliers that were screened using social criteria	Social and Relationship Capital - Supplier Screening to ensure ethical sourcing	Page 59	
Topic: Marketing and labelling				
Disclosure 417-1	Requirements for product and service information and labelling	Social and Relationship Capital - Product Responsibility	Page 60	
Topic: Customer Privacy				
Disclosure 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Social and Relationship Capital - Handling Customer Complaints	Page 59	

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Thirty First (31st) Annual General Meeting of Convenience Foods (Lanka) PLC will be held by electronic means on Monday, 12th September 2022 at 3.30 p.m. centered at Ceylon Biscuits Limited, High-Level Road, Makumbura, Pannipitiya for the following purposes;

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31st March 2022 and the Report of the Auditors thereon.
2. To declare a first and final dividend of Rs. 3.50 per share for the year ended 31st March 2022.
3. To pass the ordinary resolution set out below to re-appoint Mr. R.S.A. Wickramasingha who is 75 years of age, as a Director of the Company;
"IT IS HEREBY RESOLVED THAT age limit of 70 years referred to in Section 210 of the Companies Act, No.07 of 2007 shall not apply to Mr. R.S.A. Wickramasingha who is 75 years of age and that he be and is hereby re-appointed a Director of the Company in terms of Section 211 of the Companies Act, No.07 of 2007."
4. To pass the ordinary resolution set out below to re-appoint Mr. L.J.M. De Silva who is 78 years of age, as a Director of the Company;
"IT IS HEREBY RESOLVED THAT the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. L.J.M. De Silva who is 78 years of age and that he be and is hereby re-appointed a Director of the Company in terms of Section 211 of the Companies Act, No.07 of 2007."
5. To re-appoint Messrs KPMG, Chartered Accountants as the Auditors of the Company and to authorize the Directors to determine their remuneration.
6. To authorize the Directors to determine donations for the year ending 31st March 2023 and up to the date of the next Annual General Meeting.

By Order of the Board
Convenience Foods (Lanka) PLC



P W Corporate Secretarial (Pvt) Ltd.
Secretaries

29th July 2022
Colombo

Notes:

1. A Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of him/her by electronic means.
2. A proxy need not be a Shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose.
4. Shareholders are advised to follow the Guidelines and Registration Process for the Annual General Meeting attached hereto.

Form of Proxy

I/We* NIC No.
of
being a shareholder/s* of CONVENIENCE FOODS LANKA PLC hereby appoint
..... of or failing him*;

Mr. Ramya Sanath Amaraweera Wickramasingha	of Colombo or failing him*
Ms. Dharshini Sheamalee Wickramasingha	of Colombo or failing her*
Mr. Edenadure Thilanka De Zoysa	of Colombo or failing him*
Ms. Nishka Kanya Wickramasingha	of Colombo or failing her*
Mr. Muditha Udara Saliya Gamini Thilakawardana	of Colombo or failing him*
Dr. Dissanayake Mudiyanseelage Ananda Kulasooriya	of Colombo or failing him*
Mr. Mahesh Shirantha Nanayakkara	of Colombo or failing him*
Mr. Lakshman Joseph Mervin De Silva	of Colombo*

as my/our* proxy to represent me/us* and to vote as indicated hereunder for me/us* and on my/our* behalf and /or* to speak at the Thirty-First (31st) Annual General Meeting of the Company to be held by electronic means on 12th September 2022 and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

	For	Against
1. Declare a first and final dividend of Rs. 3.50 per share for the year ended 31st March 2022.	<input type="checkbox"/>	<input type="checkbox"/>
2. To pass the ordinary resolution set out under item 3 of the Notice of Meeting for the re-appointment of Mr. R. S. A. Wickramasingha as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3. To pass the ordinary resolution set out under item 4 of the Notice of Meeting for the re-appointment of Mr. L. J. M. De Silva as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To appoint Messrs KPMG as the Auditors of the Company and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
5. To authorize the Directors to determine donations for the year ending 31st March 2023 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

In witness my/our* hand this day of Two Thousand and Twenty-Two.

.....
Signature of Shareholder/s

****Please delete what is inapplicable.***

Note:

1. Instructions as to completion appear on the reverse.
2. A Proxy need not be a shareholder of the Company.

Form of Proxy

INSTRUCTIONS FOR COMPLETION

1. Kindly perfect the Form of Proxy by filling in legibly your full name, address, and the National Identity Card number and signing in the space provided, and filling in the date of signature.
2. If you wish to appoint a person other than the Chairman (or failing him, one of the Directors) as your Proxy please insert the relevant details in the space provided.
3. If the appointer is a Company / Incorporated body this form must be executed in accordance with the Articles of Association / Statute.
4. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should accompany the Form of Proxy for registration if such Power of Attorney has not already been registered with the Company.
5. Please indicate with an 'X' in the space provided how your proxy is to vote on the resolution. If no indication is given, the proxy in his discretion will vote as he thinks fit.
6. The completed Form of Proxy should be forwarded to the Company for deposit at the Registered Office through the Company Secretaries, P W Corporate Secretarial (Pvt) Ltd. No. 3/17, Kynsey Road, Colombo 08 (email soy.pwcs@gmail.com), by 3.30 p.m. on 10th September 2022.
In forwarding the completed and duly signed Proxy to the Company, please follow the Guidelines and Registration Process for the Annual General Meeting attached to the Notice of Annual General Meeting.

Corporate Information

Name of Company

Convenience Foods (Lanka) PLC,
formerly known as Soy Foods (Lanka) PLC.

Legal Form & Listing

A Public Limited Company. Listed
on the Colombo Stock Exchange.

Incorporated in Sri Lanka
on 27th March 1991.

The ordinary shares of the Company are
listed with the Colombo Stock Exchange
of Sri Lanka.

Principal Business Activity

Manufacture and Marketing of Textured
Vegetable Protein (TVP) & Other Food
Products.

Company Registration No.

PQ 164

Registered Office

No. 555, High Level Road,
Makumbura,
Pannipitiya, Sri Lanka.

Principal Place of Business

No. 133, 7th Lane, Off Borupana Road,
Kandawala, Ratmalana.

Tel: +94 11 2611154, 2624408, 5003000

E-mail: inquiry.cf@cblk.com

Web: www.cblk.com

Directors of the Company

Mr. R. S. A. Wickramasingha - Chairman/
NED

Mr. E. T. De Zoysa - Managing Director/ED

Ms. D. S. Wickramasingha - NED

Ms. N. K. Wickramasingha - NED

Mr. L. J. M. De Silva - NED

Mr. M. U. S. G. Thilakawardana - IND/NED

Dr. D. M. A. Kulasooriya - IND/NED

Mr. M. S. Nanayakkara - IND/NED

Audit Committee

Mr. M. S. Nanayakkara - Chairman - IND/
NED

Dr. D. M. A. Kulasooriya - IND/NED

Mr. M. U. S. G. Thilakawardana - IND/NED

Remuneration Committee

Ms. N. K. Wickramasingha - Chairman -
NED

Dr. D. M. A. Kulasooriya - IND/NED

Mr. M. U. S. G. Thilakawardana - IND/NED

Related Party Transaction

Review Committee

Dr. D. M. A. Kulasooriya - Chairman - IND/
NED

Mr. M. S. Nanayakkara - IND/NED

Mr. M. U. S. G. Thilakawardana - IND/NED

Mr. E. T. De Zoysa - ED

IND/NED - Independent Non-Executive Director

ED - Executive Director

NED - Non-Executive Director

Auditors

KPMG Sri Lanka,
Chartered Accountants,
32A, Sir Mohamed Macan Markar
Mawatha,
P.O. Box 186,
Colombo 03, Sri Lanka.

Secretaries & Registrars

P W Corporate Secretarial (Pvt) Ltd
No. 3/17, Kynsey Road,
Colombo 08, Sri Lanka.

Telephone: +94 11 464 0360

Fax: +94 11 474 0588

Email : pwcs@pwcs.lk

Bankers

Bank of Ceylon
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
People's Bank
Standard Chartered Bank
State Bank of India

Investor Relations Officer

Mr. Daminda Sampath
Manager - Financial Reporting
Convenience Foods (Lanka) PLC
Email : damindas.cf@cblk.com



www.cblk.com



Convenience Foods (Lanka) PLC

No. 133, 7th Lane, Off Borupana Road, Kandawala, Ratmalana.

Tel: +94 11 261 1154, 262 4408, 500 3000

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