

EMBRACING
TRANSFORMATION





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EMBRACING TRANSFORMATION



At Watawala Plantations PLC, our journey is about spirit, positivity and embracing change; it's about looking at the future with a sense of awe but knowing we are the catalyst to that change.

By driving change, we will continue to not just transform lives but create eco-systems that will bring positive change for our people, communities and the nation.





WATA BRAND PROMISE

WATA stands out as the leading plantation Company adhering to responsible, ethical, and sustainable practices to safeguard the land we operate on and ensure the well-being of the communities involved in our operations, thereby enhancing their standard of living.

By embracing the triple bottom line approach, WATA actively contributes to the development of Sri Lanka's economy and nation-building by import substitution whilst surpassing social, environmental, and economic aspects.



PEOPLE

Total Work Force
1,645

Total Training Hours
2,677 Hrs

"Strengthen & uplift lives of our employees, communities and general public"



PROFIT

Great Place To Work
Certified



OUR FUTURE

"To be the most admired Plantation Company in Sri Lanka"





PLANET

Operating Profit
LKR 2.9 Bn

CSR expenditure
LKR 39.4 Mn

“An enduring organisation that continues to create value for our **Customers, Investors, and to our Nation**”

“Reshape traditional operations through **leadership, innovation and sustainable operational practices**”

RSPO
Certified

ISO 14001, ISO 45001, ISO 50001 Certified

Gross Profit
LKR 3.5 Bn



OUR PURPOSE

“Growing Watawala Plantations to be the **Industry Leaders**”

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The Capitals Report

Sets out our resources and how we managed them to deliver sustainable value to stakeholders

FAST FACTS

The **only RSPO certified** palm oil producer in the country

LKR 7.5 Bn



Highest Company Revenue

31% YoY



Annual revenue growth

LKR 2.8 Bn



Dividend paid

52.5 Mn Kgs



Largest oil palm crop production

ABOUT THIS REPORT

Watawala Plantations PLC is proud of our tradition of good governance, corporate social responsibility and candid corporate disclosure. Our integrated annual report is one of the Company's primary tools of corporate disclosure, providing a holistic perspective of our activities and impacts to our stakeholders.

This report communicates with our stakeholders the strategic orientation of our Company, and is a reflection of our integrated approach of management. To ensure comprehensive coverage of our business activities, we have included information pertaining to all our capitals including non-financial capitals, in addition to financial reporting. We have attempted to deliver a comprehensive, balanced and relevant report, while adhering to the recommendations of the International Integrated Reporting Council (IIRC), in which the principles of integrated reporting have been given due consideration.

This report is also aligned to the United Nations Sustainable Development Goals.

Standards and frameworks of Reporting

- The GRI Standards 2021: Referencing option
- International Framework of the IIRC

Governance, Risk Management and Operations

- Laws and regulations of the Companies Act No. 7 of 2007
- Listing Rules of the Colombo Stock Exchange (CSE) and subsequent revisions to date
- Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, including directives and circulars

- Code of Best Practice on Corporate Governance (2013) jointly advocated by the SEC and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka, to the extent of business exigency and as required by the Group
- Code of Best Practices on Related Party Transactions (2013) advocated by the SEC

Financial Reporting

- Sri Lanka Accounting Standards (SLFRS/LKAS) Issued by CA Sri Lanka

GRI 2-2	a. Entities included in the sustainability report	Watawala Plantations PLC Watawala Dairy Ltd (Subsidiary) <i>In certain cases, we do not have data for Watawala Dairy Ltd. which we intend to rectify in future reporting.</i>
	b. Differences between the list of entities in financial reporting and the list in sustainability reporting	None. Please refer page 178-240 for consolidated financial statements
	c. Approach used for consolidating information	Data was collected from all operational locations for disclosures, including the subsidiary and presented in consolidated form.
	i. Any adjustments to information for minority interests;	Watawala Plantations PLC has no minority interests in any other entities
	ii. How mergers, acquisitions, and disposal of entities or parts of entities, is taken into account	As per SLFRS/LKAS, provisions available in Companies Act. No. 07 of 2007 and technical advice from professional accounting bodies.
	iii. Whether the disclosures in this Standard and across material topics differ	The disclosures in this Standard and in material topics are the same, unless at the point of disclosure it is stated that some information is specific to the Subsidiary, Watawala Dairy Ltd.
GRI 2-3	a. Reporting period and frequency	Annual, for the period commencing April 1st 2022 to March 31st 2023
	b. Reporting period for financial reporting	Same as the sustainability reporting period - April 1st 2022 to March 31st 2023
	c. Publication date of the report	01 June 2023
	d. Contact point for questions about the report	Mr. Dhammika Laksiri Financial Controller Watawala Plantations PLC Phone: +94 77 7732 744 Email: dhammika.laksiri@sunshineholdings.lk



GRI 2-4	Restatements of information made from previous reporting periods	There are no restatements from the previous reporting period of April 1st 2021 to March 31st 2022
GRI 2-5	Policy and practice for seeking external assurance	This report has been given an assurance by Deloitte with regards to its sustainability reporting.
	Location of the external assurance	Page no: 124-125
	What has been assured and on what basis	Limited review of historical financial and non-financial information in accordance with the SLSAE 3000 assurance engagements other than audits or reviews of historical financial information (SLSAE 3000) issued by the Institute of Chartered Accountants of Sri Lanka.
	Relationship between the organisation and the assurance provider	Independent external consultant

Responsibility for this Integrated report

The Board of Watawala Plantations PLC acknowledges responsibility for the integrity of this integrated annual report for the financial year 2022/23. All attempts have been made to comply with the Integrated Reporting Framework of 2013 in compiling this report.

Sunil G Wijesinha
Chairman

Binesh Pananwala
Chief Executive Officer

Dhammika Laksiri
Financial Controller

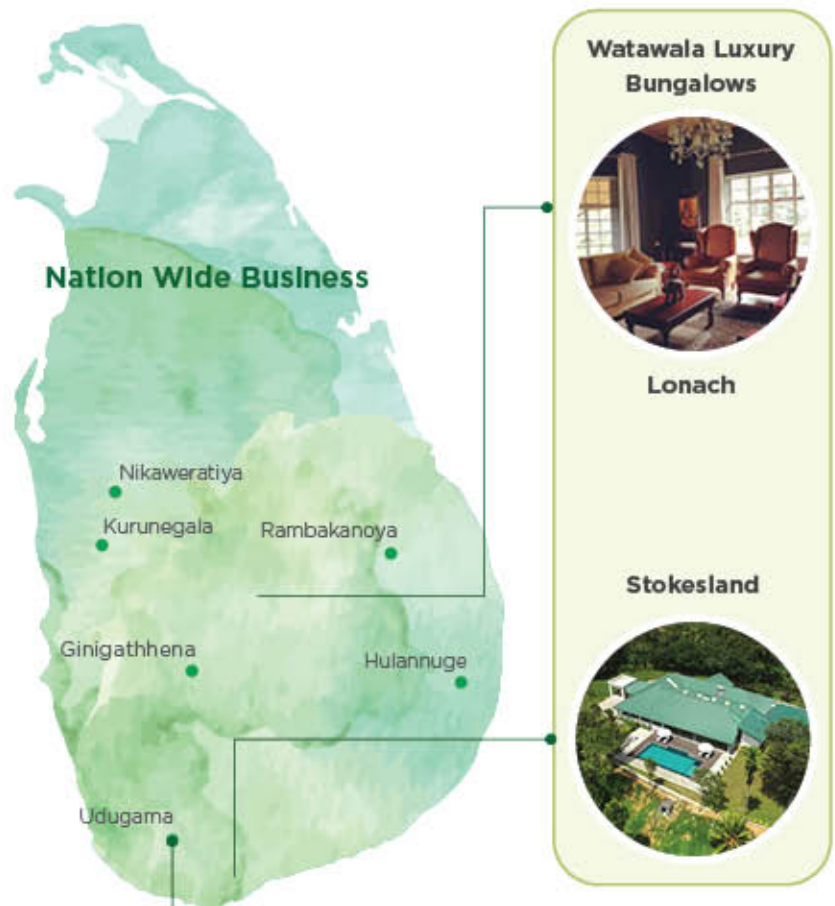
Forward-looking statements

This report contains forward-looking statements, which are based on reasonable assumptions by the management. However, there can be no assurance that forward-looking statements will prove to be accurate and Watawala Plantations PLC undertakes no obligation to update or be accountable for forward-looking statements if circumstances should change. The reader is cautioned not to place undue reliance on forward-looking statements that are not guarantees of future performance.

OVERVIEW OF WATAWALA

Watawala Plantations is Sri Lanka's largest and only RSPO (Roundtable on Sustainable Palm Oil) certified palm oil producer, accounting for about half of the country's domestic production of palm oil, which is one of the most consumed food products in the country in multiple forms. The RSPO certification of our palm oil value chain ensures that our palm oil is produced to the highest standard of consumer safety, while also being ethical and sustainable in cultivation and milling operations.

Our business activities encompass the plantation sector, through a range of diversified crops, as well as the dairy industry, under our diversified growth strategy aimed at sustainable long-term growth by balancing market and portfolio risks, while exploiting market opportunities.



SCALE OF OUR OPERATIONS

Udugama Region

Population on Estate
4,589

- Nakiyadeniya
- Homadola
- Mill
- Talangaha

Employees are working in the region
1,349

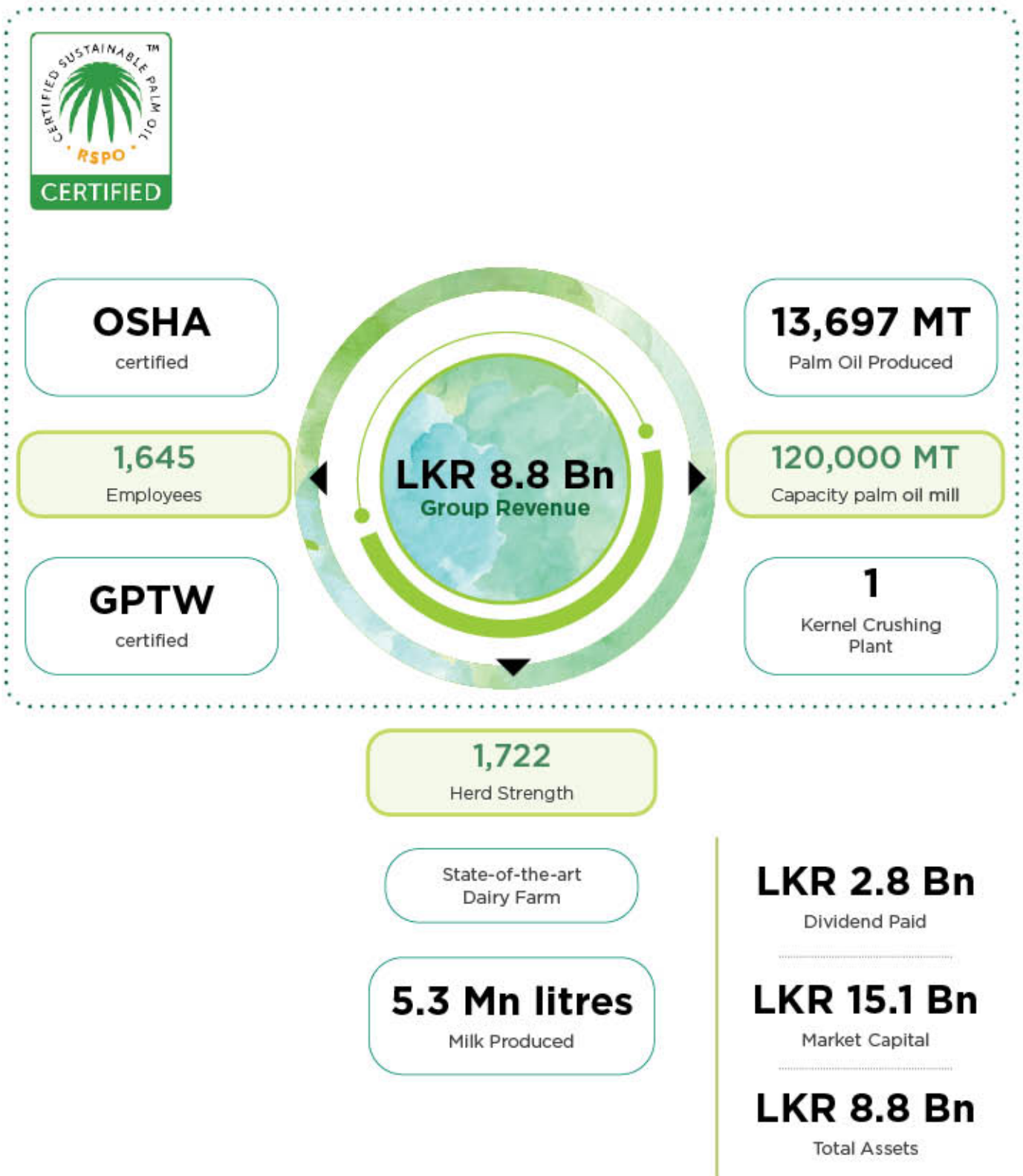
Impact to workers through livelihood enhancement

- Direct livelihood for employees from foot to bike to 3 wheeler
- Suppliers and service providers
- Regional economy from corner shop to super market
- Roads and infrastructure





SCALE OF OUR OPERATIONS



OUR STORY

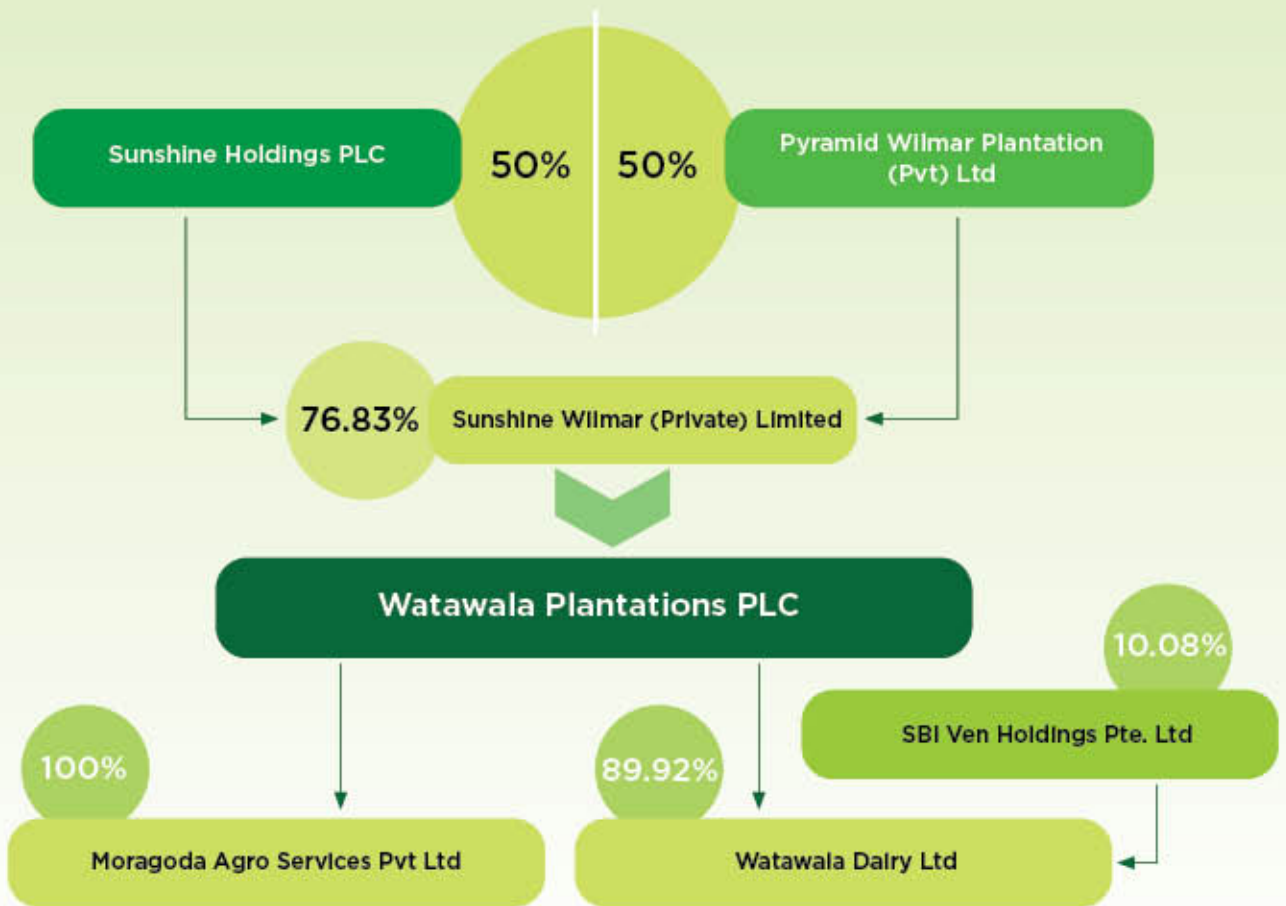
Extent Cultivated



GRI 2-1 Organisational details	Legal name	Watawala Plantations PLC
	Nature of ownership	The immediate parent of Watawala Plantations PLC is Sunshine Wilmar (Private) Limited, and the ultimate parent is Sunshine Holdings PLC.
	Legal form	A public company with limited liability registered under Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 07 of 2007 and quoted on the Colombo Stock Exchange.
	Subsidiaries	Watawala Dairy Ltd (89.92% owned by Watawala Plantations PLC)
	Location of headquarters	No. 60, Dharmapala Mawatha, Colombo 03, Sri Lanka Tel: +94 114 702 400 E-mail: watawala@sunshineholdings.lk Web: www.watawalaplantations.lk
	Countries of operation	Sri Lanka



Organisation Structure

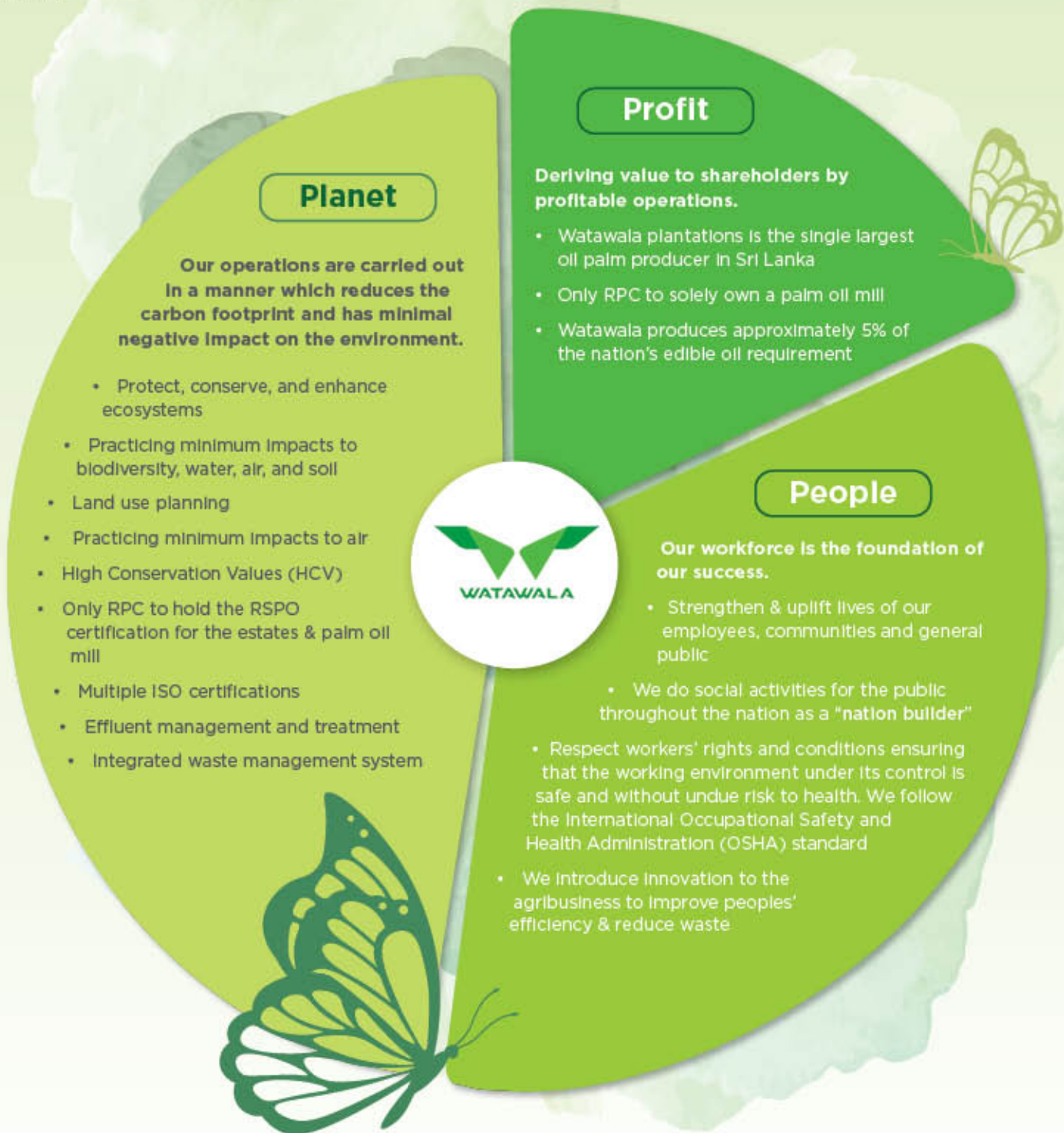


OUR STORY

What differentiates us from other plantations?

Watawala Plantations PLC's roots lie in responsible, ethical, and sustainable practices in protecting the land we work and gain profit from, and uplifting the livelihood of communities that live and work for the products produced. The RSPO certification is testimony to the Company's efforts in sustainable production of palm oil.

The Company adheres to the triple bottom line whilst building Sri Lanka's economy and contributing to nation building.



Our contribution towards the country

By producing 13,697 MT of palm oil, the outflow of foreign exchange on imports of palm oil was effectively saved.

Produced a key input material for the bakery, confectionery, malted beverage, fats & spreads industries.

Sold 5 million litres of fresh milk in the backdrop of import restrictions and limited milk availability.

Sustained and increased crop output by producing and applying 1.2 Mn Kgs of compost in the backdrop of limited inorganic fertilizer availability.

Cultivated 214.48 Ha of maize for cattle feed during a time of feed scarcity.

As a diversified plantation Company, produced tea green leaf, rubber, cinnamon, coconut, maize and other crops.

Generation of 2,484 GJ of electricity, thereby reducing the load on the national grid.

Provided employment opportunities for the estate community and villagers dwelling in and around the locations of maize cultivation.

Community support we create as a company:

Udugama region:

Our population on estate amounts to **4,589** out of which **1,349** are employed by us.

Lonach Estate:

Our population on estate amounts to **2,150** out of which **267** are employed by us.

Nikaweratiya, Royston, Hulannuge, Mahaoya :

1,404 workers and **200+** farmers engage with us.



We support the regional economic boom in all regions we operate in; Direct livelihood for employees from foot to bike to three-wheeler

- Regional economy from corner shop to super market
- Suppliers and service providers
- Roads and infrastructure

OUR STORY

Historic Milestones

Watawala Plantations PLC is an agribusiness company focused on palm oil and dairy operations. With a market capitalization of LFR 15.1 Bn, we are ranked as a leading plantation company in the Colombo Stock Exchange.

1992	1996	1998	2002/03	2003/04
<ul style="list-style-type: none"> Formation of Watawala Plantations Ltd on 18th June 1992 under the Companies Act No. 17 of 1982 following the government decision to privatize the management of 22 Regional Plantation Companies Strategic joint venture with TGBL of India 	<ul style="list-style-type: none"> Estate Management Services (Pvt) Ltd took over the management 	<ul style="list-style-type: none"> The tea brand Zesta was launched by Watawala Plantations PLC and achieved the highest turnover within two years 	<ul style="list-style-type: none"> Obtained the ISO 9002:1994 and HACCP Certifications 	<ul style="list-style-type: none"> Building a lasting blend of Tea and Trust with the introduction of <i>Watawala Kahata</i> to the market
	2015/16	2014/15	2013/14	
	<ul style="list-style-type: none"> Entered into a joint venture agreement with PADC Holdings, a subsidiary of Duxton Asset Management to set up a US\$ 11.5 Mn dairy project on the Lonach Estate under Watawala Dairy Ltd. 	<ul style="list-style-type: none"> Introduction of a steam turbine at the palm oil mill to reduce dependency on the National Grid and achieve environment friendly production 	<ul style="list-style-type: none"> Sunshine Holdings PLC and Tata Global Beverages Ltd, the two shareholders of parent company, Estate Management Services (Pvt) Limited welcomed a new joint venture partner Pyramid Wilmar Plantations (Pvt) Ltd An effluent treatment facility with a bio-gas generation system was installed in the palm oil mill 	
	2016/17	2017/18		
	<ul style="list-style-type: none"> Sunshine Holdings PLC celebrated 50 years of responsible entrepreneurship in Sri Lanka 	<ul style="list-style-type: none"> Watawala Dairy Ltd commenced commercial operations at year end with a herd of 1,128 cattle in the farm Divested net assets of LKR 1.856 Bn relating to the upcountry tea operations in September 2017 in a mirrored shareholding of new company Hatton Plantations PLC 		
			2022/23	
			<ul style="list-style-type: none"> Launch of <i>Watawala Goviya</i> to encourage farmers to cultivate vegetables on their own lands to support their food requirement Relaunch of the <i>Watawala Api Obasamagai</i> campaign to increase employee engagement and satisfaction Obtained the ISO 14001:2015 - Environmental management systems certification for the palm oil mill Implemented the SAP Business One ERP system Implemented the field data management, checkroll, and payment system, iHarvest for the agribusiness 	



2004/05

- Collaboration with Tata Tetley in the UK to spread the art of pure Ceylon tea across the Global

2006/07

- Expansion of oil palm plantation

2007/08

- The first plantation company to be awarded Business Super Brands status
- Diversification into dairy farming
- Installation of a new 10 TPH steam boiler at the Palm Oil Mill - the first step in the mill expansion process

2011/12

- A state-of-the-art tea factory was constructed and commissioned in Lindula

2010/11

- Installation of technologically advanced vertical sterilizers to enhance the capacity, safety and process efficiency of the palm oil mill

2018/19

- Focused on two important import substitution projects, palm oil and milk production which reduces imports of edible oils and powdered milk
- Obtained the ISO 45001:2018 - Occupational health and safety (OH&S) management system for the palm oil mill
- Established the CSR Brand *Watawala Kalana Mithuru*

2019/20

- Launch of the milk brand, *Pride of Lonach* bottled to the retail market.
- Introduction of *Watawala Saru Pasa* compost
- Installation of an efficient, high-capacity decanter at the palm oil mill
- Installation of a Dissolved Air Flootation system (DAF) at the palm oil mill to improve efficiency of effluent treatment

2021/22

- Obtained the RSPO certification for the palm oil mill, thereby expanding the certification to the oil palm estates and palm oil mill
- Construction and opening of the Watawala Kalana Mithuru ICU at the Udegama Base Hospital, Galle
- Addition of ghee and low-fat milk to the Pride of Lonach product portfolio
- Expansion of the palm oil mill by upgrading the sterilization, nut plant, pressing and effluent treatment plants thereby increasing production capacity and efficiency
- Obtained the ISO 50001:2018 - Energy management systems certification for the palm oil mill

2020/21

- Obtained the RSPO certification for all the oil palm estates
- Construction and opening of a dispensary and a Child Development Centre in the Homadola Estate, Udegama



OUR STORY

GRI 2-6 Activities, Products and Markets

Watawala Plantation's primary activity is the cultivation of oil palm, and production and sale of palm oil. The second largest business is the production of fresh milk. Our diversified crop portfolio also includes tea, rubber, coconut and cinnamon.

Activity	Products	Quality accreditations	Markets
Oil Palm plantation 1. Homadola Estate, Galle - 668.85 Ha. 2. Nakiyadeniya Estate, Galle - 1,371.84 Ha. 3. Talangaha Estate, Galle - 1,352.56 Ha.	Fresh fruit bunch	RSPO certification renewal and extension to all 3 estates and mill. RSPO trademark license certification for SL region.	Most palm oil fruit is internally utilised for palm oil production, while a small percentage is sold to the country's second palm oil miller.
Palm oil production 1. Nakiyadeniya palm oil mill	<ul style="list-style-type: none"> Crude palm oil Palm kernel oil Palm kernel cake 	ISO 14001:2015 - Environmental management system ISO 50001:2018 - Energy management system ISO 45001:2018 - Occupational health and safety	Bulk palm oil buyers in Sri Lanka
Bungalow rental	Hospitality	N/A	Local and foreign tourists
Dairy farming 1. Lonach Estate, Ginigathhena (capacity to chill and store 23,000 litres of milk)	<ul style="list-style-type: none"> Fresh milk 	International best practices in the dairy industry: Total Mixed Ration (is a method of feeding dairy cattle. The purpose of feeding a TMR diet is that each cow can consume the required level of nutrients) Dairy Master: Automated milking parlour with a process untouched by human hands EPL: National environmental protection licence CEAB 136258/2023	Bulk buyers of milk in Sri Lanka



Other non-core businesses

While balancing market risks, our diversified crop portfolio contributes to sustainable agricultural practices and employment creation, particularly in rural parts of the country.

Activity	Products	Markets
Tea cultivation Low country tea 1. Homadola estate, Udugama, Galle - 54.20 Ha 2. Talangaha estates, Udugama, Galle - 11.26 Ha Up country tea 1. Lonach estate, Ginigathena - 71.00 Ha	Green leaf for tea production	Sold to private tea factories
Cinnamon cultivation Udugama 1. Homadola Estate - 33.46 Ha. 2. Talangaha Estate - 10.36 Ha. 3. Nakiyadeniya Estate - 5.02 Ha. Lonach Estate - 5.00 Ha.	Cinnamon quill	Bulk buyers in Sri Lanka
Cinnamon processing 1. Peeling and processing facility at Homadola Estate in Udugama, Galle.	<ul style="list-style-type: none"> • Grades C4, H1 • Cinnamon oil • Cinnamon cut quills 	Bulk buyers in Sri Lanka
Organic fertilizer Compost facilities at Nakiyadeniya and Lonach Estate	<ul style="list-style-type: none"> • <i>Watawala Saru pasa</i> Compost • Liquid fertilizer In-house developed plant growth promoting micro-organisms Maintain the same composition in all the batches Use of machinery to maintain quality and texture of compost produced	Mainly used in our estates to align with the fertilizer application programme, and retailed to farmers
Coconut cultivation 1. Homadola estate, 10.25 Ha 2. Royston Estate, 17.43 Ha	<ul style="list-style-type: none"> • Husked • De-husked coconut 	Bulk sales to Sri Lankan buyers
Rubber cultivation 1. Homadola estate - 97.16 Ha 2. Nakiyadeniya estate, 42.64 Ha	<ul style="list-style-type: none"> • Natural rubber latex 	Sold to domestic bulk buyers
Maize cultivation in the Kurunegala and Ampara districts	<ul style="list-style-type: none"> • Maize plant with cob 	Bulk sales to Watawala Dairy for cattle feed
Maize baling centre in Hulannuge	<ul style="list-style-type: none"> • Maize silage 	Bulk sales to Watawala Dairy for cattle feed

GRI 2-6 Our Value Creating Business Model

Capital Inputs



Natural Capital

Our business relies on water, energy & other resources to operate,

- Land extent
- Water consumption
- Energy consumption



Manufacturing Capital

Investments in physical infrastructure

- Palm oil mill
- State-of-the-art milking parlour



Human Capital

The backbone of our operation

- 1,585 WPL employees
- 60 WDL employees



Social & Relationship Capital

The long-standing social relationships with all stakeholders developed over time

- Strategic & sustainable community development
- Health & safety initiatives



Intellectual and Technology Capital

How we reshape traditional operation through leadership and innovation

- Enabling hardware & software to streamline operations and management information
- Tacit Knowledge



Financial Capital

- Efficient financial management
- Shareholders' funds: LKR 6.3 Bn
- Sound corporate governance practices

Business Activities

Agri Production

Industry leading sustainable agri practices

Agri Manufacturing

Industry leading sustainable agri practices



Strategic Priorities

**Environment
Sustainability**

**People
Development**



OUTPUTS



Fresh Fruit Bunches

52,472 MT



Crude Palm Oil

12,651 MT



Palm Kernel Oil

1,046 MT



Palm Kernel Cake

2,669 MT



Compost production

1.2 Mn Kgs



Milk Production

5.3 Mn Litres



Investment in **training and development of employees**



2,677

training hours



Efficient disposal of all effluent & waste

Product
Excellence

Responsible
Business

OUTCOMES

Natural Capital

- Renewable energy generated 2,484 GJ
- GHG emissions 8,225.67 tCO₂e

Manufacturing Capital

- 120,000 MT capacity palm oil mill
- Kernel crushing plant
- State-of-the-art milking parlour with chiller capacity of 23,000 litres

Human Capital

- Great Place to Work certified
- 9.5% attrition
- Diversity and inclusion
- Talent management
- Healthy and safe workplace

Social and Relationship Capital

- CSR spent LKR 39.4 Mn
- Empowered communities
- Social license to operate

Intellectual and Technology Capital

- Technology and information system adoption to increase efficiency & transparency
- Precision agriculture

Financial Capital

- Revenue
- Profit
- Dividend
- Financial sustainability & creation of shareholder wealth

We acknowledge the important role that we play in minimizing the carbon footprint of our operations and supporting sustainable production through the efficient and sustainable use of resources.

AWARDS AND ACCOLADES



ISO 14001:2015 - Environmental management systems



ISO 50001:2018 - Energy management systems certification for the palm oil mill



ISO 45001:2018 - Occupational health and safety certification for the palm oil mill



Great Place To Work Certified - Watawala Plantations PLC and Watawala Dairy Limited



RSPO certification extension to the palm oil mill



RSPO certification renewal for all 3 estates

Past Achievements

- Great Place To Work Award for Watawala Dairy Limited in 2019
- Won the Gold Award under Large Category Manufacturing Sector, at the SLBCC (Sri Lanka China Business Co-Operation Council) Business Star Awards 2015/16
- Recipient of Gold Award at the Sri Lanka Institute of Training and Development (SLITAD) People Development Award 2013/14
- Won the Bronze Award at JASTECA CSR Awards 2012/13
- Won National Quality Merit Award, by Sri Lanka Standard Institute in the medium scale manufacturing company 2010/11
- Gold Award Business Excellence in the Agriculture and Plantations Sector 2009/10
- Awarded CTTA Specialty Tea Award of Excellence for most number of top prices for Western CTC High Grown Teas 2007/08
- Superbrand Award in 2007/08



NAVIGATING TOWARDS NEW HORIZONS

At the helm of our organisation, our leadership remains steadfast in their commitment to driving our company towards even greater heights.



LEADERSHIP & STRATEGY

YEAR OVERVIEW

April-22

ACQUISITION OF A 43-ACRE COCONUT ESTATE IN KURUNEGALA

The coconut estate was acquired to increase expertise in coconut cultivation and management, and intercrop maize for fodder.

LAUNCH OF WATAWALA API OBASMAGAI

To improve the bond between employee & employer. Support our employees to uplift their living standards



August-22

TREE PLANTING FOR BETTER FUTURE

Watawala Plantations PLC concluded a successful tree planting campaign to conserve the river bank at the Nakiyadeniya Junction, with the collaboration of the Yakkalamulla AG Office and Villagers.



OPENING OF HULANNUGE BALING CENTER PROJECT

The maize collection and baling centre was set up at Hulan nuge, in a strategically located area surrounded by maize cultivation, for the collection and production of maize silage.



May-22

WPL & WDL RECOGNIZED AS ONE OF THE BEST WORKPLACES™ IN ASIA FOR 2022.

Watawala Plantations PLC and Watawala Dairy Limited were recognized as one of the Best Workplaces™ in Asia for 2022.



September-22

DIVESTMENT OF THE THE PRIDE OF LONACH FRESH MILK BUSINESS BY WATAWALA DAIRY LTD.

The dairy downstream project Pride of Lonach was sold to Ross Dairies (pvt) Ltd., a subsidiary of The Conmix Group of Companies.



October-22

WATAWALA GOVIYA

The focus of the project was to encourage farmers and estate staff to grow on their own lands to support their daily food requirement.



February-23

33RD POSITION IN TRANSPARENCY INTERNATIONAL

Watawala secured the 33rd place out of 100 top corporates. WATA moved up 13 places compared to 2021, on the assessment carried out by Transparency International for Corporate Reporting 2022, assessing The Top 100 Public Limited Companies in Sri Lanka.



LKR **7.6** Bn



HIGHEST EVER COMPANY REVENUE

The plantation business achieved the highest revenue during the last financial year.

March-23

WATAWALA DIRI DARU

Donated school books for the children of Estate Staff members at the Talangaha Training Centre.



SAP B1 ERP LAUNCH

Watawala Plantations implemented SAP Business One HANA Enterprise Resource Planning (ERP) platform and iHarvest, a home-grown plantation digitalization product.



PERFORMANCE HIGHLIGHTS

Financial Highlights		2023	2022
Earning Highlights and Ratios			
Revenue	LKR Mn	8,768	6,475
Gross Profit Margin	%	40%	55%
Operating Profit	LKR Mn	2,931	3,347
Profit Before Tax	LKR Mn	2,953	3,332
Net Profit	LKR Mn	2,332	3,458
Basic Earnings Per Share	LKR	11.63	17.00
Cash Flows From Operations	LKR Mn	2,730	3,811
Interest Cover	Times	25	48
Return on Equity (ROE)	%	37%	50%
Return on Capital Employed (ROCE)	%	37%	41%
Financial Position Highlights			
Total Assets	LKR Mn	8,834	8,892
Total Debt	LKR Mn	277	629
Total Shareholders' Funds	LKR Mn	6,280	6,858
Net Assets Per Share	LKR	30.89	33.73
Debt/Equity Ratio	%	4%	9%
Debt/Total Assets	%	3%	7%
Current Ratio	%	2.86	3.43
Quick Assets Ratio	%	1.86	3.10
Market/Shareholders Information			
Market Price per Share on 31st March	LKR	74.50	93.30
Market Capitalization	LKR Mn	15,146	18,969
Enterprise Value	LKR Mn	14,848	18,413
Price Earnings Ratio	Times	6.41	5.49
Dividend Payout	%	120%	53%
Dividend Per Share	LKR	14.00	9.00
Dividend Yield	%	19%	10%

Highest revenue in the history of
Watawala Plantations PLC (Group)

35%

Growth

LKR 6,475 Mn

2021/22



LKR 8,768 Mn

2022/23



CHAIRMAN'S MESSAGE

The financial year 2022/23 was one of the most challenging years on record, with limited availability and exorbitant cost increases in fertiliser hampering our oil palm business, amongst other macroeconomic setbacks. Meanwhile, our dairy business suffered substantial losses due to severe shortages of cattle feed resulting from import restrictions and lack of feed cultivation by local farmers due to fertiliser scarcity. Despite these operational difficulties and extreme macro-environmental volatility, the Watawala Plantations Group concluded the year recording a positive performance, demonstrating exceptional resilience and potential with a total revenue of LKR 8.8 Bn, compared to the revenue of LKR 6.5 Bn in the previous financial year, and closed the year with a net profit of LKR 2.3 Bn.



“We have continued to honour our promise to our shareholders, who have benefited from a total dividend payout of LKR 2.8 Bn during the year.”

CHAIRMAN'S MESSAGE

Responding to the challenges

In the backdrop of shortages and import restrictions, our priority for the year was to develop alternative solutions for chemical fertiliser designed to nourish our oil palm assets and to obtain adequate stocks of cattle feed urgently. This was crucial for the survival of our livestock, the main asset of Watawala Dairy.

Watawala Plantations responded to the fertiliser problem by developing organic fertiliser, for which raw material was directly sourced from Watawala Dairy. Our goal was to maintain yields, despite the lack of fertiliser. While the organic manure alternative did not meet the entire fertiliser requirement, it has made Watawala Plantations less dependent on high-cost imported fertiliser and its associated risks. Applying organic manure will also have beneficial cascading impacts in the long term.

Our strategies generated positive results as we grew our oil palm crop by 5.7% yearly and achieved revenue growth of 31%, reaching LKR 7.6 Bn. Despite the massive cost increases, the gross profit maintained an upward trajectory of 6% compared to last year, reaching LKR 3.7 Bn.

Our strategy for the dairy business was to procure cattle feed by growing a portion of the feed requirement. Therefore, Watawala Plantations acquired Moragoda Agro Services Pvt Ltd to cultivate maize. I am pleased to announce that we secured about 40% of our feed requirement by growing it ourselves. We also invested in a feed mixing machine, which now makes it possible to purchase raw materials and mix our feed formula maintaining a high standard. This has helped control the feed cost and reduce dependence on third-party suppliers.

We also divested our downstream dairy business under the brand name Pride of Lonach, which retailed bottled fresh milk, so that we may focus our resources on the core dairy business. In addition, numerous transformations were instituted into the management structure and management style of Watawala Dairy during the year designed to augment overall performance and productivity.

Despite the increase in revenue from LKR 694 Mn in the previous year to LKR 1,195 Mn, Watawala Dairy recorded a net loss of LKR 321 Mn for the year, which eroded Group profitability.

Nevertheless, we have continued to honour our promise to our shareholders, who have benefited from a total dividend of LKR 14 per share, inclusive of an interim dividend and final dividend, resulting in a dividend payout of LKR 2.8 Bn during the year.

Sustainable growth

We have also fulfilled our corporate social responsibility commitments towards our communities while upholding our pledges under the United Nations Sustainable Development Goals as an integral aspect of the Watawala Sustainable Development Strategy. I want to draw attention to our extensive investments towards environmental sustainability, which goes above and beyond any regulatory compliance. We have established a dedicated Sustainability Department manned by environmental graduates. This team drives our sustainability plans. We have already conducted biodiversity surveys and soil mapping and reduced water consumption at the dairy operation by 30% and oil palm mill under our cleaner production initiative.

During the year, we obtained the RSPO certification for the entirety of the palm oil production chain, including our palm oil mill. This makes us the first Company in South Asia to obtain this level of assurance with regard to sustainable palm oil manufacturing. The effluent treatment in the palm oil mill is also ISO certified to control production impacts. Our sustainability initiatives have contributed significantly towards diffusing previously widespread opposition towards oil palm cultivation. We are also building a state-of-the-art cinnamon peeling facility that will be GMP (Good Manufacturing Practices) certified.

Governance and risk management

Watawala maintains a very high level of governance in terms of mandatory and non-mandatory governance compliance. Most of our Board comprises non-executive independent directors, while some shareholders also sit on the director board. All recommended Board subcommittees have been constituted and chaired by independent directors. We insist on proper approval processes and management information systems to ensure transparency and integrity in all our operations.

During the current financial year, the founder Chairman, Mr. G. Sathasivam, retired as a Director after 26 years of dedicated service to the Company. Mr. S. G. Sathasivam was appointed as a Non-Independent/ Non-Executive Director of the Company, with effect from July 01 2022.

We also have a very stringent risk management structure which includes expansive engagement with our external auditors. We have outsourced the internal audit function to a premier audit firm to gain stricter independent assessments and



recommendations, in addition to the dedicated internal audit team. Internal controls are established through formal procedures, and the outsourced internal auditors review all operations for conformity. At the operations level, we operate risk committees that report their risk profiles every quarter, which the Risk Committee then reviews before being submitted for Board review. Our holding Company drives the process and comprises three directors. Our performance this year, despite unprecedented external challenges and shocks to business, reiterates the astute management of risks we have instituted across our operations.

Plans for the future

Macroeconomic conditions indicate signs of positive change, with critical criteria, including declining fertiliser prices. Demand for liquid milk and oil palm-based products is also increasing. It can be expected to continue, particularly if import controls are retained. Hence, we are hopeful of improvements to our financial position, provided no further disruptions occur.

We believe strongly in the continuation of oil palm as an integral facet of the Nation's development agenda in boosting various industries and hope the ban on cultivation will be lifted sooner rather than later. It is imperative that replanting commences to maintain and grow productivity levels, which requires a two-year lead time for seed sourcing and sapling cultivation. In the meantime, we will continue our environmental and CSR initiatives and invest in ethical and quality certifications.

Acknowledgements

I want to extend my sincere appreciation to our founder Chairman Mr G. Sathasivam, and wish him well in all his future endeavours. As always, I am grateful to my fellow Directors for the guidance and support extended to me in navigating a challenging year. To our CEO and our team at Watawala Plantations and Watawala Dairy, who had to function under highly difficult circumstances, thank you for demonstrating commendable dedication, which has contributed towards sustaining our performance against all the odds. I genuinely appreciate the patience of our shareholders, who have maintained confidence in us and our customers, valued business partners and other stakeholders for your support throughout this challenging period.

The last year has been a learning experience for the Nation, industry, and people. As a responsible corporate citizen, we will continue to contribute towards improving the quality of our management while building on the platforms of People, Planet, Profit Responsibly, Accountably and with sincerity of action.



Sunil G Wijesinha
Chairman

24 May 2023

CEO'S REVIEW OF OPERATIONS

"Our very survival depends on our ability to stay awake, to adjust to new ideas, to remain vigilant and to face the challenge of change."

- Martin Luther King Jr.

Watawala Plantations recorded encouraging financial performance, while also strengthening our core activities to become more self-sufficient, sustainable and resilient despite the countless challenges faced by our business during the year under review. The financial year 2022/23 also marks the milestone of obtaining the RSPO accreditation (Roundtable on Sustainable Palm Oil) for our entire palm oil production chain with the extension of the certification to the palm oil mill. As our shareholders are aware, Watawala Plantations is already the largest cultivator and producer of oil palm. Sri Lanka's status as a sustainable palm oil producer gains recognition through its RSPO accreditation, a certification that only a select few companies worldwide can obtain. This is an achievement we are very proud of, given the multitude of obstacles we faced during the year.



"Despite challenges, Watawala Plantations PLC has performed exceptionally well during the year, mostly due to well thought of strategic decisions in the previous year contributing towards higher yields."



Operational overview

The multiple operational challenges, ranging from fertilizer shortages to escalating fertilizer costs, shortages in foreign exchange, import restrictions and rising interest rates, as well as sudden fuel shortages and extended electricity cuts, exerted extreme pressure on both our plantations and dairy business.

While the prevailing national policy on palm oil significantly constrained Watawala Plantations' growth potential, we continued to invest in agricultural best practices. Our fertilizer program continued despite the ban on fertilizer with the application of compost and cattle manure which was produced at the dairy farm. Although we had already obtained the RSPO certification for our oil palm estates, by expanding RSPO coverage to the full production chain, we extend the highest level of assurance regarding the sustainability and ethical standards of our palm oil business. In fact, while being the only company in South Asia to obtain the RSPO certification, Watawala Plantations guarantees global standards in social and environmental compliance.

In a year that had considerable external negatives on business and industry, several positives did emerge for us. Watawala Plantations completed the full automation of all field operations from harvesting to milling, and obtained the ISO 14001:2015 - Environmental management systems certification for our mill, which is a priority in the RSPO accreditation. We also deployed a state-of-the-art ERP system to ensure further efficiency and cost management in our systems and processes, whilst also increasing the dissemination of information for timely decision making. To be more self-reliant and reduce risks



LKR 2,332 Mn
Net Profit

associated with the importation of fertilizer as we did in the last year, we have been strengthening our environmentally friendly liquid fertilizer project which will eventually make our plantations business self-sufficient and environmentally friendly.

Watawala Dairy meanwhile, had to contend with an exceptionally difficult period with its entire business being threatened due to severe shortages in cattle feed and thereafter the high cost when feed availability gradually increased. Import restrictions on cattle feed and a shortage of locally available feed together with foreign exchange restrictions compounded challenges in obtaining quality feed. We have always worked on the premise that challenges birth opportunity, which led us to embark on a backward integration project to augment the domestic cattle feed supply chain, resulting in us commencing the cultivation of maize by obtaining land. The Company also increased the feed stockholding to reduce the risk due to feed shortages and to increase bargaining power in the procurement of feed. Watawala Dairy prides itself on the premium quality of its milk, which is a direct outcome of the high-quality feed provided for our specially bred herd.

Having experienced unforeseen challenges in the past, we took a decision to divest *Pride of Lonach*, the retail brand of milk under our umbrella to concentrate on our core business.

Financial performance

In the midst of these unprecedented and unforeseen challenges, our performance in the plantation business has been remarkable. In fact, our financial performance has been better than the previous year. The plantations business achieved a 31% growth in revenue due to increase in prices resulting from the increase in demand and import restrictions on palm oil. Meanwhile, the cost of fertilizer expanded to a quarter of the total cost of production, becoming the second highest cost behind labour costs. Despite a staggering increase in costs, Watawala Plantations recorded a gross profit of LKR 3.7 Bn, a 6% growth compared to the previous year.

Watawala Dairy on the other hand, did not benefit from the increase in consumer demand for fresh milk as the increase in production cost far outpaced the price increase. Consequently, Watawala Dairy's revenue for the year increased by 72% year on year. The increase in cost of sales by 89% resulted in a gross loss of LKR 169 Mn.

Strategy and resource allocation

In our journey ahead, we aim to continue the two-pronged strategy we have begun, maintaining our focus on growing our core business of oil palm by maximizing yields from our existing oil palm extent. As a secondary growth strategy, we will develop ancillary crops and to a smaller extent traditional crops such as tea and cinnamon to maintain a diversified pool of crops. Developing our dairy business is also on our radar, which is currently one of the most technologically advanced in the country. We will concentrate on expanding our replacement herd through our breeding programme to improve yield. While we cannot

CEO'S REVIEW OF OPERATIONS

realistically cultivate the full requirement of cattle feed in Sri Lanka, our maize cultivation will contribute towards reducing import costs and most importantly, import risks.

In the short to medium term, we will allocate financial and human resources aligned with our strategic objectives. Training and development of our staff and acquisition of new talent, will remain a priority to support our growth plans. We will leverage our partnership with Pyramid Wilmar for technology transfer and training of our team including overseas training for field executives. Our capital expenditure budget for upgrading manufacturing assets, and also community infrastructure development in our estates will be continued.

Outlook for the new financial year

The outlook for the financial year 2023/24 is optimistic compared to a year ago. Import restrictions on most goods have been lifted, the economy is stabilizing with the IMF loan becoming a reality and debt restructuring coming apace and essentials once more in supply. Demand for palm oil in Sri Lanka is improving which points to an impressive potential for palm oil given that it supports a range of ancillary industries including the bakery, confectionery and re-export industries. The cultivation extent of land used for palm oil too is economical compared to other oil producing agricultural alternatives, giving a significantly higher yield.

This year has shown us that we are resilient, blessed with the ability to think ahead when challenges are rife. We have now forged paths that will take us through into the mid to long term with the focus on eventually

cultivating both agricultural and dairy produce developed on a sustainable and environmentally friendly platform. Both palm oil and dairy industries have a bright future given the upward trend in demand.

Given the country's upward trajectory in the past few months, we believe national policy makers will take the right steps to augment the positivity seen especially in industries with high growth potential. We do need regulatory frameworks that will encourage growth and help industries to develop sustainably and with more focus on building businesses that are good for the planet.

Appreciations

Our achievements during the year would not have been possible without the commitment of the Watawala Plantations team who navigated this Company through a most challenging period in the country's history. I wish to extend my sincere appreciation for all they have done to keep us ahead of the transformational curve. The Chairman and Board of Directors have been supportive of our efforts and I thank them for their insightful guidance during the year, adding direction in ensuring we remain true to our values. Our heartfelt thanks to our valued business partners, shareholders and other stakeholders who have empowered us with their confidence to ensure we move forward and upwards in meeting our goals.



Binesh Pananwala
Chief Executive Officer

24 May 2023



BOARD OF DIRECTORS



Mr. Sunil G. Wijesinha
Chairman



Mr. N. B. Weerasekera
Director



Mr. V. Govindasamy
Director



Mr. M. S. Mawzoon
Director



Mr. S. G. Sathasivam
Director



Mr. H. D. Abeywickrama
Director



Mr. M. R. Rao
Director



Mr. A. R. Rasiah
Director



Mr. L. C. Leong
Director

BOARD OF DIRECTORS

Name	Mr. Sunil G. Wijesinha	Mr. G. Sathasivam	Mr. V. Govindasamy
Position	Chairman	Director (Resigned w.e.f 24 June 2022)	Director
Status	Non-Executive/independent	Non-Executive/non-independent	Non-Executive/non-independent
Age	74 years	76 years	59 years
Qualifications/ Business Experience	<p>MBA from Postgraduate Institute of Management, University of Sri Jayewardenepura.</p> <p>Fellow Member of the Chartered Institute of Management Accountants (UK).</p> <p>Fellow Member of the Institute of Management Services (UK).</p> <p>Associate Member of the Institution of Engineers, Sri Lanka.</p>	<p>Fifty six years experience in pharmaceutical Industries and plantation.</p> <p>Initiated & spearheaded joint venture with Tata Group.</p> <p>Founder of Sunshine Holdings PLC</p>	<p>Holds a MBA from University of Hartford,USA.</p> <p>Bachelor of Science in Electrical Engineering, University of Hartford,USA.</p> <p>Fellow Member of the Institute of Certified Professional Managers of Sri Lanka.</p>
Other Key Positions	<p>Past President National Chamber of Commerce of Sri Lanka</p> <p>Past Chairman Employers' Federation of Ceylon</p> <p>Chairman Watawala Dairy Ltd RIL Property PLC SC Securities (Pvt) Ltd</p> <p>Director BizEx Consulting (Pvt) Ltd Sampath Centre Ltd</p>	<p>Chairman Sunshine Wilmar (Pvt) Ltd</p> <p>Director Sunshine Holdings PLC Sunshine Healthcare Lanka Limited Lina Manufacturing (Pvt) Ltd Lina Spiro (Pvt) Ltd Akbar Pharmaceutical Holdings (Pvt) Ltd Lamurep Properties Limited Lamurep Investments Limited</p>	<p>Chairman Employers Federation of Ceylon The Ceylon Chamber of Commerce</p> <p>Group Managing Director Sunshine Holdings PLC</p> <p>Chairman / Director Sunshine Consumer Lanka Ltd Daintee Limited TATA Communications Lanka Limited Sunshine Tea (Pvt) Ltd</p> <p>Director Softlogic Life Insurance PLC Tal Lanka Hotels PLC Sunshine Wilmar (Pvt) Ltd Healthguard Pharmacy Ltd Watawala Dairy Limited"</p>
Board meeting attendance	4/4	0/1	4/4
Audit Committee attendance	5/5	-	-
Related Party Transactions Review Committee attendance	4/4	-	-



Mr. M. S. Mawzoon	Mr. S. G. Sathaslvam	Mr. N. B. Weerasekera
Director	Director (Appointed w.e.f 1 July 2022)	Director
Non-Executive/non-independent	Non-Executive/non-independent	Non Executive/independent
53 years	45 years	63 years
Thirty one years experience in various business industries.	Holds a MBA from Kellogg School of Management, Northwestern University, USA Graduated from the London School of Economics & Political Science, UK	Thirty eight years in Business Management and Finance Fellow Member of the Chartered Institute of Management Accountants, UK. MA in Economics from University of Colombo. BSc (Hons) in Physics from the University of Peradeniya.
<p>Managing Director Pyramid Wilmar (Pvt) Ltd Pyramid Wilmar Oils & Fats (Pvt) Ltd Pyramid Lanka (Pvt) Ltd</p> <p>Director Wressle Holdings (Pvt) Ltd Joyspree Lanka Holdings (Pvt) Ltd Shangri-La Hotels Lanka (Pvt) Ltd Shangri-La Investments Lanka (Pvt) Ltd Pyramid Wilmar Plantations (Pvt) Ltd Watawala Dairy Limited Perennial Real Estate Lanka Sunshine Wilmar (Pvt) Ltd</p>	<p>Former President Sri Lanka Chamber of Pharmaceutical Industry (SLCPI)</p> <p>Committee Member Ceylon Chamber of Commerce (CCC)</p> <p>Managing Director Sunshine Healthcare Lanka Limited Sunshine Consumer Lanka Limited Healthguard Pharmacy Ltd</p> <p>Director Sunshine Holdings PLC Sunshine Tea (Pvt) Ltd Lina Manufacturing (Pvt) Ltd Lina Spiro (Pvt) Ltd</p>	<p>Director Sunshine Consumer Lanka Ltd</p>
4/4	2/3	4/4
-	-	5/5
-	-	4/4

BOARD OF DIRECTORS

Name	Mr. H. D. Abeywickrama	Mr. M. R. Rao	Mr. A. R. Raslah	
Position	Director	Director	Director	
Status	Non-Executive/independent	Non-Executive/non-independent	Non-Executive/independent	
Age	63 years	72 years	70 years	
Qualifications/ Business Experience	<p>Graduate of the Air Command & Staff College at Air University, Maxwell Air Force Base, Alabama, USA.</p> <p>Graduate of the Royal College of Defense Studies, London UK.</p> <p>Master of Arts degree in International Studies from King's College, the University of London.</p> <p>Master of Science degree in Management from the Kotalawala Defense University, Sri Lanka.</p>	<p>Fellow member of the Institute of Chartered Accountants of India.</p> <p>Commerce graduate from Mumbai University.</p>	<p>Fellow Member of the Institute of Chartered Accountants of Sri Lanka</p> <p>Finalist of the Institute of Chartered Management Accountants (UK)</p> <p>Over forty year experience in Finance</p>	
Other Key Positions	<p>Director</p> <p>Sunshine Holdings PLC Sunshine Healthcare Lanka Ltd Healthguard Pharmacy Ltd Lina Manufacturing (Pvt) Ltd Lina Spiro (Pvt) Ltd Sunshine Healthcare Lanka Ltd Sunshine Wilmar (Pvt) Ltd Norris canal Properties (Pvt) Ltd Sunshine Packaging Lanka Ltd</p>	<p>Director</p> <p>Pyramid Lanka (Pvt) Ltd Pyramid Wilmar (Pvt) Ltd Perennial Real Estate Lanka PREH Properties Sunshine Wilmar (Pvt) Ltd</p>	<p>Chairman</p> <p>Hela Group of Companies Gestetner of Ceylon PLC (Alternate to Chairman)</p> <p>Director</p> <p>E.B. Creasy Group of Companies The Colombo Fort Land & Building Ltd Sunshine Tea (Pvt) Ltd Clindata Lanka (Pvt) Ltd Fintek Managed Solutions (Pvt) Ltd</p>	
Board meeting attendance	4/4	1/4	4/4	
Audit Committee attendance	-	-	5/5	
Related Party Transactions review Committee	-	-	4/4	



Mr. L. C. Leong	
	Director (Appointed w.e.f. 31 March 2022)
	Non-Executive/non-independent
	47 years
	Bachelor of Accountancy - Nanyang Technological University Chartered Accountant- Institute of Singapore Chartered Accountants.
	4/4
	-
	-

CORPORATE MANAGEMENT TEAM



Binesh Pananwala
(Chief Executive Officer)



Dhanushka Daswatte
(Deputy General Manager - Business Development and Crop Diversification)



Prasanna Premachandra
(Deputy General Manager)



Positha Lokugamage
(Brand Manager)



Kevin Jansz
(Business Analyst / Project Manager)



Nimesh Ramasinghe
(IT Business Partner)



Nilantha Senevirathne
(Manager - Nakiyadeniya Estate)



Lasantha Weerasinghe
(Manager - New Business Ventures)



Asanke Ekanayake
(Acting Manager - Talangaha Estate)





Dhammika Laksiri
(Financial Controller)



Eranda Kapukotuwa
(Senior Manager - Finance)



Gayan Dehideniya
(HR Business Partner)



Sagara Pathmakumara
(Financial Accountant)



Thanushka Kaluwa Handi
(Senior Manager - Mill Operations)



Dimantha Samarasinghe
(Senior Manager - Homadola Estate)

CORPORATE MANAGEMENT TEAM

Corporate Team

Binesh Pananwala

(Chief Executive Officer)

Counting over 30 years of experience in the plantation sector, Binesh started his career as a Trainee Assistant Superintendent under the Janatha Estate Development Board, and continued with Watawala Plantations PLC. He holds an M.Sc. in Crop Science from the University of Peradeniya and an MBA from the Manipal (Sikkim) University.

He is an experienced Chief Executive Officer with a demonstrated history of working in the agri industry, with experience in the cultivation of multiple crops including oil palm and export development crops such as pepper, areca nut, cinnamon, as well as experience in the dairy industry.

Dhanushka Daswatte

(Deputy General Manager – Business Development and Crop Diversification)

Dhanushka holds an MBA from ICBT Campus and is a graduate with a professional qualification in Human Resource Management (PGHRM) and a National Diploma in Human Resource Management, from the Institute of Personnel Management, with a merit pass. He counts 20 years of experience in the plantation sector.

Prasanna Premachandra

(Deputy General Manager)

Prasanna has over 25 years of experience in plantations management with exposure to tea growing and manufacturing in Assam – India and Kenya.

He holds a diploma in Human Resources Management from the London Business School and qualified in Plantation Accountancy and Financial Management and Language

Proficiency by National Institute of Plantation Management. He is currently reading for a B.Sc. Business Management at the Open University of Sri Lanka.

Dhammika Laksiri

(Financial Controller)

Dhammika is an experienced finance professional with exposure to plantations, manufacturing, Information Technology and Assurance & Advisory services for over 23 years. He is a Fellow CA Member with a B.Sc. (Accountancy) Sp. (Hons) from the University of Sri Jayewardenepura.

Eranda Kapukotuwa

(Senior Manager – Finance)

Eranda is a member of the Institute of Chartered Accountants of Sri Lanka (ACA) and is an Attorney-at-Law of the Supreme Court of Sri Lanka. He obtained B.Sc. (Hons) degree in Accounting from the University of Sri Jayewardenepura and LL.B degree from the Open University of Sri Lanka. He is also a member of ACCA (UK) & CMA Sri Lanka.

He started his career with PwC Sri Lanka as a Trainee Accountant. He is an experienced Finance Manager with exposure in listed companies (Manufacturing and Plantations) for over 13 years & joined Watawala Plantations PLC in 2019. (Internally transferred within the Sunshine Holdings group with effect from 15th March 2023)

Gayan Dehideniya

(HR Business Partner)

Gayan is an HR generalist with over 10 years of experience in multiple industries. He gained experience in construction, apparel manufacturing and retail industries throughout his career. His Masters in Human Resource Management and Bachelors in Human Resource Development provides him with a solid background for his career in the HR field. Exposure in multiple industries has given him the knowledge to understand and connect with people at all levels.

Positha Lokugamage

(Brand Manager)

Holds a Bachelor of Business (BBUS) Double Major in Marketing & Business Management (Second Upper) from the Edith Cowan University, Perth, Australia.

Joined Sunshine Holdings PLC as an Assistant Manager of Digital Marketing (to manage digital platforms in Healthguard Retail Stores), and moved up the ladder to Head Marketing for Healthguard with the overall management of Brand marketing, Digital & Exclusive Product Portfolio Management (GNC, SWISSE, Oceans Health, Swiss Energy). He joined Watawala in 2022 to Head Corporate Brand Management.

Kevin Jansz**(Business Analyst / Project Manager)**

Kevin holds a B.Sc. in Business Administration (Business Economics) Sp. (First Class) from the University of Sri Jayewardenepura, and an MBA in Finance from the University of Bedfordshire. He is also a CIMA Passed Finalist.

He started his career at Moody's Analytics Knowledge Services (now Acuity Knowledge Partners), and supported Buy-Side and Sell-Side Asset Managers in the US and UK. He joined Watawala in 2021.

Nimesh Ramasinghe**(IT Business Partner)**

Nimesh Ramasinghe is a seasoned IT professional with over 15 years of experience in the industry. He has held various leadership roles, including Head of Technical at Oak Integrated Systems, Head of IT at Leisure Sports Holdings, and IT Manager at Singhe Hospitals PLC. Additionally, he has served as a Project Manager at Cargills Ceylon Plc. Nimesh holds an Executive Master of Science in Information Security from Asia e-university Malaysia and has completed professional certifications such as VSP, NSE1,2,3, and AZ900. He has a background in Electrical and Computer Engineering (part-qualified) from Open University Sri Lanka.

Sagara Pathmakumara**(Financial Accountant)**

Sagara was the Accountant for Watawala Dairy Limited. He is an Associate Member of CMA Sri Lanka and holds a degree in Management Accountancy from the University of Kelaniya. He has more than 7 years' experience in the consumer arm of Sunshine Holdings PLC.

Palm Oil Mill**Thanushka Kaluwa Handi****(Senior Manager – Mill Operations)**

Thanushka counts 17 years' experience in the field of Process Engineering in manufacturing organisations. He holds a B.Sc. (Eng) from the University of Moratuwa specialized in Chemical & Process Engineering and an MBA from the University of Ruhuna. He started his career as a Management Trainee at Pelawatte Sugar Industries Ltd in 2005 and appointed as a Chemical Engineer.

He joined Watawala in 2007 as the Assistant Mill Engineer.

Thanushka holds a Diploma in Manufacturing Management from NIBM, and is presently reading for a Masters Degree in Energy for Circular Economy.

Estate Team**Dimantha Samarasinghe****(Senior Manager – Homadola Estate)**

Counts 27 years of experience in the plantation industry both as a planter and an industrialist. Having started his career as a Trainee Assistant Manager, he rose through the ranks becoming a Deputy Manager, Manager, and Senior Manager. He held the position of General Manager at AEN Palm Oil Processing (Pvt) Ltd before re-joining the plantations.

He has managed every value stage of rubber and oil palm, from planting, harvesting, and manufacturing to sale of the end product. Possesses a Diploma in Personal Management and Industrial Relations and is reading for an M.Sc. in Management at the Sir John Kotelawala Defense University. Dimantha joined Watawala in 2021.

Nilantha Senevirathne**(Manager – Nakiyadeniya Estate)**

Nilantha commenced his planting career as a management trainee at Watawala in 2002 and moved up the ladder to become a manager in 2019. He holds a Diploma in Agriculture (NIPM), an Advanced National Diploma in Human Resource Management at NIBM, is qualified in Accounting and Financial Management.

Lasantha Weerasinghe**(Manager - New Business Ventures)**

Holds all-round Management and Administrative experience as an Estate Superintendent, Manager Operations, and Consultant in the plantation industry for more than 30 years covering tea, rubber, coconut and horticultural crops including up and low country, black and green tea manufacturing.

Holds an M.Sc. in Plantation Crop Management from the University of Peradeniya, a B.Sc. (Hons) in Plantation Management from the Wayamba University.

Asanke Ekanayake**(Acting Manager - Talangaha Estate)**

Asanke counts 15 years' experience in the plantation sector. He started his career in 2008 as a trainee assistant manager at the Houpe Estate, Kahawatte managed by Kahawatte Plantations PLC. He served as a Senior Assistant Manager at Agalawatte Plantations prior to joining Watawala Plantations in 2017 as an assistant manager at the Nakiyadeniya Estate. He holds a general MBA from the Vern University, Croatia.

SUSTAINABILITY STRATEGY

Our sustainability strategies have been integrated into our corporate strategies, thereby becoming an inherent aspect of our operations.

1. Business diversification and crop diversification

In response to the prevailing government policy uncertainty with regards to oil palm cultivation, we have adopted a diversification strategy to ensure sustained business growth into the future. In this backdrop, the Company cultivated 103.88 Ha of cinnamon to increase exposure to other value-added crops. Additionally, our oil palm operations and financial sustainability is secure due to the well-balanced age profile of our oil palm cultivation resulting from the replanting drive in years prior to the Government policy change. As a result, our medium-term production capacity from existing oil palm cultivation will be maintained with no replanting. Given the current economic situation and foreign exchange crisis, greater awareness of the benefits of oil palm to the country and people, and awareness of spread of misinformation, the management is confident that the ban will be revoked in the near future.

It is noteworthy that oil palm has been cultivated since 1965 in the island on lands allocated for cultivation with no negative environment impacts. No forests have been cleared by Watawala Plantations for the planting of oil palm. Furthermore, the pursuit of inhouse sustainable agri practices and compliance with the strict RSPO guidelines, eliminates any potential negative environmental impacts of oil palm cultivation. As a net importer of palm oil, the country spends over LKR 16.5 Bn annually to import palm oil which is an essential input material for key industries, including the

domestic food industry, which also supports numerous livelihoods in the country.

During the current financial year, as part of our corporate strategy, we expanded into maize cultivation, acquired 2 agricultural interests and divested our retail dairy business to concentrate on our core business.

In April 2022, the Company acquired the Royston Estate which is a 43-acre coconut estate in the Kurunegala District to develop expertise in the cultivation and management of coconut estates as a part of the broader diversification and risk mitigation strategy. Maize is also grown as an intercrop in the estate.

In April 2022, the Company acquired Moragoda Agro Services Pvt Ltd., to obtain land for the cultivation of maize, a key feed material for the dairy farm. The project was initiated in response to government restrictions on maize imports due to the foreign exchange shortage, and due to the reduced cultivation of maize by local farmers due to the ban on chemical fertilizer which resulted in the scarcity of cattle feed and escalation of feed cost, which threatened the dairy industry. Cultivation of maize ensures adequate supply of high-quality fodder for our cows to maintain their milk production and quality of fresh milk.

In September 2022, the Company commenced the cultivation of maize in the Kurunegala District to further strengthen the feed supply chain for the dairy farm.

- Our diversification into the dairy industry contributes directly to the health and wellness of the citizens of our country, particularly as a solution to address malnourishment among children.
- Under the crop diversification strategy, we have adopted multi-cropping to combine financial sustainability with soil and ecosystem sustainability.
- We entered into the hospitality industry with the rental of bungalows during the year.

2. Village and estate community integration strategy

- Since inception, Watawala Plantations included neighbouring village communities and estate communities into our supply chain to build a more sustainable supply chain, and expanded our rural value creation component. During the year, we further ramped up our estate community integration to support them during these trying economic times such as a school bus service for estate associates' children, provision of dry ration packs for all estate workers, vouchers for office staff amongst other initiatives. Please refer the Social and Relationship Capital chapter for further details.

3. Investing In renewable energy

- We have already invested in biomass energy, solar energy and a mini hydro plant and we plan to increase renewable energy generation. Please refer the Natural Capital chapter for further details.





4. Corporate Social Responsibility (CSR) strategy

- While allocating funds from our annual budget for CSR projects, we also partner with external organisations, including both government and non-governmental agencies for funding and specialised knowledge. Our community development projects are focused on supporting livelihoods, community health and community education. Please refer the Social and Relationship Capital chapter for further details.

5. Investing in globally recognised ethical and quality accreditations

- We have obtained a number of globally recognised ethical/sustainable business practices accreditations for our plantations and dairy business.
- We have also obtained international certifications for our management processes and product quality.
 - ISO 45001:2018 - Occupational health and safety certification for the palm oil mill
 - ISO 50001:2018 - Energy management systems certification for the oil palm oil mill
 - ISO 14001:2015 - Environmental management systems
 - Please refer the Manufactured Capital chapter for further details.
- RSPO (Roundtable on Sustainable Palm Oil) certification for the Company's entire extent of oil palm cultivation and palm oil mill

RSPO Certification (Roundtable on Sustainable Palm Oil)

The Global Standard for Sustainable Palm Oil

Watawala Plantations PLC is the first South Asian company to receive the RSPO Principles and Criteria (P&C) certification for its palm oil mill in the Galle District. The Company obtained the RSPO certification for the entire value chain covering the entire plantation extent and palm oil mill.

Our pursuit of obtaining the RSPO certification demonstrates our goal of establishing a sustainable and transparent palm oil supply chain in Sri Lanka.

Strategic value of RSPO certification

- Growers who are RSPO certified account for 19% of global palm oil production (2021).
- RSPO members account for a significant portion of the world's palm oil produced and sold on the worldwide market.
- The regular RSPO assessments and audits, drive Companies to adopt sustainable strategies, implement best practices, and monitor their environmental and social impact.
- RSPO certification brings strategic value by aligning businesses with sustainability goals, accessing lucrative markets, mitigating risks, enhancing brand reputation, and promoting long-term sustainability in the palm oil sector.

SUSTAINABILITY STRATEGY

GRI 2-23 Policy commitments

We have made a conscious effort to adopt the United Nations Sustainable Development Goals (UNSDGs) into our business model.



We have helped alleviate poverty by:

- Distribution of dry rations for all estate associates & staff in difficult times & provision of vouchers for all staff
- Integration of local, small-scale suppliers into the supply chain, thereby generating incomes for rural and estate families.
- Creation of direct and indirect employment opportunities in our estates, and via our new business ventures
- Conducting CSR activities and improving quality of life
- Educating employees on personal finance management
- Assessing the needs of new mothers and supporting on same




With our workers undertaking a wide range of different tasks such as harvesting, operating heavy machinery and transporting goods any lapses in health or safety protocols can have a significant impact on our people and our operations.

We support good health and wellbeing of our employees, employees of our subsidiary and also our communities.


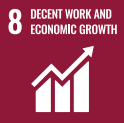

- Following the Company policy for health & safety
- Educating employees on proper use of personal protective equipment and chemical handling
- Setting up of health clinic facilities for plantation workers
- The ICU established in Udugama for the estate community continues to benefit all villagers
- Maintaining the child development centres and dispensaries
- Eye screening program at all estate for all employees
- Medical camp for chemical applicators
- Blood donation campaigns
- Awareness sessions on mental well-being for estate workers and head office employees
- Diabetes awareness sessions and medical camps for head office staff
- Health camp with red cross for estate staff
- Medical assistance for plantation communities
- Supporting community health initiatives
- Pre-employment medical testing for all employees
- Conducting fire safety training for employees
- Conducting first aid training in collaboration with the Red Cross Sri Lanka







	<p>LEADERSHIP & CULTURE is committed to instilling a culture of safety. This starts with our leadership, who encourage active participation from employees to build trust and a sense of caring amongst our workforce.</p> <p>RISK MANAGEMENT is embedded into our business to ensure high environmental standards and risk mitigation measures for high-risk work are in place across all our operations.</p> <p>MONITORING, VERIFICATION & REPORTING is built into our Integrated Reporting structure to collect, analyse and manage employee health and safety data. We track and report our progress and performance.</p>
	<p>As a plantation company we employ a large percentage of women employees. Therefore, we attempt to provide fair employment and opportunities for our women employees, while also creating a safe work environment with no sexual harassment or gender-based intimidation.</p> <p>We ensure all employees have the right to equal opportunities and treatment, regardless of race, colour, gender, age, social class, religion, sexual orientation, political views or disability.</p> <ul style="list-style-type: none"> • Diversity and Inclusion in the Workplace: All region heads/managers are accountable for ensuring that diverse and inclusive practices are implemented in our workplace. We possess multiple policies that uphold our approach. • Equal opportunity policy Our equal opportunity policy sets out our commitment to ensure all employees have the right to equal opportunities and treatment, regardless of race, colour, gender, age, social class, religion, sexual orientation, political views or disability. This commitment applies to all of our HR processes, including recruitment, promotions, • Gender diversity In our workforce In FY23, 36% of our employee headcount was female. Regardless of gender, all employees and workers are paid equally based on their roles and experience. Although the Company operates in a traditionally male-dominated industry, we are progressively working towards improving female representation at all levels of our workforce. • Protecting women's rights Women are an important part of our workforce. Recognising that women have vulnerabilities and responsibilities, both in and outside the workplace, we are committed to providing the best possible means of support for them. • Ensuring the wellbeing and safeguarding of women's health • Supporting and nurturing family life and welfare • Protection from sexual harassment and violence • Promoting work-related opportunities and enhancing worker representation • Continuous education for personal and family life improvement • Assessing the needs of new mothers and supporting on same • Our pay scales are defined by <ol style="list-style-type: none"> 1. The plantation industry Collective Agreement and does not differentiate on gender 2. For non-plantation employees, we enforce a payment scale based on merit and market rates <p>Gender ratio at Watawala Plantations: 36.5%</p> <p>Gender ratio at Watawala Dairy: 13.3%</p>



SUSTAINABILITY STRATEGY

 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>We contribute to clean energy through the implementation of renewable energy projects, which power our business activities and effectively decrease our reliance on electricity and fossil fuels.</p> <p>Electricity generation by using a mini hydropower plant to reduce electricity consumption at the bungalows and staff quarters.</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Our policy commitments to support decent work opportunities include, but is not limited to the below Company policies:</p> <ol style="list-style-type: none"> 1. Watawala Plantations Employment Policy <p>The policy is based on Sri Lankan labour laws and best practices from around the world in relation to the plantation industry. These include:</p> <ul style="list-style-type: none"> - No child labour - No forced labour - No sexual harassment - No discrimination 2. Watawala Plantations Human Resources and Social Policy <ul style="list-style-type: none"> - Dignity and respect - Training and empowerment - Equal opportunities - Freedom of association and collective bargaining - Grievance handling - Respect for local communities 3. Watawala Plantations Health and Safety policy <ul style="list-style-type: none"> - Training on health and well-being - Conducting medical camps for employees - Enhancing health facilities within the estate 4. Watawala Plantations fair wage policy for plantation workers <ul style="list-style-type: none"> - No pay discrimination - On time wage and salary payment - Timely payment of statutory contributions
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>We make an annual capital expenditure allocation for development of our manufacturing infrastructure, new technologies and innovations. These include:</p> <ul style="list-style-type: none"> • Investments for capacity expansion • Purchase of property, plant and equipment • Digitalization of field level data and exit from use of traditional kangany chits • Investment in Management Information Systems and data visualization • Testing and implementation of process and technology innovations



 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Our sustainable business growth strategies are guided by policies that are aimed at sustainable use of resources and environmentally friendly methods of production. We have in place a number of policies pertaining to these objectives.</p> <ol style="list-style-type: none"> 1. The Watawala Plantations Agricultural Policy The policy focuses on balancing stakeholder concerns, preventing environment misuse, and nourishing the land through environmentally friendly methods. 2. Watawala Plantations Environment Policy The policy focus is conserving the environment and preserving natural resources for the benefit of our people within the plantations and the surrounding communities. The policy scope covers: <ul style="list-style-type: none"> • Water consumption monitoring, and conservation • Energy management and renewable energy use • Waste management and environmental friendly waste disposal • Conservation of endangered flora and fauna <p>Watawala Plantations discovered a new species of endemic fish during a freshwater assessment in its estates in 2018 as part of its High Conservation Value Assessment. The fish was found in Nakiyadeniya and was named <i>Schistura scripta</i>, also called <i>Nakiyadeniya Ahirawa</i>.</p>
 <p>13 CLIMATE ACTION</p>	<p>We contribute to global climate action by monitoring our carbon footprint and preventing harmful emissions in our manufacturing process.</p> <p>Our commitment to reducing our carbon footprint and eliminating emissions to the degree possible is a major focus. We used the latest RSPO Palm GHG calculator and GHG Protocol accounting standard to map our Green House Gas emissions.</p> <p>According to the environmental risk assessment of ISO 14001:2015 Environmental management system of Nakiyadeniya Palm Oil Mill significant aspects can be categorized as follows</p> <ul style="list-style-type: none"> • Generation of heat due to heat loss in uninsulated surfaces • Discharge of steam through chimney • Oil spillages to the ground from broken pipes • Generation of dust in nutcracker • Palm kernel cake spills and dust generation • Disposal of unused chemicals <p>From above aspects there are risks of air pollution, loss of resources in terms of energy, harsh environment condition for workers and water pollution.</p> <p>Additionally, GHG emissions can arise from agricultural operations in estates, particularly due to activities like the burning of fossil fuels and the use of fertilizers.</p> <p>WATA encompasses the preservation of ecosystem services provided by estate vegetation cover and protected areas, including High Conservation Values (HCVs).</p>

SUSTAINABILITY STRATEGY

	<p>Watawala Plantations has a zero-tolerance policy on corruption and in order to comply with SDG 16 commitments, the Company has in place many good governance policies and practices including but not limited to:</p> <ul style="list-style-type: none"> • The Policy on Directors' remuneration • Policy on information technology, which indirectly contributes towards anti corruption and fraud by increasing operational and transactional transparency and the ability to track transactions • The employee code of conduct
	<ul style="list-style-type: none"> • We form many partnerships with external organisations to fulfil our sustainability commitments. These include both government and non-government organisations. • We also partner with academic and research organisations to develop sustainable agricultural practices. • In addition, we engage with trade associations to contribute towards industrial harmony and industry development

GRI 2-24 Embedding policy commitments

Policy commitments are embedded into the organisation primarily through:

1. Training of management and employees.
2. Training suppliers.
3. Aligning internal processes and practices to conform with global ethical accreditation requirements and annually submitting to audits.
4. Fostering a learning culture within our organisation.
5. Working with specialised partner organisations to allow our employees to learn through interaction.

GRI 2-25 Processes to remediate negative impacts

Our policy is to prevent or mitigate negative impacts. However, we have processes in place to address any negative impacts:

- Public consultations
- Joint consultations
- OSHA committee meetings
- Labour days
- Grievance mechanism
- Whistle blower mechanisms
- Conflict resolution mechanism
- Hazard identification risk assessment and risk control measures adaptations
- Environment management plan

- Water management plan
- SIA management plan
- HCV management plan

No water contamination was reported during the year and past couple of years as a result of the proactive mitigation strategies.

In the event of a contamination, the following process is followed.

Any reports of findings of water contamination are reported to a well-trained team,

- at the estate to the General Manager
- at the mill to the senior mill manager



- at the farm to the DGM. Water discharge is immediately halted and water discharged is tested.

GRI 2-26 Mechanisms for seeking advice and raising concerns on sustainability issues

Mechanisms for seeking advice

1. The Board has the power to seek specialised advice from any suitable external party and to authorise such action.
2. Annual sustainability audits by accreditation agencies facilitate opportunities to seek advice on sustainability related topics.
3. Obtain advice from RSPO on sustainability issues.

Mechanisms for raising concerns

1. The Joint Consultative Committee meetings, grievance management process and open-door communications policy, whistle-blower policy, open forum at the quarterly townhall meetings, feedback box allows employees to communicate concerns directly to management, including concerns on corruption or unethical practices.

All employees are educated on the opportunities available for feedback and how any concerns could be raised. All concerns are treated with respect and feedback is provided by the management with action taken as required.

2. Management meetings with trade unions allows unions to raise any health and safety, or other work related concerns.

3. Estate communities and village communities participate in various committees and are provided with contact information to inform of any negative community impacts.
4. We also conduct social and environmental assessments to identify potential negative impacts prior to implanting any development projects.


STAKEHOLDER ENGAGEMENT

Watawala Plantations’ approach to stakeholder engagement is based on transparency and professionalism.

- Formal stakeholder engagement and communication procedures and systems, including digital communication systems have been implemented.
- All external and internal stakeholder contact points have been trained in protocols for engaging with stakeholders in a professional and polite manner, while discouraging corruption.
- Public relations, marketing communications and CSR activities are developed with the assistance of external experts, conforming to ethical practices and the Company’s policy commitments.
- Company contact information is publicly available through the Company’s website and other communication materials. The CEO and senior managers are accessible to all stakeholders, on request.

Stakeholder identification

For the purpose of this report, the Company’s key stakeholders were identified by the senior management, based on each group’s influence over the Company, and the level of Company impact on each stakeholder group.

Stakeholder category	Purpose of the stakeholder engagement	How we ensure meaningful engagement
Employees 	<p>The purpose of engagement with our employees is primarily:</p> <ul style="list-style-type: none"> • To maintain industrial harmony by dealing directly with employees, in addition to engaging with trade unions • To motivate and retain employees, increase employee satisfaction • Development of employee skills and competences • To make employees feel valued 	<p>We ensure that our engagements with our employees are meaningful by:</p> <ul style="list-style-type: none"> • Empowering our plantation workers (associates) by establishing Joint Consultative Committees to facilitate direct communication between management and employee representatives from different departments, to understand and respond to their specific needs. • We also maintain continuous top-down and bottom-up communication with our employees through a range of mechanisms including meetings, committees, emails, performance evaluations, trainings, grievance management systems, and an open-door policy, and also through many informal sporting and social events. • Quarterly town hall meetings with a Q&A session. Prior to the town hall meetings, a form is circulated for anonymous submission of questions and responses are given at the meeting <p>Please refer the Human Capital chapter for further details.</p>







Stakeholder category	Purpose of the stakeholder engagement	How we ensure meaningful engagement
<p>Trade Unions</p> <p>08 unions operate in Watawala estates:</p> <ul style="list-style-type: none"> • Ceylon Workers Congress • Lanka Jathika Estate Workers Union • Upcountry Workers Front • National Union of Workers • All Ceylon Private Sector Independent Union • Sri Lanka Nidahas Sevaka Sangamaya • Eksath Lanka nidahas sevaka sangamaya • Ceylon Estate Staff Union 	<ul style="list-style-type: none"> • The purpose of engagement is to ensure industrial harmony for uninterrupted operations, which is crucial for financial and reputational sustainability 	<p>We ensure that our engagements with the unions are meaningful by:</p> <ul style="list-style-type: none"> • Allowing union meetings within the premises • Giving access to union representatives to meet management promptly, whenever requested • Facilitating communication via an open-door policy, weekly labour days, monthly JCC meetings, women empowerment meetings and other proactive meetings to address worker concerns before it becomes a union and a collective bargaining point • Policy manual to raise issues or any concerns with feedback time • Becoming signatory to the plantation staff's collective agreement on salaries and other benefits

External stakeholder categories

Stakeholder category	Purpose of the stakeholder engagement	How we ensure meaningful engagement
<p>Regulators</p> 	<ul style="list-style-type: none"> • To ensure regulatory compliance to avoid fines, penalties and loss of business licences • To maintain the trust of regulatory officials. • To maintain public reputation/image as a compliant and honest business 	<ul style="list-style-type: none"> • Timely regulatory reporting as required by different applicable regulations • Timely statutory and tax payments • Prompt response to any inquiries or directives and facilitate meetings, or inspection visits to any of our premises
<p>Immediate parent Sunshine Wilmar (Private) Limited</p> 	<p>The purpose of engagement is:</p> <ul style="list-style-type: none"> • For market related and cultivation expertise, particularly in oil palm cultivation • To convey strategic progress and status of operations • For technical/technological support • For financial support 	<p>We ensure meaningful engagement by:</p> <ul style="list-style-type: none"> • Facilitating optimum transparency into our activities through Board meetings, as they are represented on our Board • Providing Board papers, meeting minutes and other internal documentation, including accounts and market information • Return on investment by dividends




STAKEHOLDER ENGAGEMENT

Stakeholder category	Purpose of the stakeholder engagement	How we ensure meaningful engagement
Ultimate parent Sunshine Holdings PLC 	<p>The purpose of engagement is mainly:</p> <ul style="list-style-type: none"> • For policy alignment with the parent • For strategic direction with the parent's corporate objectives • For governance and risk related support • Direction on shared Finance, HR, IT, strategy, information security, and physical security services • To screen large value investments 	<p>We ensure meaningful engagement by:</p> <ul style="list-style-type: none"> • Facilitating optimum transparency into our activities through Board meetings, as they are represented on our Board • Providing Board papers, meeting minutes and other internal documentation, including accounts and market information • Return on investment by dividends • Monthly performance review meetings • Quarterly performance review meetings • Group Finance, HR, IT meetings for overall strategic direction
Shareholders 	<p>The purpose of engagement</p> <ul style="list-style-type: none"> • To comply with regulatory requirements under the Companies Act No. 7 of 2007, and Listing Rules of the Colombo Stock Exchange • For financial capital and additional financial support when required • To communicate the Company's financial and operational status • To build confidence in the Company • To gain support for Company plans and maintain market credibility 	<ul style="list-style-type: none"> • We comply with all statutory disclosure for information transparency. These include the Annual General Meeting, the annual report, quarterly financial statements, disclosures to the Colombo Stock Exchange • Shareholders can also access the Company management and other information through the Company Secretaries • We share profits through dividends • Sunshine Holdings quarterly investment webinar
Subsidiary Watawala Dairy Ltd 	<p>The purpose of engagement</p> <ul style="list-style-type: none"> • To align strategic objectives with our subsidiary • To monitor business performance • To identify business requirements and provide support • To train management and employees 	<p>We ensure meaningful engagement by:</p> <ul style="list-style-type: none"> • Engaging directly through Board representation to better understand the needs of the company • Facilitating regular two-way communications • Providing support for technology acquisition • Organising required training for employees and management • Providing support on the feed supply chain
Banks 	<ul style="list-style-type: none"> • To maintain high credibility for regular short-term over draft financing • To maintain cordial relations for securing long term funds if required 	<p>We maintain a close relationship with our banking contacts over the phone, email and through physical meetings</p>




Stakeholder category	Purpose of the stakeholder engagement	How we ensure meaningful engagement
<p>B2B customers</p> <ul style="list-style-type: none"> - 11 customers for palm oil business - 6 customers for dairy business 	<ul style="list-style-type: none"> • To increase sales • Expedite cash collection • To convey our product quality standards and consumer safety standards • To convey our ethical practices • To build credibility and confidence • To maintain their patronage 	<p>B2B customers are large buyers with greater market coverage and higher bargaining power. We engage one-on-one with these customers to understand and cater to their specific requirements.</p> <ul style="list-style-type: none"> • We use customer satisfaction surveys, feedback, complaints to guide us • We conduct awareness sessions on our accreditations, SOPs, and provide information through brochures, social media and newspapers • We maintain product transparency by printing product details on certain products
<p>B2C customers</p> <ul style="list-style-type: none"> - Sale of compost 	<ul style="list-style-type: none"> • To increase sales • Expedite collection of cash • For publicity 	<ul style="list-style-type: none"> • We raise awareness about our products through mass media • We have a dedicated official for customer complaints • Obtaining feedback from customers for product improvement
<p>Resident communities in our estates, and communities in villages around our estates</p> 	<ul style="list-style-type: none"> • The traditional source of plantation labour is the resident estate community. Therefore, the primary purpose of engagement is to attract and retain workers and to support industrial harmony • In addition, we engage with estate communities for corporate social responsibility purposes • We collaborate with villages around our plantations, by including them in our supply chain 	<p>We ensure meaningful engagement with resident communities through many different community and welfare projects and also by facilitating vocational training</p> <ul style="list-style-type: none"> • We conduct community days and idea sharing forums (minimum one per quarter) • Development of the village and creation of direct and indirect job opportunities • We engage with local government officials to support community needs (Ex: during the COVID-19 pandemic we provided sanitation products and other support through local government agencies) <p>Please refer the Social Capital chapter for details.</p>
<p>Full time suppliers</p> <p>Three Regional Plantation Companies and two small scale plantations are our oil palm FFB suppliers</p> 	<p>The purpose of engagement</p> <ul style="list-style-type: none"> • To negotiate terms for supplies of inputs to facilitate uninterrupted manufacturing and best rate • To align supply chain with ethical accreditation requirements • To obtain crop of the required quality 	<p>We ensure meaningful engagement by:</p> <ul style="list-style-type: none"> • Communicating their product quality and our sustainability/ethical requirements in line with our quality and ethical certifications • We conduct regular training programmes, including training on product quality standards and personal safety protocols for the employees of these companies • We also conduct annual due diligence/ audits

STAKEHOLDER ENGAGEMENT

Stakeholder category	Purpose of the stakeholder engagement	How we ensure meaningful engagement
Suppliers - 300 plus other suppliers such as material suppliers, service providers	<ul style="list-style-type: none"> To ensure uninterrupted supplies of inputs To negotiate prices 	We ensure meaningful engagement with suppliers by complying with contracts, making timely payments, providing feedback to suppliers and remaining loyal to our suppliers when they face difficulties
Certification/ Accreditation Bodies RSPO, ISO 	The purpose of engagement is <ul style="list-style-type: none"> To obtain trade marks for product quality and ethical manufacturing To align our processes with quality and ethical manufacturing practices To build consumer confidence in our products and increase customer attraction To capture new markets 	The Company is subject to annual audits by accrediting agencies to confirm our compliance with accreditation standards We also participate in knowledge sharing sessions and meetings conducted by accreditation bodies
Universities and other specialised educational institutions - University of Peradeniya - University of Ruhuna - University of Moratuwa - University of Wayamba 	We engage with educational institutions for research and development collaboration and to give back to society as a responsible corporate citizen	We ensure meaningful engagement by: <ol style="list-style-type: none"> Providing industrial training opportunities for few Undergraduates to complete their degree program by obtaining industrial experience and exposure for the Faculty of Engineering, University of Ruhuna, Faculty of Technology, University of Sabaragamuwa, and University of Peradeniya Virtual Mill visit for the Department of Chemical Engineering, University of Moratuwa Initiated a WPL funded research project at the Department of Chemical Engineering, University of Moratuwa - "Microalgae based treatment of POME and simultaneous production of value added biomass" Facilitating industrial visits to the University of Sabaragamuwa (Faculty of Technology) and University of Ruhuna (Faculty of Agriculture) Initiated a WATA funded research with the University of Peradeniya to evaluate the transpiration rates of the plants using a SAP flow meter
Government Organisations PMMD, CEA, PHDT, DAPH 	<ul style="list-style-type: none"> For government grants for community welfare For non-governmental funding for community welfare and infrastructure development For technical expertise 	We ensure meaningful engagement by: <ul style="list-style-type: none"> Complying with information requests Adhering to statutory requests Communicating challenges faced by the Company and industry Participation at workshops, and events





Stakeholder category	Purpose of the stakeholder engagement	How we ensure meaningful engagement
<p>Trade associations 2-28 Membership in associations CCC, POIASL, AIDA</p> 	<p>The purpose of engagement is:</p> <ul style="list-style-type: none"> • To be aware of government policies and regulations that impact our business activities • To canvass policy/regulatory changes/improvements • Develop industry networks to harness synergies • Keep abreast of developments and latest technology and best practices 	<p>We ensure meaningful engagement by:</p> <ul style="list-style-type: none"> • Participating in industry discussions • Participating in meetings with government officials to support the industry position • Providing data for industry analysis • Sharing insights for industry growth and country growth

DETERMINING MATERIAL TOPICS

GRI 3-1 Process to determine material topics

The process for identifying material topics comprised:



1. As the first step, we reviewed the topics from the GRI Standards 2021 and selected topics deemed material by the CEO and the senior management team. This selection was based on our UNSDG policy commitments, our sustainability/ethical accreditation criteria, and our business activities.
2. Secondly, we identified our key stakeholder groups and their expectations.
3. Thirdly, potential and real, positive and negative impacts on human rights and our stakeholders, the environment and the economy were identified. This impact assessment was influenced mainly by the views of our regulators, employees, communities and buyers, as understood by the senior management.
4. Thereafter, the most impactful topics for disclosure were prioritised and selected.
5. Finally, the topics were approved by the senior management team including the CEO and Financial Controller

GRI 3-2 List of material topics

The list of topics selected as material is given below.

Please note that our responses to GRI 3-3 Management of Material Topics is disclosed under the specific disclosures, for which the page numbers are provided in the GRI Index on page of this report.

Topic number	Material topic
GRI 201	Economic Performance 2016
GRI 203	Indirect Economic Impacts 2016
GRI 205	Anti-corruption 2016
GRI 301	Materials 2016
GRI 302	Energy 2016
GRI 303	Water and Effluents 2018
GRI 304	Biodiversity 2016
GRI 305	Emissions 2016
GRI 306	Waste 2020
GRI 401	Employment 2016
GRI 403	Occupational Health and Safety 2018
GRI 404	Training and Education 2016
GRI 413	Local Communities 2016
GRI 416	Customer Health and Safety 2016



UNWAVERING COMMITMENT EXEMPLIFIED

Sustainability has remained at the core of our strategy, reflecting our commitment to environmental stewardship and social responsibility.



OPERATING ENVIRONMENT

The 12 months under review presented an exceptionally challenging environment, for the country's plantation sector as a whole, with the emergence of several new risk factors. In April 2021, the government decided to ban oil palm cultivation and this prohibition remained in force during the 2022/23 financial year, which limited Watawala Plantations' growth potential. In addition, the sharp deterioration of the economy in 2022, presented a range of new challenges as well as opportunities.

Domestic Factors Affecting the Plantation Industry

Reflecting the deteriorating economic situation in 2022, the Central Bank of Sri Lanka (CBSL) annual report 2022, stated that the Gross Domestic Product (GDP) contracted at a historic 7.8% in 2022, compared to the growth of 3.5% recorded in 2021.

• Prohibition on oil palm plantation

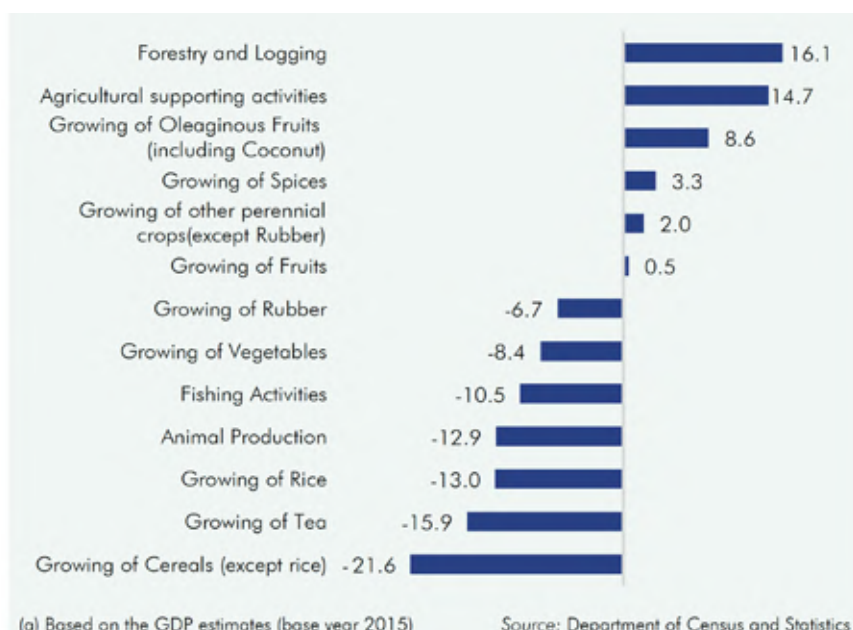
Since the April 5, 2021 oil palm cultivation ban, none of the cultivators of oil palm have uprooted their oil palm cultivation. However, no new planting took place following the ban. Whilst Watawala has a healthy mix of young, mature, and aging oil palm fields, the continuation of the ban for a few years will delay in replanting which could result in a drop in yield in future years.

• Fertilizer price increase

The removal of subsidies on chemical fertilizer and depreciation of the Sri Lankan Rupee resulted in a massive increase in the cost of fertilizer. Also, availability of fertilizer was limited due to import restrictions and shortage of foreign currency.

Consequently, as reported by the CBSL, agricultural activities contracted by 4.6% in 2022 in value-added terms, compared to the growth of 0.9% recorded in 2021. The CBSL stated that the Volume Index of Agricultural Production (VIAP), recorded a significant 19.4% contraction, year on year, during 2022, compared to a year on year growth of 2.1% 2021. Most of the sub-indices, including paddy, tea, rubber, and livestock and livestock products, contributed to the overall decline.

Growth Rates of Agriculture Activities - 2022



Source: CBSL Annual Report 2022

Volume Index of Agricultural Production (2002=100)

Item	2021	2022 (b)	Growth Rate (%)	
			2020/21	2021/22 (b)
Overall Index	199.1	160.4	2.1	-19.4
Tea	96.6	81.1	7.5	-16.0
Rubber	84.9	78.3	-1.7	-7.8
Coconut	126.9	137.9	1.1	8.7
Paddy	180.1	118.6	0.6	-34.1
Coarse Grain	1,473.9	838.1	50.1	-43.1
Other Food Crops	179.7	162.1	17.2	-9.8
Vegetables	200.4	185.5	-7.2	-7.4
Fruits	180.0	322.4	-15.5	79.1
Livestock & Livestock Products	180.1	175.2	3.5	-2.7
Minor Export Crops	193.0	188.5	4.7	-2.3

Source: Department of Census and Statistics

(a) From 2022, the Volume Index of Agricultural Production, compiled by the Department of Census and Statistics, replaced the Agriculture Production Index (API) which was compiled by the Central Bank of Sri Lanka.

(b) Provisional



Gross Domestic Product By Industrial Origin at Constant (2015) Prices

Item	Unit	2021 (a)			2022 (b)		
		Maha	Yala	Total	Maha	Yala	Total
Gross Extent Sown	hectares '000	770	501	1,272	776	482	1,258
Gross Extent Harvested	hectares '000	762	497	1,259	766	480	1,246
Net Extent Harvested	hectares '000	682	445	1,127	685	429	1,114
Production	mt '000	3,061	2,088	5,150	1,931	1,462	3,393
	bushels '000	146,720	100,079	246,799	92,555	70,050	162,605
Yield per Hectare (c)	kg/ hectare	4,492	4,692	4,571	2,819	3,407	3,045
Credit Granted by the Banking Sector (d)	Rs. mn	8,603	4,449	13,052	-	-	12,454
Rice Imports (e)	mt '000	-	-	147	-	-	783
Paddy Equivalent of Imported Rice (e)	mt '000	-	-	216	-	-	1,152

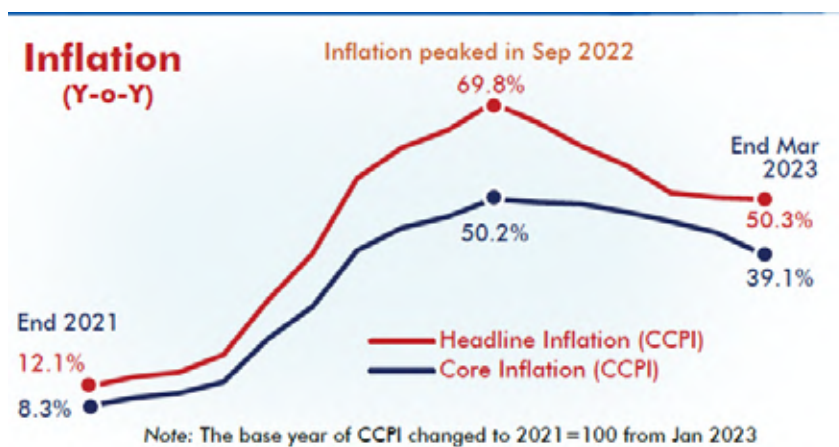
(a) Revised
 (b) Provisional
 (c) Yield per hectare is calculated by dividing production by the net extent harvested
 (d) Commencing from 2022, data on cultivation loans granted by lending banks is not available separately for the Maha and Yala seasons.
 (e) Annual figure

Sources: Department of Census and Statistics
 Sri Lanka Customs
 Central Bank of Sri Lanka

Source: CBSL Annual Report 2022

• Inflation

In the latter part of the financial year, the country's severe economic crisis aggravated by a deficiency in foreign currency, led to an alarming increase in inflation and cost of production. High costs of goods in the domestic market escalated cost of production of goods across all sectors. Furthermore, limited availability of essential commodities, and fuel resulted in ripple effects in other industries, and created a black market.



Source: CBSL Annual Report 2022

As stated by the CBSL, the unprecedented acceleration of headline inflation was mainly due to the notable rise in food prices and other supply side disruptions, the sharp depreciation of the Sri Lanka rupee against the US Dollar and the subsequent adjustments in administered prices, such as energy and transport prices and their spillovers, and unabating aggregate demand pressures owing to the lagged impact of monetary accommodation during the past few years.

• Social unrest

The escalating cost of living, prolonged power cuts, lack of medicine and essential commodities, and rise in interest rates created social unrest in the early part of the financial year. Whilst much of the social unrest reduced as the year progressed with improved availability of food, essential commodities and uninterrupted power supply, the high cost of living and imposition of historically high taxes drove trade union action and mass scale countryside protests.

Global Palm Oil Industry

The global palm oil market was valued at approximately US\$ 67 Bn in 2022. World palm oil production was 73.6 Mn MT in 2022 with Indonesia accounting 59% of the production.

Palm oil prices peaked from March to May 2022, with a record high of RM 8,076.50 a tonne in March 2022. The surge in price was due to the turmoil in commodity markets following Russia's invasion of Ukraine.



OPERATING ENVIRONMENT

Globally, palm oil supplies 40% of the world's vegetable oil demand on just under 6% of the land used to produce all vegetable oils. Higher yields from smaller crop space, versatility of palm oil use in multiple products, long shelf-life, and growing awareness of it as a substitute for cooking oil has increased its demand globally over the years.

To produce a similar volume of alternative oils such as soybean, coconut, or sunflower oil, 4 to 10 times more land is required. As a result, it is considered one of the highest yielding oil producing crops.



Comparison of global oil yields by crop plant Oil yields in tonnes per hectare (t/ha)



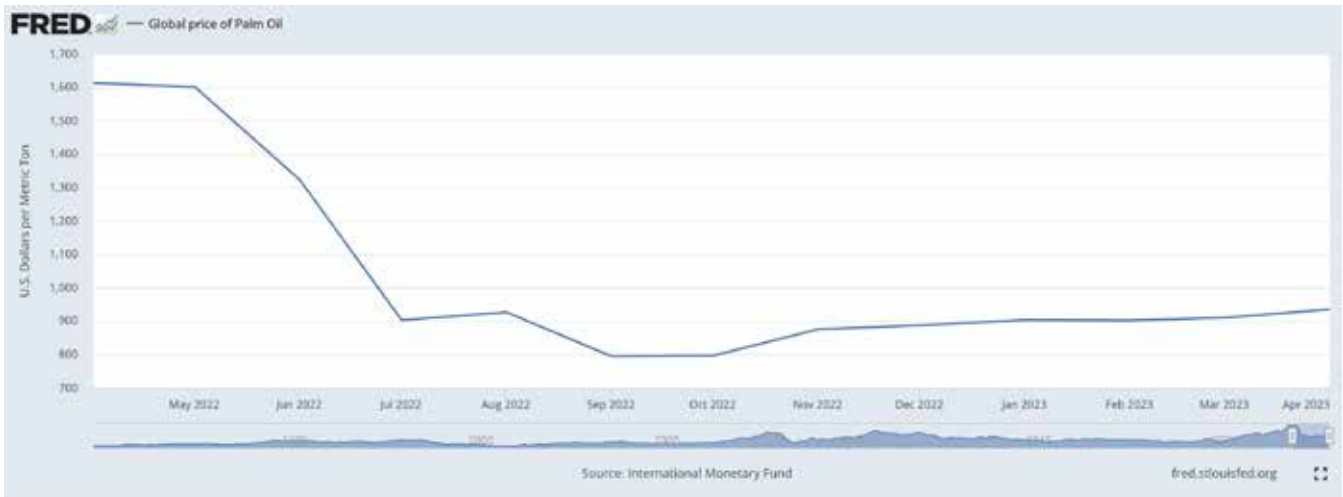
Key Highlights

Global Palm Oil Market Value	US\$ 67 Billion
Palm Oil Production Worldwide	73.6 Mn MT
Leading Consumer	Indonesia
Leading Exporter	Indonesia
Leading Importer	India
Average Price for Palm Oil	RM 4,159.50/ per MT
Primary Factors Driving the Global Palm Oil Market	Growing consumer awareness towards associated health benefits of palm oil, such as enhanced energy levels, improved vision, reduced risk of cancer and heart diseases, and increase in use of palm oil as a biofuel.
Applications	<ul style="list-style-type: none"> Household cooking (holds most of the market share) Food and beverages Oleochemicals Personal care and cosmetics Animal feed Biofuel
Key Market Trends	<ul style="list-style-type: none"> Growing demand for palm oil driven by the growth in food, beverage, energy, personal care, and cosmetics industries. Growing demand from the biofuel industry for use as a biofuel Easing global palm oil price after a turbulent 2022 Increase in Malaysia's palm oil production with the return of foreign workers due to easing pandemic-induced restrictions





Global Pricing



Sri Lankan Palm Oil Industry

Sri Lanka is unable to meet its edible oil requirement since the combined local production of coconut and palm oil is significantly lower than the demand. An increase in local production of oil can only be achieved by increasing production of palm oil due to the higher oil yield compared to coconut oil in an equivalent land extent.

The palm oil market was volatile in 2022 due to the high cost of imported palm oil resulting from the Ukraine Russian tensions, and depreciation of the Sri Lankan Rupee. Furthermore, this was further increased by the economic slowdown and drop in disposable personal income. However, this is a temporary phenomenon and the palm oil industry remains resilient.

With the continued capacity expansion in production of Crude Palm Oil (CPO), and Palm Kernel Oil (PKO) at our mill coupled with the potential for lifting of the ban on oil palm cultivation, the future bodes well for the oil palm industry and Watawala. However, global CPO price has been on a downward trend and is expected to stabilize at current levels.

Global Dairy Industry

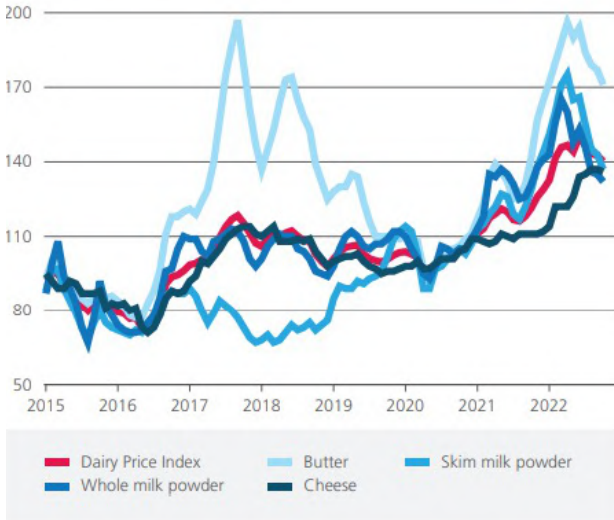
Key Highlights	
Dairy market volume worldwide (2022)	930 million MT
Dairy product with the largest production volume (2022)	Cow milk
Country with the most milk production (2022)	India
Biggest importer of milk and milk products (2022)	China
Key Market Trends	<ul style="list-style-type: none"> North America is set to grow with the fastest CAGR in the forecast period 2021-2026. An assortment of higher value-added commodities is offered by liquid milk like ice-pumpkin milk, condensed milk, formula for children, cheese, yoghurt in the region which is propelling the regional demand for liquid milk. Increased demand for certain dairy products in Europe and elsewhere, especially for butter, amid the shortages of sunflower oil due to disruptions of supplies from the Black Sea region, also backed global dairy price increases since February 2022. Imports also fell in several countries due to economic downturns, high dairy prices, currency depreciations against the United States Dollar and limited foreign exchange, further weighing on international dairy prices.



OPERATING ENVIRONMENT

Global Dairy Trade

2014-2016=100



Source: FAO, www.fao.org/markets-and-trade/commodities/dairy/fao-dairy-price-index/en/

Domestic Dairy Industry

Sri Lanka's local milk production meets approximately 40% of the local demand. In 2022 milk production declined further mainly due to the lack of cattle feed.

Year	Annual Milk Production (Litres)		Total Annual Milk Production (Litres)
	Cow Milk	Buffalo Milk	
2015	311,341,320	71,122,680	382,464,000
2016	306,142,447	61,050,139	367,192,586
2017	329,011,951	68,903,569	397,915,520
2018	391,530,600	76,160,664	467,691,264
2019	374,015,943	73,566,360	447,582,303
2020	413,635,518	77,903,100	491,538,618
2021	425,369,628	87,935,850	513,305,478
2022	419,196,708	87,252,894	506,449,602

The Government is keen in the development of the dairy industry, since dairy is a key imported product. As a net contributor to local liquid milk production, the increase in demand due to the lack of imported powdered milk bodes well for the dairy arm of Watawala with the herd expansion geared to cater to this demand.

Global Cinnamon Industry

Key Highlights	
Global Cinnamon Market	US\$ 0.9 Bn
Leading Producers	<ul style="list-style-type: none"> Indonesia China Vietnam Sri Lanka Madagascar
Form	<ul style="list-style-type: none"> Whole Extract <ul style="list-style-type: none"> Powder Oil
End Use	<ul style="list-style-type: none"> Food industry Beverage industry Food service industry Personal care and cosmetics Household/retail
Distribution Channel	<ul style="list-style-type: none"> Business to Business Business to Consumer

The Global market likely to be driven by health benefits of cinnamon and several other applications.

Domestic Cinnamon Industry

The CBSL reported that in 2022, the earnings from exporting cinnamon recorded a significant growth of 50.1%, year on year, largely contributing to the growth of export earnings from export agriculture crops.

Sri Lanka is the world's largest producer and exporter of pure cinnamon, with Sri Lankan pure Ceylon Cinnamon suppliers accounting for 90% of the global market.





Global Tea Industry

Key Highlights	
Leaders in production	<ul style="list-style-type: none"> • China (No. 1 in global tea exports) • India • Kenya • Sri Lanka • Vietnam
Leading importers	<ul style="list-style-type: none"> • Pakistan • United States
Global tea market value	US\$ 66 Billion (2022)
Global tea market drivers	<ul style="list-style-type: none"> • Strong consumer acceptance • Being an inexpensive beverage • Shift towards the consumption of organic tea
Market breakup by product type	<ul style="list-style-type: none"> • Green tea • Black tea • Oolong tea • Others
Key market trends	<ul style="list-style-type: none"> • Increasing inclination towards herbal and green tea • World green tea production is expected to grow at a faster rate than black tea, reflecting the growth in China. • Owing to the increased consumption across the world China's export of green tea has been recording steady growth. • Currently, Sri Lanka ranks as the fourth largest tea producer in the world.

Tea Industry

According to the CBSL, tea output declined by 16%, year on year, in 2022, largely due to the lagged effect of the acute shortages of fertilisers and agrochemicals domestically, while the estimated cost of production of tea increased by LKR 20.00 to LKR 639.00 per kilogramme in 2022, compared to 2021 as per the Department of Census and Statistics.

However, tea production in almost all producer countries have shown negative growth in 2022 compared to 2021 and the low production resulted in price increases and the depreciation of the Sri Lankan Rupee contributed to high prices for tea. Tea production is expected to increase with the revoking of the ban imposed on the usage of chemical fertilizer on tea plantations. Asian consumers continue to dominate tea consumption, in particular China and India, which are estimated to account for over 50% of the global demand.



RISK MANAGEMENT

Risk Committee of Watawala Plantations PLC

The Watawala Plantations Risk Committee is appointed to;

- Identify risks that the Company faces
- Assess and categorize the risks
- Set Company risk appetite
- Document the risk mitigation strategy
- Mitigate the risks of the Company
- Monitor success of risk control measures
- Actively monitor development of new risks and plan for addressing same

Power, Authority and Responsibilities of the Risk Committee

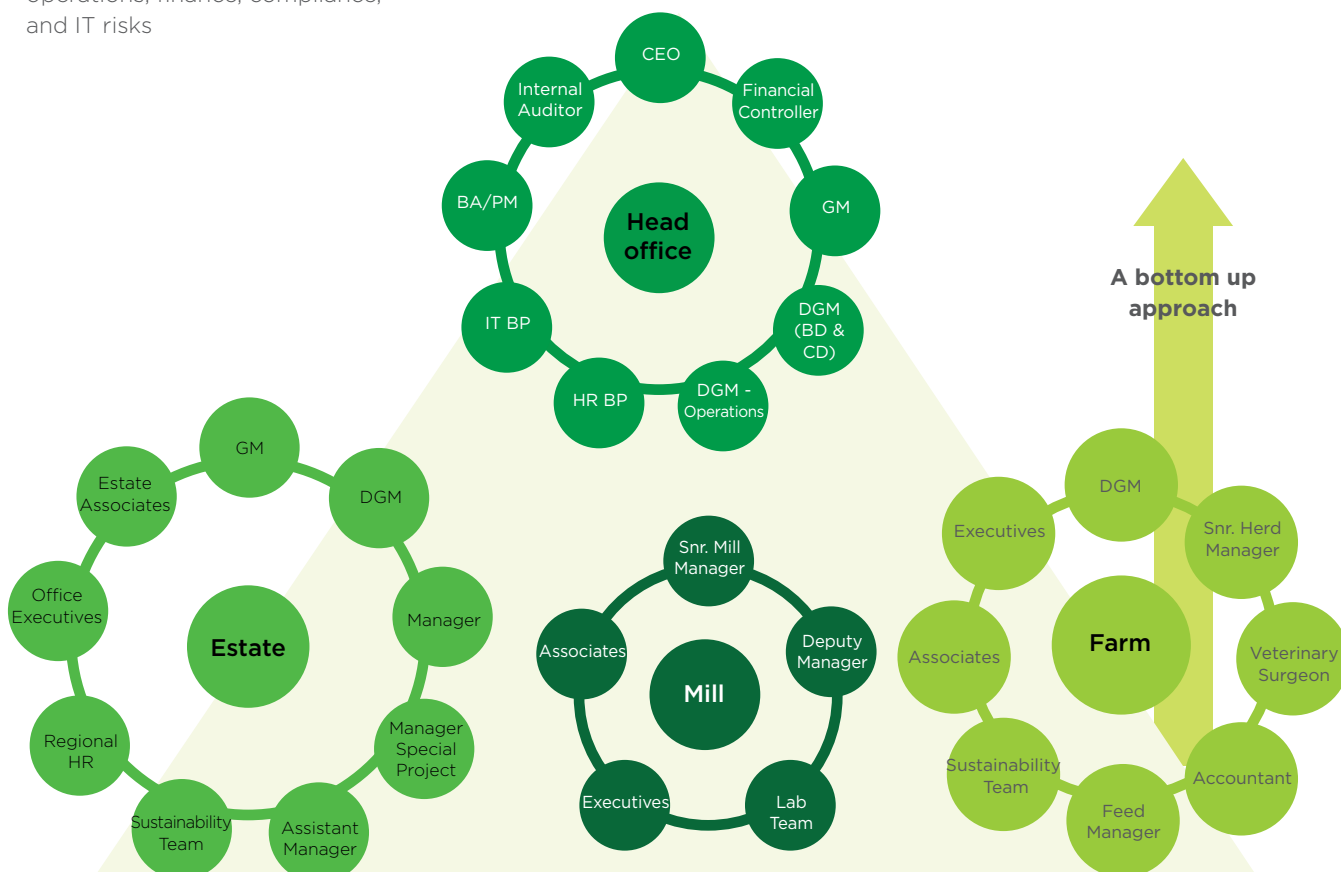
- Develop the Company risk strategy in relation to strategy, operations, finance, compliance, and IT risks

- Review and approve the significant risk management policies and associated risk management frameworks
- Review and approve the Company's risk appetite on an annual basis and approve any material amendment to the risk appetite
- Review significant risk exposures and the steps that management has taken to identify, measure, monitor, control and report such exposures, including risks such as industry, market, strategic, operational, and liquidity
- Evaluate risk exposure and tolerance
- Review and evaluate the Company's practices with respect to risk assessment and risk management

- The risk management committee may form and delegate authority to subcommittees when appropriate
- Review significant issues identified by the Internal Audit with respect to the risk management and compliance activities of the Company, together with management's responses and follow-up to these reports
- Report to the Board of Directors regularly on the key risks of the Company and measures taken to mitigate them

Content of discussion

- Each Risk Committee meeting will be largely based on the Risk Committee calendar developed at the beginning of the year
- Every Risk Committee member (in rotation) will present new thoughts/proposals to the Risk Committee





- Financial aspect – financial health of the company, internal processes and progress on key objectives/ goals of the organisation (based on Corporate plan)
- Compliance aspect – compliance with regards to Golden Share, and Government requirements
- Human aspect – estate worker and estate community/ social related issues
- IT aspect – data security and business continuity plan
- Emergency/ crisis issues

Meeting minutes are circulated and contents discussed are followed-up.

As indicated in the above risk structure, the risk teams are divided into the estate, mill, farm, and head office. The risk structure follows a bottom up approach from each level of business – Udugama estate, oil palm mill, and farm. At each business cluster, risk reporting should be

reported from estate associates to higher levels of authority, up to the level of the GM/DGM/Manager.

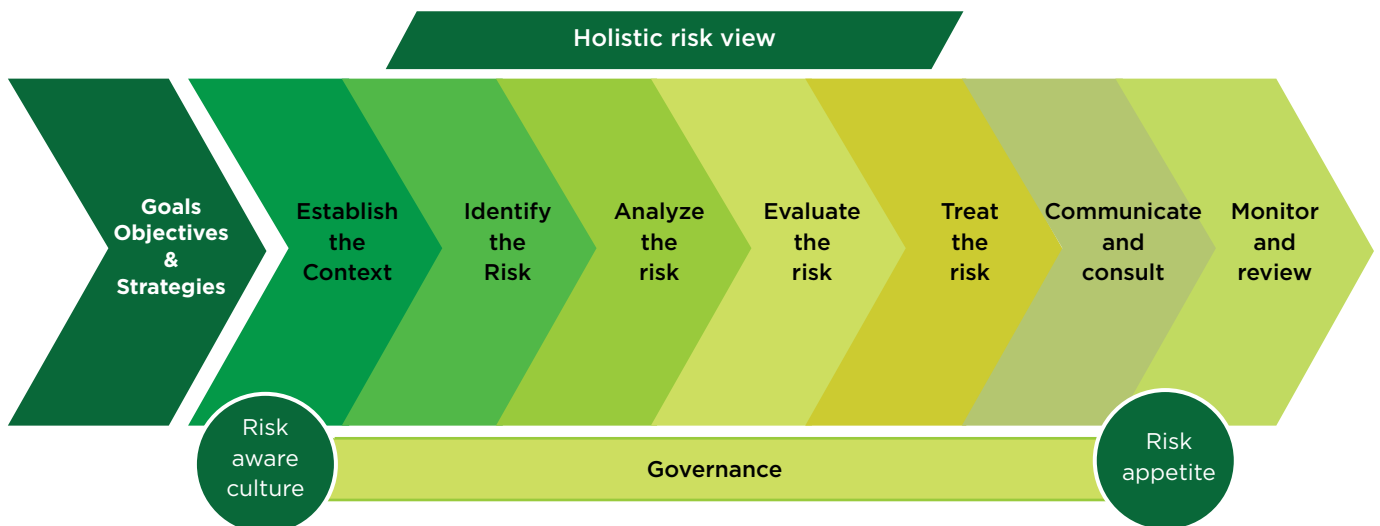
It is the responsibility of the GM/ DGM/Manager of each cluster to communicate and educate employees on risk, and encourage risk reporting from employees.

Risk related details should be sought from all levels of employees on a monthly basis, or as and when required. The GM/DGM/Manager should encourage all levels below, to gather risk related details from all employees. The GM/DGM/Manager is free to decide on how and when the information is to be collected.

The GM/DGM/Manager should bring to notice all identified risks to the Head Office level risk meeting on the first Thursday of every month. The Head Office level risk meeting will provide solutions and make decisions pertaining to all business risks.

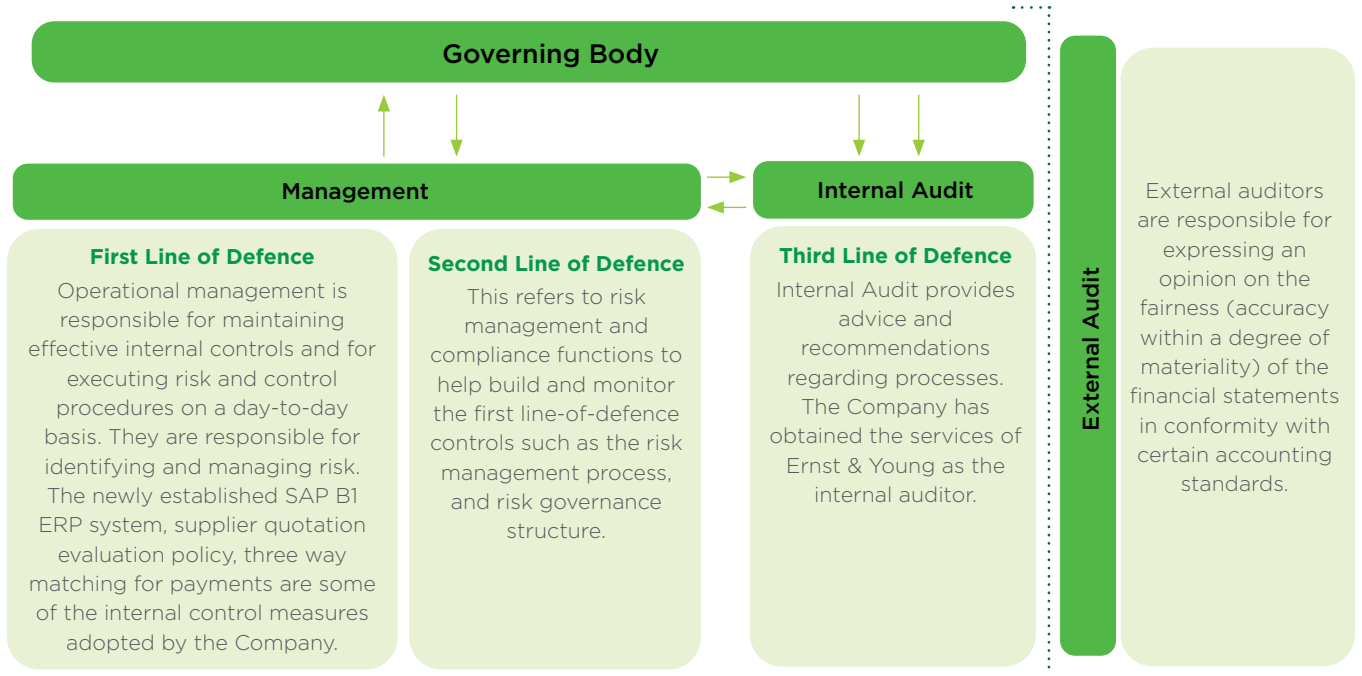
Additionally, the Head Office level risk meeting will brainstorm for potential risks and how to respond to them proactively. Active participation is encouraged from all participants.

Inputs from the Risk Committee will be used for preparing the quarterly risk matrix for Watawala Plantations and Watawala Dairy which is in-turn presented to the Board Risk Review Committee of Sunshine Holdings PLC. The Board Risk Review Committee of Sunshine Holdings PLC sets the Risk Management Policy and Framework to safeguard shareholders’ investments and the company’s assets and to oversee and approve the company wide risk management practices. The risk matrix for both Companies are reviewed by the Risk Committee and recommendations are made to the management.



RISK MANAGEMENT

Managing risks



Risk review process and reporting structure

The Company incorporates integrated risk management into the entire organisation hierarchy by fostering a risk ownership culture from the Board of Directors, down to the lowest level of the rank and file.

Risk awareness and responses are conveyed to employees through formal training on the Code of Conduct, Health and Safety systems, quality management systems through quality accreditation alignment, sustainable business practices through sustainable accreditation practices.

In addition, we adopt informal mechanisms for risk ownership through the behaviour of our management, where employees identify potential or real risks by observing the actions of managers and by maintaining open communications systems across the organisation hierarchy, which allows employees to raise concerns or observations with relevant managers.

The formal risk review and reporting process comprises



1. Establish the context

- Define the scope of objectives: the activity, decision, project, program or issue that requires analysis
- Identify relevant stakeholders/ areas involved or impacted





- Internal and/or external environment/ factors

2. Risk Identification

- Assess what could happen
- How and where it could happen
- Why could it happen
- What is the impact or potential impact

Identification of risks via direct observations, scenario analysis, and structured what-if analysis. Risks could be identified by any member of the Watawala risk committee. The risks can be related to a specific function, area, or Company as a whole.

3. Analyze the risk

- Identify the causes, contributing factors and actual or potential consequences
- Identify existing or current controls
- Assess the likelihood and impact/ consequence to determine the risk rating

All identified risks are rated according to its likelihood of occurrence and the potential impact on the Business. The potential impact of a risk is evaluated based on the severity of the impact on business continuity, profit, and the loss of business portfolio. Five severity levels have been identified as low/insignificant impact, minor

impact, moderate/high impact, major/very high impact, catastrophic/extreme impact.

The likelihood of the occurrence of the risk is examined based on the historical experience and probabilities of occurrence under current market and economic conditions. Five probabilities have been identified as rare/remote to occur, unlikely to occur, possible to occur, likely to occur, and almost certain to occur.

- Once risks are rated according to the above, they are plotted on the traffic light matrix below.

Impact/Severity	1	Catastrophic/ Extreme impact	5	10	15	20	25
	2	Major/Very High Impact	4	8	12	16	20
	3	Moderate/Very High Impact	3	6	9	12	15
	4	Minor Impact	2	4	6	8	10
	5	Low insignificant Impact	1	2	3	4	5
		Rare/Remote Occur	Unlikely to Occur	Possible to Occur	Likely to Occur	Almost certain to Occur	
			1	2	3	4	5
			Occurrence/Likelihood				

4. Evaluate the risk

- Is the risk acceptable or unacceptable?
- Does the risk need treatment or further action?
- Do the opportunities outweigh the threats?

5. Treat the risk

- If existing controls are inadequate, identify further treatment options

- Devise a treatment plan
- Seek endorsement and support for treatment
- Determine the residual risk rating once the risk is treated

6. Communicate and consult

To ensure that those responsible for managing risks, and those with vested interests, understand the basis on which decisions are made, why

particular treatment options are selected and why risks are accepted/ tolerated

7. Monitor and review

Continuous checks of effectiveness of risk controls and/or treatments, changes in context or circumstances, documentation and reporting



RISK MANAGEMENT

Risk report for the year

Plantation and dairy sector related risks 2022/23

Risk	Risk description	Potential impact	Response to risk	Risk rating
Social capital				
Government policy uncertainty on oil palm cultivation	Inability to replace aging palms on time resulting in lower yield and crop in future	High	<ul style="list-style-type: none"> Representation on policy direction through the Planters' Association of Ceylon/ Palm Oil Industry Association. Lobbying with the Government via the palm oil industry association of Sri Lanka Implementation of CEA report on oil palm by Plantation Ministry was challenged by way of writ application in Court of Appeal FR petition has been filed to challenge the CEA report in Supreme Court Investment in other crops such as cinnamon, and coconut 	High
Social pressure against oil palm expansion	Reputational risk due to various groups opposing palm oil expansion and cultivation hindering organic growth	Medium	<ul style="list-style-type: none"> Communication of benefits of palm oil nationally Reducing the spread of misinformation by providing accurate information on oil palm plantation Increasing awareness on the use of palm oil in various aspects of a person's daily life 	Low
Financial capital				
Volatility of palm oil prices	Price volatility arises due to fluctuations in demand and supply forces in the global crude palm oil market and change in Special Commodity Levy (SCL) changes	Medium	<ul style="list-style-type: none"> Continuous monitoring of global CPO prices, monitor conditions which would affect government decisions to revise import duty Entering into forward agreements with buyers Cost control and efficient production 	Medium
Volatility of milk prices	Fluctuating market price of fresh milk Changes in consumer demand for dairy products	Medium	<ul style="list-style-type: none"> Proactively obtaining market insights to keep abreast of changes in end consumer behaviour Sale of milk via a tender system and forward price agreements 	Medium
Interest rate risk	The risk that borrowing cost and investment value will change due to a change in the absolute level of interest rates (AWPLR)	Low	<ul style="list-style-type: none"> Negotiation with Financial institutions for fixed debt servicing arrangements. Monitoring debt levels constantly and maintaining a balance between debt and equity Maintaining efficient treasury management 	Low





Risk	Risk description	Potential impact	Response to risk	Risk rating
Foreign currency risk & inflation risk	<p>The risk that arises from changes in real value of domestic currency</p> <p>Significant increase in cost of fertilizer, feed, fuel, energy, and other materials</p>	Medium	<ul style="list-style-type: none"> Purchasing time of classes of assets are pre-arranged to minimize inflation and currency risk Established a cost mitigation plan, and tracking its achievement Commenced production of in-house concentrate to control concentrate feed cost 	Decreasing risk
Compliance with applicable legislation and internal policies	The Company is subject to special regulations and litigation risk may lead to loss of reputation as well as legal costs	Low	<ul style="list-style-type: none"> Periodically review and monitor compliance status of statutory and other requirements. Seek expert consultant where necessary. Monitor the legal requirements regarding tax regularly Maintaining strong compliance procedures ensuring accurate and complete tax returns 	Low
Natural capital				
Natural disasters, fire, climate change	<p>Loss of revenues, assets and losses due to natural disasters</p> <p>Unfavourable weather patterns especially droughts can hinder the achievement of expected crop</p>	Low	<ul style="list-style-type: none"> Adequate insurance covers, regular assessment of exposures by insurance agents, precautions against risks, valuation of motor vehicle to meet current market condition Follow sustainable agricultural practices including RSPO recommendations to reduce stress on palms Conservation of environment and water resources Forecasting weather patterns 	Low
Environmental impact due to mill and estate operations	Environmental impact due to mill and estate operations and failing to meet compliance requirements	Low	<ul style="list-style-type: none"> Treatment of effluents, maintaining facultative ponds, following RSPO guidelines, proper planning, monitoring by sustainability team Exploring alternatives to minimize waste discharge and improve waste-water treatment efficiency Site specific fertilizer regime Careful and appropriate use of chemicals Minimization and control of soil erosion and degradation of soil Soil enrichment by application of organic fertilizer 	Low
Environmental impact due to farm	Environmental impact due to farm operations and failing to meet compliance requirements	Low	<ul style="list-style-type: none"> Periodic review and monitoring of compliance status of statutory and other requirements Compliance with EPL Slurry management and ensuring zero contamination of water streams and water ways 	Low



RISK MANAGEMENT

Risk	Risk description	Potential impact	Response to risk	Risk rating
Manufactured capital				
Animal husbandry related risks	Unproductive cattle, spread of contagious diseases, provision of clean drinking water	Low	<ul style="list-style-type: none"> Daily monitoring of health condition, annual vaccination Providing a scientifically developed feed formula Periodic training of staff 	Low
Procurement of required quantity of cattle feed	Limited availability of required quantity and types of cattle feed	Medium	<ul style="list-style-type: none"> Cultivation of maize fodder, and set up of a system to procure required volume during the season at a lower cost 	Medium
Human capital				
Human capital risk, social issues	<p>Increase in skilled and non-skilled migration</p> <p>Unionised labour and reluctance to change</p> <p>Unrest amongst workers due to increase in cost of living</p>	Medium	<ul style="list-style-type: none"> Development of talent pipeline and career path Training and development, incentive schemes to achieve targets, grievance handling procedure, engagement with unions, consultative committees Proactive discussions with estate and mill associates Provision of welfare packs and vouchers Maintaining employee morale and motivation by outreach initiatives Minimizing opportunities for theft Provide PPE for workers safety 	Decreasing risk
Technology capital				
Information Systems & Cyber Security (IT Risks)	Risk of losing operational and confidential data due to security breaches or system breakdowns in the IT systems and disruption to operations due to breakdown in the IT systems Disruption to workflow from Information System transitions.	Medium	<ul style="list-style-type: none"> Disaster recovery plans and sound back-up system to gear for system failure and storing data backups in off-site locations Continuous training for employees on Information Security Established a sound IT & IS Policy, and close supervision thereon Regular updating of virus scanners, firewalls 	Low

Effectiveness of internal controls

Internal controls are established to safeguard assets, and increase dissemination of accurate and timely information for informed decision making. The Audit Committee and the Corporate Management team are responsible for reviewing and managing risks and designing internal control systems to safeguard Company assets.

The effectiveness of the internal controls are reviewed by the internal audit and Audit Committee. The Audit Committee also reviews the effectiveness of the internal audit and its scope. The minutes of the Audit Committee are submitted to the Board meetings of the Company. The effectiveness is measured by comparing to the Code of Best Practice on Corporate Governance 2017 issued by CA Sri Lanka.





FINANCIAL CAPITAL

The financial capital of Watawala Plantations PLC mainly comprises equity, with a small debt component.

Amounts in LKR Mn	Group		Company	
	End March 2022	End March 2023	End March 2022	End March 2023
Debt	629	277	310	283
Interest bearing borrowings	373	3	45	0
Lease liabilities	256	274	265	283
Equity	6,858	6,280	7,132	6,552

Liquidity and Capital Structure

Despite the extreme uncertainty during the financial year, Watawala Plantations PLC Group maintained a current ratio of 2.86 times (3.38 times for the Company), as at March 31, 2023, while the quick asset ratio was 1.86 times (2.91 times for the Company). These liquidity ratios represent a healthy liquidity position with the company's ability to meet its short-term obligations. The debt-to-equity ratio was 0.04 times (for both Group and Company) representing a healthy financial position.

Revenue

Despite both Watawala Plantations PLC and Watawala Dairy Ltd facing escalated financial and operational risks during the financial year 2022-23, the Group concluded the year with a revenue growth of 35% YoY, mainly due to increase in earnings from palm oil. The dairy sector experienced a revenue growth of 72% against the previous year mainly due to the escalation in cattle feed cost.

Gross profit margin

The Group recorded a gross profit margin of 40% during the financial year 2022/23, compared to 55% in the last year. The gross profit margin in the palm oil sector was 49% compared to 61% in the last year, due to the sharp increase in production costs, driven by the increase in cost of fertiliser. However, the increase in cost was partly offset by the increase in palm oil prices driven by the surplus demand. Meanwhile, the gross profit margin in the dairy business eroded to -14% from -4% in the previous year, mainly due to escalation in cost of cattle feed, which also resulted in a decrease in milk yield, and other cost increases which were not greater than the price increases.

Gross Profit

The decline in gross profit margins in both business sector caused overall group gross profit to decline. Consequently, the Group reported a gross profit of LKR 3,538 Mn for the year, which is a decline of 1% year on year.

Operating Profits

Group earnings before interest and taxes (EBIT) decreased to LKR 2,931 Mn from LKR 3,347 Mn in the last year. Of the Group's EBIT, 97% was generated from the palm oil business with an EBIT of LKR 3,329 Mn. Group EBIT contracted 12% YoY mainly due to the dip in the fair value of biological assets, impairment, and imposition of the special commodity levy. A summary of other

income and administration expenditure is given below.

- Administration expenditure grew by 14% to LKR 361 Mn.
- The contraction in dairy sector other operating income by 3% YoY, and the decrease in the fair value of biological assets, further increased the loss at gross profit level to end the year with an operating loss of LKR 228 Mn.

Pre-tax and post-tax Profit

Profit before tax

The Watawala Group achieved a profit before tax of LKR 2,953 Mn from LKR 3,332 Mn in the previous year which is a decline of 11%. The plantations business contributed to 99% of the Group profit before tax. The Group profit before tax margin for the year was 34% from 51% in the previous year.

Profit after tax (Net Profit)

The Group profit after tax declined 33% to LKR 2,332 Mn from LKR 3,458 Mn in the previous year. The plantation segment's net profit decreased by 16% to LKR 2,838 Mn from LKR 3,390 Mn in the previous year. The dairy farming segment reported a net loss of LKR 321 Mn compared to a net profit of LKR 28 Mn in the previous year. The Group net profit margin was 27% compared to 53% in the previous year.

Financial Position

Assets

Total assets decline by 1% to LKR 8,834 Mn from LKR 8,892 Mn one year ago. Asset turnover improved from 0.73 times to 0.99 times indicating higher asset use efficiency. Non-current assets, which represent 72% of Group assets decreased marginally to LKR 6,332 Mn from LKR 6,355 Mn.



The net book value of property, plant and equipment amounted to LKR 2,483 Mn from LKR 2,342 Mn, one year ago.

Working Capital

Watawala Plantations PLC's current assets stood at LKR 2,503 Mn at the end of the year, down from LKR 2,537 Mn one year ago, while current liabilities increased to LKR 876 Mn from LKR 739 Mn in the previous year. The net working capital balance as at end March 2023 was LKR 1,627 from LKR 1,797 Mn as at end March 2022.

Cash Flow

Cash and cash equivalents of Watawala Plantations at 31 March 2023 amounted to LKR 798 Mn which is a 40% decrease from LKR 1,427 Mn at the beginning of the period.

Cash generated from operating activities came to LKR 2,730 Mn compared to LKR 3,811 Mn in the previous year.

The Company's total cash outflow for investing activities was LKR 60 Mn compared to LKR 1,026 Mn in the previous year.

The Company duly settled all outstanding loans and paid a dividend of LKR 2,846 Mn during the year. Accordingly, the net cash and cash equivalents outflow for the year amounted to LKR 629 Mn against an inflow LKR 1,045 Mn reported last year.

GRI 201: Economic Performance 2016

Disclosure 3-3 Management of material topics

a. Actual and potential, negative and positive impacts on the economy, environment, and people

Positive impacts

- a. Economy
 - Contribute to GDP by domestic production, creation and provision of job opportunities
 - Tax and lease payment to Government for use of land
 - Profitable use of natural resources
 - Facilitate the supply chain of other industries, reducing outflow of foreign exchange via import substitution
 - Production of cattle feed in the backdrop of a shortage of cattle feed
- b. Environment
 - Conversion of waste into value added compost and liquid fertilizer
 - Sustainable use of natural resources
 - Absorption of carbon dioxide and production of oxygen
 - Soil and natural resource conservation and enrichment
- c. People
 - Development of employee skills via training, facilitating employee well-being by being a great place to work
 - Enhancing employee standard of living by paying above industry standards
 - Creation of wealth and maximizing shareholder return
 - Creating job opportunities and contributing to the village development in the areas of maize cultivation

Negative impacts

There were no significant negative impacts due to our business activities as our economic activities are conducted in accordance with the triple bottom line.





<p>b. Report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships</p>	<p>Through our activities which are part and parcel of a plantation Company and a manufacturing Company. However, by adhering to industry leading standards, maximizing efficiency, and using novel technology, negative impacts are controlled to a greater a degree.</p>
<p>c. Describe policies or commitments regarding the material topic</p>	<p>We are committed to; UNSDG 1: No poverty UNSDG 8: Decent work and economic growth UNSDG 9: Industry innovation and infrastructure UNSDG 12: responsible consumption and production</p>
<p>d. Actions to prevent or mitigate potential negative impacts;</p>	<p>We comply with RSPO standards and treat palm oil mill effluent, convert waste into organic fertilizer, and follow a soil specific fertilizer application programme. Please refer the Natural Capital chapter for details.</p>
<p>e. Actions to address actual negative impacts, including actions to provide for or cooperate in their remediation</p>	<p>We did not experience any significant negative impacts during the reporting period.</p>
<p>f. Actions to manage actual and potential positive impacts</p>	<p>Maximizing production by increasing production efficiencies via the use of novel technology, best practices, and sound management to evaluate operations.</p>
<p>g. Processes used to track the effectiveness of the actions;</p>	<p>We conduct weekly review at the business review meetings, and monthly reviews at the performance review meetings.</p>
<p>i. Goals, targets, and indicators used to evaluate progress</p>	<p>We establish and track against our budgets and targets.</p>
<p>ii. Effectiveness of the actions, including progress toward the goals and targets;</p>	<p>We have made steady progress towards our targets during the year, despite the many external disruptions to business activities, demonstrating the effectiveness of our actions.</p>
<p>i. Lessons learned and how these have been incorporated into the organisation's operational policies and procedures</p>	<p>We update our policies and agricultural practices based on new information, development, and tacit knowledge. Initially a sample/ trial is conducted and based on successful results, learnings are implemented. The successful trials are documented and actual results on implementation are measured against the trial results.</p>
<p>h. Describe how engagement with stakeholders has informed the actions taken</p>	<p>We engage regularly with our partner Pyramid Wilmar for technical information and with our accreditation agencies for guidance on sustainable economic outputs.</p>



Disclosure 201-1 Direct economic value generated and distributed
Statement of value added

As at 31 March	Group				Company			
	2021/22		2022/23		2021/22		2022/23	
	LKR Mn	%	LKR Mn	%	LKR Mn	%	LKR Mn	%
Total revenue	6,475		8,768		5,782		7,574	
Other Income	86		54		39			
Finance income	55		139		55		126	
Gain on changes in fair value of biological assets	15		-		20		14	
Administration and establishment expenses	(1,726)		(4,675)		(1,220)		(3,587)	
Value Addition	4,905		4,286		4,676		4,127	
Distribution of Value Added								
Employees (Remuneration and Benefits)	1,112	23%	1,213	28%	1,041	22%	1,143	28%
Government of Sri Lanka (Taxes)	76	2%	110	3%	78	2%	95	2%
Shareholders (Dividends)	1,830	37%	2,846	66%	1,830	39%	2,846	69%
Lenders (Interest on loan & lease interest)	70	1%	116	3%	44	1%	43	1%
Retained in the business (Depreciation & retained profits)	1,817	37%	-	0%	1,683	36%	-	0%
	4,905	100%	4,286	100%	4,676	100%	4,127	100%

Disclosure 201-4 Financial assistance received from government

Tax relief and tax credits	WDL tax holiday until 2023-24
Subsidies	Nil
Investment grants, research and development grants, and other relevant types of grant	Nil
Royalty holidays	Nil
Awards	Nil
Financial assistance from Export Credit Agencies (ECAs)	Nil
Financial incentives	Nil
Other financial benefits received or receivable from any government for any operation.	Nil
Whether, and the extent to which, any government is present in the shareholding structure.	One Golden Share is currently held by the Secretary to the Treasury and should be owned either directly by the Government of Sri Lanka or by a 100% Government owned public company.





GRI 203: Indirect Economic Impacts 2016

Disclosure 3-3 Management of material topics

a. Actual and potential, negative and positive impacts on the economy, environment, and people	No negative impacts have been noted. Positive impacts are creation of indirect employment opportunities and community infrastructure development at our estates
b. Report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships	Negative impacts are due to Company and subsidiary activities.
c. Describe policies or commitments regarding the material topic	UNSDG commitment under SDG 1: No Poverty
d. Actions to prevent or mitigate potential negative impacts;	We conduct our activities in accordance with the RSPO environmental and community principles, thereby mitigating any potential negative impacts. Please refer the Social and Relationship Capital chapter and Natural Capital chapter
e. Actions to address actual negative impacts, including actions to provide for or cooperate in their remediation	We did not experience any significant negative impacts during the reporting period.
f. Actions to manage actual and potential positive impacts	We conduct Social Impact Assessments and Environmental Impact Assessments which provides feedback which is used to manage positive impacts and mitigate negative impacts.
g. Processes used to track the effectiveness of the actions;	Continuous monitoring of all projects.
i. Goals, targets, and indicators used to evaluate progress	We set budgets and targets.
ii. Effectiveness of the actions, including progress toward the goals and targets;	We have achieved our targets for the year.
iii. Lessons learned and how these have been incorporated into the organisation's operational policies and procedures	Findings from impact assessments are incorporated into policies and projects.
b. Describe how engagement with stakeholders has informed the actions taken	Community and supplier feedback is used to manage impacts.

Disclosure 203-1 Infrastructure investments and services supported

a. Extent of development of significant infrastructure investments and services supported.	Annually, Watawala Plantations makes large investments into community infrastructure development projects for our estate communities such as maintenance of estate roads, estate community facilities, housing repairs, and provision of sanitary and drinking water facilities.
b. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant.	Direct impacts are the improved health and welfare of estate communities including the elderly, women and children.
c. Whether these investments and services are commercial, in-kind, or pro bono engagements.	A majority of such investments are provided free to the communities at Company cost. The total community infrastructure cost by the Company for the year was LKR 18.1 Mn.



GRI 205: Anti-corruption 2016

Disclosure 3-3 Management of material topics

<p>a. Actual and potential, negative and positive impacts on the economy, environment, and people</p>	<p>No negative impacts have been noted due to anti-corruption activities</p> <p>Positive impacts are mainly greater efficiencies, and cost savings by discouraging financial and non-financial misconduct.</p>
<p>b. Report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships</p>	<p>Negative impacts would be due to Company and subsidiary activities.</p>
<p>c. Describe policies or commitments regarding the material topic</p>	<ul style="list-style-type: none"> • Commitments under UNSDG 16 (Peace and justice, strong institutions) • Good governance practices <p>Code of Conduct of Sunshine Holdings PLC</p> <ul style="list-style-type: none"> • “Do the right thing”, by going beyond the mere letter of any contract and written policies. • Always follow the law and recognize that the trust of our stakeholders including the public depends on our reputation as a law-abiding corporate citizen. As such, we always ensure compliance with the laws and Company rules and regulations. • Demonstrate respect for the communities we operate in, as well as for the natural environment and ensure that we conduct business in an ethical manner at all times and in line with acceptable business practices. • Exercise professionalism and integrity in all our business dealings, and consider ourselves ambassadors and advocates of the Values of the Sunshine Holdings Group <p>We uphold,</p> <ol style="list-style-type: none"> 1. A Code of Ethics 2. Anti-Bribery and Corruption Policy 3. Anti-Fraud Policy 4. Whistle-Blowing Policy 5. IT Security Policy
<p>d. Actions to prevent or mitigate potential negative impacts;</p>	<ul style="list-style-type: none"> • All employees are informed of mandatory internally developed policies via the staff handbook, code of ethics and other policies. • We maintain full compliance with all laws applicable. • Our code of conduct establishes the standards and values, which Watawala upholds, while operating all our businesses and applies to all employees of the Group. It addresses concerns on a number of issues, including conflict of interest, bribery and corruption. The code of conduct is centred on three key principles: <ul style="list-style-type: none"> • Avoid any conduct that may damage or risk Watawala or its reputation. • Comply with all prevailing laws and regulations. • Place Watawala’s interests ahead of personal or other interests.





<p>e. Actions to address actual negative impacts, including actions to provide for or cooperate in their remediation</p>	<ul style="list-style-type: none"> • Our Anti-Bribery and Corruption Policy, and Anti-Fraud Policy sets out guidelines and assign responsibility for the development of controls and the conduct of investigations related to allegations of bribery, corruption and fraud. These policies have been approved by the ExCom members of Sunshine Holdings PLC • Disciplinary and grievance management systems are available.
<p>f. Actions to manage actual and potential positive impacts</p>	<ul style="list-style-type: none"> • We manage positive impacts by organising an induction for new employees, training and awareness sessions among employees, suppliers, and communities about Watawala’s ethical and behavioural standards. • Anyone can directly contact the management to inform of any suspicious activity, which will be investigated. • We are digitising our processes for greater transparency.
<p>g. Processes used to track the effectiveness of the actions;</p>	<ul style="list-style-type: none"> • Our Internal audit unit handles all internal anti-corruption activities, whereas our compliance officer handles all externality-corruption activities and compliance. • The Human Resource team reviews and discusses internal discrimination and corruption further and provides a mandatory training programme to all the employees on anti-corruption to keep the employees updated.
<p>iv. Goals, targets, and indicators used to evaluate progress</p>	<p>Financial performance targets, performance indicators, as well as targets under accreditation requirements are used to monitor actual progress against the expectations. Any deviations are reviewed which deters corruption and mismanagement</p>
<p>v. Effectiveness of the actions, including progress toward the goals and targets;</p>	<ul style="list-style-type: none"> • We did not record any noteworthy incidents of corruption during the year. • No fines or monetary sanctions were levied on the Company for non-compliance with laws and regulations during 2023.
<p>vi. Lessons learned and how these have been incorporated into the organisation’s operational policies and procedures</p>	<p>Internal processes and systems are continually improved, while automation is being expanded in manufacturing to enhance operational efficiencies and to discourage corruption and fraud.</p>
<p>Describe how engagement with stakeholders has informed the actions taken</p>	<p>We take into account feedback from communities, trade unions and employees as well as instructions from regulators to prevent mismanagement and corruption.</p>



Disclosure 205-1 Operations assessed for risks related to corruption

a. Total number and percentage of operations assessed for risks related to corruption.	100% of our operations were audited by internal audits and external auditors during the year, in addition to due diligence conducted by a number of independent accreditation bodies
a. Significant risks related to corruption identified through the risk assessment.	No significant risks of corruption were identified.

Watawala Plantations was ranked 33, out of 100 Sri Lankan corporates, in Transparency International Sri Lanka's (TISL) Transparency in Corporate Reporting (TRAC) Assessment 2022.

GRI 416: Customer Health and Safety 2016
Disclosure 3-3 Management of material topics

a. Actual and potential, negative and positive impacts on the economy, environment, and people	100% of our operations were audited by internal audits and external auditors during the year, in addition to due diligence conducted by a number of independent accreditation bodies
b. Report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships	Negative impacts could occur due to our activities, as well as our business partners involved in retailing palm oil and milk.
c. Describe policies or commitments regarding the material topic	<ul style="list-style-type: none"> • Commitments under product quality and consumer safety • Compliance with consumer safety regulations and product labelling <p>We comply with all applicable product safety requirements as well as health and safety standards in hygienic production and storage of our dairy outputs and oil palm.</p>
d. Actions to prevent or mitigate potential negative impacts;	We train our suppliers and business partners on best practices to educate them on the correct handling and storage of our products.
e. Actions to address actual negative impacts, including actions to provide for or cooperate in their remediation	No actual negative impacts were experienced during the year. If there are customer complaints, they are duly noted and addressed immediately.
a. Actions to manage actual and potential positive impacts	We comply stringently with all product safety standards as well as labelling regulations.
g. Processes used to track the effectiveness of the actions;	Our palm oil manufacturing process complies with RSPO standards, which are adhered at our facilities. Our dairy production follows international best practices, and all products are tested for quality.
h. Describe how engagement with stakeholders has informed the actions taken	We take any supplier and customer feedback seriously and comply with all regulatory requirements on product/ food safety.



Different forms of consuming palm oil

Palm oil is used as a cooking oil and is a key ingredient in most margarines, confectionery, ice cream and ready to eat meals. It is also a base for liquid detergents, soaps and shampoo, lip stick, waxes and polish, industrial lubricants and biofuels.



DISCLOSURE 416-2 INCIDENTS OF NON-COMPLIANCE CONCERNING THE HEALTH AND SAFETY IMPACTS OF PRODUCTS AND SERVICES

Watawala Plantations and Watawala Dairy did not face any fines or penalties due to non-compliance with regulations during the year.



HUMAN CAPITAL

The scope of human capital related information included in this chapter covers both Watawala Plantations as well as our dairy industry subsidiary Watawala Dairy. Watawala Plantation's is an equal opportunity employer and we have invested extensively in the welfare of our employees through a range of benefits that go above and beyond the statutory requirements. Out of the Company's agri based operations, approximately 90% of plantation workers are from the local community.

During the year, all statutory payments to employees were made on time and the Company did not face any fines or penalties in relation to non-compliance with labour regulations.

Strong Governance and Policies

Watawala Plantations PLC has a comprehensive policy framework in place for human resource governance, which are described in the Sustainable Strategy chapter of this report (Page Number 40-47). We are dedicated to providing inclusive and productive employment in an atmosphere that promotes dignity, mutual respect, welfare, and safety.

Disclosure 2-27 Compliance status 2022/23

All statutory payments to employees, including EPF, ETF and gratuity, have been made on time by both Watawala Plantations PLC and Watawala Dairy Ltd. Both Companies did not face any fines or penalties in relation to non-compliance with labour laws.

Fair Remuneration

Wages of members of trade unions are determined by the Collective Agreements in place while remuneration of other employees is in keeping with industry rates and governed by the Shop and Office Employees Act.

Watawala Human Capital Base

Category	Type of work/ Qualification/ experience	Number of employees
Watawala Plantations PLC leadership team	Managers	14
Executive team members	Assistant managers and executives	37
Non-executive staff	Regional office staff	146
Plantation workers	Labourers	1,385
Technical /engineering/ high-skill personnel		3
Watawala Dairy employees	Assistant managers, executives and staff	58
Dairy specialists		2
Total		1,645

Employee Group	Benefits
Executives - Head Office	<ul style="list-style-type: none"> Insurance Medical facility Mobile allowance Conveyance allowance
Staff - Head Office	<ul style="list-style-type: none"> Insurance Medical facility Mobile allowance Conveyance allowance
Executives - Estates	<ul style="list-style-type: none"> Billet allowance Medical facility Mobile allowance Fuel/ travelling/ vehicle Accommodation Water, electricity, gas
Staff - Estates	<ul style="list-style-type: none"> Medical facility Tea allowance Accommodation Water, electricity
Associates - Plantation labours	<ul style="list-style-type: none"> Housing Water Tea allowance Free medicinal drugs Medical facility Free clinics Childcare facilities for children below 5 years Wheat flour Death donation Assistance to temples and religious festivals Health education





Performance evaluations

All staff level and management grades face annual evaluations based on KPIs. The process excludes estate labour. While estate staff are evaluated manually, the executive staff are evaluated using the online HR system. The evaluations are based on divisional KPIs that are combined with individual KPIs to align Company goals with those of our workers.

Rewards

Employees that perform well are rewarded and recognized through increments and promotions. A monthly cash incentive scheme recognizes employee contributions towards productivity while innovation is recognized separately by an independently assessed Employee Recognition Scheme (ERS). Outstanding contributions are escalated to a quarterly and annual rewards scheme thereafter.

Employee profile

GRI 2-7 Employees

- a. Total number of employees, broken down by gender and by region

Province/district	Male	Female	Total
Watawala Plantations			
Western Province	18	5	23
Southern Province	888	461	1,349
Eastern Province	6	-	6
Central Province	95	112	207
Total	1,007	578	1,585
Watawala Dairy	52	8	60

Permanent employees

Definition of permanent employees: Employees in permanent employment.

Province/district	Male	Female	Total
Watawala Plantations			
Western Province	18	5	23
Southern Province	888	461	1,349
Eastern Province	6	-	6
Central Province	95	112	207
Total	1,007	578	1,585
Watawala Dairy	52	8	60

Daily wage employees

Province/district	Male	Female	Total
Watawala Plantations			
Western Province	-	-	-
Southern Province	750	436	1186
Eastern Province	-	-	-
Central Province	91	108	199
Total	841	544	1,385
Watawala Dairy	-	-	-

Contract/ temporary/ part time/ non-guaranteed hours employees

Province/district	Male	Female	Total
Watawala Plantations			
Western Province	-	-	-
Southern Province	17	26	43
Eastern Province	6	-	6
Central Province	-	-	-
Total			
Watawala Dairy	-	-	-

GRI 2-8 Workers who are not employees

Type of work	Contractual relationship	Number of employees
Janitorial services	No contract with employees. Contract is with a service providing company	1
Security services	-	-
Tea and canteen services	-	-

GRI 2-30 Collective bargaining agreements

Percentage of total employees covered by collective bargaining agreements	92%
Working conditions and terms of employment of employees not covered by collective bargaining agreements	For workers not covered by collective agreements, work conditions are determined based on labour regulations, including the Maternity Ordinance, Factories Ordinance, Shop and Office Act and market rates



GRI 401: Employment 2016

GRI 3-3 Management of material topics

a) Negative and positive impacts	<ul style="list-style-type: none"> No negative impacts have been noted as we comply with labour regulations against child labour, and forced labour Positive impacts include creation of employment opportunities and poverty alleviation
a) Whether the negative impacts are through own activities or due to business relationships	No negative impacts, as we require compliance with labour regulations even from our subsidiary and suppliers.
c) Policies or commitments regarding the material topic	<ul style="list-style-type: none"> Commitments under SDG 8 (Decent work) Our employment policies and recruitment practices Our Code of Ethics, which is conveyed to employees in all three languages, explaining their rights and responsibilities
d) Actions to mitigate negative and manage positive impacts	<ul style="list-style-type: none"> Negative impacts are prevented by making employees aware of our policies on child labour, compulsory labour Trade unions and Joint Consultative Committees will complain of any negative aspects of employment Positive impacts are enhanced through employee benefits and health and safety standards 12 people are responsible for employee welfare in our estates
e) Processes to track effectiveness of the actions	<ul style="list-style-type: none"> Employee grievances/complaints are recorded and investigated Grievance management system Trade unions and employees also monitor employee related impacts The RSPO system also requires respecting workers rights, and such rights are monitored
f) How engagement with stakeholders has informed the actions	<ul style="list-style-type: none"> Employee and trade union feedback is taken into account when managing impacts Advice on RSPO accreditation regarding employee rights are taken into account





GRI 401-1 New employee hires and employee turnover

a. Total number and rate of new employee hires, by age group, gender and region

A total of 56 new employees were hired during the reporting period by both Watawala Plantations and Watawala Dairy. The breakdown is provided below

Province	Female			Male			Total
	18-30	30-50	50+	18-30	30-50	50+	
Watawala Plantations							
Western Province	3	1	-	4	9	1	18
Southern Province	1	2	-	9	4	2	18
Central Province	-	3	-	1	-	-	4
Watawala Dairy							
Total	4	6	-	23	18	5	56

b. Total number and rate of employee turnover, by age group, gender and region

Watawala Plantations and Watawala Dairy together experienced an employee turnover of 86 during the reporting period.

Province	Female			Male			Total
	18-30	30-50	50+	18-30	30-50	50+	
Watawala Plantations							
Western Province	-	-	-	1	7	-	8
Southern Province	1	12	6	4	11	29	63
Central Province	-	3	2	-	-	4	9
Watawala Dairy							
Total	1	15	8	8	20	34	86



GRI 404: Training and Education 2016

Disclosure 3-3 Management of material topics

a) Negative and positive impacts	<ul style="list-style-type: none"> Negative impacts will arise due to lack of awareness on the part of employees regarding personal and others' safety and lack of awareness regarding legal and accreditation compliance standards Positive impacts are better quality products and higher compliance
b) Whether the negative impacts are through own activities or due to business relationships	Any negative impacts are due to Company and subsidiary activities
c) Policies or commitments regarding the material topic	<p>Employee training and development is an ongoing activity at both Watawala Plantations as well as Watawala Dairy. Our commitments include:</p> <ul style="list-style-type: none"> Commitments under SDG 8 (Decent work) Sending employees on overseas training sessions, internal and external training sessions, trainings on SOPs, new employee induction, facilitating LinkedIn Learning Staff education encouragement by facilitating education loans
d) Actions to mitigate negative and manage positive impacts	<p>A training calendar is developed to mitigate negative impacts through lack of employee awareness and to enhance positive outcomes. The training calendar is based on</p> <ul style="list-style-type: none"> Performance assessments Accreditation requirements Company growth plans
e) Processes to track effectiveness of the actions	<ul style="list-style-type: none"> Employee performance on sustainability criteria is tracked continually Recording of training hours Training evaluations
f) How engagement with stakeholders has informed the actions	<ul style="list-style-type: none"> Accreditation agency advice on required training to obtain compliance status and employee requests for training made during performance evaluations are considered

Disclosure 404-1 Average hours of training per year per employee

a. The total hours of training that the organisation's employees have undertaken during the year.

Training hours at Watawala Plantations and Watawala Dairy is 2,676.75 hours with an average of 2.8 days per employee.

Employee category	Number of Hours
Managers	1,088.00
Assistant Manager	60.00
Executives	32.00
Supervisory	288.00
Clerical	48.00
Junior	16.00
Other categories	1,144.75
Total	2,676.75





GRI 403: Occupational Health and Safety 2018

Disclosure 3-3 Management of material topics

a) Negative and positive impacts	<ul style="list-style-type: none"> • Potential negative impacts are death, injuries or health problems for employees and lost man days. • Positive impacts are higher productivity and lower costs due to injuries.
b) Whether the negative impacts are through own activities or due to business relationships	Any negative impacts would be due to Company and subsidiary activities.
c) Policies or commitments regarding the material topic	<ul style="list-style-type: none"> • Commitments under national regulations. • Commitments under SDG 8 (Decent work) • Commitments under our health and safety policy • Commitments under RSPO and other quality and sustainable accreditations • Occupation health & safety policy
d) Actions to mitigate negative and manage positive impacts	<p>A hazard identification and risk assessment process is a proactive one. It is more cost-effective to complete this process and implement a risk management system than to have an incident on-site and then create the risk management systems retrospectively.</p> <p>We have established Safety and Health Committees (SHCs) in our work places for greater employee involvement in health and safety.</p> <p>Negative impacts are contained and positive impacts are enhanced by:</p> <ul style="list-style-type: none"> • Training employees • Enforcing strict health and safety practices • Supplying personal protective gear and requiring mandatory use • Immediately addressing any repairs, maintenance and adjustment needs to prevent accidents. • Regular fire drills
e) Processes to track effectiveness of the actions	<p>All injuries and accidents are recorded</p> <p>Daily monitoring of use of personal protective equipment</p>
f) How engagement with stakeholders has informed the actions	Management, employee, accreditation agency and trade union feedback is considered in managing impacts

Disclosure 403-1 Occupational health and safety management system

a. Watawala Plantations occupational health and safety management system

A rigorous health and safety policy guides the company which has been enhanced since the COVID-19 training on the use of Personal Protective Equipment (PPE), safe work practices, handling equipment, and first aid and Standard Operating Procedures (SOP). The system has been implemented based on the following.

1. RSPO accreditation requirements

To become RSPO Certified, organisations are required to demonstrate compliance with the applicable RSPO standards. Accordingly, we have completed a thorough and continuous verification process through a systematic annual audit and maintained the compliance status, whilst pursuing continuous improvement.



7 PRINCIPLES

for growers to be RSPO certified



- Principle 1. **Behave ethically and transparently**
- Principle 2. **Operate legally and respect rights**
- Principle 3. **Optimise productivity, efficiency, positive impacts and resilience**



- Principle 4. **Respect community and human rights and deliver benefits**
- Principle 5. **Support smallholder inclusion**
- Principle 6. **Respect workers' rights and conditions**



- Principle 7. **Protect, conserve and enhance ecosystems and the environment**

2. National labour laws, including the Factories Ordinance and others

- The National Environment Act, No. 47 of 1980/ The National Environment (Amended) Act, No. 56 of 1988/ The National Environment (Amended) Act, No. 53 of 2000
- National Environmental (Noise Control) Regulations No. 1 of 1996
- Order published under the Gazette Notification No. 924/12 dated 23.05.1996 (Industrial noise pollution)
- Regulations made by the Minister of Environment and Natural Resources under Paragraph (h) of Sub-section (2) of Section 32 (2) (h) of the National Environmental Act, No. 47 of 1980 - Municipal solid waste

- Extra Ordinary Gazette No. 2211/51 prohibiting the use of PolyEthylene Terephthalate (PET) or Polyvinyl Chloride (PVC) material for packing agrochemicals used for any process, trade or industry.
- National Environmental (Ambient Water Quality) Regulations, No. 01 of 2019
- Regulations on Polythene & Plastic Management 2017
- Prevention of Mosquito Breeding Act, 2007 (Act No. 11 of 2007)
- Pradeshiya Sabhas Act No. 15 of 1987
- Soil Conservation Act No. 25 of 1951
- Soil conservation regulations number 1 of 2009/ under section 4 of soil conservation (amended) Act No. 24 of 1996

b. Coverage of the occupational health and safety management system

Work places	Activities	Scope of workers
Watawala Plantations		
Chemical/ pesticide stores	Chemical storing, mixing pesticides	Stores premises
Central workshop	Vehicle and machinery re-pairing, welding	Central workshop premises
Estate fields	Felling, land preparation, spraying, manuring/ fertilizing, manual weeding, harvesting, FFB loading, transporting, ramp	Estate fields
Oil palm mill CEB transformer	Main power supply	Mill premises
Crude palm oil storage tanks at the entrance	Storage	Mill premises
Loading point of crude oil to the bowsers	Loading	Mill premises
Sterilization tank	Sterilization	Mill premises
Condensate tank	Condensation	Mill premises





GRI 403-2 Hazard identification, risk assessment, and incident investigation

<p>a. Description of the processes used to identify work-related hazards and assess risks on a routine and non-routine basis, and to apply the hierarchy of controls in order to eliminate hazards and minimize risks</p>	<ul style="list-style-type: none"> • The sustainability team identifies potential occupational health and safety hazards by investigating physical, ergonomic, biological, chemical and psychological conditions • With inputs from the estate management and employees the sustainability team prepares and maintains the Hazard Identification Risk Assessment & Risk Control chart (HIRARC) • The HIRARC shall be identified with respect to its major work activities involved in all the activities carried out at the estates and mill. The hazards identified from the different areas of work are consolidated to form HIRARC • Certain ongoing and proactive hazard identification processes are given below: <ul style="list-style-type: none"> • Ongoing proactive identification of hazards • Past relevant incidents, emerging trends • Routine & non-routine activities and situations • Potential emergency situations • Human factors • Other issues – design, situations in the vicinity of workplace, situations not controlled by the organisation • Changes or proposed changes • Change in knowledge • How work is organized, social factors, workload, work hours, leadership and culture • All hazards are recorded according to the process, section or department so that they could be analysed easily. • Operation conditions are mentioned in the HIRARC under the following 3 criteria <ul style="list-style-type: none"> • Normal • Abnormal • Emergency • Accidents or potential aftereffects from the hazard is recorded to analyze the risk rating of the hazard • Risk rating is determined based on probability of occurrence and severity of the hazard • The rating is calculated by multiplying the probability of occurrence and the severity of the hazard. Level of risk is measured. • Identified hazards are reported to the management after investigation. • Good management practices and programs are implemented to control and eliminate the potential dangers. • Advising the management to consider safety and health aspects when planning new projects, new equipment and new buildings to decrease hazards in work environments. • Information on the prevention of health problems is disseminated to managers and employees via in-house programs • Following a distinct mitigate action plan for activities categorized as high-risk
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<p>I. How the organisation ensures the quality of these processes, including the competency of persons who carry them out</p>	<ul style="list-style-type: none"> • HIRARC is revised in 2 occasions, <ol style="list-style-type: none"> 1. Annual revision of HIRARC 2. After an accident occurs • Annual revisions are done by the sustainability team with the observations and inputs they gained throughout the year • After an accident occurs, the management unit is responsible to communicate it to the sustainability team for revision of the HIRARC • Revisions in HIRARC due to fatal accidents are done immediately (within 1 month) after investigation • Revisions in HIRARC due to non-fatal accidents need to be done quarterly after investigation
<p>II. How the results of these processes are used to evaluate and continually improve the occupational health and safety management system</p>	<ul style="list-style-type: none"> • The identified hazards are reported to the management after investigation. • Good management practices and programs are implemented to control and eliminate potential dangers. • Advising the management to consider safety and health aspects when undertaking new projects, new equipment and new buildings to decrease hazards in work environments. • Information on the prevention of health problems is disseminated to managers and employees via inhouse programs • Following a distinct mitigate action plan for activities categorized as high-risk
<p>b. A description of the processes for workers to report work-related hazards and hazardous situations, and an explanation of how workers are protected against reprisals</p>	<ul style="list-style-type: none"> • Only matters relating to safety and health at the place of work shall be discussed at any meeting of the Safety and Health Committees. These may include <ul style="list-style-type: none"> - Reviewing the current practices for safety at work - Monitoring current usage of PPEs and safety procedures at ground level • Employee comments and feedback on PPE suitability and usage <ul style="list-style-type: none"> - Examining safety and health audit and assessment (HIRARC) reports. - Development of safety and health rules and procedures - Planning and implementation of safety trainings - Assimilating new information pertaining to safety and health - Reviewing the health and safety and plan
<p>c. A description of the policies and processes for workers to remove themselves from work situations that they believe could cause injury or ill health, and an explanation of how workers are protected against reprisals</p>	<p>We are 100% committed to provide a safe and clean work environment for all employees. Towards achieving this objective we;</p> <ul style="list-style-type: none"> • Carry out regular health and safety risk assessments and adopt practical, proactive and preventive safety precautions, procedures and rules in all plantation and processing operations/ activities to control occupational hazards, risks and prevent accidents. • Ensure employees are regularly trained and educated on relevant health and safety aspects and will be actively involved in implementing health and safety programs and procedures, through the establishment and efficient functioning of health and safety committees spearheaded by respective managers. • Review health and safety risk assessments, health and safety standards, programs and objectives and carry out transparent stakeholder communication on health and safety to ensure continuous improvement.





<p>d. A description of the processes used to investigate work-related incidents, including the processes to identify hazards and assess risks relating to the incidents, to determine corrective actions using the hierarchy of controls, and to determine improvements needed in the occupational health and safety management system.</p>	<p>Hazard identification, risk assessments and risk control records for the mill and estates. Hazard identification and risk assessment will help to:</p> <ul style="list-style-type: none"> • Recognise and control hazards in the workplace. • Create awareness among employees – and use it as a training tool. • Set risk management standards based on acceptable safe practices and legal requirements. • Reduce incidents in the workplace. • Save costs by being proactive instead of reactive. • Effective management control will raise the standard of health and safety measures. <p>Most incidents in the workplace occur due to insufficient management controls. The following are systems used in the workplace to reduce the likelihood of a health and safety incident:</p> <ul style="list-style-type: none"> • Training; • Inspections; • Work procedures; • Employee fitness; • Planned maintenance of equipment and structures; and • Ensuring sufficient and competent supervision.
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Disclosure 403-3 Occupational health services

a. Description of the occupational health services’ functions

1. Employees who work in the estates are obliged to follow the rules and play an active role in maintaining occupational health and the working environment to avoid health problems and occupational diseases.
2. All employees who work in the mill and estates should participate in the annual medical surveillance. The areas mentioned below are checked in the medical surveillance.

Health Facilities

- All employees can consult the medical personnel available in the estate regarding health problems

- Staff and employees in the company are covered under medical insurances for health issues and all employees are covered under the relevant law of Sri Lanka for compensation.
- The company has arranged internal or external transport for sick/injured employees in emergencies.
- The company provides first aid boxes and its contents in accordance with the Section 50 of the Factories Ordinance in different places at the premises of the company. Also, first aid providers are trained.
- The company cooperates with a local hospital for any further treatment for sick/injured employees.

Health Monitoring

Health monitoring measures consists of,

1. Medical surveillance
2. Pregnancy

1. Medical surveillance

- a. To identify which medical tests are to be conducted, expert assistance is taken by the Company and the tests are decided according to the hazards they are open to.
- b. When results of a medical examination exceeds the recommended threshold, or due to recurrent illness, or when there is prolonged absenteeism owing to an illness, prior medical records are perused.
- c. The records of the medical surveillance follow up are maintained by each management unit.



- d. The management follows up on medical records when an illness directly affects employees' occupational health.
- e. If an employee is not in a suitable health condition to perform the current job, he/she will be relocated to a suitable job role.

2. Pregnancy of an employee

- a. If a female employee is expecting a child, she needs to communicate it to the Company in writing before and after the delivery so she can be entitled to the maternity benefits
- b. When the Company is informed about a pregnancy of a female worker, the Company offers her light work

Disclosure 403-5 Worker training on occupational health and safety

- a. A description of any occupational health and safety training provided to workers, including generic training as well as training on specific work-related hazards, hazardous activities, or hazardous situations.
 1. First aid training
 2. Personnel protective equipment training
 3. Fire training
 4. Occupational health and safety training
 5. Chemical and pesticides application/ handling training
 6. Material safety data sheet training
 7. Defensive drive training
 8. Fertilizer application training

GRI 403-6 Promotion of worker health

- a. How workers' access to non-occupational medical and healthcare services are facilitated
 - Annual medical surveillances - the major objective of this medical surveillance is to conduct health hazard evaluation programmes which helps employees and organisation learn whether health hazards are present at the workplace and recommends ways to reduce hazards and prevent work-related illness.
 - Tracking diseases, injuries and workplace exposures for further study
 - Identifying new and emerging problems in the workplace
 - Providing evidence used for direct intervention and prevention activities
 - Monitoring the overall impact of occupational health research
 - First aid boxes are provided as per the guidance given under the Factories Ordinance first aid requirement are identified and required first aid items are provided.
 - Workman compensation provisions as per WCI Act
 - Medical insurance system, surgical and hospitalization cover, OPD cover, personal accident cover
- b. Voluntary health promotion services offered to workers

- Medical camps organized in collaboration with the Government health sector and Udugama Base Hospital.
- CSR for Udugama Paediatric ward and ICU
- CSR for Karapitiya Cancer Hospital
- CSR for 1919 ambulance service
- Awareness programs on diabetes

Disclosure 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

- a. Organisation's approach to preventing or mitigating significant negative occupational health and safety impacts by business relationships

Our approach is to identify potential and existing negative impacts through our business relationships and work with our business partners to address these.

- The sustainability team identifies potential occupational health and safety hazards that could occur through our business relationships.
- With inputs from the estate management and employees, the sustainability team prepares and maintain the Hazard Identification Risk Assessment & Risk Control chart (HIRARC)
- The HIRARC shall be identified with respect to its major work activities carried out at the estates and mill. The hazards identified from different areas of work are consolidated to form the HIRARC



Disclosure 403-9 Work-related injuries

For all employees: The number of recordable work-related injuries

The number of fatalities as a result of work-related injury	-
The number of high-consequence work-related injuries (excluding fatalities)	-
The number of recordable work-related injuries	12
The main types of work-related injury	Injury to fingers
The number of man days lost due to work-related injury	36
How these hazards are addressed	By providing PPE and training

b. For all workers who are not employees but whose work and/or workplace is controlled by the organisation:

The number and rate of fatalities as a result of work-related injury	-
The number and rate of high-consequence work-related injuries (excluding fatalities)	-
The number and rate of recordable work-related injuries	-
The main types of work-related injury	-
The number of hours worked	-
How these hazards are addressed	By following health and safety practices

Employee events



HR development plans

The Company intends to introduce additional benefits broadening the existing benefit schemes of all groups of employees. HR development plans will focus on:

- Enhancing labour productivity by motivating the workforce.
- Enhancing the support given to the community, especially the estate community in need.



MANUFACTURED CAPITAL

Watawala Plantations PLC and Watawala Dairy Ltd have two main categories of manufactured assets. The first category of manufactured assets are biological assets, which encompasses our crops and cattle. Our second category of manufactured assets consist of physical assets including manufactured outputs such as palm oil, tea, rubber, cinnamon, milk, and plant and machinery, and buildings, vehicles and other infrastructure.

Biological Assets

Asset Type	Extent (ha) or numbers	Net Carrying Value LKR '000 2022/23
Watawala Plantations		
Oil Palm	3,393.27	2,130,856
Cinnamon	103.88	169,109
Tea	136.46	124,022
Rubber	139.80	59,998
Coconut	27.68	20,093
Other crops		11,174
Watawala Dairy		
Dairy cattle	1,760 Nos	893,071

Other physical assets

Asset Type	2022/23 LKR '000	2021/22 LKR '000	% Change
Watawala Plantations			
Buildings	403,017	292,750	38%
Plant and Machinery	358,368	411,260	-13%
Other equipment	15,096	13,011	16%
Furniture & Fittings	18,687	11,136	68%
Other	344,321	214,552	60%
Watawala Dairy			
Buildings	1,069,229	1,023,079	5%
Plant and Machinery	166,641	183,375	-9%
Other equipment	27,716	41,551	-33%
Furniture & Fittings	3,799	6,790	-44%
Other	126,764	194,403	-35%





- Buildings: Office buildings, factory buildings, palm oil mill, treatment plants, warehouses, estate bungalows, cow houses, and other structures in our estates such as worker rest spaces, worker cottages, and modern housing projects, as well as roads within our jurisdiction are included in this category.
- Plant and Machinery: Machinery used for the manufacturing of palm oil, cinnamon, compost and in the palm oil mill equipment such as boiler, turbine, kernel plant, press, separation machinery, storage tanks and equipment, and treatment plants amongst others.
- Agri-equipment and other equipment: Agri-equipment for cultivation and equipment in the dairy farm

Enhancing our manufactured capital

In spite of the extremely uncertain and volatile macro environment that prevailed for most of 2022/23, we continued to invest in maintaining and expanding our manufactured capital base to ensure future sustainability of Watawala Plantations and Watawala Dairy.

Watawala Plantations		LKR '000
Investments in biological assets		
• Upkeep of immature oil palm fields		19,140
• Investment in cinnamon and coconut planting		18,065
Investment in buildings		
• Investment in executive bungalows, estate office		108,215
• Development of the cinnamon peeling centre		14,932
Plant and Machinery		
• Investment in mill development		8,394
• Investment in new CCTV		3,694
Initiatives for capital Improvement		
• Upgrading of roads		-
• Fixing of geomembrane		4,973
• Ongoing projects		15,378
• Cinnamon peeling centre		-
Maize Projects		
• Purchase of land for maize cultivation		88,671

Future plans

Our focus in the short term will be to enhance efficiency and productivity of our existing manufactured assets to enhance yields.



RSPO Certified Nakiyadeniya Palm Oil Mill



INTELLECTUAL CAPITAL

The core of our intellectual capital is the Watawala Plantations brand. This is reinforced by our organisational knowledge, including technical expertise, strategic partnerships and unique systems and processes. We enhance our organisational knowledge through research and development activities in partnership with specialised institutions. Our accreditations such as RSPO add value towards our intellectual capital base.

Brand Equity

The Watawala brand is the Company's strongest intellectual capital. It encompasses the brand trust, brand values and brand recognition built over years with the consumers and partners as a reliable and credible provider of agri-based produce.

The Company's dairy products, cinnamon and other sub product categories have benefitted from the Watawala brand association which has helped them achieve market acceptance and market share.

Organisational knowledge

Since 1992, we have been part of the Sunshine Holdings Group which has added to the shared organisational knowledge of in-house expertise developed over a couple of decades. It enables knowledge sharing not only of specialised and technical subjects but also markets, international networks of contacts and strategies.

Our leadership is a valuable source of intellectual capital for the Company bringing 55 years of combined experience, expertise, network, and professionalism, which has helped the Company overcome many difficulties and challenges over time.

Business processes and systems

Customised business processes and systems have been introduced to Watawala Plantations PLC over the years. They have contributed to increasing our business productivity whilst ensuring that the operations function smoothly.

We have received multiple certifications for our operations in terms of productivity, cost efficiency, environmental, social, and product responsibility, international standardization, and long-term integration of these practices into our value creation process.

Research & Development

We have been collaborating with Universities on many projects to modernise our agricultural systems. Our R&D into the production of bio-fertilizer at the palm oil mill is now being implemented.

We also collaborated on a series of studies with Rainforest Rescue International in Sri Lanka and the University of Peradeniya Centre for Sustainability to determine the current state of habitats of various animal species and to regularly monitor and nurture them. The discovery of the new fish species "*Schistura*" was a result of a research project carried out in the stream "*Seethala Dola*", Nakiyadeniya, in one of our estates.

We are currently working with the University of Moratuwa on microalgae-based treatment of palm oil mill effluent and the production of liquid bio fertilizer. We also initiated a project to evaluate the transpiration rates of the plants using a SAP flow meter with the University of Peradeniya.

Innovations

We encourage and reward innovation among all levels of employees in all aspects of the business. Our employees, have responded by trying and testing new ideas and contributing many innovations towards improving our systems and processes. These innovations are recognized and appreciated at the quarterly Town Hall meetings where staff members have received certificates and cash rewards.

Some of the recent innovations include:

- FFB crop evacuation ramps
- FFB transport conveyor systems
- Mechanized harvesting and weeding
- Low cost in-house rebuilding of wear parts
- In-house fabrication of process supporting machinery
- Converting wastage from our processes into compost (Watawala Dairy farm and Palm Oil Mill) using appropriate technology and introducing in-house developed micro-organisms
- Digitalization of field-level data and exiting from the traditional "*Kangani chits*" and offered access to comprehensive, real-time data

Future plans

We will continue to focus on positioning the Watawala Plantations brand as a sustainable and responsible producer of the highest quality of palm oil. We also hope to take the Watawala Plantations brand to the world as a supplier of sustainable palm oil.

Enhancing our organisational expertise will remain a priority through ongoing technical training of our employees.



NATURAL CAPITAL

Watawala Plantations PLC goes above and beyond all applicable environmental regulations to conserve our natural capital. While maintaining full compliance with all relevant environmental regulations, we comply with a range of social and environmental sustainability standards, starting with the RSPO Standard, which is a specialised sustainability accreditation for palm oil production and the supply chain, and is designed to address potential negative environmental impacts while augmenting social benefits. (Details on our Social Impact Assessments under the RSPO are provided in the Social Capital chapter of this report).

We also commissioned and conducted a study on identifying areas of high conservation value.

Compliance with regulations

During the fiscal year under review, Watawala Plantations PLC and Watawala Dairy Ltd., complied with all applicable environmental regulations and certifications.

Our natural capital base

Watawala Plantations PLC consists of 4 estates namely; Homadola, Nakiyadeniya, Talangaha and Royston Estates. Oil palm was first cultivated in 1965 in the Nakiyadeniya Estate. Currently, the Watawala estates cultivate mainly oil palm, rubber, tea, cinnamon, and coconut.

Estate	Extent (ha.)
Homadola	1,367.77
Talangaha	1,725.34
Nakiyadeniya	1,713.80
Royston	17.43
Total	4,824.34

Hectareage of land use according to estate and type of crops

Estate	Tea	Rubber	Oil Palm	Coconut	Cinnamon	Total
Homadola	54.20	97.16	668.85	10.25	50.82	881.28
Talangaha	11.26	-	1,352.56	-	33.47	1,397.29
Nakiyadeniya	-	42.64	1,371.86	-	17.09	1,431.59
Royston	-	-	-	17.43	-	17.43
Total	65.46	139.80	3,393.27	27.68	101.38	3,727.59

Sustainable palm oil production

Watawala Plantations' RSPO Principles and Criteria (P&C) cover the most significant environmental and social impacts of palm oil production and the immediate inputs to production, such as seeds, chemicals and water, and social impacts related to on-farm labour and community relations.



Managing the environmental impact

Under the RSPO certification, the Company must conserve, protect, and enhance ecosystems that provide for the next generation through sustainable consumption and production and sustainable management of natural resources.

This includes sustainable management of forests, combat desertification, halt and reverse land degradation, halt biodiversity loss (SDG 15). Climate change is addressed through continuous GHG reductions, and air and water pollution mitigation measures.

- Additionally, we also operate a comprehensive waste management system to prevent land and water pollution (Please refer GRI disclosure 306: Waste 2020 for details on our Integrated Trash Management system)
- Our emissions are monitored, and carbon footprint reduction measures have been implemented (Please refer GRI disclosure 306: Waste 2020)
- Water and effluents management, and energy management systems are covered under this chapter through the relevant GRI disclosures

Habitat protection

Watawala Plantations is actively engaged in preserving natural habitats under its care through the HCV Management mechanisms. The primary purpose of HCV management is to identify HCV areas, and provide guidance for their conservation management. These efforts also cover three broad areas of agricultural sustainability:

- Biological diversity, upon which sustainable agriculture depends;
- Environmental stability, the physical medium for agriculture; and
- The broad social, cultural and livelihood needs in the project area, as well as beyond

Site management is needed to minimise any reduction in the value of the areas that need to be conserved, which is achieved by the following three means:

- The identification of the HCV areas;
- The development of an HCV management plan; and
- The development of an HCV monitoring plan

Managing areas of High Conservation Value (HCV)

The management and monitoring plans for HCV areas was implemented by focusing on the following:

- building the institutional capacity to manage HCV areas as part of the mainstream management practices;
- making available experienced and trained human resources; and
- obtaining support of the government and local community to conserve HCV areas

HCV 1: Concentrations of biological diversity including endemic species, and rare, threatened or endangered (RTE) species that are significant at global, regional or national levels.

HCV 2: Large landscape-level ecosystems, ecosystem mosaics and Intact Forest Landscapes (IFL) that are significant at global, regional or national levels, and that contain viable populations of the great majority of the naturally occurring species in natural patterns of distribution and abundance.

HCV 3: Rare, threatened, or endangered ecosystems, habitats or refugia.

HCV 4: Basic ecosystem services in critical situations, including protection of water catchments and control of erosion of vulnerable soils and slopes.

HCV 5: Sites and resources fundamental for satisfying the basic necessities of local communities or indigenous people (for livelihoods, health, nutrition, water), identified through engagement with these communities or indigenous people. MEC|WPL: HCV Assessment Report, Udugama, Galle District, Sri Lanka

HCV 6: Sites, resources, habitats and landscapes of global or national cultural, archaeological or historical significance, and/or of critical cultural, ecological, economic or religious/sacred importance for the traditional cultures of local communities or indigenous peoples, identified through engagement with these local communities or indigenous people.





GRI 304: Biodiversity 2016

Disclosure 3-3 Management of material topics

Actual and potential, negative and positive impacts on the economy, environment, and people	<p>Potential negative impacts</p> <ul style="list-style-type: none"> • Forest degradation • Hunting
Report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships	Any potential negative impacts through our operations are monitored and controlled through the application of RSPO guidelines, ISO certification and compliance with national regulations
Describe policies or commitments regarding the material topic;	<p>Environment policy has been established by top management to ensure the environment protection and conservation during operations.</p> <p>The Estate Management Unit (EMU) is responsible for engaging with neighbouring land managers and affected stakeholders to coordinate management plans and initiatives across the wider landscape. The EMU is responsible for avoiding damage to HCVs within the estate</p> <p>We have developed SOPs for following areas;</p> <ul style="list-style-type: none"> • To support conservation management of such areas • To manage riparian buffers and establish strict enforcement (including replanting in these areas) for road and bridge design to minimize fragmenting biological corridors such as riparian buffers • For monitoring water quality, riparian buffers, and water body buffers (including areas planted with oil palm) and to monitor quality of in-coming water and outgoing supply. Considerations for replanting must be included • For managing steep areas (including oil palm areas) the main focus is on preventing slope failure and unmitigated erosion. Considerations for replanting are included • For land clearance and preparation of hilly areas (contouring) • For road and drain design to minimise erosion
Actions to prevent or mitigate potential negative impacts;	<p>We have established polices for occupational health and safety, environmental management and energy management. By implementing these systems we continuously monitor all the operations under the management units by organizing regular internal audits. Outcomes of the audits are use to improve the operations.</p> <p>With regards to occupational health and safety, energy management and environmental management, we have established risk and opportunity assessment. We conduct training sessions covering all operations to prevent negative impacts related to occupational health and safety, energy and environment management.</p>
Actions to address actual negative impacts, including actions to provide for or cooperate in their remediation	<p>If any non-compliances are identified during audits, it is corrected, and then corrective action is established to ensure the root cause of the non-fulfilment is prevented.</p> <p>Policies and SOPs have been established to ensure that all the activities comply with the national and international regulations. We consider all stakeholders in our management activities.</p>



<p>Actions to manage actual and potential positive impacts</p>	<p>We have established a procedure for identifying risks and opportunities in each ISO certification system. These records are updated regularly. Apart from that also:</p> <ul style="list-style-type: none"> • Demarcate physical river buffers in areas planted with oil palm • Mark and establish a 1-meter buffer around HCV 6 sites, and install signage for each site (alternatively, buffer extent should be determined upon site survey) • Ensure HCV areas within and around plantation areas remain, so that movement of wildlife species and pollinators along biological corridors can occur • Secure as much of the early succession areas of disturbed and cleared land as available, so that this too can revert to secondary forest • Secure all remaining natural forest areas and allow these areas to return to a late succession state
<p>Processes used to track the effectiveness of the actions;</p>	<p>We evaluate the effectiveness of actions by conducting internal audits.</p>
<p>Goals, targets, and indicators used to evaluate progress</p> <p>Effectiveness of the actions, including progress toward the goals and targets;</p>	<p>Through the participation of estate management units and sustainability team we,</p> <ol style="list-style-type: none"> 1. Analyse and evaluate monitoring results 2. Review management objectives 3. Adapt management and monitoring as needed
<p>Effectiveness of the actions, including progress toward the goals and targets;</p>	<ul style="list-style-type: none"> • Measurement of key characteristics and environmental performance associated with significant aspects are specified in the environmental management programs to monitor effectiveness. • Environmental objectives and targets are tracked through the internal tracking system. • Operational controls are monitored and measured as per procedures and work practices. The methods, frequencies and responsible parties are documented.
<p>Lessons learned and how these have been incorporated into the organisation's operational policies and procedures</p>	<p>Lessons learned are incorporated into the management plan of the HCV and other monitoring and measurement activities.</p>
<p>Describe how engagement with stakeholders has informed the actions taken</p>	<p>We use notice boards, internal circulars, contact agreements and public consultation for effective communication. We also,</p> <ol style="list-style-type: none"> 1. Set objectives and targets 2. Conduct studies and mapping as required 3. Choose indicators for monitoring 4. Create management and monitoring plans 5. Stakeholder engagement





GRI 304-3 Habitats protected or restored

a. Size and location of all habitat areas protected or restored	The Protected Areas (PA) around Watawala Plantations are the Biosphere Forest Reserve Kanneliya-Dediyagala-Nakiyadeniya Complex (KDN), the Pattaramoraketiya, Nerugalkanda and Malambure Forest Reserves. Talangaha and Homadola estates boundaries overlap with the KDN complex and the Nerugalkanda Forest Reserve, both of which are Protected Areas.
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HCVMA Codes	Description of HCV Management Areas (HCVMA)	Combinations of HCV*	Extent of HCVMA
A	Mid - Succession MDF fragments that are isolated throughout Watawala Complex	HCV 1 and 3	109.55
B	Mid - Succession MDF fragments link to Protected Areas (KDN Complex)	HCV 1, 2 and 3	1.87
C	Riparian Reserves that are connected to fragments of mid succession MDF	HCV 1, 3 and 4 River Buffer (RB)	43.7
D	Mid - Succession MDF fragments with steep slopes (>25°)	HCV 1, 3 and 4 Steep Slope (SS)	80.69
E	Mid - Succession MDF fragments on steep slopes (>25°) and are connected to riparian reserves. Oil palm is planted along river buffers.	HCV 1, 3 and 4 Steep Slope (SS) and River Buffer (RB)	33.76
F	Mid - Succession MDF fragments that are connected to National Protected Areas with steep slopes (>25°)	HCV 1, 2, 3 and 4 Steep Slope (SS)	38.71
G	Mid - Late Succession MDF fragments that are connected to Protected Areas (KDN Complex) with steep slopes (>25°) and riparian reserves.	HCV 1, 2, 3 and 4 Steep Slope (SS) and River Buffer (RB)	153.59
H	Mid - Succession MDF fragment that is connected to National Protected Areas (the KDN Complex), the are is relatively steep with slopes (>25°) and has a water body in the forest.	HCV 1, 2, 3 and 4 Steep Slope (SS) and Water Bodies (WB)	1.91
I	Water collected from river buffer that is used by local community in their daily necessity	HCV 4 River Buffer (RB) and 5	1.19
J	Areas with oil palm planted on steep slopes (>25°)	HCV 4 Steep Slope (SS)	44.48
K	Areas with oil palm planted along river buffer	HCV 4 River Buffer (RB)	14.17
L	Areas with oil palm planted in water bodies buffer	HCV 4 Water Bodies (WB)	1.76
M	Points with water resources utilized by locals	HCV 5	-
N	Areas with Bodhi Tree. Shrines and Temples	HCV 6	-
Total			525.39



NATURAL CAPITAL

Total protected area under Watawala Plantations

The total extent of HCV management area is approximately 525.39 ha., representing 10.75% of the total Watawala concession.

Type of HCV	HCV Present in Homadola Estate (ha.)	HCV Present in Nakiyadeniya Rubber Estate (ha.)	HCV Present in Nakiyadeniya Oil Palm Estate (ha.)	HCV Present in Talangaha Estate (ha.)	Total HCV Present (ha.)
HCV 1	307.14	83.50	8.58	36.65	435.87
HCV 2	188.87	-	-	7.07	195.94
HCV 3	307.14	83.50	8.58	36.65	435.87
HCV 4 River Buffer (RB)	15.06	18.29	17.50	0.64	51.49
HCV 4 Steep Slope (4SS)	139.55	21.18	11.84	12.47	185.04
HCV 4 Water Bodies (4WB)	1.59	3.57	0.80	0.07	6.03
HCV 5	1.19	-	-	-	1.19
Total HCV Presence (Non-Overlapping) in Each Estate	960.54	210.04	47.30	93.55	1,311.43

Type of HCV	HCV Present in Homadola Estate (ha.)	HCV Present in Nakiyadeniya Rubber Estate (ha.)	HCV Present in Nakiyadeniya Oil Palm Estate (ha.)	HCV Present in Talangaha Estate (ha.)	Total HCV Present (ha.)
A	18.38	53.01	8.58	29.58	109.55
B	1.87	-	-	-	1.87
C	10.99	32.71	-	-	43.70
D	62.58	18.12	-	-	80.70
E	33.76	-	-	-	33.76
F	31.64	-	-	7.07	38.71
G	153.59	-	-	-	153.59
H	1.91	-	-	-	1.91
I	1.19	-	-	-	1.19
J	34.22	3.93	3.05	3.28	44.48
K	2.55	-	11.62	-	14.17
L	0.42	1.01	0.29	0.04	1.76
Total HCVMA (Overlapping HCV) in each Estate (ha.)	353.10	108.78	23.54	39.97	525.39

Basis of measurement: Based on Geographical Information Systems mapping.





<p>b. Status of each area based on its condition at the close of the reporting period</p>	<p>No change during the year under review. There is no deterioration of the protected areas under our care indicating that our habitat protection measures are effective.</p>
<p>c. Standards, methodologies, and assumptions used.</p>	<p>The assessment follows several stages related to the scale of assessment. Firstly, review of land use of the assessment area (natural vegetation, forest types and protected areas); thereafter the developed area is focused upon (cleared and uncleared areas; natural vegetation types and state of disturbance) and model building on the combined land cover and land use; lastly field sampling of selected spots or locations with different vegetation types is conducted. Plots were established for assessing species and other stand characteristics and for estimating carbon stock.</p> <p>The preliminary scoping exercise was undertaken to assess the existing land use and land cover in the assessment area. This is also a pre-assessment exercise to plan the logistics and assessment feasibility. The scoping was also conducted to be cognizant of the complexity of the social setting in the assessment area.</p>

GRI 306: Waste 2020

Disclosure 3-3 Management of material topics

<p>Actual and potential, negative and positive impacts on the economy, environment, and people</p>	<p>Actual and potential, negative impacts are;</p> <ul style="list-style-type: none"> • Potential pollution by local communities (including household wastewater and sewage) • Pollution from workers’ settlements (household waste and sewage) • Discharge of sewage in rivers • Pollution due to use of agrochemicals • Potential oil and chemical spills from estate facilities and activities • Increase in sediment load • Potential mill effluent discharge • Due to local communities and plantation workers’ • Lack of awareness on the importance of environmentally friendly methods of domestic waste disposal to ensure river water quality
<p>Report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships</p>	<p>At Watawala, we use an Integrated Trash Management System that focuses on waste management and waste reduction measures to ensure environmental sustainability.</p> <ul style="list-style-type: none"> • Our programs takes into account our employees who live on the plantations • Palm Oil Mill Effluent (POME), which is generated in the production of palm oil, is treated to prevent groundwater and soil contamination



Watawala Integrated Trash Management System

Waste type	Generated from		Type of waste	Approved disposal mechanism
	Estates	Mill		
Damaged or unripen/overripe FFB	✓	✓	Organic	Dumping to estates and cover with soil
EFB		✓	Organic	Dumping to estates
Cotton rags	✓	✓	Hazardous	Handover to a licensed waste collector and incineration
Used oil/ lubricants	✓	✓	Hazardous	Handover to a licensed waste collector
Fruit fiber and shells		✓	Organic	Reuse as fuel to boiler
Kernel cake		✓	Organic	Sold as animal feed
Boiler ash		✓	Organic	Field application
Decanter cake		✓	Organic	Field application
Effluent		✓	Non-hazardous	Field application
E waste	✓	✓	Hazardous	Handover to a licensed waste collector
Leftover food	✓	✓	Organic	Composting/ dumping to pit/ Handover to pradeshiya sabha
Waste polythene & lunch sheet	✓	✓	Non hazardous	Handover to pradeshiya sabha
Paper waste/ cardboard	✓	✓	Non hazardous	Handover to pradeshiya sabha
Glass waste	✓	✓	Non hazardous	Handover to pradeshiya sabha
Hand washed/ vehicle washed/ bathed water	✓	✓		Discharge to soakage pit
Expired chemical	✓	✓	Hazardous	Handover to a licensed waste collector
Fertilizer bags	✓		Hazardous	Send to mill for reusing (fill decanter cake)
Chemical bags	✓	✓	Hazardous	Handover to a licensed waste collector
Empty chemical containers, drums, barrels	✓	✓	Hazardous	Handover to a licensed waste collector
Dried leaves and bunches of trees	✓		Organic	Dispose to fields
Tree trunks after cutting	✓		Organic	Dispose to fields
Dried weeds	✓	✓	Organic	Dispose to fields
Garden waste	✓	✓	Organic	Composting
Culling trees	✓		Organic	Chopping, disposed to a pit in nursery
Scrap metal	✓		Hazardous	Recycler
Storm water	✓	✓		
Sewage	✓	✓	Organic	Septic tanks





<p>Describe its policies or commitments regarding the material topic;</p>	<p>Our main waste management policy is to identify, segregate and store all wastes generated in the estates and mill and dispose them in the least harmful way to the environment.</p> <ol style="list-style-type: none"> 1. All waste is segregated at the point of generation, and it is monitored by management staff 2. There is an allocated sheltered area to store waste separately until disposed 3. The storekeeper identifies scheduled waste as per the specifications of environmental regulations and clearly labelled/ marked containers and areas used for storing 4. Pesticide containers are emptied into a mixing tank and the container is drained by keeping it vertically upside down for 30 seconds. Empty drums, bottles, cans, empty agrochemical containers with lids are cleaned (triple rinse procedure) before storage
<p>Actions to prevent or mitigate potential negative impacts;</p>	<ul style="list-style-type: none"> • Biodegradable waste created in the manufacturing process (POME, decanter cake) is used as a fertilizer for crops • Wastewater is treated in a series of biological and physical treatment processes before being sent to fields. Treated wastewater is applied with supervision • Regular wastewater analyses are conducted to ensure that the water discharged meets the permitted water quality requirements • All non-biodegradable waste is properly disposed of by the Central Environmental Authority approved collectors • Waste management training programs for employees, including modules on the importance of waste management in the office and at home are conducted
<p>Actions to address actual negative impacts, including actions to provide for or cooperate in their remediation</p>	<p>No significant negative impacts during the year due to operation of the Watawala Integrated Waste Management system.</p>
<p>Actions to manage actual and potential positive impacts</p>	<ul style="list-style-type: none"> • Personal Protective Equipment, including gloves, boots and masks are provided for waste handling • Waste storage areas are marked with risk signage • Compatibility of waste is considered when storing • All waste is disposed in authorized ways only • No scheduled waste is disposed to open area or water bodies • We ensure segregation of waste while collecting to minimize environmental impacts • We dispose waste as soon as possible as storing waste for extended periods may cause hazardous emissions • We ensure effluent is not disposed in or near water bodies during field application



Waste and Pollution

Identification, Mitigation/Prevention and Improvement Plan

Operation/ Activities	Possible Waste/ Pollution	Environment Impacts	Mitigation / Prevention	How to improve	Person in charge
Felling rubber and oil palm	Organic waste	Rotting waste	Sell for biomass or wood	Cutting trees at the suitable life stage to prevent environmental pollution	Estate Managers Assistant Managers
		Source for accidental fire			
	Organic waste	Rotting waste	Bury into soil while land preparation		
		Breeding place for pest	Use as firewood		
		Accidental fires	Mixing with boiler ash for bund/roads application		
Nursery and General Store	Solid waste	Land and water contamination	Handover used polybags to a licensed waste collector		Nursery care officer
			Reuse of polybags when possible		
	Organic waste	Rotting waste	Collect culled plants and put into soil after drying	Used as composting material	Nursery care officer
Harvesting	Contamination with water and soil	Contamination of water	Provide training to identify optimal stage of harvesting.	Prohibition of cultivation at and near buffer zones	Field officer
		Contamination of soil	Collection of all loose fruits after harvesting	Return rejected bunches to fields for harvester acknowledgement	
Canopy Management & Ablation	Organic waste	Breeding of pests	Application in fields as decaying fronds are fertilizer		Field officer
			Apply into fields as mentioned in the SOP to prevent negative impacts		
Office	Solid waste i.e. paper, plastic	Land contamination	Continuous education on environmental issues and recycling program.	Burning in the mill boiler	Admin Officer Mill Engineer
			Implement recycling of wastes.	Providing waste bins	
	Sewage	Land and water contamination	Ensuring no accidental spillage from the system	Providing compost bins Controlling sewage spillage	Admin Officer Mill Engineer





Operation/ Activities	Possible Waste/ Pollution	Environment Impacts	Mitigation / Prevention	How to improve	Person in charge				
Workshop	Solid waste	Land and water contamination	Continuous education on environmental concerns and recycling programs	Provide litter bins	Foreman				
	Spillage, contamination			Signboards on 'No Littering' and 'Recycling of Waste'		Remind workers to throw waste based on waste type			
							Keep and manage with proper containers	Store all wastes at the scheduled waste store	Foreman
							Continuous education on recycling program	Providing scrap iron bins	
									Provide training on recycling.
Scheduled waste	Re-use, Reduce, Recycle								
Solid waste									
Weeding	Organic waste	Accidental fires							
Pesticide stores	Scheduled waste	Land and water contamination	Triple rinse the empty bottles						
			Dispose to scheduled waste collectors						

Processes used to track the effectiveness of the actions	<ol style="list-style-type: none"> SOP for the internal audits have been established. Describes the methods for planning and conducting internal audits to verify activities compliance with EMS (Environmental management system) and to determine if the EMS has been implemented properly. Procedure for identification of environmental aspects and significance evaluation This procedure describes the method for identifying and evaluating environmental aspects related to the production activities carried out by the Company. Procedure for objectives, targets & program(s) has been established The purpose of this procedure is to establish practices related to the identification, establishment, implementation and maintenance of objectives and targets associated with the environmental aspects of the Company.
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<p>Goals, targets, and indicators used to evaluate progress</p>	<p>Environmental management objectives of the Nakiyadeniya palm oil mill are given below.</p> <ol style="list-style-type: none"> 1. Reduce oil wastage by leaks and spills in the mill by 5% at the end of the August 2023 2. Improve the noise levels in 20% places identified inside and the boundary of the mill by the end of August 2023 3. Proper disposal of waste and reduction of waste 4. Reusing strategies <p>Removal old machinery and parts in an appropriate manner, and check parts which can be reused and optimize use.</p> <p>A separate place is allocated to store scrap iron with segregation of reusable scrap iron in the mill. Scrap iron to be disposed are disposed via the licensed waste collector.</p> <p>In the event medicine is expired, it is stored in the designated storage area until disposed via a licenced collector.</p> <p>We strive to reduce paper use and encourage employees to use soft copies of documents. When possible, paper is reused.</p> <p>Our employees are trained on proper waste management practices. Waste is segregated at the origin and a systematic waste management program is followed which also aims to minimize waste generation. The tractor trailers are cleaned daily to avoid accumulation of palm fruit waste. Additionally, all FFB loads are covered during transport to avoid fruits getting damaged to environmental elements.</p>
<p>Effectiveness of the actions, including progress toward the goals and targets;</p>	<ul style="list-style-type: none"> • We maintain an environmental aspects registry to minimize environmental impacts from waste and to track effectiveness of our actions • We have achieved our targets for the year and we are audited annually
<p>Lessons learned and how these have been incorporated into the organisation's operational policies and procedures</p>	<p>We review the registry regularly to enhance the overall environmental management. Also, consider waste management as a high priority in all our activities.</p>
<p>Describe how engagement with stakeholders has informed the actions taken</p>	<p>All the policies have been sent to the stakeholders through email and register post. We keep stakeholders informed of our strategies through regular public consultation sessions.</p>

Disclosure 306-4 Waste diverted from disposal

<p>Total weight of waste diverted from disposal in metric tons, and a breakdown of this total by composition of the waste</p>	<p>Palm fruit fibre = 6,284 MT (used as the boiler fuel) Palm kernel shell = 3,428 MT (used as the boiler fuel)</p>
<p>Total weight of hazardous waste diverted from disposal in metric tons, and a breakdown of this total by the following recovery operations</p>	<p>NA</p>
<p>Preparation for reuse</p>	<p>NA</p>
<p>Recycling</p>	<p>NA</p>
<p>Other recovery operations</p>	<p>NA</p>





Total weight of non-hazardous waste diverted from disposal in metric tons	Palm fruit fibre = 6,284 MT (used as the boiler fuel) Palm kernel shell = 3,428 MT (used as the boiler fuel)
Preparation for reuse	NA
Recycling	NA
Other recovery operations	Heat recovery
	Palm fruit fibre = 6,284 MT (used as the boiler fuel)
	Palm kernel shell = 3,428 MT (used as the boiler fuel)
For each recovery operation, breakdown of the total weight in metric tons of hazardous waste and of non-hazardous waste diverted from disposal	i. on-site; 306-4-a: all waste are non-hazardous and quantity as mentioned in a. ii. off-site; Nil
i. on-site	
ii. off-site	

Disclosure 306-5 Waste directed to disposal

Total weight of waste directed to disposal in metric tons, and a breakdown of this total by composition of the waste	None of the waste is disposed. All waste are re-used, such as EFB and decanter cake for mulching and composting, palm fibre and shell are used as fuel for the boiler for heat generation.
Total weight of hazardous waste directed to disposal in metric tons, and a breakdown of this total by the following disposal operations	NA
I. Incineration (with energy recovery)	NA
II. Incineration (without energy recovery)	NA
III. Landfilling	NA
IV. Other disposal operations	NA
Total weight of non-hazardous waste directed to disposal in metric tons, and a breakdown of this total by the following disposal operations	No incineration
I. Incineration (with energy recovery)	NA
II. Incineration (without energy recovery)	NA
III. Landfilling	NA
IV. Other disposal operations	NA
Other disposal operations	NA
For each disposal operation breakdown of the total weight in metric tons of hazardous waste and of non-hazardous waste directed to disposal	NA
i. on-site	NA
ii. off-site	NA



GRI 301: Materials 2016

Disclosure 3-3 Management of material topics

Actual and potential, negative and positive impacts on the economy, environment, and people	Actual and potential negative impacts <ul style="list-style-type: none"> • Soil degradation • Air pollution
Report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships	Potential negative impacts are due to our activities. However, we have extensive preventive measures in place.
Describe its policies or commitments regarding the material topic;	<ul style="list-style-type: none"> • Zero burning policy • Sustainable agricultural policy • Health and safety policy • Equal and fair policy • HR and social policy • Whistle blower policy • Reproductive and sexual right policy • Code of conduct policy • Environment policy • Energy management policy
Actions to prevent or mitigate potential negative impacts;	<ul style="list-style-type: none"> • Monitor implementation of SOP's • Review monitoring results to change management prescriptions • Inspection and maintenance of boundary markers • Periodic field assessment/species presence • Monitoring of RTE species • Monitoring of biodiversity indicators • Monitoring of hunting and collection of RTE species • Assessment and monitoring of HCV sites • Sourcing expert assistance, drafting site management plans and SOPs and ensuring site management quality • Estate boundary monitoring • Land encroachment monitoring and reporting





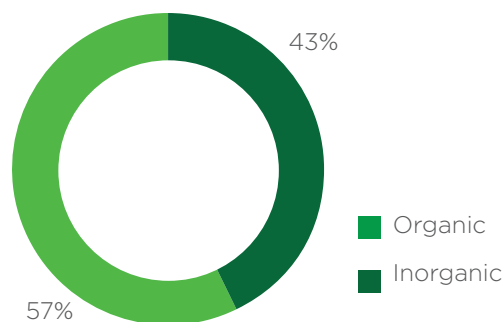
<p>Actions to address actual negative impacts, including actions to provide for or cooperate in their remediation</p>	<ul style="list-style-type: none"> • Public Consultations • Joint Consultations • OSHA committee meetings • Labour day • Grievance mechanism • Whistle blower mechanism • Conflict resolution mechanism • Hazard identification risk assessment and risk control measures adaptations • Environment management plan • Water management plan • SIA management plan • HCV management plan
<p>Actions to manage actual and potential positive impacts</p>	<ul style="list-style-type: none"> • Monitoring all management plans and SOP's related to sustainable agricultural practices • Public consultation to get the public perception on currently practicing agricultural operations • Engagement of identified stakeholders in to the agricultural operations • Supporting community (CSR activities)
<p>Processes used to track the effectiveness of the actions</p>	<ul style="list-style-type: none"> • Internal audits • Quality assurance records • Sop and policy compliances records • Internal audit reports • Management unit visits reports
<p>Goals, targets, and indicators used to evaluate progress</p>	<ul style="list-style-type: none"> • Bonuses and increments are based on the appraisal scores • Final evaluations results summary of the employees (rating curve)
<p>Lessons learned and how these have been incorporated into the organisation's operational policies and procedures</p>	<ul style="list-style-type: none"> • Envisioning report
<p>Describe how engagement with stakeholders has informed the actions taken</p>	<ul style="list-style-type: none"> • Public consultation • Joint consultation meetings • Occupational health and safety committee meetings • Labour day • Union meetings • Staff meetings



Disclosure 301-2 Recycled input materials used

a. Percentage of recycled input materials used to manufacture the organisation’s primary products and services.

Fertilizer Application



Type of waste	Quantity (Kgs)
Slurry	305,039.3
Cow dung	2,651,309
Decanter cake	2,856.55
EFB	7,998.34
Total organic inputs	2,967,203
Total inorganic fertilizer inputs	2,226,120

Basis of measurement: Based on weighbridge records

GRI 302: Energy 2016

Disclosure 3-3 Management of material topics

<p>Actual and potential, negative and positive impacts on the economy, environment, and people</p>	<p>Actual and potential, negative impacts; We comply with ISO 50001 to mitigate negative impacts.</p> <p>Actual and potential, positive impacts;</p> <ul style="list-style-type: none"> • A significant improvement of the energy performance level from an initial energy baseline. • A systematic approach (plan-do-check-act) that leads to continuous energy efficiency improvement. ISO 50001 enables organisations to: <ul style="list-style-type: none"> • Develop a policy for more efficient use of energy • Fix energy efficiency targets and objectives to meet the policy • Use data to better understand and make decisions concerning energy use and consumption • Measure the results of energy efficiency improvements • Review the effectiveness of the energy policy • Continually improve energy management • ISO 50001 supports the development of an energy policy and contributes to the structure of an energy plan to achieve targets • ISO 50001 facilitates engagement (commitment and agreement) of management and has a positive contribution towards the energy targets • An ISO 50001 based EnMS creates awareness and a commitment about energy (i.e. consumption, use, efficiency, renewable sources) within the organisation • ISO 50001 improves the ability of organisations to manage energy risks concerning possible impacts in an efficient and effective way • ISO 50001 strengthens the competitiveness of organisations and reduces their vulnerability with respect to energy price fluctuation and availability of energy • ISO 50001 allows the establishment of a benchmarking process • An ISO 50001-based EnMS allows organisations to gain credible external visibility of energy saving actions • An ISO 50001-based EnMS provides a better understanding between predictable energy demand and supply
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<p>Report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships</p>	<p>Potential negative impacts are due to our activities. However, we have extensive mitigative measures in place.</p>
<p>Describe policies or commitments regarding the material topic;</p>	<p>Energy Management Policy</p> <p>At Watawala Plantations PLC, we strive to optimize our energy consumption, conservation, reduce and recovery of energy waste, to ensure long term environmental and economic sustainability of our operations.</p> <p>In the process of doing so we will undertake following measures;</p> <ul style="list-style-type: none"> • Adaptation of best practices and introduction of emerging engineering know-how, ensuring energy conservation, efficiency and utilizing appropriate renewable energy • Encouraging employees to actively engage in energy conservation measures by providing awareness and necessary resources to achieve objectives and targets • Taking energy efficiency evaluation dimensions into account in our new designs, investments, process changes, facility upgrades and equipment purchases • Ensuring our operations comply with all applicable legal, regulatory and other requirements those relate to our energy use • Communicating our policy to appropriate stakeholders at all levels internally and externally to ensure its contents are understood and all are committed and contributing for continual improvement in reviewing energy targets, achievement and revising • Promote renewable energy initiatives to conserve natural resources <p>At the Nakiyadeniya Oil Palm Mill an Energy management system (EnMS) has been implemented to achieve continual improvement in energy performance</p>
<p>Actions to prevent or mitigate potential negative impacts;</p>	<ul style="list-style-type: none"> • Internal Audits • Management Review <p>During the review, senior management assesses the suitability, adequacy, and effectiveness of the system and to make any needed course corrections, and prepare to set new objectives and targets for continued energy improvements. We have maintained a procedure (EnP-9) for management review that includes assessing opportunities for improvement and the need for any associated changes, as well as a review of the Energy Policy and objectives and target.</p>
<p>Actions to address actual negative impacts, including actions to provide for or cooperate in their remediation;</p>	<p>Evaluation of compliance with legal requirements and other requirements</p> <p>NPOM is committed to comply with these laws and regulations for energy conservation set by SLSEA and other responsible authorities to set out a basic guideline for energy conservation. The company will periodically review compliance to those (EnR-2).</p> <p>Evaluation of compliance is a necessary part of the NPOM EnMS, as it ensures the legal operation of the factory, and our commitment to meet the other requirements, to which NPOM subscribes. The EnMR with the support of EnMT will evaluate the compliance to those laws and regulations by annually or whenever required through;</p> <ul style="list-style-type: none"> • EnMS audits • EnPI measurements • Direct observation



	<p>Monitoring, measurement & analysis</p> <p>NPOM regularly evaluates the key characteristics of our energy management system including: measuring energy consumption and performance, especially as it relates to significant energy using activities; maintaining the efficiency of energy using equipment; regular reviews of progress in achieving energy improvement goals; verification of conformance with operational controls; and evaluation of regulatory compliance.</p> <p>Monitoring and measurement activities identify areas of the energy management system which are performing well and opportunities for improvement.</p>																																												
<p>Actions to manage actual and potential positive impacts;</p>	<p>Energy review is crucial in identifying significant energy uses within the factory premises and an energy review process is developed in this system.</p> <p>The identification of Significant Energy Uses (SEUs) is very important in the effective implementation of energy management system. The task requires an analysis of each energy source for a one-year period in terms of both qualitative (financial) and quantitative to identify SEUs, which visualizes the energy footprint of the organisation.</p> <p>The organisation identifies the SEUs within the scope of its energy management system, taking into account the inputs associated with its current and relevant past activities and services, planned or new developments, or new/ modified activities and services. The drivers of significant energy use are identified in terms of production activities.</p> <p>The energy share data to identify SEUs are as follows.</p> <table border="1" data-bbox="413 1117 1430 1585"> <thead> <tr> <th>Section</th> <th>Energy Share %</th> <th>Type of energy user</th> <th>Person in charge</th> </tr> </thead> <tbody> <tr> <td>Boiler</td> <td>35.0%</td> <td>Significant</td> <td>Boiler operator</td> </tr> <tr> <td>Kernel Plant</td> <td>18.0%</td> <td>Significant</td> <td>Section associate</td> </tr> <tr> <td>Press</td> <td>14.3%</td> <td>Significant</td> <td>Press operator</td> </tr> <tr> <td>EFB Press</td> <td>10.9%</td> <td>Significant</td> <td>Section associate</td> </tr> <tr> <td>Nut Plant</td> <td>9.2%</td> <td>Significant</td> <td>Sterilizer operator</td> </tr> <tr> <td>Decanter</td> <td>5.3%</td> <td>Not significant</td> <td>Section associate</td> </tr> <tr> <td>Bio Gas Plant</td> <td>4.6%</td> <td>Not significant</td> <td>Effluent plant operator</td> </tr> <tr> <td>Sterilizer</td> <td>1.8%</td> <td>Not significant</td> <td>Sterilizer operator</td> </tr> <tr> <td>Effluent Plant</td> <td>0.9%</td> <td>Not significant</td> <td>Effluent plant operator</td> </tr> <tr> <td>Total</td> <td>100.0%</td> <td></td> <td></td> </tr> </tbody> </table>	Section	Energy Share %	Type of energy user	Person in charge	Boiler	35.0%	Significant	Boiler operator	Kernel Plant	18.0%	Significant	Section associate	Press	14.3%	Significant	Press operator	EFB Press	10.9%	Significant	Section associate	Nut Plant	9.2%	Significant	Sterilizer operator	Decanter	5.3%	Not significant	Section associate	Bio Gas Plant	4.6%	Not significant	Effluent plant operator	Sterilizer	1.8%	Not significant	Sterilizer operator	Effluent Plant	0.9%	Not significant	Effluent plant operator	Total	100.0%		
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<p>Processes used to track the effectiveness of the actions;</p>	<p>The establishment of performance indicators support the Company to evaluate whether the performance targets are being met and if not to alert the Company of any problems at an early stage. NPOM has established 7 EnPIs to monitor and measure its energy performance.</p> <p>The EnPIs are reviewed and compared to the energy baseline monthly.</p> <p>Also, the EnPIs are reviewed if,</p> <ul style="list-style-type: none"> • EnPIs no longer reflect organisational energy use and consumption • Major changes to the process, operational patterns or energy systems <p>NPOM believes that involvement and contribution of employees at every level are needed to maintain an effective energy management system. Each employee of NPOM is committed to do their part in successful implementation and maintenance of company's EnMS. A team representing all the relevant department is established for proper implementation and sustaining the EnMS in NPOM.</p>																																												





<p>Goals, targets, and indicators used to evaluate progress</p>	<p>The objectives and targets in the energy management system are a means of improving the energy performance of the organisation as a project activity. EnMS objectives clearly link with significant energy uses associated to demonstrate continuous improvement and the commitment to improve energy efficiency.</p> <p>When establishing and reviewing EnMS objectives and targets, the organisation considers the,</p> <ul style="list-style-type: none"> • Identified significant energy uses • Applicable legal and other requirement • Technological options and its financial, operational and business requirements • Views of interested parties • Identified risks and opportunities <p>The EnMS objectives, targets and programs are developed by EnMT and proposed to the company management for approval. The energy objectives and targets are listed in the summary of energy objectives and targets (EnR-03) and energy management action plan (EnR-04).</p> <p>The energy objectives and targets compiled by the Company contains,</p> <ul style="list-style-type: none"> • Responsible persons for activities • Resources needed to complete actions and targets • Achievements to be fulfilled • Frequency of the action mentioned • Evaluation method of the effectiveness of results • Any other remark <p>When a new development or a modification is done in a process, the Energy Management Programs (EnR-03) will be amended to accommodate new functions into the existing management programs. The EnMS activities are planned and implemented to ensure the effective function of energy management system.</p>
<p>The effectiveness of the actions, including progress toward the goals and targets;</p>	<p>NPOM's Energy Management System provides a mechanism for energy management throughout all the operations. The energy management system of NPOM covers energy sources; electricity, biomass and diesel related to all the operations in the manufacturing processes, buildings, water management and transportation within the factory's boundary. The responsibility of controlling all the activities conducted inside the NPOM boundary is with the mill management</p>
<p>Lessons learned and how these have been incorporated into the organisation's operational policies and procedures</p>	<p>The implementation of the energy management system is intended to result in improved energy performance of the company. The organisation periodically reviews and evaluates its energy management system to identify opportunities for improvement and their implementation. The organisation considers the economic and other considerations when determining the rate, extent and timescale of the continual improvement process of the EnMS. The concept of energy performance includes energy use, energy efficiency and energy consumption.</p>



Describe how engagement with stakeholders has informed the actions taken	<p>Energy management systems combine best practices in project management, energy monitoring, and energy awareness along with an energy policy that governs an organisation's approach towards energy use and performance. This benefits the organisation by enabling significant energy savings that are persistent since personnel are required to continually monitor energy use and resolve anomalies or incidents that cause energy waste.</p> <p>NPOM maintains clear and frequent communication practices about the procedures, requirements, and strategies associated with the energy management system. Internal communication focuses on keeping employees within the organisation up to date on any changes to operations and activities that will improve energy performance. It also encourages a two-way process to exchange information, ideas, and opinions in additional ways to become more energy efficient.</p> <p>We want all our employees, contractors, vendors, and other internal stakeholders to be aware of our Energy Policy and our energy improvement goals, and our energy saving progress and benefits.</p> <p>The EnMS is made available to the external parties who are interested of our energy performance and the details of the communication are recorded.</p>
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Disclosure 302-1 Energy consumption within the organisation

(a) Total fuel consumption within the organisation from non-renewable sources	<table border="1"> <thead> <tr> <th></th> <th>Homadola Estate</th> <th>Nakiyadeniya Estate</th> <th>Talangaha Estate</th> <th>Palm Oil Mill</th> </tr> </thead> <tbody> <tr> <td>Diesel (GJ)</td> <td>764.46</td> <td>713.52</td> <td>1,322.17</td> <td>1,701.97</td> </tr> <tr> <td>Petrol (GJ)</td> <td>94.00</td> <td>129.73</td> <td>140.74</td> <td>7.69</td> </tr> </tbody> </table>		Homadola Estate	Nakiyadeniya Estate	Talangaha Estate	Palm Oil Mill	Diesel (GJ)	764.46	713.52	1,322.17	1,701.97	Petrol (GJ)	94.00	129.73	140.74	7.69
	Homadola Estate	Nakiyadeniya Estate	Talangaha Estate	Palm Oil Mill												
Diesel (GJ)	764.46	713.52	1,322.17	1,701.97												
Petrol (GJ)	94.00	129.73	140.74	7.69												
(b) Total fuel consumption within the organisation from renewable sources	126,421.4 GJ															
(c) Total fuel electricity consumption	<table border="1"> <thead> <tr> <th>Location</th> <th>GJ Consumed</th> </tr> </thead> <tbody> <tr> <td>Homadola Estate</td> <td>169.45</td> </tr> <tr> <td>Nakiyadeniya Estate</td> <td>155.75</td> </tr> <tr> <td>Talangaha Estate</td> <td>268.13</td> </tr> <tr> <td>Palm Oil Mill</td> <td>6,574.94</td> </tr> <tr> <td>Total</td> <td>7,168.27</td> </tr> </tbody> </table>	Location	GJ Consumed	Homadola Estate	169.45	Nakiyadeniya Estate	155.75	Talangaha Estate	268.13	Palm Oil Mill	6,574.94	Total	7,168.27			
Location	GJ Consumed															
Homadola Estate	169.45															
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Palm Oil Mill	131,913.7															
Total	135,671.6															
(e) Standards, methodologies, assumptions, and/or calculation tools used	<ul style="list-style-type: none"> • Subsection sub meters • Turbine and CEB meters <p>Basis for measurement: fuel - measurement calculated based on meter reading when issuing fuel, energy - measurement calculated based on meter readings and invoices.</p>															





Disclosure 302-3 Energy intensity

a. Energy intensity ratio for the organisation.

	Homadola Estate	Nakiyadeniya Estate	Talangaha Estate	Palm Oil Mill
FFB (Kg)	9,717,129	19,813,919	22,336,760	51,867,808
Total Energy Used (GJ)	1,027.9	999.0	1,731.0	131,913.7
Energy Intensity (Kg/GJ)	9,453.34	19,833.82	12,903.65	393.19

b. Organisation-specific metric (the denominator) chosen to calculate the ratio.

Location	Unit (GJ)
1 Diesel Litre	0.036 GJ
1 Petrol Litre	0.025 GJ
(c) Types of energy included in the intensity ratio	Fuel, electricity
(d) Whether the ratio uses energy consumption within the organisation, outside of it, or both	All figures have been considered in the down south region of Watawala Plantations PLC

Basis of measurement: Energy - based on meter readings, energy intensity - based on weighbridge records and meter readings.

GRI 303: Water and Effluents 2018

Disclosure 3-3 Management of material topics

Actual and potential, negative and positive impacts on the economy, environment, and people	Palm oil mill effluent (POME) is a by-product of the palm industry which releases large amounts of greenhouse gases (GHGs). Water systems may be contaminated by POME if it is released into nonstandard ponds or rivers where it endangers the lives of fish and waterfowl. POME includes biochemical oxygen demand (BOD) and chemical oxygen demand (COD) which are environmental pollutants. The palm oil mill uses a considerable volume of water during the extraction process of crude palm oil (CPO) from the fresh fruit bunches.
Report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships	Potential negative impacts are due to our activities. However, we have extensive mitigative measures such as the POME treatment plant and use of POME as an organic fertilizer.
Describe policies or commitments regarding the material topic;	01. Sustainable Agriculture Policy All agri operations are conducted as per the policy. We also incorporate soil conservation measures to conserve topsoil. 02. Environmental Policy We believe that protection of the environment is our fundamental responsibility towards society and the sustainable growth of our business and carry out our operations accordingly.



<p>Describe policies or commitments regarding the material topic; (Contd.)</p>	<p>Initiatives</p> <ul style="list-style-type: none"> - Mucana is used as a cover crop - Buffer zones and Riparian zones are established as per the width of the rivers - Native indigenous trees are planted along the streamlines to act a filter - Application of weedicides and fertilizers are prohibited in the buffer and riparian zones - Water catchment areas and HCV forest have been identified and they have been protected - Man-made lake have been constructed for the rainwater harvesting - Rainwater harvesting and deep drainage are used to store the rainwater - In waterlogged locations, Kumbuk and Nadun plants are planted - A catchment area and chemical-free zone of 60 meters around the water body is preserved - Land contour maps are reviewed
<p>Actions to prevent or mitigate potential negative impacts;</p>	<ul style="list-style-type: none"> • The river buffers strip plays a significant role in filtering herbicides and suspended solids. This maintains water quality flowing to the wider landscape • Although the locals have access to public clean water supply, there is some dependency on wells and selected water sources, such as an isolated spring in the hill and a waterfall. Therefore, using the precautionary approach, these two sites have been attributed HCV 5 status • The monitoring and measurement of conformance to specified environmental objectives and targets are accomplished through the internal tracking system • Operational controls are monitored and measured as indicated in applicable procedures and work practices. The methods, frequencies and responsible parties for completing the monitoring and measuring activities are specified in these documents
<p>Actions to address actual negative impacts, including actions to provide for or cooperate in their remediation</p>	<ul style="list-style-type: none"> • By capturing methane
<p>Actions to manage actual and potential positive impacts</p>	<p>All the significant aspects are identified through the environment risk assessment records. According to that significant environment risks are identified as per the different activities in the processes and locations. Potential risks are identified for specific locations or for the operation. Its hazard type will be identified as per a matrix defined by the management. For identified environment risks, suitable control measures are suggested.</p>
<p>Processes used to track the effectiveness of the actions;</p>	<ul style="list-style-type: none"> • Regular review of effectiveness of SOPs Regular reviews are conducted to check the effectiveness of the SOPS • Monitoring intactness of riparian reserves and water bodies buffers Monitor management activities such as spraying and manuring in riparian buffers within oil palm field blocks • Water and Effluent tests are conducted whether water and effluent quality parameters are following the national regulations given by the Central Environment Authority • The local community is educated on the importance of maintaining water quality Water quality monitoring through regular water analysis at strategic points • Periodic review of results is undertaken to change management prescriptions • Signs of soil erosion and slope failure (including oil palm areas) are monitored systematically on a regular basis





Goals, targets, and indicators used to evaluate progress	Efficient water management in estates and in the mill is achieved to reduce water wastage and to improve water quality within estate boundaries.																											
The effectiveness of the actions, including progress toward the goals and targets;	<ul style="list-style-type: none"> - Water sampling for analysis is done at 16 sampling points. <ul style="list-style-type: none"> • Three points are located at the palm oil mill <ul style="list-style-type: none"> • Last effluent pond • Upstream and downstream of the adjacent stream near the effluent ponds • Eight points are located at the four oil palm estates. <ul style="list-style-type: none"> • Each estate has two sampling points; one in the upstream where no disturbance from the estate can be found and one in the downstream. - Additionally, if there are ground application pits next to major streams; two samples are taken from the up and down stream of the pit. - Selected sampling points are placed on water sources which are used by villages and/or estate workers. - Location of the sampling points are identified by the sustainability team and demarcation and maintaining of the visibility is done by the field officer and assigned associates - Additionally, there are five drinking well water samples close to the effluent pits and drinking well water samples in the mill 																											
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #008000; color: white;"> <th style="width: 25%;">Sampling types</th> <th style="width: 15%;">Testing type</th> <th style="width: 45%;">Tests</th> <th style="width: 15%;">Sampling frequency</th> </tr> </thead> <tbody> <tr> <td>Effluent</td> <td>Internal</td> <td>COD/BOD/PH/TDS/TSS</td> <td>Monthly</td> </tr> <tr> <td>Effluent</td> <td>External</td> <td>COD/BOD/PH/TDS/TSS</td> <td>Once in 3 months</td> </tr> <tr> <td>Upstream downstream</td> <td>External</td> <td>COD/BOD/PH/TDS/ Oil and grease</td> <td>Once in 6 months</td> </tr> <tr> <td>Drinking water- mill external</td> <td>External</td> <td>BOD/ Nitrate and Phosphate/ Total coliform/ Fecal coliform</td> <td>Once in 6 months</td> </tr> <tr> <td>Drinking water- mill internal</td> <td>External</td> <td>BOD/ Nitrate and Phosphate/ Total coliform/ Fecal coliform</td> <td>Once in 6 months</td> </tr> </tbody> </table>					Sampling types	Testing type	Tests	Sampling frequency	Effluent	Internal	COD/BOD/PH/TDS/TSS	Monthly	Effluent	External	COD/BOD/PH/TDS/TSS	Once in 3 months	Upstream downstream	External	COD/BOD/PH/TDS/ Oil and grease	Once in 6 months	Drinking water- mill external	External	BOD/ Nitrate and Phosphate/ Total coliform/ Fecal coliform	Once in 6 months	Drinking water- mill internal	External	BOD/ Nitrate and Phosphate/ Total coliform/ Fecal coliform	Once in 6 months
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<p>Sample testing</p> <p>Four main types of tests are conducted. Additional tests are,</p> <ul style="list-style-type: none"> - BOD and COD - TSS and TDS - pH - Phosphates and nitrates - Coliform and fecal coliform - Oil and grease <p>The assistant managers' of each estate overlooks the sample taking process to avoid any mistake happening, and the water samples are verified by the sustainability team with documentations before sending for analysis.</p>																												



	<p>Other water management activities</p> <ol style="list-style-type: none"> a. Training and awareness is given to all employees and their families about the importance of conserving water and the ways of doing it b. All the water users of the estate are advised to either boil or add chlorine before using for drinking due to high coliform content found in the drinking water sources c. Training is conducted for frond stacking to ensure fronds are placed away from water courses d. Palms that overhang water courses to extent that harvested fruit bunches and loose fruit fall directly into the watercourse and cannot be picked up are progressively removed.
<p>Lessons learned and how these have been incorporated into the organisation's operational policies and procedures</p>	<p>Besides field surveys, interviews with surrounding communities and consultation with local stakeholders are done to gather additional information on ecosystem services in critical situations. The basic framework adopted in determining the ecosystem services for the concession are as follows:</p> <ul style="list-style-type: none"> • Identification of the condition of the water sources, wetlands, and water quality characteristics, • Identification of the climatic change of the area, • Identification of steep mountains, high rainfall areas, erosion prone areas, • Identification of soil characteristics (soil structure and fertility), <p>Water quality monitoring at Watawala Plantations PLC</p> <ul style="list-style-type: none"> • Surface water quality monitoring • For recreational purposes • Fishing • Triple rinsing • Boiler • Service area washing • Nursery • Drinking water quality monitoring • Spring water • Well water • Deep tube well water • Gravity water <p>Monitoring of surface water quality of different places requires different types of water testing specifications as the results of the contamination differ. Hence, drinking water quality of different sources will be assessed against the drinking water quality standard SLS 614.</p>





<p>Describe how engagement with stakeholders has informed the actions taken</p>	<p>We have established an SOP for consultation and communication. Effectively communicating information to internal stakeholders, external stakeholders and any other interested parties on matters pertaining operations and processing of oil palm plantations and palm oil mill related to social, environment and legal aspects.</p> <p>The responsibility is allocated as per the below table.</p> <table border="1" data-bbox="411 584 1453 840"> <thead> <tr> <th>No</th> <th>Activity</th> <th>Responsibility</th> </tr> </thead> <tbody> <tr> <td>01</td> <td>Conveying information to associates on planned operations and statues in estates and mill</td> <td>Estate, mill manager</td> </tr> <tr> <td>02</td> <td>Updating new information</td> <td>Estate, mill manager, sustainably team</td> </tr> <tr> <td>03</td> <td>Providing publicly available documents to stakeholders</td> <td>Estate manager, mill manger</td> </tr> </tbody> </table> <p>The normal flow of information from one management level to workers or staff will be used to communicate social, environmental, legal and other information. The village integration committee representatives use a dedicated part of their daily routine to explain or deliberate on issues, RSPO and other certification.</p> <p>Notice board and posters Announcements concerning the RSPO and other certifications, upcoming audits, and other environmental, social and other related information will be disseminated through the dedicated notice board and posters.</p> <p>Internal circulars and memos All employees are notified on adaptation or revised internal circulars and memos through a special assembly conducted by the management.</p> <p>Communication through internal stakeholder meeting Staff/worker representatives who were selected through unions will communicate with the management through union discussions. Meetings are conducted once in six months and meeting minutes are maintained.</p> <p>From management to external stakeholders Public consultation meetings are conducted annually for external and internal stakeholders to provide information annually with maintenance of meeting minutes. Letters are sent to stakeholders notifying updates and operations undertaken in the estates and mill when it is necessary.</p>	No	Activity	Responsibility	01	Conveying information to associates on planned operations and statues in estates and mill	Estate, mill manager	02	Updating new information	Estate, mill manager, sustainably team	03	Providing publicly available documents to stakeholders	Estate manager, mill manger
No	Activity	Responsibility											
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Disclosure 303-3 Water withdrawal

a. Total water withdrawal from all areas

Activity	Responsibility
Surface water	27,513 m ³
Groundwater	Not available
Seawater	Not applicable
Produced water	Produced Water = Total effluent generated - Total surface water used 18,247 m ³
Third-party water	Not applicable
Total water withdrawal from all areas with water stress	Not applicable
Total water withdrawal from	27,513 m ³
I. Freshwater (≤1,000 mg/L Total Dissolved Solids)	
II. Other water (>1,000 mg/L Total Dissolved Solids)	Not applicable

Basis of measurement: Based on water meter readings

GRI 305: Emissions 2016

Disclosure 3-3 Management of material topics

Actual and potential, negative and positive impacts on the economy, environment, and people	<p>Potential negative impacts</p> <p>According to the Environmental risk assessment of ISO 14001 Environmental Management system, the significant aspects of the Nakiyadeniya Palm Oil Mill are categorized as follows</p> <ol style="list-style-type: none"> Generation of heat due to heat loss in uninsulated surfaces Discharge of steam through the chimney Oil spillages to the ground from broken pipes Generation of dust in nut cracker Kernel cake spills and dust generation Disposal of unused chemical <p>From the above aspects, there are risks of air pollution, loss of resources in terms of energy, harsh environment condition for workers and water pollution.</p> <p>Apart from the above, there may be GHG emissions from estate agricultural operations such as combustion of fossil fuel and fertilizer application.</p> <p>Vegetation is maintained in an active growth stage in the early to mid-succession state, within the concession and its wider landscape which is a positive for attenuating GHG emissions.</p>
Report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships	<p>There were no significant negative impacts during the year under review.</p>





<p>Describe its policies or commitments regarding the material topic;</p>	<p>Zero Burning policy We define open burning as “any fire or combustion or shouldering that occurs in the open air which is not directed there through a chimney or stack”.</p> <p>We adopt a zero-burning policy for all oil palm estates to combat the negative effects of open burning that leads to destruction of valuable native vegetation, creation of airborne pollutants and emission of GHG. We prohibit all forms of open burning for agricultural operations in the plantation premises. Special attention is given in land preparation for oil palm replanting which will be without burning. Felled oil palm trees are incorporated into soil by</p> <ul style="list-style-type: none"> • Allowing complete return of organic matter to the soil which helps to preserve, restore and improve soil chemical and fertility as well as physical properties of the soil • Allowing immediate replanting of trees as the new stands can be planted simultaneously while felling and shredding are being done <p>Sustainable Agriculture Policy Sustainable agriculture and protection of social and environmental values has become more important than ever before in the rapidly expanding world of ethical business. In this context the Company is,</p> <ul style="list-style-type: none"> • Committed towards protection and conversation of the environment • Taking our social responsibility seriously by ensuring real benefits to employees and local communities • Adopting best practices from the industry into its daily operations and throughout the entire supply chain
<p>Actions to prevent or mitigate potential negative impacts;</p>	<p>The Hazard Identification and Risk Assessment & Risk Control Chart is maintaining for the palm oil mill to identify any negative impacts of mill operations and take control measures for all potential risk identified during the assessment. This includes the emissions from mill and its control measures.</p> <p>Eg: Condensation operation has a risk due to sudden release of steam. This could result in breathing issues which is pro-actively controlled by providing PPE.</p> <p>Protected areas also enhance carbon sequestration.</p> <p>Objective 1: Reduce oil wastage by leaks and spills in the mill by 5% at the end of the August 2023.</p> <p>Objective 2: Improve the noise levels in 20% places identified inside and the boundary of the mill by the end of August 2023</p> <p>Objective 3: Proper disposal of wastage and reduction of waste by 5% in the August 2023</p>



<p>Actions to address actual negative impacts, including actions to provide for or cooperate in their remediation</p>	<p>Objective 1: Reduce oil wastage by leaks and spills in the mill by 5% at the end of the August 2023.</p> <ul style="list-style-type: none"> • Prepare a list of all the places in the mill where palm oil leaks are identified • Measure the oil volume of identified leakages by conducting a sample in a day • Place emergency oil spill kits in the mill areas • Prepare a plan to repair leakages along with a maintenance plan • Repair all the damaged pipelines and other areas • Increase awareness of all employees on the importance of communicating the available and possible leakages in the mill • Improve housekeeping by removing oil spilled soil and cleaning the surface <p>Objective 2: Improve the noise levels in 20% places identified inside and the boundary of the mill by the end of August 2023</p> <ul style="list-style-type: none"> • Conduct annual noise level measurements in the premises with the assistance of the factory inspecting engineer • Identification of areas with critical noise levels after the mapping and display noise warning signs in specific areas • Conduct medical hearing test for the employees who are exposed to higher noise levels. • Repair and take required actions to reduce the noise levels of the each identified station <p>Objective 3: Proper disposal of waste and reduction of waste by 5% in the August 2023</p> <ul style="list-style-type: none"> • Identify all types of waste generated in the mill • List waste disposal methods in each waste category • Segregate waste and place segregated bins to disposal • Dispose general waste to field pits and measure the volumes of waste • Dispose scheduled waste to a licenced waste collector
<p>Actions to manage actual and potential positive impacts</p>	<ul style="list-style-type: none"> • The actions mentioned above
<p>Processes used to track the effectiveness of the actions</p>	<ul style="list-style-type: none"> • Internal audit • Inspections • Management review • SOP and management plan compliance status
<p>Goals, targets, and indicators used to evaluate progress</p>	<p>Achievement of objectives.</p>
<p>Effectiveness of the actions, including progress toward the goals and targets;</p>	<ul style="list-style-type: none"> • By observation • Documentations • Compliance status





Lessons learned and how these have been incorporated into the organisation's operational policies and procedures	The learnings are documented, and the SOPs are updated with an emphasis on preventing and minimizing future occurrence
Describe how engagement with stakeholders has informed the actions taken	Stakeholder meetings

Disclosure 305-1 Direct (Scope 1) GHG emissions

Description	Own			3rd Party			Total
	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e/t FFB	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e/t FFB	
Emission Source							
Land Conversion	32,265.45	9.28	0.70	-	-	-	32,265.45
CO ₂ Emissions from Fertilizer	1,621.30	0.47	0.04	-	-	-	1,621.30
N ₂ O Emissions from Peat	-	-	-	-	-	-	-
N ₂ O Emissions from Fertilizer	1,393.72	0.40	0.03	-	-	-	1,393.72
Fuel Consumption	419.33	0.12	0.01	-	-	-	419.33
Peat Oxidation	-	-	-	-	-	-	-
Sinks							
Crop Sequestration	(27,474.13)	(7.90)	(0.60)	-	-	-	(27,474.13)
Sequestration in Conservation Area	-	-	-	-	-	-	-
Total	8,225.67	2.37	0.18	1,784.94	-	-	10,010.61

Disclosure 305-2 Energy indirect (Scope 2) GHG emissions

a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO ₂ equivalent	Mill emissions (from electricity consumption) - 686.64 tCO ₂
b. Gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO ₂ equivalent.	Not applicable
c. If available, the gases included in the calculation	
d. Base year for the calculation, if applicable	2020
e. The rationale for choosing it	First PalmGHG calculated year
f. Emissions in the base year	783.29 tCo ₂
g. The context for any significant changes in emissions that triggered recalculations	No significant changes
h. Reference to the GWP source	PalmGHG calculator
i. Consolidation approach for emissions	Not applicable
j. Standards, methodologies, assumptions	Our commitment to reducing our carbon footprint and eliminating emissions to the degree possible is a major focus. We used the latest RSPO PalmGHG calculator and GHG Protocol accounting standard to map our GHG emissions.



Disclosure 305-3 Other indirect (Scope 3) GHG emissions

a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO ₂ equivalent	Emissions from POME - 2,723.90 tCO ₂
b. If available, the gases included in the calculation	122.42 or CH ₄
c. Biogenic CO ₂ emissions in metric tons of CO ₂ equivalent	Emissions (tCO ₂ e/yr) 2,723.90
d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation	-
e. Base year for the calculation, if applicable	2020
f. The rationale for choosing it	First PalmGHG Calculated Year
g. Emissions in the base year	9,675.80 tCO ₂
h. The context for any significant changes in emissions that triggered recalculations of base year emissions	Not applicable
i. Reference to the GWP source	PalmGHG Calculator
j. Standards, methodologies, assumptions, and/or calculation tools used	Our commitment to reducing our carbon footprint and eliminating emissions to the degree possible is a major focus. We used the latest RSPO PalmGHG calculator and GHG Protocol accounting standard to map our GHG emissions.

Disclosure 305-4 GHG emissions intensity

a. GHG emissions intensity ratio for the organisation	<ul style="list-style-type: none"> • 0.18 tCO₂e/t FFB • 2.36 tCO₂e/ha
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Summary Emission

Product	tCO ₂ e / tProduct
Crude Palm Oil	0.37
Palm Kernel	0.37
Palm Kernel Oil	0.38
Palm Kernel Expeller	0.38

Basis of measurement: Based on PalmGHG calculator

Emissions from POME - 0.05 tCO₂e/t FFB

Part 1: POME Production

No	Description	Unit	Values
1	FFB processed	t/yr	52,778.148
2	POME produced	t/yr	41,045.945

Basis of measurement: POME volume calculated based on tPOME/tFFB = 0.6725





Part 2: CH₄ emission (actual)

ID	Description	%	POME to CH ₄ ratio	CH ₄ emission (t/yr)
1	POME to Anaerobic Pond	80	0.02	116.90
2	POME to Methane Capture (Flaring)	20	0.02	5.52
3	POME to Methane Capture (Electricity Generation)	-	0.02	0.00
4	Total	-	0.00	122.42

Basis of measurement: Based on PalmGHG calculator

Part 3: POME Emissions

No	Description	POME produced (t/yr)	%	CH ₄ emission (t/yr)	GWP(100) of CH ₄	Emissions (tCO ₂ e/yr)
a.	POME emissions	41,045.94	100	122.42	22.25	2,723.90
b.	Organisation-specific metric (the denominator) chosen to calculate the ratio.			Not applicable		
c.	Types of GHG emissions included in the intensity ratio			Not applicable		
d.	Gases included in the calculation			CO ₂ , N ₂ O, CH ₄		

Basis of measurement: Based on PalmGHG calculator and weighbridge records

Disclosure 305-5 Reduction of GHG emissions

	2021/2022	2022/2023
a. GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO ₂ equivalent.	0.26 tCO ₂ e/t FFB 2.65 tCO ₂ e/ha	0.18 tCO ₂ e/t FFB 2.36 tCO ₂ e/ha
Gases included in the calculation		
CO ₂	0.08 tCO ₂ e/t FFB 0.79 tCO ₂ e/ha	0.04 tCO ₂ e/t FFB 0.47 tCO ₂ e/ha
N ₂ O	0.06 tCO ₂ e/t FFB 0.62 tCO ₂ e/ha	0.03 tCO ₂ e/t FFB 0.40 tCO ₂ e/ha
Base year or baseline	2022	
Scopes in which reductions took place	Scope 1 has increased, but Scope 2 and 3 have decreased	
Standards, methodologies, assumptions, and/or calculation tools used.	Our commitment to reducing our carbon footprint and eliminating emissions to the degree possible is a major focus. We used the latest RSPO PalmGHG calculator and GHG Protocol accounting standard to map our GHG emissions.	

Basis of measurement: Based on PalmGHG calculator and weighbridge records



INDEPENDENT ASSURANCE REPORT TO WATAWALA PLANTATIONS PLC



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INDEPENDENT ASSURANCE REPORT TO THE BOARD OF THE DIRECTORS OF WATAWALA PLANTATIONS PLC ON THE INFORMATION PRESENTED IN ACCORDANCE WITH THE GRI STANDARDS IN THE INTEGRATED ANNUAL REPORT -2022/23

SCOPE

We have been engaged by the management of Watawala Plantations PLC (“the Company”) to perform an independent limited assurance engagement, as defined by the Sri Lankan Standard on Assurance Engagements, on the information presented in accordance with the GRI Standards (“Information”) in its Integrated Annual Report for the year ended 31 March 2023 (the “Report”).

MANAGEMENT’S RESPONSIBILITY

Management of the Company is responsible for preparation and presentation of the information in accordance with the GRI Standards. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the information that is free from material misstatement, whether due to fraud or error.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. The firm applies Sri Lanka Standard on Quality Control 18 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

OUR RESPONSIBILITY

Our responsibility is to express a conclusion on the information presented in Report in accordance with the GRI Standards. We conducted our limited assurance engagement in accordance with the Sri Lanka Standard on Assurance Engagements 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information (“SLSAE 3000”) issued by the Institute of Chartered Accountants of Sri Lanka. That standard requires that we plan and perform this engagement to obtain

limited assurance about whether the information is free from material misstatement.

A limited assurance engagement undertaken in accordance with SLSAE 3000 involves assessing the risks of material misstatement of the information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the information.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

. The procedures we performed were based on our professional judgment and were included,

- Comparing of the content of the Report against the Global Reporting Initiative (GRI) - GRI Standards guideline.
- Inquiring relevant organization’s personnel to understand the process for collection, analysis, aggregation, and presentation of data

M. Basheer Ismail FCA, S. Lilani Jayasuriya FCA, Gerard J. David FCA, M. Sharnila J. Henry FCA, R. Hilmy M. Minfay FCA, Sarala Y. Kodagoda ACA, M. Manzeer M. Muzawwir FCA, W. A. Damith Gayan ACA, P. D. Rukshan Bharatha FCA, M. P. Madura Gunasekara FCA





Deloitte.

- Cross checking the non-financial data /information presented in the Report with the supporting documents and schedules maintained by the Company.
- Cross checking the financial information presented in the Report with the audited financial statements of the Company for the financial reporting period ended 31 March 2023.
- Checking the calculations performed by the organization on a sample basis through recalculation.
- Reviewing the Board minutes of the Company.
- Independently reviewing the content of the Report and request changes if required.

OTHER MATTER

Our assurance is not extending to the prospective information, comparative information or any other information presented in the Report other than based on the GRI Standards. Further, we do not provide any assurance on the assumptions and achievability of prospective information presented in the Report.

SJMS ASSOCIATES

Chartered Accountants
Colombo

1 June 2023

CONCLUSION

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the information, as defined above, for the year ended 31 March 2023, is not presented, in all material respects, in accordance with the GRI Standards.



SOCIAL AND RELATIONSHIP CAPITAL

Our social and relationship capital comprises the network of ever-expanding industry relationships that are essential for us to function. This network includes our suppliers who support our business through the provision of many different goods and services that are required to manufacture our goods and to take them to market. Our customers are of course indispensable for our existence. We also include our communities as part of our network of social capital. Please refer the Stakeholder Engagement chapter for details on how we maintain positive interactions with our customers, suppliers and communities.

Customers

We have 11 B2B customers for palm oil business and 6 customers for our dairy business. The sale of compost is via a B2C business model. For palm oil customers we provide training and maintain fair prices, ensuring the public are not overcharged.

Customer Value Proposition

Consistent quality	Quality standards as stated by Pyramid Wilmar
Reliable supply	Consistent fresh production from our plantations
Traceability	93% of the FFB needed to make palm oil comes from our own plantations, with the rest coming from smallholders and other estates

Suppliers

We purchase FFB from 3 Regional Plantation Companies and 2 small scale plantations as raw material suppliers for the palm oil mill. We also have 300 other suppliers who provide materials, and services.

Certain contractors who transport oil palm fruits from the estates are awarded contracts to repair estate roads.

The management of the palm oil mill also works closely with effluent discharge contractors, transporters, and welding contractors.

Supplier selection

Suppliers play a critical role in manufacturing environmentally responsible products. Our supplier screening procedure guarantees that high-quality raw materials are obtained at competitive costs from sources that share our commitment to environmental stewardship. To help local communities, services and input materials are procured locally whenever possible. Our suppliers are evaluated based on their ethical business practices, and we have a shared ethos on our responsibility to the community and environment. The screening process is carried out jointly by our procurement and sustainability team to ensure we engage in fair trade and to prevent unethical practices.

Open communication is maintained with our suppliers regarding our requirements, policies and certifications. Special attention is given to communicating our sustainability certifications and complying with them.





Well-equipped pre-schools

Medical centre and dispensary

Fully equipped 5 bed Intensive Care Unit



- Fully compliant with government policies
- Freedom for collective bargaining and trade union activities
- Governance and accountability compliance

By Protecting

Profit



“An enduring organisation that continues to create value for our customers, investors, and our Nation”

Planet



“Reshape traditional operations through leadership, innovation and sustainable operational practices”

People



“Strengthen & uplift lives of our employees, communities and general public”





Lives Made Stronger

“Strengthen & uplift livelihoods of our employees, communities and general public”



Business done Better

“Reshape traditional operations through leadership, innovation and sustainable operational practices”

Lives Made Stronger

 Activities done for our estate staff

Activities done for our nearby community 

 Activities done for public

Business done Better

Activities done interms of sustainable operations 

 Activities done for the environment

Activities done with innovation and leadership 

Watawala Plantations PLC’s social and relationship capital is built on the mutual trust and confidence between the Company and its multiple stakeholders. We engage with our stakeholders to support and facilitate smooth operations. Watawala maintains a symbiotic and healthy relationship with its stakeholders. We align business interests with those of our stakeholders for a mutually beneficial relationship.



Internal Stakeholders	
Employees	37 management 17 executives 160 others 1,246 associates
Trade Unions	08 unions
Shareholders	76% - Group strategic partner, Sunshine Wilmar (Pvt) Ltd 24% - Public shareholders
External Stakeholders	
Customers	We have 11 customers for palm oil business and 6 customers for dairy business
Suppliers	2 small scale plantations work as our FFB suppliers 3 Regional Plantation Companies 300 other suppliers such as material suppliers and service providers
Government and Non-governmental Organisations	CEA, PHDT, State and Private Universities, DAPH, MOH, RDHL, Local and Central Government Authorities, police stations, and several other organisations
Community	121,767 regional community

Employee Engagement

Quarterly town hall meetings are conducted to increase employee engagement. Prior to the town hall, an anonymous survey is conducted to gather employee insights, questions, recommendations, and suggestions regarding business operations. At the town hall, financial updates, business updates, group updates and business development plans for the upcoming quarter and year are shared. At the end an open question and answer session is conducted, and responses are given to questions raised.

Various activities and trainings were conducted at associate level to strengthen our capacity, raise awareness on adherence to SOP and meet new challenges. Cultural and religious events are celebrated in the region and head office. Some of the celebrations during the year were Thai Pongal, Mattu Pongal, Sinhala Tamil New Year, Christmas, and New Year. We believe it is important to promote cultural harmony and engage employees in celebrations. Some of the welfare activities

conducted for employee engagement are listed below.

- Incentives/ bonuses/ rewards
- Trainings
- Health check-ups
- Celebration of small wins, birthday celebrations
- Women’s day celebration
- Year end party

Business updates are circulated among staff via email and SMS alerts to ensure employees are kept informed of all development in the Company.

Employee Recognition Scheme

The ERS is implemented to,

- To drive an innovation driven culture
- To provide an opportunity to present employees’ unique talents and ideas
- To get recognition among their peers

- Engage and promote employees towards continuous development

Employee engagement events	<ul style="list-style-type: none"> • New year celebrations at all estates and offices • Christmas party • Support service annual engagement field outings • Annual awards ceremony • Celebration of religious events throughout the year • Celebration of the Sinhala and Hindu new year • Women’s day celebrations in each estate
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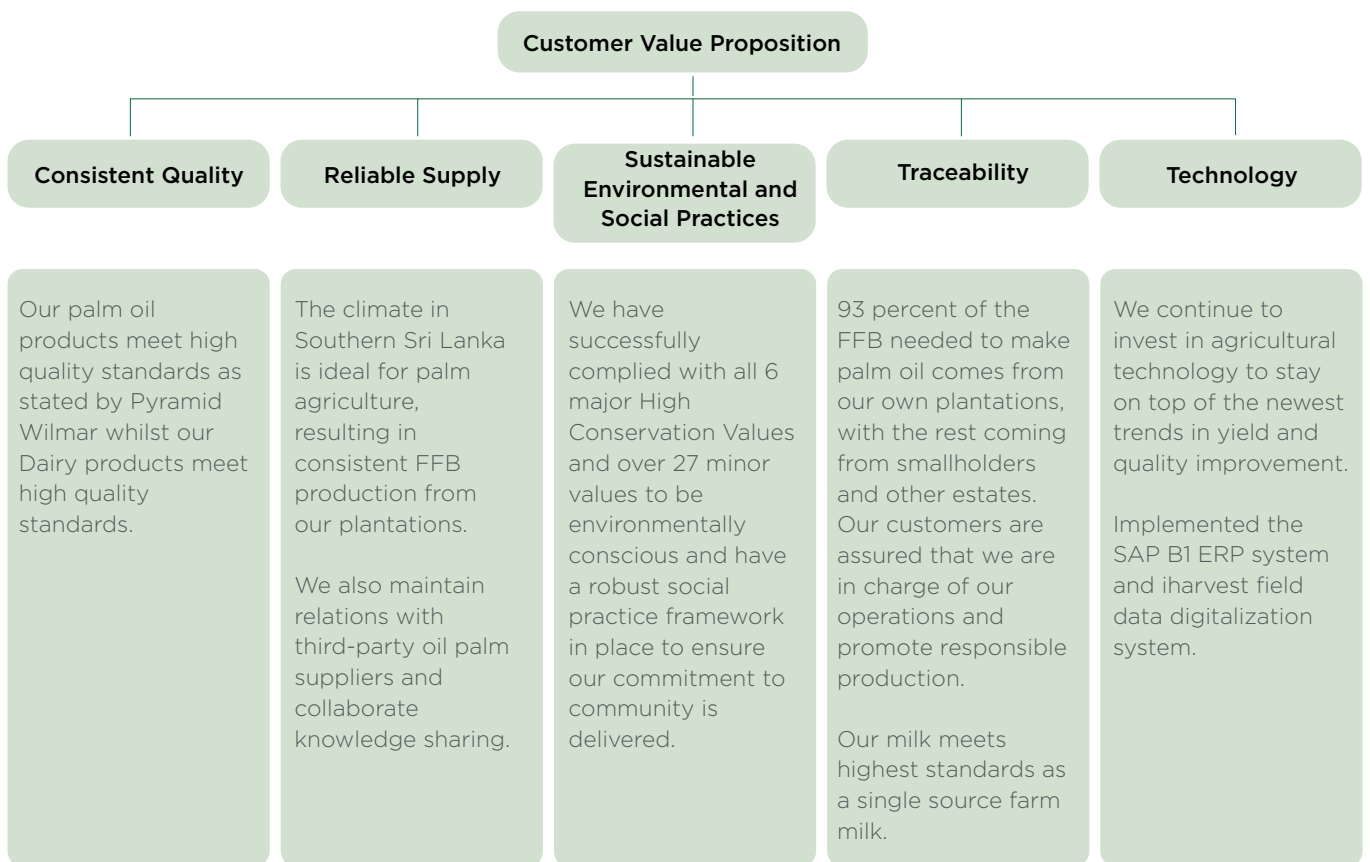


Engagements with Trade Unions

The Company maintains cordial relations with the internal employee trade unions. This relationship has enabled the company to discuss and address concerns affecting the estate and farm communities. Besides the trade unions, there is a robust Joint Consultative Committee (JCC) network across the region to ensure that multiple channels exist for employees to address their grievances.

Customer Engagement

Our promise to our customers continue to remain one of our key driving forces for strong market share. As a major beneficiary of our products, we ensure customer engagement and confidence in the Company’s products and operations thereby building credibility.



Our engagement activities focus on strengthening links and fostering relationships via a common understanding and shared experience to develop trust in the Watawala brand. We have community days and idea sharing forums on a regular basis (minimum one per quarter) to ensure social dialogue is maintained. We further engage with appointed

authorities of the regional government to ensure we fulfil the needs of the community in trying times, thereby reducing the burden on government to support the people in the region.

We reward our customers with quality products at fair prices. We solicit customer feedback and concerns and address them.

Supplier Engagement

Suppliers play a critical role in manufacturing environmentally responsible products. Our supplier screening procedure guarantees that high-quality raw materials are obtained at competitive costs from sources that share our commitment to environmental stewardship. To help local communities, services and input materials are procured locally





whenever possible. Our suppliers are carefully selected based on their ethical business practices, and we have a shared ethos on our responsibility to the community and environment. The screening process is carried out jointly by our procurement and sustainability team to ensure we engage in fair trade and all unethical practices are barred.

Open communication is maintained with our suppliers regarding our requirements, policies and certifications. Special attention is given to communicating our sustainability certifications and

complying with them. Additionally, trainings on personal safety of workers were conducted for two crop suppliers.

Shareholder Engagements

Watawala's shareholders have been the foundation of the business, investing in the growth and substance of the business amidst challenges. The Management of the Company has a responsibility and a duty towards our shareholders to protect their investment whilst ensuring sufficient return on their investment.

We maintain regular communication with our shareholders to keep them informed of strategic decisions, management changes and seek advice during challenging situations. The Company also ensures that they are kept well informed of accounting and auditing information with great transparency and accountability.

- Communication processes with shareholders include the annual report, quarterly reports, CSE disclosures, social media, the Company website, Sunshine Holdings PLC's quarterly investor webinar.

Engagement with the Government and Non-Governmental Organisations

	Organisation	Type of engagement
Governmental Organisations	Central Environment Authority (CEA)	Adherence to environmental regulations to ensure our processes have zero impact in areas from Ginigathhena to Udugama.
	Plantation Human Development Trust (PHDT)	Engaging in development such as providing sanitation and potable water for workers.
	University of Peradeniya, University of Ruhuna	Conducting research on industries we are interested in expanding into.
	Department of Animal Production and Health (DAPH)	We are governed by and adhere to standards set by the DAPH. Regular consultations are held to ensure best practices are maintained for healthy livestock including their well-being and mobility.
	Ministry of Plantation	<ul style="list-style-type: none"> - Providing assistance for encroachment and eviction cases from competent authority. - Providing subsidies when available for replanting, automation and factory development. - Providing information regarding to government decisions, regulations, circulars on plantation related matters. - Coordinate with plantation companies and other government ministries and departments. - Providing advisory support on plantation management and good agriculture practices. Making Polices related to plantation industry.



	Organisation	Type of engagement
	Regional Director of Health Services (RDHL) & MOH	Providing following duties and assistance <ul style="list-style-type: none"> - Child health - Family planning - Food care - Non communicable disease awareness - Conducting awareness programs on health-related issues - Conducting clinics to identify health issues proactively
	Police stations	<ul style="list-style-type: none"> - Providing assistance to safeguard the company assets - Conducting inquiries in issues related to encroachment, damages, and losses to the estates - Providing assistance and security when cash is transported to estate for sundry payments - Proactive engagement to minimize corruption and unrest issues - Conducting consultation and advisory services
	Plantation Ministry and cadre. Secretary to the Minister. Dairy industry. Top level managers and affiliated Ministries.	Changing mindsets and supporting leaders regarding sustainability practices and research
Non- Governmental Organisations	Palm Oil Industry Association (POIA)	Facilitate a balanced approach to providing information to the public including information from the Company's and the industry's perspective
	National Cleaner Production Centre (NCPC)	System development and conducting energy audits regarding certification matters
	Serendib Assets	Provision of CDM machines, planting Gliricidia and helped the Company form proposals to implement carbon credit matters
	Malaysian Consulting Company	Compiles the biodiversity report, high conservation management report and social impact assessment reports for the Company

Community Engagements

By nature of our business, we operate in a local setting associating with multiple local communities. This often results in problems and opportunities. In certain remote locations, it is unavoidable that we connect with the local community which lacks modern facilities and conveniences. Watawala Plantations, as a responsible corporate citizen, is keen to identify

ways to make a positive and lasting contribution for the lives of the people who reside in these rural areas.

Our engagement with the local communities is on a day-to-day basis and in a transparent manner. We collaborate closely with villages located around our plantations, allowing us to develop mutually beneficial working relationships. We

have implemented social efforts such as the delivery of activities agreed upon with local communities, such as enhancing access to education, healthcare, sanitation, fresh water, and infrastructure. Watawala places high importance on the safety and well-being of our associates, partners and employees. We invest in training to help our plantation and palm businesses gain a variety of new capabilities.





Corporate Social Responsibility

As a socially responsible business, Watawala Plantations employs self-regulation that reflects business accountability and commitment to contributing to the well-being of communities and society through various environmental and social initiatives.

Education

Donation of schoolbooks for the children of estate staff

Women's day health and awareness session for estate staff on "education & healthy hygiene for women"

Awarding of scholarships to the children of associates and staff of the Talangaha estate

Art competition for the World Environment Day

Healthcare

Health Camps for Regional Estate Community

Nakiyadeniya Regional Hospital for Nakiyadeniya & Talangaha's community

- Nakiyadeniya sports complex
Health checkups including full blood count, cholesterol, eye screening and BMI
- Talangaha training centre
Health checkups including full blood count, cholesterol, eye screening and BMI

2 Ambulance's for Suwasariya

Financial Donation for the maintenance of to two 1990 Suwasariya ambulance to help save lives

Eye clinic and a program to provide spectacles

Eye clinics are carried out for estate staff and the community

Dental clinic

Organized a dental clinic for employees and staff of the Talangaha estate. Persons with a risk of oral cancer were referred to the Karapitiya Hospital for further treatment

Sports and Fitness

- Initiation of the Watawala regional team's table tennis program
- Floodlit volleyball courts were built in Homadola, Nakiyadeniya, and Talangaha
- Youngsters of the region use the "Watawala Kalana Mithuru" volleyball courts
- The floor at the palm grove badminton court was replaced by the Company and tennis tables were added to the court
- A state-of-the-art gymnasium was built and handed over to the community
- The palm grove gymnasium/ "Watawala Kalana Mithuru" fitness centre continues to support the company's commitment to health and fitness



SOCIAL AND RELATIONSHIP CAPITAL

Agriculture

“Kalana Mithuru”/ “Saru Pasa” Organic Project

Watawala Sarupasa compost is a versatile organic fertilizer that may be used for a variety of crops. This not only contributes organic matter to improve the structure of the soil, but it also provides macro and micro-nutrients that are essential for plant growth.

Brochure distribution, banner campaigns, collaboration programs with Department of Agriculture - Labuduwa, publicity in the newspaper and on social media and other media were used to promote the “Sarupasa” organic fertilizer throughout the region.

The *Watawala Goviya* project was established to encourage farmers and staff to cultivate vegetables on their own lands to support their food requirement.

Planting campaign for conservation of the Polathumodara river at Nakiadeniya.

Outlook

- Further strengthening relationships with our strategic business partners

Knowledge sharing sessions to increase operations efficiency and initiation of various new programmes and projects to strengthen and nurture collaborations.

- Maintain contact with suppliers while inspecting materials for compliance with international quality and safety requirements.

Continuous monitoring of quality and suitability of material purchased from suppliers to maintain quality of our products.

- Engage and support employees to keep them motivated and updated on latest developments in the Company.



COMMUNITY ENGAGEMENTS

GRI 413: Local Communities 2016 Disclosure 3-3 Management of material topics

<p>Actual and potential, negative and positive impacts on the economy, environment, and people</p>	<p>An actual negative impact, which is not due to business activities of the Company, is illegal encroachment of land.</p> <p>Potential negative impacts could be health and safety risks to local communities from production activities and improper disposal of waste. However, Watawala Plantations takes all precautionary measures to prevent such negative impacts, including complying with RSPO standards on community welfare.</p> <p>The positive impacts of RSPO compliance results in minimal negative impacts to the local communities.</p> <p>Sustainable livelihoods and poverty reduction whilst protecting human rights. The palm oil sector contributes to reducing poverty and palm oil production is a source of sustainable livelihoods. People participate in processes that affect them with shared access and benefits.</p> <p>A sustainable, competitive palm oil sector ensures long-term viability of the entire supply chain and shared benefits for both the private sector as well as the livelihoods of communities where oil palm is grown.</p>
<p>Report whether the organisation is involved with the negative impacts through its activities or because of its business relationships</p>	<p>Negative impacts are due to land encroachment by illegal settlers. This has been a persistent problem. The land encroached upon varies in size as:</p> <ol style="list-style-type: none"> 1. Houses are built illegally on encroached land by local communities and outsiders (from nearby towns) 2. Tea and cinnamon are cultivated on encroached land 3. Most of the encroachers are people from surrounding villages or from other towns, as well as some former workers
<p>Describe policies or commitments regarding the material topic</p>	<ul style="list-style-type: none"> • We comply with the principles and criteria of RSPO with regards to community and social welfare • Watawala also has a long-standing tradition of taking care of its estate communities
<p>Actions to prevent or mitigate potential negative impacts</p>	<p>We try to anticipate potential negative impacts and take preventive action through the implementation of RSPO standards and other environmental standards.</p>
<p>Actions to address actual negative impacts, including actions to provide for or cooperate in their remediation</p>	<p>The Company is cognizant of the issue of land encroachment and has implemented measures to deal with the problem. However, this is a land administration and legal problem that needs to be acknowledged and supported by the government.</p>
<p>Actions to manage actual and potential positive impacts</p>	<p>Positive impacts are identified and encouraged through the monitoring and measuring systems set up under RSPO standards and other environmental standards.</p>



COMMUNITY ENGAGEMENTS

Processes used to track the effectiveness of the action	<p>Public consultations and focus group discussions are held. Furthermore, we have established the ISO 45001:2018 OH&S management system and SOPs for performance monitoring. The purpose of this process is to ensure monitoring, measurement analysis and performance evaluation are carried out in accordance with the OH&S management of the organisation.</p> <ul style="list-style-type: none"> • Compliance evaluation takes into account all compliance obligations to which the organisation subscribes, including legal compliance, obligations from the views of interested parties, including legislators. • Determine frequency of evaluation • Determine method of evaluation of compliance • Take action to evaluate • Maintain knowledge and understanding of the status of compliance • Retain documented information of results 									
Goals, targets, and indicators used to evaluate progress	<p>We have been established Social Impact Assessment management plans for each estates. Accordingly, we identify the</p> <ul style="list-style-type: none"> • Impact category • Current condition • Problems • Mitigation • Related RSPO criteria • Sustainability team remarks • Responsible person • Completed date <table border="1" data-bbox="512 1346 1481 1413"> <thead> <tr> <th>Category</th> <th>Current condition</th> <th>Problems</th> <th>Mitigation</th> <th>RSPO (P&C)</th> <th>Sustainability Team Comments</th> <th>PIC</th> <th>Due Date</th> <th>Completed Date</th> </tr> </thead> </table>	Category	Current condition	Problems	Mitigation	RSPO (P&C)	Sustainability Team Comments	PIC	Due Date	Completed Date
Category	Current condition	Problems	Mitigation	RSPO (P&C)	Sustainability Team Comments	PIC	Due Date	Completed Date		
Effectiveness of the actions, including progress toward the goals and targets	Targets are set and monitored and measured continually to measure effectiveness of actions.									
Lessons learnt and how these have been incorporated into the organisation’s operational policies and procedures	Information from social impact assessments are incorporated into our activities.									
Describe how engagement with stakeholders has informed the actions taken	Feedback from communities are taken into account through impact assessments and community forums, in implementing our business activities and in implementing RSPO requirements.									





Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs

- a. Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of:

Social impact assessments

To identify the social impacts and to carry out best management practices to mitigate negative impacts as well as to advance positive impacts a Social Impact Assessment (SIA) was conducted in the Company. This SIA was conducted in consultation with all relevant stakeholders in the Udugama region, Galle District, in the Southern Province of Sri Lanka.

The social impact assessment was conducted using the rapid assessment methodology and the participation of the internal and external stakeholders. The internal stakeholders included the plantation workers ranging from the staff, the workers, the executives and non-executives and occupants living within the plantation and the mill. External stakeholders included the contractor's, suppliers, local communities, local district agencies and federal agencies, and non-government organisations.

Watawala has provided job opportunities for the local communities in Udugama town. In fact, the oil palm industry is viewed positively by the locals to provide a more stable income as compared to tea and cinnamon cultivation.

Empowering women

The oil palm plantations provide jobs and equal development opportunities for both women and men. This empowers women to contribute

financially to the household, providing an opportunity for poverty alleviation. Each estate and mill have women associations, where women associates have organized activities to address, improve and empower themselves. The Company provides services such as the child development centre thereby, facilitating the role of women in the plantation. Based on an assessment conducted, generally the Company provides equal opportunities for jobs for women and men.

Feedback summary from social impact assessment

No	Name / Representative / Organization	Key Points of Discussion / Summary of Feedback
1	N. G. Chandralatha	<ul style="list-style-type: none"> Oil palm cultivation does not adversely affect human life High risk workers should be paid better wage Extension of oil palm cultivation can bring about development to the local communities Estate provides welfare facilities, health services and holds CSR activities such as programs for children, women and the elderly The company is committed to protect the biodiversity and the environment of the area
2	N.Sathya Sivam	<ul style="list-style-type: none"> All workers in the same category of work should be paid the same wage rate The Company provides adequate housing, health and welfare facilities for estate workers
3	Anonymous	<ul style="list-style-type: none"> Oil palm cultivation can cause environmental degradation All workers in the same category of work should be paid the same wage rate Repair works to roads and line houses should be carried out as soon as possible
4	N. G. Kularathna	<ul style="list-style-type: none"> Oil palm cultivation brings more positive impacts than rubber cultivation
5	N. Wijesekara	<ul style="list-style-type: none"> This discussion is very beneficial to the company and the local communities
6	Nirosha	<ul style="list-style-type: none"> Oil palm cultivation brings more positive impacts than rubber cultivation
7	N. G. Wikramasinghe	<ul style="list-style-type: none"> Oil palm cultivation improves the livelihood of the local communities
8	N. G. Padmini Samanthika	<ul style="list-style-type: none"> In order to maintain the quality of the streams and rivers, the company should train and monitor the workers on the proper application and usage of fertilizers and chemicals utilized in the plantation. Locals are supporting to the company to achieve the RSPO certification The company is very active with their CSR initiatives especially for the benefit of women and children through providing scholarship to children, optical glasses to those in need and has also established women and youth societies. The company also conducts programs to provides information to raise awareness regarding business opportunities to women and youth societies"
9	G. M. Vineetha	<ul style="list-style-type: none"> Those who encroached on estate land illegally and those who had stayed on estate land illegally after working with the company should be removed
10	M. K. Thilak Saman Kirthi	<ul style="list-style-type: none"> Oil palm cultivation is good

- b. Local community development programs based on local communities' needs.

Watawala Plantations has for years been supporting local communities through various contributions including building community infrastructure, making charitable donations and conducting community welfare programs.



CSR Activities	<ul style="list-style-type: none"> • Dry ration packs for all estate staff of Watawala Plantations and Watawala Dairy This initiative was taken to support associates during the current economic crisis of the country, thereby providing peace of mind in these trying times • School bus for estate staff children, currently used by 80 children • Donation of 2 ambulances for the Suwasariya worth LKR 10 Mn • Donation of sports items to youth sports clubs • <i>Watawala Gowija</i> home gardening programme • Planting 3,000 trees in the Udugama region (initiated on World Environment Day) • Providing an additional fuel allowance • Maintaining the Udugama ICU which was donated in 2021 (expense of LKR 60 Mn) • Distribution of relief packs for all estate associates • Eye screening programs for all employees • Roofing tar application • Staff bungalow renovation • Accommodation for trainees • Supermarket vouchers for all office staff • Conducting medical camps for chemical sprayers • Distribution of milk powder and dry ration packs for low income families • International Childrens' Day celebration in estate preschools donated by Watawala Plantations • International Childrens' Day nutrition food pack distribution • DSI school shoes and other goods sale on instalment basis for estate staff • Sale of school bags for half the price on instalment basis for children of estate staff • Organized a kids fair at the Nakiadeniya estate
CSR Activities WDL	<ul style="list-style-type: none"> • Mid-day meal programme for children at Lonach child development centres
Sponsorships	<ul style="list-style-type: none"> • Donation of trophies for the inter school athletic games at Nagoda AG Office • Blood donation campaigns • Community infrastructure developments • Religious and cultural events



TECHNOLOGY CAPITAL

Our continually evolving technology base is a key differentiator of the Watawala Plantations Group and is a vital component of our sustained value creation process, by contributing directly towards improving production efficiencies and productivity increases. Watawala Plantations and Watawala Dairy have been in the forefront of modernising the traditional agricultural systems and dairy industry in the country through continuous investments into modern digital technologies and by automating previous manual activities, to enhance both quality of outputs and internal controls. Today, we have successfully harnessed technologies to sustain our financial performance even under the most unfavourable operating conditions, as demonstrated during the financial year 2022/23.

We are already utilising advanced agriculture techniques, food processing and preservation technologies, modern equipment and machinery, fertilizer technology, and technologically advanced human resource management systems and CRM systems.

Value Creation from technology

Human Resource Management	<ul style="list-style-type: none"> • Increased productivity because of faster processing and data sharing • Employee turnover is reduced because of increased employee engagement • Reduce the costs of paper-based processing such as storage and printing • Improve organisational growth by making efficient hiring decisions at the lowest possible cost • With comprehensive reports, we can make informed business decisions
Estate Operations	<ul style="list-style-type: none"> • Land productivity is optimized with the use of technology to select lands ideal for each crop • Successful cultivation leads to a good harvest increasing the Company's annual income
Dairy Farm Operations	<ul style="list-style-type: none"> • Efficient tracking of milk yield • Maintaining quality of milk by regular testing • Better management of each cow's wellbeing
Palm Oil Mill Operations	<ul style="list-style-type: none"> • State-of-the-art facilities in the mill increases efficiency while reducing operational costs • Partial generation of power needed for mill operations leads to energy conservation
Food Processing	<ul style="list-style-type: none"> • Food quality maintenance strengthens the customer's trust in the brand
Waste Management	<ul style="list-style-type: none"> • Zero waste discharge preserves nature and its riches
Compost Production	<ul style="list-style-type: none"> • Operational cost is reduced as a certain percentage of the fertilizer requirement is fulfilled within the Company itself • Organic fertilizer production is an additional source of income for the Company



Improvements to our technology capital

During the current financial year, we invested in a range of technological advancements to further upgrade our business operations.

Despite the difficulties in procuring required IT hardware due to import restrictions, by end March 2023, Watawala Plantations PLC had become one of the most digitized plantation companies in the country by adopting the latest enterprise resource planning software, the SAP Business One core finance ERP, and integrating the ERP system with the field operations digitization system and checkroll system. Digital capabilities have been augmented by the Hana in-memory database, which supports faster information processing and analysis, resulting in better management decision making.

Additional technology improvements include:

- Further streamlining the Information System and developing dashboards
- New implementation of business intelligence tools
- Replacing traditional data backup with cloud-based data backup solutions
- Implementing a cloud based centralized attendance management system
- Monitoring GPS and CCTV systems through a command and control centre

Modernising our estates

Our modernisation drive extends into the heart of our business our estates, where we have been mechanising traditional systems for greater productivity.

Our field operations are being digitized through the iHarvest system and we improved wireless estate interconnectivity during the current financial year, by installing 30-foot high signal receivers, that now facilitate cloud-based systems and applications even for our estates. We also implemented firewall solutions for all the estates and integrated all weigh bridges with the field operations digitization system.

We have already deployed harvesting tools to maximize crops and productivity, while reducing human intervention in the harvesting process. We have extended digitization down to field-level data collection and discontinued the traditional “*Kangani chits*” system. Our human resource management has been streamlined through the application of Human Resources Automation, by digitizing and computerizing time-consuming and repetitive operations.



Nakiyadeniya palm oil mill

We have installed the most up-to-date palm oil milling technology at our Nakiyadeniya palm oil mill which increases the recovery and resource efficiency, whilst minimizing operating costs and undesirable environmental impacts. Mechanical and thermal processes are used to extract palm oil from fresh fruit bunches (FFB).

The mill capacity was enhanced by 40% in 2021 and has a current capacity to process 20 MT of FFB per hour. It has the processing capacity of up to 120,000 MT of FFB per annum and currently processes about 55,000 MT of FFB whilst producing about 12,500 MT of Crude Palm Oil (CPO), 1,250 MT of Palm Kernel Oil (PKO), and 2,500 MT of Palm Kernel Cake per year.

The mill is also equipped to produce healthier MOSH free (Mineral Oil Saturated Hydrocarbons) palm oil to meet buyers' requirements for end user compliance.





Biomass energy

The waste palm fruit fibre and kernel shell during milling are utilized as fuel for the generation of 10,000 kg/hr steam from the biomass boiler. The generated steam is immediately utilized for electricity generation via the turbine and the back pressure is utilized for milling.

Over 90% of the mill's energy needs are met by biomass generated from FFB waste.

Palm oil effluent treatment plant

Our palm oil mill effluent treatment plant comprises anaerobic, aerobic biological treatment systems connected with physical separations such as dissolved air floatation, filtration systems. The treatment plant complies with national environmental regulatory standards the RSPO requirements for ethical palm oil production.



Fertilizer production

We are reusing our treated oil palm effluent, which is rich in nutrients, by applying it as fertiliser for oil palm cultivation. We have ongoing research and development projects with Universities to produce bio-fertilizer and other valuable compounds by phytoremediation. An in-house environmental laboratory has been set up to monitor and control the treatment process by testing BOD, COD of the treatment and discharge. The Nakiyadeniya in-house microbiology lab facilitates the isolation and propagation of plant growth promoting and beneficial microbes to incorporate with the compost.

Dairy Farm Operations

Watawala Dairy is one of the most hi-tech dairy facilities in the country today, on par with international dairy industry standards.

Watawala Dairy technology includes a fully automated, state-of-the-art DAIRYMASTER milking parlour system, imported from Ireland, which can track the yield and quality of milk generated by each cow. This is a 40-cow milking parlour with a double raw quick exit milking system. It also

has built-in equipment to separate all antibodies, mastitis, and colostrum milk from bulk milk.

Each heifer is monitored at all times for temperature, activity, resting time, rumination time, and feeding behaviour using sensors, thereby allowing for better management of each cow's welfare.

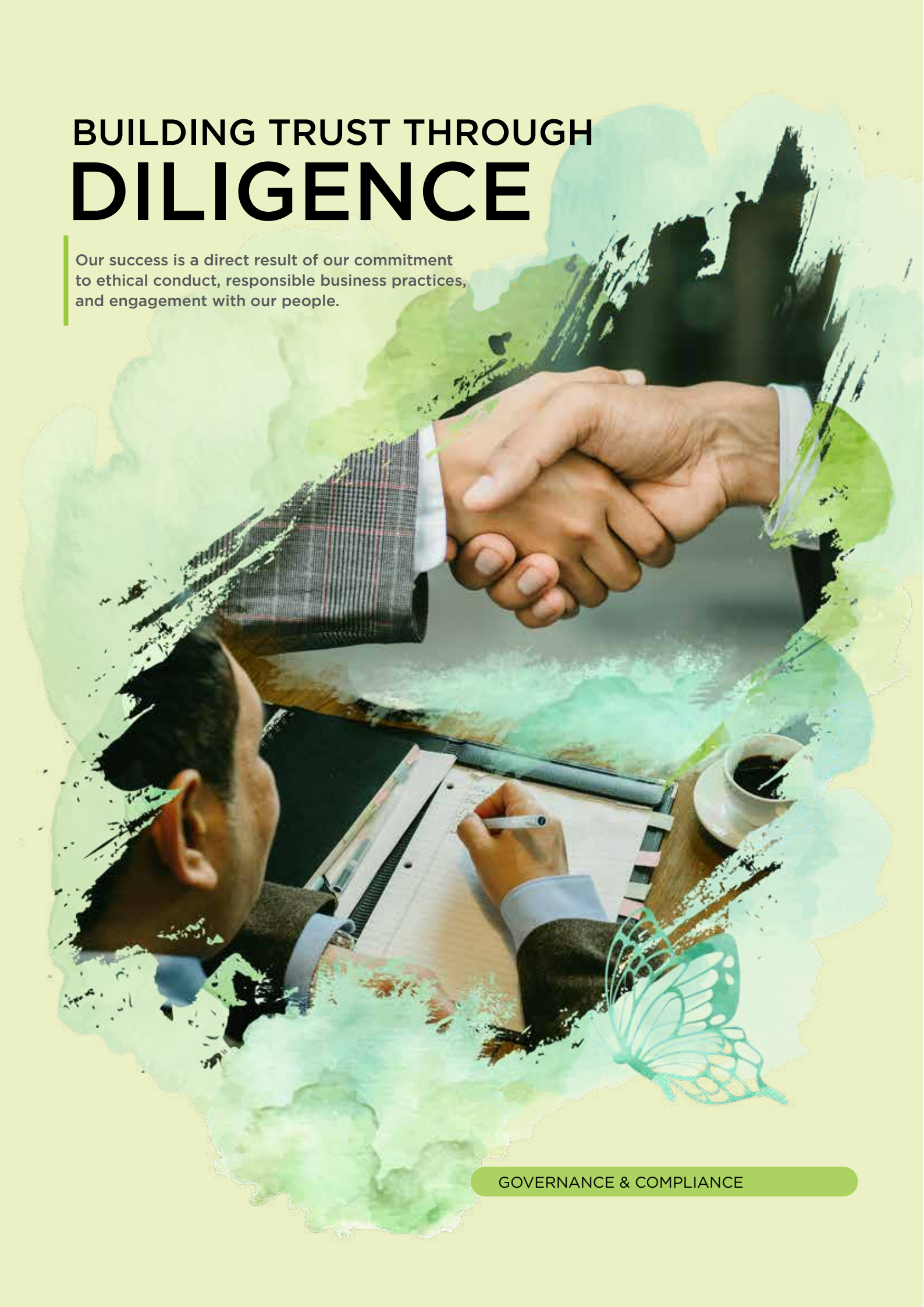
Future plans

We will continue to invest aggressively into modernisation and technology integration into our value chains to enhance efficiencies while containing costs. This would include increasing the user adoption of digital technologies and solutions and increased data leverage. While our systems have already been significantly automated, we will enhance our production and administration systems further through modifications and artificial intelligence. Increasing visibility of mission critical equipment and capturing real-time data for better decision making will become a priority in overcoming the current economic challenges while implementing precision agricultural solutions to sustain productivity.



BUILDING TRUST THROUGH DILIGENCE

Our success is a direct result of our commitment to ethical conduct, responsible business practices, and engagement with our people.

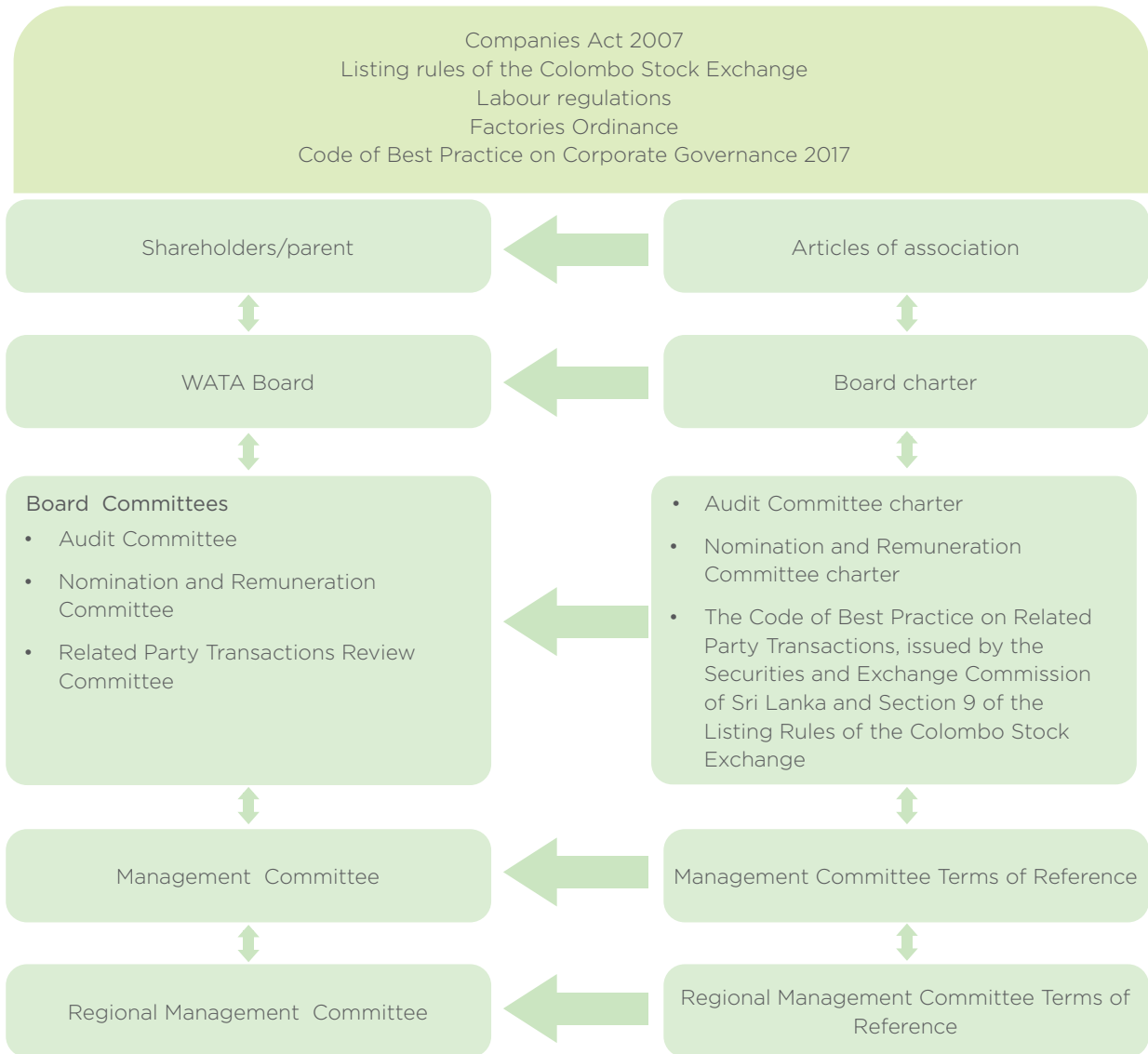


GOVERNANCE & COMPLIANCE

CORPORATE GOVERNANCE

Disclosure 2-9 Governance structure and composition

The Watawala Plantations' governance framework, is underpinned by national regulations, the Code of Best Practice on Corporate Governance 2017, issued by the Institute of Chartered Accountants of Sri Lanka, our Articles of Association and internal policies, and is regularly reviewed to adapt to internal and external developments and to reflect best practices.



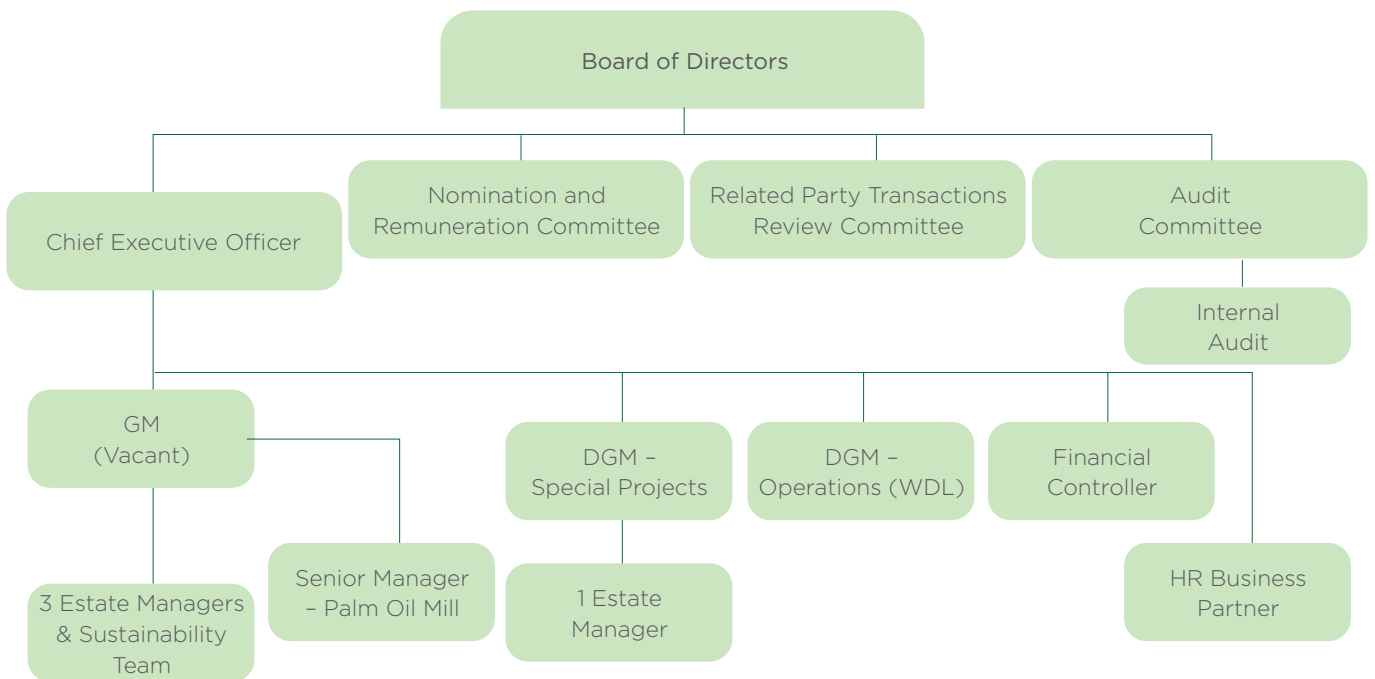
Clear reporting lines and responsibilities have been allocated within the governance hierarchy to enable accurate and fast policy and strategy communications from top-down, and to receive feedback from the bottom-up.



CORPORATE GOVERNANCE

Incorporation of sustainability oversight into the governance structure

At Watawala Plantations, sustainability is championed by the CEO and executed by a dedicated sustainability team. There is a separate sustainability office in the region headed by the assistant manager sustainability. The CEO provides periodic updates to the Board on sustainability initiatives and overall business sustainability



Highest governing body of Watawala Plantations PLC

The Board of Directors (Board) of Watawala Plantations PLC, is the highest governing body of the Company, responsible for setting in place a governance framework for driving sustainable growth.

Board Responsibilities and Rights

The Board has the following powers to execute its responsibilities.

- Strategic Direction** : Provides vision, strategic direction and stewardship to the institution whilst transparency and accountability is maintained. The Board also reviews and monitors the Company's activities.
- Business performance** : Reviews business results on a regular basis and guides the management by giving appropriate direction in achieving its goals.
- Management of risks** : In consultation with the Audit Committee, a risk management system was developed which is periodically reviewed. Review of risk management is depicted on pages 62-68 of this report. Further, the Audit Committee report is also given on pages 166-167.
- Financial performance** : The Board meets at a minimum, once in three months to review the financial performance of the Company. The Quarterly Financial Statements are reviewed by the Audit Committee before recommending them to the Board
- Budget** : The Board is responsible for approval of annual budgets, capital budgets and new projects.
- Corporate governance** : Monitoring and reviewing corporate governance in accordance with the best practice framework issued by The Institute of Chartered Accountants of Sri Lanka.
- Investor rights and relations** : Communicate periodically with shareholders through the quarterly reports. The Annual Report provides a comprehensive assessment of the Company's performance during the year.



- **Audit** : An independent statutory audit is carried out annually and the appointment of Auditors for the ensuing year is recommended to the shareholders at the Annual General Meeting.

Board balance/ composition

The Board consists of nine (9) members, all of whom are Non-Executive Directors (including the Chairman). Four (4) Non-Executive Directors are independent as defined under the Listing Rules of the Colombo Stock Exchange.

The Company maintains a Board balance of Executive, Non-Executive and Independent Directors as required under Listing Rules of the Colombo Stock Exchange. Together, the Directors with their wide experience in both the public and private sectors and diverse academic backgrounds provide a collective range of skills, expertise and experience, which is vital for the successful direction of the Group.

Board composition	
Executive Director	Nil
Non-Executive Director (NED)	5
Independent, Non-Executive Directors (INED)	4

Board Committees

Watawala Plantations has established 3 Board Committees, appointed by the Board, with clear Terms of Reference (TOR) on their scope of activities and responsibilities. The Board delegates functions warranting greater attention, to the Audit Committee, Nomination and Remuneration Committee and Related Party Transactions Review Committee with oversight responsibility for same, enabling the Board to allocate sufficient time to matters within its scope.

The Management Committee (MC)

The Management Committee (MC) assists in the decision-making process and is headed by the Chief Executive Officer (CEO). The MC has been constituted under a TOR and is headed by the CEO

Regional Management Committee (RMC)

The Regional Management Committee (RMC) has been developed to provide direction and guidance to our regional operations on one end, and to also provide insights from local regions, to the MC, to support strategic planning and to review strategic progress. The RMC has been constituted under a TOR and is headed by the GM/DGM.

Attendance at Board Meetings during the year ended 31 March 2023

Name	Position	Designation	Eligibility	Attended
Mr. S. G. Wijesinha	Chairman	Non-Executive/ Independent	4	4
Mr. G. Sathasivam	Director	Non-Executive/ Non-Independent	1	0
Mr. V. Govindasamy	Director	Non Executive/ Non Independent	4	4
Mr. M. S. Mawzoon	Director	Non-Executive/ Non-Independent	4	4
Mr. N. B. Weerasekera	Director	Non-Executive/ Independent	4	4
Mr. H. D. Abeywickrama	Director	Non-Executive/ Non Independent	4	4
Mr. M.R Rao	Director	Non-Executive/ Non Independent	4	1
Mr. A. R. Rasiah	Director	Non-Executive/ Independent	4	4
Mr. C. L. Loo	Director	Non-Executive/Non Independent	4	4
Mr. S.G. Sathasivam	Director	Non-Executive/ Non Independent	3	2

Audit Committee - Members & Attendance during the year ended 31 March 2023

Name	Position	Eligibility	Attended
Mr. A. R. Rasiah	Chairman	5	5
Mr. N. B. Weerasekera	Member	5	5
Mr. M. T. Siddique	Member	5	5
Mr. S. G. Wijesinha	Member	5	5



CORPORATE GOVERNANCE

Related Party Transactions Review Committee - Members & Attendance during the year ended 31 March 2023

Name	Position	Eligibility	Attended
Mr. A. R. Rasiah	Chairman	4	4
Mr. N. B. Weerasekara	Member	4	4
Mr. M. T. Siddique	Member	4	3
Mr. S. G. Wijesinha	Member	4	4

Nomination and Remuneration Committee - Members & Attendance during the year ended 31 March 2023- No meetings held

Name	Position	Eligibility	Attended
Mr. S. G. Wijesinha	Chairman	N/A	N/A
Mr. N. B. Weerasekara	Member	N/A	N/A
Mr. M. R. Rao	Member	N/A	N/A

Disclosure 2-10 Nomination and selection of the Board and Committees

The nomination and selection processes for Board and committees; criteria used for nominating and selecting highest governance body, including whether and how the following are taken into consideration:

Stakeholder considerations are taken into account in the form of shareholder approval in the appointment of Directors, as stipulated by the Companies Act 2007.

Appointment, Re-election and Resignation of Directors are done by the shareholders at the Annual General Meeting (AGM), following a formal and transparent process. Appointments are made based on recommendations made by the Board of Directors. The Nomination and Remuneration Committee makes recommendations to the Board in this regard having considered the combined knowledge, experience and diversity of the Board in relation to the Company's strategic plans and any gaps thereof.

In compliance with the Articles of Association of the Company, 1/3 of the Non-Executive Directors will retire from office on a rotational basis at each AGM. The Nomination and Remuneration Committee recommends the Directors for re-election, and approval by the Board, having assessed the Board's skill and knowledge composition in meeting the strategic demands of the Company.

A Director appointed by the Board to fill a casual vacancy arisen since the previous AGM, will offer himself for re-election at the next AGM. Appointments/resignations are communicated to the CSE. Appointment communications include a brief résumé of the Director.

Appointment of Board Committees

Appointments to Board committees are made by the Board

2-10 (b) Directors Independence

Independence of Directors is determined by the Board based on annual declarations submitted by Non Executive Directors. Directors exercise their independent judgement, promoting constructive Board deliberations and objective evaluation of the performance of the Company.

2-10 (c) Diversity and competencies relevant to the impacts of the organisation

The Watawala Plantations' Board is diversified in terms of competencies, age and experience, and maturity in guiding and directing the operations of a plantation company.

As a plantation Company, we have environmental, economic and social impacts. Therefore, our Board comprises a combination of skills and expertise to support sustainable business growth while managing our impacts.

Financial Acumen

The Board comprises a Senior Chartered Accountant of Sri Lanka, a fellow member of the Institute of Chartered Accountants of India and two Fellow Members of the Chartered Institute of Management Accountants (UK). Three of them serve as members of the Audit Committee and the Related Party Transactions Review Committee.





Competencies	Number of Board members
Accounting & Finance	5
Pharmaceutical, Consumer & Plantations Industries	1
Pharmaceutical & Consumer Industries	1
Other Expertise Areas	2
Age	
Below 60	3
Above 60	6
Tenure	
Above 9 years	4
Below 9 years	5
Gender	
Male	9
Female	-

Disclosure 2-11 Chair of the highest governance body

The Chairman of the Board is not a senior executive. The Chairman is an Independent Non-Executive Director.

Roles of Chairman and Chief Executive Officer (CEO)

The role of Chairman is as detailed in the Board Charter, in line with best practices in Corporate Governance ensuring that no one Director has unfettered power and authority. The CEO is accountable to the Board for the exercise of authorities delegated by the Board and for the performance of the Company.

Chairman's Responsibilities	CEO's Responsibilities
Setting the ethical tone for the Board and Company	Appointing and ensuring proper succession planning of the executive team, and assessing their performance.
Setting the Board's annual work plan and the agendas, in consultation with the Company Secretary, Directors and CEO.	Developing the Company's strategy for consideration and approval by the Board.
Building and maintaining stakeholder trust and confidence	Developing and recommending to the Board budgets supporting the Company's long term strategy.
Ensuring effective participation of all Board members during Board meetings. Facilitating and encouraging discussions amongst all Directors of matters set before the Board and ensuring a balance of power is maintained between Executive and Non- Executive Director	Monitoring and reporting to the Board on the performance of the Company and its compliance with applicable laws and corporate governance principles.
Monitoring the effectiveness of the Board and assessing individual performance of Directors	Establishing an organisational structure for the Company which is appropriate for the execution of strategy. Ensuring a culture that is based on the Company's values. Ensuring that the Company operates within the approved risk appetite.

Disclosure 2-12 Management of sustainability related impacts and the role of the Board in overseeing this

The Company's sustainability strategies and budgets are approved by the Board, prior to implementation across the Company. Strategy progress, and sustainability related negative and positive impacts, are also communicated to the Board to update the Board, and to receive further guidance and to obtain approval for proposed further action. The Board also regularly monitors the status with regards to the implementation of the RSPO Standards across the palm oil business to ensure compliance.

As part of its duty to ensure regulatory compliance by the Company, the Board is also kept informed about the Company's compliance status with regards to environmental regulations, food safety regulations, labour regulations and other regulations pertaining to sustainability impacts.

Disclosure 2-13 Delegation of responsibility for managing impacts

Overall responsibility for managing social, environmental and economic impacts has been delegated to the CEO, and is in turn, delegated among the entire management team. Based on the significance of the impact, the Board will get directly involved in such instances.



CORPORATE GOVERNANCE

Get CEO's direction on the responsibility of managing environmental impacts.

- Sustainability related training: The Asst. Manager Sustainability is responsible for organising sustainability trainings.
- Health and safety standards: Estate and Mill Manager are responsible for meeting these standards.
- Dairy farm: The DGM (Operations) is responsible for maintaining the farm's health and safety standards, preventing any potential negative environment impacts.

Disclosure 2-14 Sustainability reporting and the role of the Board in this

The report is reviewed by the Board prior to publication. In addition, the Chairman provides a statement in this report, with regards to the Company's sustainability strategy. The CEO and senior management are directly involved in sustainability reporting providing sustainability related data and reviewing and approving the sustainability report.

Corporate Governance Disclosure

The Company has published quarterly Financial Statements with the necessary explanatory notes as required by the rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka to all stakeholders. Any other financial and non-financial information, which is price sensitive or warrants the shareholders and stakeholders' attention and consideration is promptly disclosed to the public.

Relations with Shareholders

Engagement with shareholders and potential investors is a key element of good corporate governance. The

Board is conscious of their responsibility towards stakeholders and is committed to fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided, to avoid the creation of a false market.

Communication with Stakeholders

Shareholders are provided with quarterly Financial Statements and the Annual Report which the Group considers as its principal communication with them and other stakeholders. These reports are provided to the Colombo Stock Exchange. Shareholders may bring up concerns they have, either with the Chairman or any Director as appropriate.

Watawala Plantations PLC's website www.watawalaplantations.lk serves to provide a wide range of information on the Group.

The Company has reported a fair assessment of its position via the published audited Financial Statements and quarterly accounts. In preparation of these documents, the Company has complied with the requirements of the Companies Act No. 07 of 2007 and in accordance with the Sri Lanka Accounting Standards.

Constructive use of Annual General Meeting (AGM)

The AGM is the main mechanism for the Board to interact with shareholders and provides an opportunity for shareholders' views to be heard. Notice of the AGM, the Annual Report and Accounts and any other resolution together with the corresponding information that may be set before the shareholders at the AGM, are circulated to shareholders minimum 15 working days prior to the AGM allowing for all the shareholders to attend the AGM. A separate resolution is proposed for each item

of business, giving shareholders the opportunity to vote on each of such issue, separately. Voting procedures at the AGM are circulated to the shareholders in advance. An effective mechanism to count all proxies lodged on each resolution is maintained. The Board is mindful of their accountability to shareholders. At the AGM, the Board provides an update to shareholders on the Company's performance and shareholders ask questions and vote on resolutions. It is the key forum for shareholders to engage in decision making matters reserved for the shareholders which typically include proposals to adopt the Annual Report and Accounts, appointment of Directors and auditors and other matters requiring special resolutions. The Board Chairman and Board members particularly Chairmen of the subcommittees are present and available to answer questions. All Shareholders are encouraged to participate at the AGM and exercise their voting rights. Details of votes cast against a resolution are made available at the AGM and subsequently posted on the Company website, as soon as practicable.

Disclosure 2-15 Conflicts of interest

The Board is aware of other commitments of its Directors and is satisfied that all Directors allocate sufficient time to enable them to discharge their responsibilities.

Directors declare their outside business interests at appointment and quarterly thereafter. The Company Secretary maintains a register of Directors' interests, which is tabled to the Board annually. The Register is available for inspection in terms of the Companies Act.

Key appointments of the directors are included in their profiles on pages 32-35.





A Related Party Transactions Review Committee is in operation to exercise oversight on behalf of the Board, that all Related Party Transactions are carried out and disclosed in a manner consistent with the Colombo Stock Exchange Listing Rules.

Related party transactions are given in Note 36 to the Financial Statements.

Please refer the Related Party Transactions Review Committee Report on page 168.

Disclosure 2-16 Communication of critical concerns to the Board

The GM, DGMS, estate and mill managers are responsible for reporting all concerns to the CEO. In turn, the CEO will keep the Board alerted to any critical sustainability related concerns through a Board paper, reports, or during the monthly Board meetings.

The need for reporting sustainability related critical concerns to the Board, did not arise during the year. As oil palm is our largest crop and therefore has the largest sustainability impact, the entire production chain has been RSPO certified and is continually monitored against RSPO sustainability guidelines, which minimises the possibility of sudden/urgent negative impacts.

Disclosure 2-17 Collective knowledge of the highest governance body

Measures taken during the year, to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development

Board Access to Information and Resources

Directors have unrestricted access to management and organisation information, as well as the resources required to carry out their duties and responsibilities, independently and effectively. Members of the Corporate Management make regular presentations with regard to the business environment and in relation to Group operations. The Company has appointed F J & G De Saram and Nithya Partners as their legal consultants. Access to independent professional advice, co-ordinated through the Company Secretary, is available to Directors at the Company's expense.

Induction and ongoing Training for Directors

On appointment, Directors are provided with an orientation pack with all relevant external and internal regulation documents and a tour of the estate, palm oil factory premises and dairy farm. The Board of Directors recognise the need to keep abreast of current developments affecting the sector both globally and locally with reference to regulatory changes and the country's economy. They undertake training and professional attending seminars/workshops/conferences, participating as speakers at events, using web based learning resources and reading regulatory updates etc.

Disclosure 2-18 Evaluation of the performance of the highest governance body

Processes for evaluating the performance of the highest governance body in overseeing the management of the organisation's impacts on the economy, environment, and people;

The evaluations are independent or not, and the frequency of the evaluations and actions taken in response to the evaluations, including changes to the composition of the highest governance body and organisational practices.

Chairman evaluates the Board Members, and their independence periodically to ensure their reference.

Appraisal of Chief Executive Officer (CEO)

Performance of Chief Executive Officer is evaluated annually at year end by the Board against predetermined criteria aligned to the short, medium, and long term objectives of WATA and agreed with CEO at the beginning of the year. Remuneration is revised based on performance

Disclosure 2-19 Remuneration policies Directors' Remuneration

The objectives of the Company's policy on Directors' remuneration is to attract and retain Directors of the calibre needed to direct the Group successfully.

In the case of the Executive Director, the component parts of the remuneration are structured so as to link rewards to corporate and individual performance.

Performance is measured against profits and other targets set in the Company's annual budget and plans, and from returns provided to shareholders.

In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Director concerned.



CORPORATE GOVERNANCE

Disclosure 2-20 Process to determine remuneration

A Nomination and Remuneration Committee has been established to determine remuneration

The Nomination and Remuneration Committee recommends to the Board, the frameworks of the Executive Director's remuneration and the remuneration package for the Executive Director if any. It is, nevertheless, the ultimate responsibility of the entire Board to approve the remuneration of the Executive Director if any. The Director's remuneration is disclosed in Note 9 of the Financial Statements.

Disclosure 2-21 Annual total compensation ratio

The ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual);

The ratio of the percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual);

Delegation of Board Authority - Board Committees

The Board in discharging its duties, has established various Board Committees. The function and terms of reference of the Board Committee are clearly defined and where applicable, comply with the recommendations of the Code of Best Practice on Corporate Governance. The Group has three Board Subcommittees:

- Audit Committee
- Nomination and Remuneration Committee

- Related Party Transactions Review Committee

However, the Board of Directors is collectively responsible for the decisions taken on the recommendations of Board Subcommittees.

Audit Committee

The Audit Committee provides an oversight on the Financial Statements and other related information prepared for presentation for external financial reporting, review the work of the internal audit function and ensures that the external auditor carries out its statutory duties in an independent and objective manner, it also assists the Board in ensuring a sound system of internal control. The Committee has full access to the Auditors both Internal and External who, in turn, have access at all times to the Chairman of the Committee. The Committee meets with the External Auditors without any executives present except for the Secretaries, at least once a year. The Report on the Audit Committee is presented on pages 166-167 and the duties of the Audit Committee are included therein.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee reviews the Board composition to ensure Board balance and adequacy of skills and experiences among the members of the Board. It recommends any new appointments to the Board. The Nomination and Remuneration Committee also recommends to the Board, the remuneration policy and the remuneration to be paid to each Executive Director if any. The Remuneration Committee reviews the Group's remuneration policy and the remuneration packages of executive employees of the Group.

Related Party Transactions Review Committee

The Committee exercises oversight on behalf of the Board, that all Related Party Transactions (RPTs, other than those exempted by the Colombo Stock Exchange Listing Rules on the RPTs) are carried out and disclosed in a manner consistent with the Colombo Stock Exchange Listing Rules.

Membership of Board sub committees are listed below: Directors are provided with quarterly reports on performance, minutes of quarterly meetings and such other reports and documents as necessary. The Chairman ensures all Directors are adequately briefed on issues arising at meetings.

Company Secretaries

The services and advice of the Company Secretaries are made available to Directors as necessary. The Company Secretaries keep the Board informed of new laws, regulations and requirements coming into effect which are relevant to them as individual Directors and collectively to the Board.

Corporate Services (Private) Limited having their registered office at No. 216, De Saram Place, Colombo 10 are the Company Secretaries since 1 December 2019.

Going Concern

The Directors after making necessary inquiries and reviews including reviews of the Group's budget for the ensuring year, capital expenditure requirements, future prospects and risks, cash flows and borrowings facilities, have a reasonable expectation of the Company's existence in the foreseeable future. Therefore, the going concern basis is adopted in the preparation of the Financial Statements.





Internal Control

The Board is responsible for the Company's internal controls and for reviewing their effectiveness. Internal control is established with emphasis placed on safeguarding assets, making available accurate and timely information and imposing greater discipline on decision-making. It covers all controls, including financial, operational and compliance control and risk management. It is important to state, however that any system can ensure only reasonable and not absolute, assurance that errors and irregularities are prevented or detected within a reasonable time.

Code of Conduct and Ethics

The Company's Code of Conduct sets out the standard of conduct expected of all employees. While all executives and clerical staff are provided with the Code of Conduct, we rely on training, meetings and trilingual communication of corporate values for associates who are mainly engaged in field work. The Board is not aware of any material violations of any of the provisions of the Code of Conduct and Ethics/ Standard of Conduct by any Director or employee of the WATA.

Disclosure of Major Transactions

During the year, there were no major transactions as defined by Section 185 of the Companies Act No. 07 of 2007.

GRI 2-27 : Compliance with laws and regulations

Watawala Plantations PLC and Watawala Dairy Ltd did not face any fines or penalties for any delays or noncompliance with any applicable regulations during the year under review.

Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosure

Mandatory Provisions - Fully Compliant

Subject	Rule No.	Applicable requirement	Compliance status	Reference (within the WATA Annual report)	Page No.
Contents of Annual Report	7.6 (i)	Names of persons who were Directors of the Company	Complied	Board Profile	31-35
Contents of Annual Report	7.6 (ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein	Complied	Management Discussion and Analysis	16-17
Contents of Annual Report	7.6 (iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	Complied	Investor Information	254-256
Contents of Annual Report	7.6 (iv)(a)	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.	Complied	Investor Information	254-256
Contents of Annual Report	7.6 (iv)(a)	The public holding percentage in respect of non-voting Shares (where applicable)	Not Applicable	-	-
Contents of Annual Report	7.6 (v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year	Complied	Investor Information	254-256



CORPORATE GOVERNANCE

Subject	Rule No.	Applicable requirement	Compliance status	Reference (within the WATA Annual report)	Page No.
Contents of Annual Report	7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity	Complied	Risk Management	62-68
Contents of Annual Report	7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Complied	Human Capital	78-89
Contents of Annual Report	7.6 (viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Complied	Number of permanent buildings available	245
Contents of Annual Report	7.6 (ix)	Number of shares representing the Entity's stated capital	Complied	Investor Information	254-256
Contents of Annual Report	7.6 (x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Complied	Investor Information	254-256
Contents of Annual Report	7.6 (xi)	Financial ratios and market price information	Complied	Investor Information	254-256
Contents of Annual Report	7.6 (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	Complied	Note 14 to the Financial Statements	206-209
Contents of Annual Report	7.6 (xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	Not Applicable	-	-
Contents of Annual Report	7.6 (xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	Not Applicable	-	-
Contents of Annual Report	7.6 (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	Complied	Corporate Governance	143-160
Contents of Annual Report	7.6 (xvi)	Related Party transactions exceeding 10 per cent of the equity or 5 per cent of the total assets of the Entity as per audited financial statements, whichever is lower	Complied	Note 36 to the Financial Statements	231-232



Statement of Compliance under Section 7.10 of the Listing Rules of the CSE on Corporate Governance

Mandatory Provisions - Fully Compliant

Subject	Rule No.	Applicable requirement	Compliance status	Reference (within the WATA Annual report)	Page No.
Non-Executive Directors	7.10.1	At least one third of the total number of Directors should be Non-Executive Directors	Complied	All Directors are Non-Executive Directors	145
Independent Directors	7.10.2 (a)	Two or one-third of Non-Executive Directors, whichever is higher should be independent	Complied	Four (4) out of Nine (9) Non-Executive Directors are independent.	145
Independent Directors	7.10.2 (b)	Each Non-Executive Director should submit a declaration of independence/ Non-Independence in the prescribed format	Complied	Non-Executive Directors have submitted these declarations	146
Disclosure relating to Directors	7.10.3 (a)	Name of independent Directors should be disclosed in the Annual Report	Complied	Board Profile	32-35
Disclosure relating to Directors	7.10.3 (b)	The basis for the Board to determine a director is independent, if criteria specified for independence is not met	Complied	Board balance	145
Disclosure relating to Directors	7.10.3 (c)	A brief resume of each director should be included in the Annual Report and should include the Director's areas of expertise	Complied	Profile of Directors	32-35
Disclosure relating to Directors	7.10.3 (d)	Forthwith provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3 (d) to the Colombo Stock Exchange	Complied	Brief resumes have been provided to the Colombo Stock Exchange	146
Remuneration Committee	7.10.5	A listed company shall have a Remuneration Committee	Complied	Remuneration Committee comprises of -S G Wijesinha -N B Weerasekera -M. R. Rao	165
Composition of Remuneration Committee	7.10.5 (a)	Shall comprise Non-Executive Directors a majority of whom will be independent	Complied	All members are Non-Executive and 2 out of 3 are independent	165
Remuneration Committee Functions	7.10.5 (b)	Shall recommend the remuneration of the CEO and the executive directors, if any	Complied	As above	165



CORPORATE GOVERNANCE

Subject	Rule No.	Applicable requirement	Compliance status	Reference (within the WATA Annual report)	Page No.
Disclosure in the Annual Report relating to Remuneration Committee	7.10.5 (c)	The Annual Report should set out Names of Directors comprising the Remuneration Committee	Complied	Report of the Nomination and Remuneration Committee	165
		Statement of Remuneration Policy	Complied	As above	165
		Aggregated remuneration paid to Executive and Non-Executive Directors	Complied	Note 9 to the Financial Statements.	203
Audit Committee	7.10.6	The Company shall have an Audit Committee	Complied	Report of the Audit Committee	166-167
Composition of Audit Committee	7.10.6 (a)	Shall comprise Non-Executive Directors, majority of whom will be independent	Complied	Three (3) out of Four (4) Directors are Independent Non-Executive Directors.	166
		Non-Executive Directors shall be appointed as the Chairman of the Committee	Complied	Chairman of the Committee is an Independent Non-Executive Director.	166
		Chief Executive Officer and Financial Controller should attend Audit Committee meetings	Complied	Chief Executive Officer and Financial Controller attend meetings by invitation.	166
		The Chairman of the Audit Committee or one member should be a member of a professional accounting body.	Complied	Three (3) members are Qualified Accountants.	32-35
Audit Committee functions	7.10.6 (b)	Should be as outlined in the Section 7.10 of the Listing Rules.	Complied	The terms of reference of the Audit Committee have been ratified by the Board	166



Subject	Rule No.	Applicable requirement	Compliance status	Reference (within the WATA Annual report)	Page No.
Disclosure in the Annual Report relating to Audit Committee	7.10.6 (c)	Names of the Directors comprising the Audit Committee.	Complied	Audit Committee Report	166-167
		The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination.	Complied	Audit Committee Report	166-167
		The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance with their functions	Complied	Audit Committee Report	166-167

Statement of Compliance under Section 9.3.2 of the Listing Rules of the CSE on Corporate Governance

Mandatory Provisions - Fully Compliant

Subject	Rule No.	Applicable requirement	Compliance status	Reference (within the WATA Annual report)	Page No.
Disclosures in the Annual report	9.3.2 (a)	Details pertaining to Non-Recurrent Related Party Transactions	Complied	Note 36 to the Financial Statements	231
Disclosures in the Annual report	9.3.2 (b)	Details pertaining to Recurrent Related Party Transactions	Complied	Note 36 to the Financial Statements	231
Disclosures in the Annual report	9.3.2 (c)	Report of the Related Party Transaction Review Committee	Complied	Refer Report of the Related Party Transaction Review Committee	168
Disclosures in the Annual report	9.3.2 (d)	Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to Related Party Transactions, or a negative statement otherwise	Complied	Annual Report of the Board of Directors	161-164

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

Subject	Rule/ Code No.	Compliance requirement	Compliance status	Section	Page No.
The Board of Directors	A 1	Company to be headed by an effective Board to direct and control the Company	Complied	Profile of the Board	32-35
	A.1.1	Regular Board meetings	Complied	Composition and attendance	145
	A.1.2	Responsibilities	Complied	Board Responsibility	144-145



CORPORATE GOVERNANCE

Subject	Rule/ Code No.	Compliance requirement	Compliance status	Section	Page No.
	A 1.3	Act in accordance with the laws of the country and obtain professional advice as and when required	Complied	Annual Report of the Board of Directors	161-164
	A 1.4	Access to Company Secretary	Complied	Communication with stakeholders	148
	A 1.5	Bring Independent judgement on various business issues and standards of business conduct	Complied	The Directors are permitted to get professional advice when necessary and the Directors of WATA Group has obtained professional advice for certain matters during the year and coordinated through the Company Secretaries.	148-149
	A 1.6	Dedicate adequate time and effort to Board matters sufficient time to review Board Pack	Complied	Other Business Commitments and conflicts of interest	148
	A 1.7	Calls for resolutions by at least 1/3rd of Directors	Complied	Composition and Attendance at Meetings	145-146
	A 1.8	Board induction and Training	Complied	Induction and on-going training for Directors	149
Chairman and Chief Executive Officer (CEO)	A 2	Chairman and CEO'S division of responsibilities to ensure a balance of power and authority	Complied	The Chairman does not involve himself in day-to-day operations of the Group and acts as an independent Non-Executive Director. The CEO executes powers given by the Chairman and the Board to run the operation	147
	A 2.1	Combining roles of Chairman and CEO	Not Applicable	-	-
Chairman's Role	A 3	Facilitate the effective discharge of Board functions	Complied	The chairman is responsible for conducting meetings effectively and he preserves order and implements board decisions taken	147
	A 3.1	Ensure Board proceedings are conducted in a proper manner	Complied	The Chairman is responsible for the effective participation of both executive and Non-Executive Directors, their contribution for the benefit of the Group, balance of power between Executive and Non-Executive Directors and control of Group's affairs and communicate to stakeholders	147
Financial Acumen	A 4	Availability of financial acumen within the Board	Complied	Financial Acumen	146-147



Subject	Rule/ Code No.	Compliance requirement	Compliance status	Section	Page No.
Board Balance	A 5	Board Balance	Complied	Board Composition	145
	A 5.1	Non-Executive Directors	Complied	All Directors are Non-Executive Directors	145
	A 5.2	Independent Non-Executive Directors	Complied	Four (4) out of Nine (9) Non-Executive Directors are independent.	145
	A 5.3	Independent Non-Executive Directors	Complied	All independent Non-Executive Directors are in fact free of any business with the Group and are not involved in any activity that would affect to their independence	146
	A 5.4	Annual Declaration	Complied	Submitted the declarations as prescribed	148-149
	A 5.5	Determination of independence of the Directors	Complied	The independence of Directors is determined based on declarations submitted by the Non-Executive Directors	146
Supply of Information	A 6.1	Provide appropriate and timely information to the Board	Complied	Directors are provided quarterly performance reports, minutes of review meetings and other relevant documents in advance to the Board meeting	144
	A 6.2	Adequate time for effective conduct of Board meeting	Complied	The minutes, agenda and reports for the Board meeting are provided well before the meeting date	145-146
Appointments to the Board	A 7	Formal and transparent procedure for Board appointments	Complied	Appointment, re-election and resignation	146
	A 7.1	Nomination Committee to make recommendations on new Board appointments	Complied	Appointment, re-election and resignation	146
	A 7.2	Assessment of the capability of the Board to meet strategic demands of the company	Complied	Appointment, re-election and resignation	146
	A 7.3	Disclosure of New Board member profile and interests	Complied	Appointment, re-election and resignation.	146
Re-election	A 8 - 8.2	Board members should be subject to election, and re-election by shareholders	Complied	Appointment, re-election and resignation	146



CORPORATE GOVERNANCE

Subject	Rule/ Code No.	Compliance requirement	Compliance status	Section	Page No.
Resignation	8.3	Resignation of Directors prior to completion of his appointed term	Complied	Appointment, re-election and resignation	146
Disclosure of information in respect of Directors	A 10 - 10.1	Profiles of Directors, Directors' interests, Board meeting attendance, Board committee memberships	Complied	Profile of the Board	32-35
Appraisal of CEO	A 11 - 11.2	Appraisal of the CEO against the set strategic targets	Complied	Appraisal of the CEO	149
Disclosure of Remuneration	B 1	Establishment of the Remuneration Committee.	Complied	The Nomination and Remuneration Committee Report	165
	B 1 - 1.3	Membership of the remuneration committee to be disclosed and should only comprise Non-Executive Directors	Complied	The Nomination and Remuneration Committee Report	165
	B 3.1	Disclose the remuneration policy and aggregate remuneration	Complied	The Nomination and Remuneration Committee Report	165
Relations with Shareholders	C 1	Constructive use of the AGM and other General Meetings	Complied	Constructive use of Annual General Meeting (AGM)	148
	C 1.1	Company should arrange for the Notice of the AGM and related papers to be sent to shareholders as determined by statute, before the meeting	Complied	A copy of Annual Report including financials, Notice of Meeting and the form of Proxy are sent to shareholders 15 working days prior to the date of the AGM.	148
	C 1.2	Separate resolution to be proposed for each item	Complied	The Company propose a separate resolution at the AGM on each significant issue	148
	C 1.4	Heads of Board subcommittees to be available to answer queries	Complied	Subcommittee Chairmen are present at the AGM	148
	C 1.5	Summary of procedures governing voting at General Meetings to be informed	Complied	Circulated through Notice of the Annual General Meeting	148



Subject	Rule/ Code No.	Compliance requirement	Compliance status	Section	Page No.
Major Transactions	C 3 - 3.2	Disclosure of all material facts involving any proposed acquisition, sale or disposal of assets	Complied	Major transactions of the Group were disclosed to all stakeholders through the Colombo Stock Exchange.	151
Accountability and Audit	D 1.1	Balanced Annual Report	Complied	Communication with shareholders	148
	D 1.2	Disclosure of interim and other price-sensitive and statutorily mandated reports to Regulators	Complied	Communication with shareholders	148
	D 1.3	Director/CEO/FC Declaration	Complied	Directors' and financial controller's responsibility statement	170
	D 1.4	Directors Report declaration	Complied	Annual Report of the Board of Directors on the Affairs of the Company	161-164
	D 1.5	Financial reporting statement on board responsibilities	Complied	Statement of Directors' Responsibility	169
	D 1.7	Net Assets < 50%.	Complied	In the unlikely event of the net assets of the Company falling below 50% of Shareholders Funds the Board will summon an Extraordinary General Meeting (EGM) to notify the shareholders of the position and to explain the remedial action being taken	150
	D 1.8	Related Party Transaction report	Complied	Other Business Commitments and conflicts of interest	148
Risk Management and Internal Control	D 2.1	Annual review of effectiveness of the system of internal control	Complied	Internal Auditors carry out an independent review, and report directly to the Audit Committee	166-167
	D 2.2	Confirm assessment and risks identified and mitigated	Complied	Risk Management	62-68
	D 2.3	Internal Audit Function	Complied	Report of the Audit Committee	166-167
	D 2.4	Board responsibilities for disclosure	Complied	Directors' Statement on Internal Control	169
	D 2.5	Directors responsibility on internal control system	Complied	Directors' Statement on Internal Control	169



CORPORATE GOVERNANCE

Subject	Rule/ Code No.	Compliance requirement	Compliance status	Section	Page No.
Audit Committee	D 3.1	Audit Committee composition	Complied	Composition of Audit Committee	166-167
	D 3.2	Terms of reference, duties and responsibilities	Complied	Clearly documented to Audit Committee charter	166-167
Related Party Transactions review Committee	D 4	Composition, Terms of reference, duties and responsibilities	Complied	Related Party Transactions Review Committee report	168
Code of Business Conduct and Ethics	D 5	Company must adopt code of conduct	Complied	Code of Conduct and Ethics	151
	D 5.1	Board declaration for compliance with Code	Complied	Code of Conduct and Ethics	151
	D 5.2	Price sensitive information	Complied	Relations with Shareholders	148
	D 5.3	Monitor Share purchase by Directors/KPI	Complied	Other Business Commitments and conflicts of interest	148 & 151
	D 5.4	Chairman's statement	Complied	Code of Conduct and Ethics	151
Corporate Governance Disclosures	D 6	Company adheres to established principles and practices of good Corporate governance	Complied	Corporate Governance Report	143-160
Institutional and other investors	E/F	Institutional and other investors	Complied	Relations with Shareholders	148
Cyber Security	G	Internet of things and Cyber security	Complied	Cyber Security	68
Sustainable Reporting	H	Environment, Society and Governance	Complied	Sustainable Reporting	40-47



ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Board of Directors of Watawala Plantations PLC takes pleasure in presenting its Annual Report to the shareholders for the financial year ended 31 March 2023, together with the audited financial statements of the Company, consolidated financial statements of the Group for the said year and the Auditor's Report on those financial statements, conforming to the requirements of the Companies Act No. 07 of 2007 and Listing Rules of the Colombo Stock Exchange (CSE). The Report is also guided by the recommended best practices on Corporate Governance.

Watawala Plantations PLC is a public limited liability company incorporated in Sri Lanka in 1992 under the previous Companies Act No. 17 of 1982 and re-registered as required under the provisions of the Companies Act No. 07 of 2007. The re-registration number of the Company is PQ 65.

The issued shares of the Company were listed on the Main Board of the Colombo Stock Exchange in Sri Lanka in 1997.

The Registered Office and Head Office of the Company is located at No. 60, Dharmapala Mawatha, Colombo 03, Sri Lanka.

The Financial Statements were reviewed and approved by the Board of Directors on 24 May 2023.

Statutory Disclosures

Section 168 of the Companies Act No. 07 of 2007, requires the following information to be published in the Annual Report prepared for the year under review.

Disclosure requirements	Reference to the Companies Act No. 07 of 2007	Disclosure reference for compliance	Page
The nature of the business of the Company and the Group	Section 168 (1) (a) (i)	Our Story	8
The classes of business in which the company has an interest, whether as a shareholder of another company or otherwise	Section 168 (1) (a) (ii)	Note 19 to the Financial Statements - Investments in subsidiaries	19
Financial statements for the accounting period completed and signed in accordance with Section 151 & 152	Section 168 (1) (b)	The Financial Statements of the Company and the Group for the year ended 31 March 2023 duly signed by the Financial Controller and two Directors	181
Auditor's report on the Financial Statements of the Company and the Group	Section 168 (1) (c)	Independent Auditors' Report	174-177
Any change in accounting policies made during the accounting period	Section 168 (1) (d)	Note 3 to the Financial Statements - Changes in Accounting Policies	186-198
Particulars of entries in the interests register made during the accounting period	Section 168 (1) (e)	Note 36 to the Financial Statements - Related Party Transactions	231-232
Remuneration and other benefits of Directors during the accounting period	Section 168 (1) (f)	Note 9 to the Financial Statements - Expenses by Nature	203
Total amount of donations made by the Company or the Group during the accounting period	Section 168 (1) (g)	Financial donation for the maintenance of two 1990 Suwasariya ambulances (LKR 10 Mn)	133
Names of the persons holding office as Directors of the Company as at the end of the accounting period and the names of any persons who ceased to hold office as Directors of the Company during the accounting period	Section 168 (1) (h)	Board Profiles	32-35



ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Disclosure requirements	Reference to the Companies Act No. 07 of 2007	Disclosure reference for compliance	Page
Amounts payable by the Company to the person or firm holding office as Auditor of the Company as audit fees and as a separate item, fees payable by the Company for other services provided by that person or firm;	Section 168 (1) (i)	Note 9 to the Financial Statements - Expenses by Nature	203
Particulars of any relationship (other than that of auditor) which the auditor has with or any interests which the auditor has in, the Company or any of its subsidiaries	Section 168 (1) (j)	The Company's Auditors during the period under review were Messrs KPMG, Chartered Accountants The auditors do not have any relationship or interest with the Company or Group other than that of an Auditor	174-177
Signed on behalf of the Board by two Directors and the Company Secretary	Section 168 (1) (k)		164

In addition to the above, the following information is disclosed. The details are provided within notes to the Annual Report, which form an integral part of the Annual Report of the Board of Directors.

Disclosure	Note reference	Page
Principal activities and significant changes to the nature of business	Our Story Watawala Plantations PLC holds 89.9% direct stake in Watawala Dairy Ltd. The principal activities of the Group during the period continued to be cultivation, manufacture and sale of crude palm oil and Dairy farming.	8
Review of operations and future developments	Chairman's Message Audited Financial Statements	25-27 178-240
Financial Statements	The Financial Statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards laid down by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and comply with the requirements of Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange	178-240
Directors' Responsibility for Financial Reporting	The Statement of Directors' Responsibility for Financial Reporting	169
Significant accounting policies	Note 3 to the Financial Statements - Significant Accounting Policies	186-198
Going concern	Note 2.7 to the Financial Statements - Going concern	185
Income	Note 5 and 6 to the Financial Statements - Segmental Analysis by principal activities and other income	199-201
Financial results and appropriations	Statement of Profit or loss	178
	Statement of Comprehensive Income	179
	Statement of Financial Position	180,181
	Statement of Changes in Equity	182,183
	Statement of Cash Flows	184
Stated capital and reserves	Statement of Changes in Equity	182-183



Disclosure	Note reference	Page
Dividend on ordinary shares	Note 12 to the Financial Statements - Dividends per share	205
Taxation	Note 10 to the Financial Statements - Income tax expense Note 31 to the Financial Statements - Deferred income tax liability	204,205 229,230
Capital expenditure	The total capital expenditure on purchase and construction of property, plant and equipment and expenditure incurred on immature plantations by the Group and the Company as at 31 March 2023 amounted to LKR 610 Mn and LKR 406 Mn respectively (2021/22 Group: LKR 836 Mn and Company: LKR 544 Mn). Details are given in Notes 14, 15, 16 and 17 to the Financial Statements	206-218
Property, plant and equipment	Note 14 to the Financial Statements - Property, plant and equipment	206-209
Statutory payments	The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to the Government and the employees have been made up to date	203,204
Events after the reporting date	Notes 37 to the Financial Statements - Events occurring after the reporting date	232
Register of Directors and Secretaries	As required under Section 223 (1) of the Companies Act No. 07 of 2007, the Company maintains a Register of Directors and Secretaries which contains the name, surname, former name (if any), residential address, business occupation, dates of appointment and dates of resignation (if applicable) of each Director and the Secretary. Particulars of entries in the interest register are set out in Note 36 to the Financial Statements	231-232
Historical information	Information relating to earnings, dividend, net assets and market capitalisation is given in the Historical Financial Information, investor information	254-256
Shareholdings	Investors Information	254-256
Equitable treatment to shareholders	The Company has always ensured that all shareholders are treated equitably	143-151
Environmental protection	To the best of knowledge of the Board, the Group has complied with the relevant environmental laws and regulations. The Company has not engaged in any activity that is harmful or hazardous to the environment.	85
Directors' interests in transactions	Notes 36 to the Financial Statements - Related Party Transactions The Related Party Transactions have been complied with Rule 9.3.2 of the Listing Rules and the code of Best practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987.	231-232
Directors' emoluments	Note 9 to Financial Statement	203
Corporate governance	Corporate Governance Report	143-160
Directors' meetings	Corporate Governance Report	143-160
Risk management and internal control	Risk management and internal control	62-68
Insurance and indemnity	Ultimate parent, obtained an insurance policy to cover Directors' and Officers' liability	-



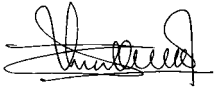
ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Notice of Annual General Meeting

The Thirtieth (30th) Annual General Meeting (AGM) of the Watawala Plantations PLC (Company) will be held online via a virtual platform on Friday 23rd June 2023 at 10.15AM.

Acknowledgement of the Contents of the Report

As required by Section 168 (1) (k) of the Companies Act No. 07 of 2007, the Board of Directors hereby acknowledges the contents of this Annual Report.



V Govindasamy
Director



Sunil G Wijesinha
Chairman



Corporate Services (Pvt) Ltd
Secretaries, Watawala Plantations
PLC

24 May 2023



REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

Terms Of Reference

The Charter determines the terms of reference for the Nomination and Remuneration Committee. The Committee is responsible to the Board for recommending remuneration of the Executive Directors including the Chief Executive Officer, members of the Management Committee, and setting the broad parameters of remuneration for senior executives across the Group.

Composition

The Committee is made up of three Directors namely;

G Sathasivam - (Non-Executive, Non-Independent) (Resigned w.e.f. 24 June 2022)

S G Wijesinha - (Non-Executive, Independent)

N B Weerasekera - (Non-Executive, Independent)

Mr. M. R. Rao - (Non-Executive, Non-Independent)

Corporate Services (Pvt) Limited acts as the Secretary to the Nomination and Remuneration Committee. The minutes of the Nomination and Remuneration Committee approved by the said Committee is circulated and affirmed by the Board of Directors.

Remuneration Policy

The Group's remuneration policy aims to attract and retain management

with the appropriate professional, managerial and operational expertise necessary to achieve the Group's objectives and create value for our shareholders.

A significant portion of executives' total potential remuneration is performance related in order to drive the right behavior to optimise Group performance. Stretch targets are set for the plantation managers on a quarterly basis in the context of prevailing market conditions in which it operates.

The remuneration packages which are linked to individual performances are aligned with the Group's short-term and long-term strategy.

Remuneration levels are reviewed annually by the Nomination and Remuneration Committee through a process that considers individual, business unit and overall performance of the Group and market practices.

The Committee continues to provide analysis and advice to ensure key management personnel remuneration is competitive in the marketplaces. The Committee has the authority to seek external independent professional advice on matters within its purview.

Non-Executive Directors' Fees

Non-Executive Directors receive fees for services on Board and Board Committees. Non-Executive Directors do not receive short-term incentives and do not participate in any long-term incentive schemes. The fees for

the Non-Executive Directors are recommended by the Nomination and Remuneration Committee to the Board for their approval, after considering input from the Executive Directors.

The Directors emoluments are disclosed on Note 9 to the Financial Statements.

On behalf of the Nomination and Remuneration Committee;



S G Wijesinha
Chairman - Nomination and Remuneration Committee

24 May 2023



REPORT OF THE AUDIT COMMITTEE

Role of the Audit Committee

The terms of reference “Charter” provides a clear understanding of the Committee’s role, structure, processes, and membership requirements. This conveys the framework for the Committee’s organisation and responsibilities that can be referred to by the Board, committee members, Management, and External and Internal Auditors. The Audit Committee reviews the Charter quarterly and updates it to reflect the views that the members of the Audit Committee express in the independent discharge of their duties.

Composition

The Audit Committee comprises four (4) members, three (3) of whom, including the Chairman, are Independent Non-Executive Directors.

A R Rasiah - Chairman (Independent, Non-Executive Director)

S G Wijesinha - (Independent, Non-Executive Director)

N B Weerasekera - (Independent, Non-Executive Director)

M T Siddique - (Alternate Director to C L Loo)

Profiles of the members are given on pages 32 to 35 Corporate Services (Pvt) Limited functions as the secretary to the Audit Committee.

Meetings and Minutes

The number of meetings the Committee holds is influenced by its objectives and scope of activities, and the size and nature of the business.

The Audit Committee met five times during the year (At least once a calendar quarter).

Members and attendance at meetings held during the year ended 31 March 2023 are given below:

A R Rasiah	5 of 5 meetings
S G Wijesinha	5 of 5 meetings
N B Weerasekera	5 of 5 meetings
M T Siddique	5 of 5 meetings

The Chief Executive Officer and Financial Controller shall normally attend meetings of the Audit Committee. On the invitation of the Audit Committee, the Engagement Partner of the Company’s External Auditors, Messrs KPMG attended one committee meetings.

The Audit Committee shall report to the Board.

Responsibilities

The Audit Committee undertakes, on behalf of the Board, responsibility for ensuring the integrity of the Company’s financial reports by having oversight of internal control, the financial reporting process and compliance with regulatory matters as given in the Audit Committee Charter. It sets out high standards of corporate disclosure, corporate responsibility, integrity and accountability to the shareholders.

Tasks of the Audit Committee

In fulfilling its responsibilities, following activities were carried out by the Audit Committee during the financial year ended 31 March 2023.

Financial Reporting

Reviewed the quarterly and year-to-date financial results of the Group and the relevant announcements to Colombo Stock Exchange (CSE), focusing particularly on significant changes to accounting policies and practices and compliance with

financial reporting and accounting standards prior to the consideration by the Board.

Reviewed the annual report and the annual audited Financial Statements of the Company and the Group prior to submission to the Board for approval. The review was to ensure that the financial reporting and disclosures are in compliance with the Sri Lanka Accounting Standards, the provisions of Companies Act No. 7 of 2007, listing requirements of Colombo Stock Exchange and any other relevant legal and regulatory requirements.

In the review of the annual audited Financial Statements, the Committee discussed with the Chief Executive Officer, Financial Controller and External Auditor the significant accounting policies, estimates and judgements applied in preparing these reports, the accounting principles and reporting standards that were applied and the impact of the items to the Financial Statements.

Internal Control and Risk Management and Internal Audit

The Committee reviewed the risk management process and discussed the inherent risks faced by the business as they affect financial reporting. The principal risks and uncertainties are outlined in the relevant section on pages 62 and 68.

The Committee has an ongoing process for reviewing the effectiveness of the system of internal controls and of the internal audit function. During the year, it reviewed and approved the annual internal audit plan prepared taking into consideration the required controls and risks attached to different areas of operation. It also reviewed the





reports from the internal audit team summarizing the audit findings and recommendations and describing actions taken by Management to address any shortfalls. It reviewed the level and nature of outstanding audit weaknesses and invited Management to the Committee to further understand progress where it felt it was necessary.

External Audit

Reviewed with the External Auditors their audit scope, audit strategy, and audit plan for the year and their proposed fees for the statutory audit.

Reviewed the external audit reports and areas of concern highlighted in the Management Letter including Management's responses to the findings of the External Auditors.

Discussed with External Auditors the significant accounting and auditing issues, impact of new or proposed changes in accounting standards and regulatory requirements applicable to the Group.

Assessed the independence and objectivity of the External Auditors during the year in carrying out statutory audit for the Group and prior to the appointment of the External Auditors for provision of any non-audit services. The Audit Committee also received report from the External Auditors confirming that there were no circumstances and relationship that create threats to their independence and that the ethical requirements have been complied with.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 19 May 2023 recommended that they be reappointed as Auditors. A resolution to reappoint the Auditors and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Regulatory Compliance

Reviewed the procedures established by Management for compliance with the requirements of regulatory bodies. The Chief Executive Officer along with the Financial Controller submitted to the Audit Committee on a quarterly basis, a report on the extent to which the Group was in compliance with mandatory statutory requirements.

Audit Committee Effectiveness

The Committee prepares and reviews with the Board an annual performance evaluation of the Committee. The findings of the review ensure that the Board is satisfied that the Committee is operating effectively, and meeting all applicable legal and regulatory requirements.

Conclusion

The Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the Group's assets are safeguarded and the financial position of the Group is well monitored. The Audit Committee concurs that the adoption of the going concern premise in the preparation of the Financial Statement is appropriate.

The Audit Committee recommends to the Board of Directors that the Financial Statements as submitted be approved.

On behalf of the Audit Committee;

A R Rasiah
Chairman - Audit Committee

24 May 2023



REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Composition of the Committee

The Related Party Transactions Review Committee was established in accordance with the Code of Best Practice on Related Party Transactions, issued by the Securities and Exchange Commission of Sri Lanka and Section 9 of the Listing Rules of the Colombo Stock Exchange. The Committee comprises four [4] members, three [3] of whom, including the chairman, are Independent Non-Executive Directors.

A R Rasiah - Chairman [independent, Non-Executive Director]

S G Wijesinha - [Independent, Non - Executive Director]

N B Weerasekera - [Independent, Non- Executive Director]

M T Siddique - (Alternate Director to C L Loo)

Policies and procedures adopted for reviewing related party transactions:

The Committee reviewed all related party transactions except for the following transactions:

1. Recurrent, routine transactions which are of trading or revenue nature
2. Payment of dividend, issue of securities
3. Grant of options and the issue of securities pursuant to the exercise of options under an employee share option scheme.
4. A transaction in marketable securities carried out in the open market where the counterparty's identity is unknown to the Company at the time of the transaction
5. Directors fees and remuneration, and employment remuneration

The Committee established guidelines for the Senior Management to follow, for recurrent related party transactions, in its ongoing dealings with the related parties. At the year end, the Committee carried out a review and assessed ongoing relationships with the related parties to determine whether they are in compliance with the Committee's guidelines and that the related party transactions remain appropriate.

The Committee also determined whether to obtain the approval of the Board of Directors for a related party transaction considering the factors such as the impact of the proposed transaction on the independence of the Directors, and whether the related party transaction requires immediate market disclosure.

It was also ensured that Committee members did not have any conflict of interest with regard to the proposed related party transactions.

Meetings

The Committee met four times during the year (once a calendar quarter). Attendance of the Committee members at each of these meetings is as follows:

A R Rasiah	4 of 4 meetings
S G Wijesinha	4 of 4 meetings
N B Weerasekera	4 of 4 meetings
M T Siddique	3 of 4 meetings

Meeting and Minutes

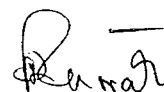
Corporate Services (Pvt) Limited act as the Secretary to the Related Party Transaction Review Committee. The minutes of the Committee approved by the said Committee, are circulated and agreed by the Board of Directors.

Statement of Compliance

The Committee has reviewed the related party transactions during the financial year and communicated the comments/observations to the Board

of Directors. Information complied as required under Section 9 of the Listing Rules are presented under Note 36 to the Financial Statements.

On behalf of the Related Party Transactions Review Committee,



A R Rasiah
Chairman - Related Party Transactions Review Committee

24 May 2023



STATEMENT OF DIRECTORS' RESPONSIBILITY

The following statement, which should be read in conjunction with the Auditors' Statement of their responsibilities set out in their Report, is made with a view to distinguish the respective responsibilities of the Directors and of the Auditors, in relation to the Financial Statements.

The Directors are required by the Companies Act No. 07 of 2007, to prepare Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit and loss for the financial year. The Directors are required to prepare these Financial Statements on going concern basis, unless it is not appropriate.

Since the Directors are satisfied that the Company has resources to continue in business for the foreseeable future, the Financial Statements continue to be prepared on the said basis.

The Directors consider that in preparing the Financial Statements on pages 178 to 241 the Company used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimated that all accounting standards, which they consider to be applicable, are followed.

The Directors are responsible for ensuring that the Company keeps accounting records, which will disclose with reasonable accuracy the financial position and profit and loss of the Company and which will enable them to ensure that Financial Statements comply with the Companies Act No. 07 of 2007.

The Directors are generally responsible for taking such steps that are reasonable for them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are confident that they discharged their responsibility as set out in this statement. They also confirm that to the best of their knowledge all statutory payments payable by the Company as at the statement of financial position date, are paid or where relevant, provided for.

By Order of the Board.



V. Govindasamy
Director



Sunil G. Wijesinha
Chairman

24 May 2023



DIRECTORS' AND FINANCIAL CONTROLLER'S RESPONSIBILITY STATEMENT

The Financial Statements of Watawala Plantations PLC are prepared in compliance with the Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, and the Listing Rules of the Colombo Stock Exchange. The accounting policies used in the preparation of the Financial Statements are appropriate and are consistently applied by the Company. There are no departures from the prescribed Accounting Standards in their adoption. Comparative information is reclassified wherever necessary to comply with the current presentation.

The significant accounting policies and estimates that involve a high degree of judgement and complexity were discussed with our External Auditors and the Audit Committee.

The Board of Directors and Financial Controller of the Company accept responsibility for the integrity and objectivity of these financial statements. The estimates and judgements relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements give a true and fair view of the state of affairs, the forms and substance of transactions and that the Company's state of affairs is reasonably presented. To ensure this, the Company has taken proper and sufficient care in installing a system of internal controls and accounting records, for safeguarding assets and for preventing and detecting fraud as well as other irregularities, which is reviewed, evaluated, and updated on an ongoing basis. Our Internal Auditors have conducted periodic

audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurance provided by any system of internal controls and accounting.

The Financial Statements of the Company were audited by Messrs KPMG, Chartered Accountants and their report is given on pages 178 to 240 of this Annual Report.

The Audit Committee of the Company meets periodically with the Internal Audit Team and the External Auditors to review their audit plans, assess the manner in which these Auditors are performing their responsibilities and to discuss their reports on, internal controls and financial reporting issues. To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matters of substance.

We confirm that the Company has complied with all applicable laws, regulations, guidelines and that there are no material litigations that are pending against the Company.



V Govindasamy
Director



Dhammika Laksiri
Financial Controller

24 May 2023



ACHIEVING SIGNIFICANT MILESTONES

Our prudent financial management practices have strengthened our corporate position, and provided a solid foundation for sustainable growth.



FINANCIAL CALENDER

1. INTERIM QUARTERLY REPORTS

Listing rule: 7.4 (a) (i) (1) Submission of unaudited condensed interim financial statements to CSE as per listing rule

Period	Listing Rules	Date of released 2022/23	Date of released 2021/22
01st Quarter	Within 45 days of the end of quarter	03 August 2022	04 August 2021
2nd Quarter	Within 45 days of the end of quarter	10 November 2022	10 November 2021
3rd Quarter	Within 45 days of the end of quarter	13 February 2023	03 February 2022
4th Quarter	Within 60 days of the end of quarter	24 May 2023	26 May 2022

2. AUDITED FINANCIAL STATEMENTS

Listing rule: 7.5 (a) Submission of audited financial statements within five months from year ended

Meeting	Financial Year	Date of released	AGM
14th Annual General Meeting	2006/07	30 May 2007	22 June 2007
15th Annual General Meeting	2007/08	14 June 2008	07 July 2008
16th Annual General Meeting	2008/09	15 June 2009	14 July 2009
17th Annual General Meeting	2009/10	11 June 2010	07 July 2010
18th Annual General Meeting	2010/11	16 June 2011	08 July 2011
19th Annual General Meeting	2011/12	12 June 2012	06 July 2012
20th Annual General Meeting	2012/13	17 June 2013	09 July 2013
21st Annual General Meeting	2013/14	05 June 2014	30 June 2014
22nd Annual General Meeting	2014/15	08 June 2015	30 June 2015
23rd Annual General Meeting	2015/16	09 June 2016	30 June 2016
24th Annual General Meeting	2016/17	05 June 2017	29 June 2017
25th Annual General Meeting	2017/18	04 June 2018	28 June 2018
26th Annual General Meeting	2018/19	06 June 2019	27 June 2019
27th Annual General Meeting	2019/20	03 June 2020	26 June 2020
28th Annual General Meeting	2020/21	02 June 2021	25 June 2021
29th Annual General Meeting	2021/22	02 June 2022	24 June 2022
30th Annual General Meeting	2022/23	01 June 2023	23 June 2023

INDEPENDENT AUDITOR'S REPORT



KPMG
(Chartered Accountants)
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TO THE SHAREHOLDERS OF WATAWALA PLANTATIONS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Watawala Plantations PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31st March 2023, 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 178 to 241.

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 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company financial statements and the consolidated financial statements of the current period. 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.

1. Measurement of Biological Assets

Refer to the significant accounting policies in Note 3.5.10 and explanatory in Notes 16 and 17 to the financial statements.

Risk Description

The Group has reported bearer biological assets amounting to Rs. 2,566 Mn and biological assets livestock carried at fair value amounting to Rs. 893 Mn as at 31st March 2023.

Bearer biological assets mainly include mature and immature palm oil, tea, rubber and other trees in identified plantation fields. Inappropriate transfer from immature to mature plantations has a significant impact on the carrying value of the bearer plants and the reported profits as capitalization of costs will cease from the point of transfer and the mature plantations are depreciated over the useful lives of the plants. As per the industry practice, transfer of immature plantations to mature plantation fields happens at the point of commencement of commercial harvesting. The actual point of which commercial harvesting could start depends on the soil condition, weather patterns and plant breed.

The biological assets livestock include cattles, which are measured at fair value less cost to sell. The management has used internally developed discounted cash flow method to calculate the fair value of the Group's biological assets as at the

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C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FGA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
T.J.S. Rajakarier FCA
Ms. S.M.B. Jayasekara FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA
W.W.J.C. Perera FCA
W.K.D.C. Abeyratne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameet FCA
Ms. P.M.K. Sumanasekara FCA
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA,
Ms. F.R. Ziyad FCMA (UK), FTII



reporting date. The calculation of the fair value of biological assets involves significant degree of judgments, particularly in respect of expected production, market prices of raw milk, expected costs and discounting factor.

We considered measurement of biological assets as a key audit matter due to the magnitude of the value of bearer biological assets and significant management judgment involved in determining the point at which a plant is deemed ready for commercial harvesting. Further, valuation of livestock biological assets involved significant assumptions and judgments in determining the fair value which could be subject to error or potential management bias.

Our audit procedures included for bearer biological assets;

- Obtaining an understanding of the process of immature to mature transfer and testing the design, implementation and operating effectiveness of management key internal controls in relation to bearer biological assets.
- Obtaining schedules of costs incurred and capitalized under immature plantations as well as cost transferred to mature plantations by each estate and reconciling those balances to the general ledger on sample basis, verifying the reconciling items and obtaining explanations from management for any significant variances identified.
- Physical verification of fields on sample basis and cross checking with the classification of immature and mature plantations.
- Testing immature to mature cost transfer worksheet for selected estates to check whether the amounts transferred during the year were consistent with the company accounting policy and industry norms.

Our audit procedures included for livestock biological assets;

- Obtaining and understanding of the process of valuation and testing the design, implementation and operating effectiveness of management key controls relation to the valuation of livestock.
- Challenging the methodologies adopted in the valuation of livestock with reference to the requirements of the prevailing accounting standards.
- Challenging the key assumptions and methodology used in the valuation, in particular the discount rate, average milk production, selling price of milk, average cost per cow, weight and selling price of the cattles in evaluating the appropriateness of the valuation methodology and discount rate used.
- Evaluating the accuracy, completeness and reasonableness of the data and inputs used for the valuation of livestock and evidence for physical verification of cows during the year.
- Comparing the discount rate, normal life cycle of a milking cow, milking yield per lactation with available industry data.
- Evaluating the adequacy of the Group's disclosures relating to Biological assets in the financial statements regarding the degree of judgment and estimation involved and the sensitivity of the assumptions and estimates.

2. Valuation of Retirement Benefit Obligation

Refer to the significant accounting policies in Note 3.12 and explanatory Note 29 of the financial statements.

Risk Description

The Group has recognized retirement benefit obligation of Rs 337 Mn as at 31st March 2023. The retirement benefit obligation of the Group is

significant in the context of the total liabilities of the Group. The valuation of the Group's retirement benefit obligation requires significant judgment and estimation to be applied across numerous assumptions, including salary increases and discount rate. Small changes in those assumptions could have a significant effect on the financial performance and financial position of the Group. Management engaged an independent actuary to assist them in the computation of Retirement benefit obligation.

We considered the computation of the retirement benefit obligation to be a key audit matter due to the magnitude of the amounts recognized in the financial statements as well as estimation uncertainty involved in determining the amounts.

Our audit procedures included;

- Assessing the competency, objectivity and capabilities of the independent actuary engaged by the management.
- Testing the samples of the employees' details used in the computation to the human resource records and performed re-computation of sample of post-employment benefit liabilities with the assistance of our internal valuation specialist.
- Challenging the key assumptions used in the valuation, in particular the discount rate, inflation rate, future salary increases and mortality rates.
- Evaluating the accuracy, completeness and reasonableness of the employee data used for the calculation of retirement benefit obligations.
- Comparing the discount rate, inflation rate, mortality rate and future salary increases to market available data.

INDEPENDENT AUDITOR'S REPORT



- Assessing the adequacy of the disclosures made to the financial statements in accordance with the relevant accounting standards.

3. Impairment assessment of Investments in Subsidiaries

Refer to the significant accounting policies in Note 3.10.6 and explanatory Note 19 of the financial statements.

Risk Description

The Company has recorded investments in subsidiaries amounting to Rs. 2,211 Mn as at 31st March 2023. Additionally, the Company has recognized Rs. 406 Mn as provision for impairment of investments in subsidiaries as at 31st March 2023.

Investments which do not generate adequate returns may be an indication of impairment. Due to the value of investments being material in the Financial Statements, it will have significant impact on the financial performance of the Company. The Management performed the impairment assessment for subsidiaries with indicators of impairment and determined their recoverable amounts based on value-in-use calculations and fair value less cost to sell calculations where applicable.

We have identified the impairment of investments in subsidiaries as a key audit matter due to the magnitude of the amounts recognized in the Financial Statements as at 31st March 2023. In addition, these areas were significant to our audit because the impairment assessment process involves significant management judgements and required the management to make various assumptions in the underlying cash flow forecasts and valuation methodology.

Our audit procedures included;

- Obtaining an understanding of management's impairment assessment process.

- Evaluating the carrying amounts and the recoverable amount of each investment in order to identify impairment indications as per accounting standards.
- Assessing the management's basis used to determine the recoverable amounts of these investments by our own expectations based on our knowledge of the investments and experience of the industry in which those operate.
- Engaging our own internal experts where applicable to assess the reasonability of the valuation techniques, forecasts and assumptions used.
- Assessed the accuracy of management's assumptions comparing with externally derived data as well as our own assessments in relation to key inputs such as projected economic growth, competition, cost inflation and discount rates.
- Assessed the adequacy of disclosures in the Financial Statements in relation to impairments of investments in subsidiaries.

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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance 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.

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 3029.

Chartered Accountants
Colombo, Sri Lanka

26th May 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(all amounts in Sri Lankan Rupees thousands)

For the year ended 31 March	Note	Group		Company	
		2023	2022	2023	2022
Revenue	5	8,768,041	6,474,661	7,573,816	5,782,074
Cost of sales		(5,229,956)	(2,911,046)	(3,830,727)	(2,249,639)
Gross profit	5	3,538,085	3,563,615	3,743,089	3,532,435
Other income/(expenses)	6	(34,827)	86,190	(488,825)	39,175
Gain/(loss) on changes in fair value of biological assets	7	(132,494)	15,033	14,455	19,718
Administrative expenses		(361,067)	(318,063)	(347,059)	(305,117)
Selling and distribution expenses		(78,952)	-	(78,952)	-
Operating profit		2,930,745	3,346,775	2,842,708	3,286,211
Finance income	8	138,938	54,795	126,116	55,436
Finance costs	8	(116,195)	(69,768)	(43,886)	(44,264)
Net Finance Income/(Costs)		22,743	(14,973)	82,230	11,172
Profit before income tax	9	2,953,488	3,331,802	2,924,938	3,297,383
Income tax (expenses)/reversal	10	(621,698)	125,997	(589,299)	132,399
Profit for the year		2,331,790	3,457,799	2,335,639	3,429,782
Profit is attributable to:					
Equity holders of the parent		2,364,292	3,455,658	2,335,639	3,429,782
Non-controlling interests		(32,502)	2,141	-	-
		2,331,790	3,457,799	2,335,639	3,429,782
Earnings per share (LKR)	11	11.63	17.00	11.49	16.87

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes, which form a part of the consolidated financial statements of the Group set out on pages 185 to 241.



CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(all amounts in Sri Lankan Rupees thousands)

For the year ended 31 March	Note	Group		Company	
		2023	2022	2023	2022
Profit for the year		2,331,790	3,457,799	2,335,639	3,429,782
Items that will not be reclassified to profit or loss					
Actuarial gain/(loss) on retirement benefit obligations	29	(115,073)	60,043	(99,074)	55,431
Deferred Tax on actuarial loss /(gain)	31	32,922	(6,742)	29,722	(5,820)
Total other comprehensive income/(expense) for the year (net of tax)		(82,151)	53,301	(69,352)	49,611
Total comprehensive income for the year		2,249,639	3,511,100	2,266,287	3,479,393
Total comprehensive income attributable to :					
- Equity holders of the parent		2,283,430	3,508,549	2,266,287	3,479,393
- Non-controlling interest		(33,791)	2,551	-	-
		2,249,639	3,511,100	2,266,287	3,479,393

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes, which form a part of the consolidated financial statements of the Group set out on pages 185 to 241.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(all amounts in Sri Lankan Rupees thousands)

As at 31 March	Note	Group		Company	
		2023	2022	2023	2022
Assets					
Non-current assets					
Right of use assets	13	243,876	235,995	247,273	238,645
Property, plant and equipment	14	2,483,314	2,342,362	1,139,489	943,491
Intangible assets	15	47,437	28,276	45,768	25,307
Bearer biological assets	16	2,566,272	2,698,963	2,515,252	2,631,545
Biological assets - Consumable	17.1	44,269	33,783	-	-
Biological assets - Livestock	17.2	893,071	943,200	-	-
Investment fund	18	53,283	72,313	53,283	72,313
Investment in subsidiaries	19	-	-	2,211,342	2,163,390
Total non-current assets		6,331,522	6,354,892	6,212,407	6,074,691
Current assets					
Inventories	20	874,627	245,923	331,502	193,065
Biological assets-Produce on bearer plants	17.4	86,126	71,671	86,126	71,671
Current tax assets		33,719	20,679	33,719	20,679
Trade and other receivables	21	497,448	256,348	440,865	229,617
Loan given to related Company	22	-	-	270,000	-
Amount due from related Companies	23	149,147	255	369,455	4,101
Short term investments	24	4,870	514,914	4,870	482,811
Cash and cash equivalents	25	856,990	1,427,013	853,193	1,412,534
Total current assets		2,502,927	2,536,803	2,389,730	2,414,478
Total assets		8,834,449	8,891,695	8,602,137	8,489,169
Equity and liabilities					
Capital and reserves					
Stated capital	26	511,848	511,848	511,848	511,848
Retained earnings		5,768,337	6,345,936	6,040,082	6,620,116
Equity attributable to equity holders of the company		6,280,185	6,857,784	6,551,930	7,131,964
Non controlling interest		222,804	241,887	-	-
Total equity		6,502,989	7,099,671	6,551,930	7,131,964
Non-current liabilities					
Interest bearing borrowings	27	1,231	227,505	-	-
Lease Liabilities	28	272,394	254,050	282,129	263,351
Retirement benefit obligations	29	337,389	212,629	295,954	186,682
Deferred income and capital grants	30	39,084	41,442	39,084	41,442
Deferred tax liability	31	805,550	316,938	726,238	261,658
Total non-current liabilities		1,455,648	1,052,564	1,343,405	753,133



As at 31 March	Note	Group		Company	
		2023	2022	2023	2022
Current liabilities					
Interest bearing borrowings	27	1,277	145,070	-	45,500
Lease Liabilities	28	1,637	2,363	1,277	1,399
Trade and other payables	32	808,176	559,994	704,707	520,112
Amount due to related Companies	33	818	31,259	818	37,061
Current tax liabilities		4,458	774	-	-
Bank overdrafts	25	59,446	-	-	-
Total current liabilities		875,812	739,460	706,802	604,072
Total liabilities		2,331,460	1,792,024	2,050,207	1,357,205
Total equity and liabilities		8,834,449	8,891,695	8,602,137	8,489,169

These financial statements are to be read in conjunction with the related notes, which form a part of the consolidated financial statements of the Group set out on pages 185 to 241.

It is certified that the financial statements have been prepared in compliance with the requirements of the Companies Act No 07 of 2007.

Dhammika Laksiri
Financial Controller

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

V Govindasamy
Director

Sunil G Wijesinha
Chairman

24 May 2023
Colombo

STATEMENT OF CHANGES IN EQUITY - GROUP

(all amounts in Sri Lankan Rupees thousands)

	Note	Stated capital	Retained earnings	Total	Non controlling interest	Total Equity
Balance at 1 April 2021		511,848	4,550,561	5,062,409	-	5,062,409
Profit for the year		-	3,455,658	3,455,658	2,141	3,457,799
Actuarial gain on retirement benefit obligations		-	59,530	59,530	513	60,043
Deferred tax on actuarial gain on retirement benefit obligations		-	(6,639)	(6,639)	(103)	(6,742)
Total comprehensive income for the year		-	3,508,549	3,508,549	2,551	3,511,100
Transactions with owners of the Company, recognised directly in equity						
Transaction Costs of Issue of Shares to Non-Controlling Interest			(39,665)	(39,665)		(39,665)
Transactions with non-controlling interests without a change of control			156,269	156,269	239,336	395,605
Dividends paid	12	-	(1,829,778)	(1,829,778)	-	(1,829,778)
Total transactions with owners		-	(1,713,174)	(1,713,174)	239,336	(1,473,838)
Balance at 31 March 2022		511,848	6,345,936	6,857,784	241,887	7,099,671
Balance at 1 April 2022		511,848	6,345,936	6,857,784	241,887	7,099,671
Profit for the year			2,364,292	2,364,292	(32,502)	2,331,790
Actuarial loss on retirement benefit obligations		-	(113,462)	(113,462)	(1,611)	(115,073)
Deffered Tax on actuarial loss on retirement benefit obligations		-	32,600	32,600	322	32,922
Total comprehensive income for the year		-	2,283,430	2,283,430	(33,791)	2,249,639
Transactions with owners of the Company, recognised directly in equity						
Effect on changes in effective holding in the subsidiary			(14,708)	(14,708)	14,708	-
Dividends paid	12		(2,846,321)	(2,846,321)	-	(2,846,321)
Total transactions with owners		-	(2,861,029)	(2,861,029)	14,708	(2,846,321)
Balance at 31 March 2023		511,848	5,768,337	6,280,185	222,804	6,502,989

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes, which form a part of the consolidated financial statements of the Group set out on pages 185 to 241.



STATEMENT OF CHANGES IN EQUITY - COMPANY

(all amounts in Sri Lankan Rupees thousands)

	Note	Stated capital	Retained earnings	Total Equity
Balance at 1 April 2021		511,848	4,970,501	5,482,349
Profit for the year		-	3,429,782	3,429,782
Actuarial gain on retirement benefit obligations		-	55,431	55,431
Deferred tax on actuarial gain on retirement benefit obligations		-	(5,820)	(5,820)
Total comprehensive income for the year		-	3,479,393	3,479,393
Transactions with owners of the Company, recognised directly in equity				
Dividends paid	12	-	(1,829,778)	(1,829,778)
Total transactions with owners		-	(1,829,778)	(1,829,778)
Balance at 31 March 2022		511,848	6,620,116	7,131,964
Balance at 1 April 2022		511,848	6,620,116	7,131,964
Profit for the year		-	2,335,639	2,335,639
Actuarial loss on retirement benefit obligations		-	(99,074)	(99,074)
Deferred tax on actuarial loss on retirement benefit obligations		-	29,722	29,722
Total comprehensive income for the year		-	2,266,287	2,266,287
Transactions with owners of the Company, recognised directly in equity				
Dividends paid	12	-	(2,846,321)	(2,846,321)
Total transactions with owners		-	(2,846,321)	(2,846,321)
Balance at 31 March 2023		511,848	6,040,082	6,551,930

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes, which form a part of the consolidated financial statements of the Group set out on pages 185 to 241.

CONSOLIDATED STATEMENT OF CASH FLOWS

(all amounts in Sri Lankan Rupees thousands)

For the year ended 31 March	Note	Group		Company	
		2023	2022	2023	2022
Cash flows from operating activities					
Profit before taxation		2,953,488	3,331,802	2,924,938	3,297,383
Adjustments for:					
Depreciation and amortisation	9	412,213	391,590	317,922	290,623
Provision for retirement benefit obligations	9.1	45,739	30,494	39,926	26,429
Profit on disposal of property, plant and equipment	6	(8,707)	(4,018)	(328)	(4,018)
Impairment of lease hold right	6	88,671	-	-	-
Impairment on investment in subsidiary	6	-	-	405,719	-
Gain on fair valuation of consumable biological assets	7	(10,486)	(1,328)	-	-
Gain on fair valuation of produce on bearer plants	7	(14,455)	(19,718)	(14,455)	(19,718)
Profit on disposal of consumable biological assets	17.1	-	(72)	-	-
Loss on fair valuation of livestock	7	157,435	6,013	-	-
Write off of produce on bearer plants	17.4	-	735	-	-
Income from investment fund	6	(4,657)	(10,427)	(4,657)	(10,427)
Amortisation of capital grants	6	(2,358)	(50,554)	(2,358)	(2,357)
Net finance costs	8	(22,743)	14,973	(82,230)	(11,172)
Profit before working capital changes		3,594,140	3,689,490	3,584,477	3,566,743
Changes in working capital					
- Inventories		(629,984)	(134,653)	(138,437)	(121,764)
- Trade and other receivables		(241,100)	35,956	(211,248)	29,070
- Amount due from related companies		(148,892)	231	(365,354)	(231)
- Amount due to related companies		(30,441)	31,259	(36,243)	37,061
- Trade and other payables		228,304	193,728	164,717	198,984
Cash generated from operations		2,772,027	3,816,011	2,997,912	3,709,863
Interest paid	8	(34,963)	(30,848)	(2,990)	(6,363)
Interest received	8	138,938	54,795	126,116	55,436
Income Tax paid		(109,521)	-	(108,037)	-
Retirement benefit obligations paid	29	(36,052)	(29,329)	(29,728)	(24,402)
		(41,598)	(5,382)	(14,639)	24,671
Net cash generated from operating activities		2,730,429	3,810,629	2,983,273	3,734,534
Cash flows from investing activities					
Additions to property, plant and equipment	14	(354,005)	(425,325)	(315,705)	(355,008)
Additions to Intangible assets	15	(26,864)	(15,545)	(26,864)	(15,545)
Additions to Bearer biological assets	16	(64,052)	(169,818)	(64,052)	(173,249)
Proceeds from disposal of biological assets (Livestock)	17	57,870	25,821	-	-
Proceeds from sale of property, plant and equipment		27,408	4,018	408	4,018
Proceeds from sale of consumable biological assets	17.1	-	474	-	-
Additions to livestock	17	(165,176)	(225,695)	-	-
Investment made through short/long term investments	18	-	(307,447)	-	(275,344)
Withdrawals made through short/long term investments	18	533,731	87,800	501,628	87,800
Acquisition of leasehold right		(68,796)	-	-	-
Investment in subsidiary		-	-	(433,796)	-
Loan given to related company		-	-	(270,000)	-
Net cash used in investing activities		(59,884)	(1,025,717)	(608,381)	(727,328)
Cash flows from financing activities					
Dividends paid		(2,846,321)	(1,829,778)	(2,846,321)	(1,829,778)
Proceeds from issue of shares	19	-	395,605	-	-
Share issuing costs		-	(39,665)	-	-
Repayment of borrowings	27	(410,201)	(225,105)	(45,500)	(115,000)
Repayment of lease liabilities	28	(43,492)	(41,240)	(42,412)	(39,288)
Net cash used in financing activities		(3,300,014)	(1,740,183)	(2,934,233)	(1,984,066)
Increase/(Decrease) in cash and cash equivalents		(629,469)	1,044,729	(559,341)	1,023,140
Cash and cash equivalents at the beginning of year		1,427,013	382,284	1,412,534	389,394
Cash and cash equivalents at the end of year	25	797,544	1,427,013	853,193	1,412,534

Figures in brackets indicate deductions

These financial statements are to be read in conjunction with the related notes, which form a part of the consolidated financial statements of the Group set out on pages 185 to 241.



NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lankan Rupees thousands)

1. REPORTING ENTITY

1.1 Domicile and legal form

Watawala Plantations PLC (the Company) is a public limited liability company incorporated and domiciled in Sri Lanka under the Companies Act No 17 of 1982 in terms of the provisions of the Conversion of Public Corporations or Government Owned business undertaking into Public Companies Act No 23 of 1987 and re-registered under the Companies Act No 7 of 2007. The registered office of the Company is located at No 60, Dharmapala Mawatha, Colombo 03. The Plantations are situated in the Udugama, Galle District in the Southern Province.

The Consolidated Financial Statements of the Group as at and for the year ended 31st March 2023 comprise the Financial Statements of the Company and its subsidiaries Watawala Dairy Ltd and Moragoda Agro Services (Pvt) Ltd. (together referred to as the 'Group')

1.2 Principal activities and nature of operations

The Company is primarily engaged in cultivation, manufacture and sale of crude palm oil. Its subsidiaries Watawala Dairy Ltd is engaged in dairy farming and manufacturing value added products and Moragoda Agro Services (Pvt) Ltd is engaged cultivation of maize.

The plantations are situated in the Udugama, Galle District in the Southern Province whereas Watawala Dairy Ltd's operations are situated in Hatton and Moragoda Agro Services (Pvt) Ltd's operations are in Rambakenoya in Ampara District.

1.3 Parent and ultimate parent enterprise

The Immediate parent of Watawala Plantations PLC is Sunshine Wilmar (Private) Limited and ultimate parent is Sunshine Holdings PLC.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Consolidated Financial Statements of the Group and the separate Financial Statements of the Company comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows, together with the notes to the Financial Statements and Significant Accounting Policies which have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs/ LKASs) promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and with the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No 15 of 1995. These Financial Statements, except information on Cash Flows, have been prepared following the accrual basis of accounting.

2.2 Approval of Financial Statements by Directors

The Consolidated Financial Statements were authorized for issue by the Board of Directors on 24th May 2023.

2.3 Basis of Measurement

The Consolidated Financial Statements have been prepared on historical cost basis except for the following material items in the Statement of Financial Position.

- Consumable Biological Assets are measured at fair value less costs to sell per LKAS 41: Agriculture.
- Liability for Retirement Benefit Obligation is recognized as the present value of the defined benefit obligation based on actuarial valuation as per LKAS 19: Employee Benefits.

- Agriculture produce harvested from biological assets are measured at fair value as per LKAS 41: Agriculture.

2.4 Functional and Presentation Currency

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

2.5 Presentation of Financial Statements

The assets and liabilities of the Group presented in the statement of financial position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

2.6 Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by LKAS 1: Presentation

of Financial Statements. Financial assets and financial liabilities are offset and the net amount report 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 net basis, or to realize the assets and settle the liability simultaneously.

2.7 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation or cessation of trading.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lankan Rupees thousands)

2.8 Use of Estimates and Judgements

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRSs/LKASs) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual experience and results may differ from these judgements and estimates.

Estimates and underlying assumption are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

Information about critical estimates and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

Note 14 -Property, plant and equipment

Note 17.1 - Consumable Biological Assets

Note 17.4 - Agriculture produce on bearer plants

Note 28 - Lease liabilities

Note 29 - Retirement Benefit Obligations

Note 31 - Deferred tax liability

2.9 Determination of fair values

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. Several of the Group's accounting policies and disclosures require the determination of fair value, for both financial and nonfinancial assets and liabilities.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Level 1 : inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 : inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : inputs are inputs that are not based on observable market data (unobservable inputs).

If inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values have been determined for measurement and disclosure purposes based on the following

methods. Where applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

2.10 Fair value of non-financial assets

The fair value used by the Group in the measurement of non-financial assets is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market that is accessible by the Group for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would act in their economic best interest when pricing the asset or liability.

A fair value measurement of a nonfinancial asset takes into account a market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

3. SIGNIFICANT ACCOUNTING POLICIES

All the accounting policies set out below have been applied consistently to all periods presented in these financial statements.



3.1 Basis of consolidation

The Financial Statements of the Company and Group comprise the Financial Statements of the Company and its Subsidiaries for the year ended 31st March 2023.

3.1.1 Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meet 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 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 the 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 consideration transferred in the acquisition is generally measured at fair value, as which are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to precombination service.

3.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if 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 subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

Investment in subsidiary are initially recognized at cost and subsequently accounted at cost less any impairment losses in the separate financial statements of the company.

3.1.3 Non-controlling interests ("NCI")

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.1.4 Loss of control

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

3.1.5 Transactions eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive officer. The executive committee of the Company assesses the financial performance and position of the Company and its subsidiaries and makes strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lankan Rupees thousands)

3.3 Foreign currency translations

Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions.

At each reporting date, monetary items denominated in foreign currencies are translated at the closing rate. Nonmonetary items measured at fair value are translated at the rates prevailing on the date when the fair value was determined.

Non-monetary items measured at historical cost are translated at the rates prevailing on the date of transaction.

Exchange differences arising on the settlement of monetary items and on the translation of monetary items are included in profit or loss for the period.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences which are recognized in other comprehensive income.

3.4 Assets and Bases of their Valuation

Assets classified as current assets in the Statement of Financial Position are cash, bank balances and those which are expected to be realized in cash, during the normal operating cycle of the Group's business, or within one year. Notes to the consolidated financial statements from the reporting date, whichever is shorter. Assets other than current assets are those which the Group intends to hold beyond a period of one year from the reporting date.

3.5 Property, Plant and Equipment

3.5.1. Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, except for Bare Land on Lease which is stated at revalued amount on 18th June 1992 less subsequent accumulated depreciation and accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3.5.1.1 Owned Assets

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to the working condition for its intended use. This also includes cost of dismantling and removing the items and restoring at the site on which they are located and borrowing cost on qualifying assets.

3.5.2 Land Development Costs

Permanent land development costs are the costs incurred in making major infrastructure development and building new access roads on leasehold lands. These costs have been capitalised and amortised over the remaining lease period. Permanent impairment to land development costs are charged to the profit or loss statement in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.5.3 Capital Work-in-Progress

The cost of capital work-in-progress is the cost of purchase or construction together with any related expenses thereon. Capital work-in-progress is transferred to the respective asset accounts at the time of first utilization or at the time the asset is commissioned.

3.5.4 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset which may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

- the Group has the right to operate the asset; or



- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1st April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. Where the lease agreement includes an annual adjustment on a variable such as GDP deflator, the Group shall annually reassess the liability considering such variable and recognised the amount of remeasurement of the lease liabilities as an adjustment to the right-of-use asset.

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 determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

- Lease payments included in the measurement of the lease liability comprise the following:
 - fixed payments, including in-substance fixed payments;
 - variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
 - amounts expected to be payable under a residual value guarantee; and
 - the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease

payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets that do not meet the definition of investment in right of use assets and lease liabilities in 'lease liabilities' in the statement of financial position.

3.5.5 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit or Loss and Other Comprehensive Income as incurred.

3.5.6 Borrowing Costs

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset which takes a substantial period of time to get ready for its intended use or sale, are capitalised as a part of the asset. The amounts of the borrowing costs which are eligible for capitalisation are determined in accordance with LKAS 23 - Borrowing Costs.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lankan Rupees thousands)

Borrowing costs that are not capitalised are recognised as expenses in the period in which they are incurred and charged to the Statement of Profit or Loss and Other Comprehensive Income.

3.5.7 Depreciation and amortisation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Company	Freehold assets (Years)	Leasehold assets (Years)
Right to use of land	-	53
Improvements to land	-	30
Vested other assets	-	30
Buildings	40	23
Plant and machinery	13	13
Equipment	8	-
Computer equipment	4	-
Computer software	6	-
Furniture and fittings	10	-

Company	Freehold assets (Years)	Leasehold assets (Years)
Motor vehicles	5	5
Sanitation, water and electricity	20	20
Roads and bridges	40	23
Fences and security lights	3	-
Mini hydro plants	-	10

Depreciation of an asset begins when it is available for use, whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Group Watawala Dairy Limited

Freehold assets are depreciated using similar rates as the parent entity. The right to use land and assets acquired from Watawala Plantations PLC are depreciated over the shorter of useful life or the remaining period of the lease.

Residual values of these assets and useful lives are reviewed and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

3.5.8 Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an

item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss and the revalued assets are disposed, the amount included in revaluation surplus reserve is transferred to retained earnings.

When revalued assets are disposed, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

3.5.9 Intangible Assets

An intangible asset is recognised if it is probable that economic benefits attributable to the assets will flow to the entity and cost of the assets can be measured reliably and carried at cost less accumulated amortisation and accumulated impairment losses.

3.5.9.1 Software

Purchased software is recognized as an intangible asset and is amortized on a straight-line basis over its useful life.

The estimated useful life is as follows:

Asset Category	Useful life
Enterprise Resource Planning System	6 years

3.5.10 Biological Assets

Biological assets are classified as Bearer Biological assets and Consumable Biological assets. Bearer Biological assets include palm oil, tea, cinnamon and rubber trees, those that are not intended to be sold or harvested, but are however used to grow for harvesting agricultural produce from such Biological assets.

Consumable Biological assets include managed timber trees (those that are to be sold as Biological assets) and livestock of Cattle.



Biological assets are further classified into Mature Biological assets and Immature Biological assets. Mature Biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature Biological assets are those that have not yet attained harvestable specifications.

3.5.11 Recognition and Measurement

The entity recognises the Biological assets when, and only when, the entity controls the assets as a result of past events, it is probable that future Notes to the consolidated financial statements economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

The Bearer Biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 - Property, Plant and Equipment.

The managed timber trees are measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants (age below 4 years) as the impact on biological transformation of such plants to price during this period is immaterial.

The livestock are initially measured at cost and subsequently fair valued at each reporting date.

3.6 Bearer Biological Assets

The costs of land preparation, rehabilitation, new planting, replanting, crop diversification, interplanting, fertilising and so on incurred between the time of planting and harvesting (when the planted

area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads including interest attributable to long-term loans used for financing immature plantations. The expenditure incurred on Bearer Biological assets (Palm oil, Tea, Cinnamon, Rubber, Coconut, Maize, Turmeric, Grass and Avocado) which comes into bearing during the year, is transferred to mature plantations.

Permanent impairments to Bearer Biological Assets are charged to the Statement of Profit or Loss and Other Comprehensive Income.

3.6.1 Infilling Cost on Bearer Biological Assets

The land development costs incurred in the form of infilling are capitalised when infilling results in an increase in the economic life of the relevant field beyond its previously assessed standard of performance and infilling costs so capitalised are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation.

Infilling costs that are not capitalised have been charged to the Statement of Profit or Loss and Other Comprehensive Income in the year in which they are incurred.

3.6.2 Growing crop nurseries

Nursery cost includes the cost of direct materials, direct labour and appropriate proportion of directly attributable overheads.

3.6.3 Depreciation

Mature Plantations (Replanting and New Planting) are depreciated on a straight line basis over the expected period of their commercial harvesting.

The expected periods of commercial harvesting for each category of crops are as follows:

Company	Freehold assets (Years)	Leasehold assets (Years)
- Tea	33	30
- Rubber	20	20
- Palm oil	20	20
- Cinnamon	30	-
- Caliandra	15	-
- Grass	5	-
- Coconut	33	-

No depreciation is provided for Immature Plantations.

3.7 Consumable Biological Assets

The fair value of timber trees is measured using Discounted Cash Flow (DCF) method taking into consideration the current market prices of timber applied to expected timber content of a tree at maturity.

The main variables in DCF model are as follows:

Variable	Comment
Timber Content	Estimated based on physical verification of girth, height and considering the growth of each species, and factoring in all the prevailing statutory regulations enforced against harvesting of timber coupled with the forestry plan of the Group.
Economic Useful life	Estimated based on the normal life span of each species by factoring in the forestry plan of the Group.

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Variable	Comment
Selling Price	Selling prices of managed timber have been taken based on market price & industry professional expert opinion.
Discount Rate	Discount rate reflects the possible variations in the Cash flows and the risk related to the biological assets.

The gain or loss arising on initial recognition of Consumable Biological assets at fair value less cost to sell and from a change in fair value less cost to sell of Consumable Biological assets are included in profit or loss for the period in which it arises.

3.8 Livestock

Livestock are measured at their fair value less estimated costs to dispose with any change therein recognised in Statement of profit or loss and other comprehensive income. Estimated costs to dispose includes all costs that would be necessary to dispose the asset such as transport cost, commission etc. Fair value of livestock is determined on yield basis valuation which considers the present value of net cash flows expected to be generated throughout the lactation lifecycle of the cattle. The expected net cash flows are discounted using a risk adjusted discounted rate.

Farming costs such as feeding, labour costs, pasture maintenance, veterinary services are expensed as incurred. The cost of purchase of cattle plus transportation charges are capitalised as part of livestock.

3.9 Non Harvested Produce Crop on Bearer Biological Assets

The Company recognises its agricultural produce prior to harvest separately from its bearer plant. Such agricultural produce prior to harvest continues to be in the scope of LKAS 41-Agriculture and is measured at fair value less costs to sell. Changes in the fair value of such agricultural produce is recognised in profit or loss at the end of each reporting period.

When deriving the estimated quantity, the Company limits it to one harvesting cycle and the quantity is ascertained based on the last day of the harvest in the immediately preceding cycle. In order to ascertain the fair value of produce growing on trees, 50% of the estimated crop in that harvesting cycle is considered.

For the valuation of the produce, the Company uses value of unharvested fresh fruit bunches(FFB) of Oil Palm is measured using the actual price used to purchase FFB from out growers and the value of the unharvested green leaves is measured using the bought-leaf rate (current month) less cost of harvesting and transport.

3.10 Financial Instruments

3.10.1 Recognition and Initial Measurement

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 subsequently to their 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 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 payment of principal and interest on the principal amount outstanding.

On the initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by investment basis.

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. On initial recognition, the Group may irrevocably designate a financial assets that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.



a) Business model assessment:

The Group makes an assessment of the objectives of the business model in which a financial asset is held as 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 the business model) and how those risks are managed;
- The frequency, volume and timing of sales of financial assets in prior periods, the reason for such sale and expectation 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 at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss
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Financial assets at amortised cost	<p>These assets are subsequently measured at amortised cost using the effective interest method.</p> <p>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.</p>
Debt investments at FVOCI	<p>These assets are subsequently measured at fair value. Interest income calculated using the effective interest method and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.</p>
Equity investments at FVOCI	<p>These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.</p>

3.10.2 Financial Liabilities

Financial Liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost of 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 recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.10.3 Derecognition

(a) Financial Assets

The Group derecognises 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 substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company 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 derecognises 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 recognised 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 recognised in profit or loss.

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3.10.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated 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.

3.10.5 Impairment - Financial Assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost and debt investments measured at FVOCI
- The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

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 and including forward looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be higher credit rating.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

Twelve month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Write-off

For individual customers, the Group has a policy of writing off the gross carrying amount as approved by the Board of Directors based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Evidence of impairment



included a significant or prolonged decline in its fair value below its cost.

3.10.6 Impairment of Non-Financial assets

The carrying amounts of the Group's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and

then to reduce the carrying amounts of the other assets in the unit (Company of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

3.11 Liabilities and Provisions

A provision is recognised in the Consolidated Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.12 Employee Benefits

3.12.1 Defined Contribution Plans

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 pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Employees Provident Fund (EPF) / Estate Staff's Provident Society (ESPS) / Ceylon Planter's Provident Society (CPPS)

The Group and employee collectively contribute 12% and 10% respectively on the salary of each employee to the each of the contribution plans.

Employees Trust Fund (ETF)

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

3.12.2 Retirement Benefit Obligations

The retirement benefit plan adopted is as required under the Payment of Gratuity Act No.12 of 1983 and the Indian Repatriate Act No.34 of 1978 to eligible employees. This item is grouped under Employee Benefits in the Statement of Financial Position. Provision for Gratuity on the Employees of the Company is based on an actuarial valuation, using the Projected Unit Credit (PUC) method as recommended by Sri Lanka Accounting Standards No.19 "Employee Benefits". The actuarial valuation was carried out by a professionally qualified firm of actuaries, Messer's Actuarial and Management Consultants (Private) Limited as at 31st March 2023.

However, according to the Payment of Gratuity Act No.12 of 1983, the liability for payment to an employee arises only after the completion of 5 years continued services.

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

The liability is not externally funded.

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3.13 Inventories

3.13.1 Agricultural Produce harvested from Biological Assets

Agricultural produce harvested from Biological Assets is measured at its fair value less cost to sell at the point of harvest. The finished and semifinished inventories from agricultural produce are valued by adding the cost of conversion to the fair value of agricultural produce.

3.13.2 Agricultural Produce after further processing

Further processed output of Agricultural Produce is valued at the lower of cost and estimated net realisable value, after making due allowances for obsolete and slow-moving items. Net realisable value is the estimated selling price at which stocks can be sold in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

3.13.3 Input Material, Consumables and Spares

Valued at actual cost on weighted average basis.

3.14 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, call deposits, demand deposits and short-term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value net of bank overdrafts that are repayable on demand for the purpose of the Statement of Cash Flows.

3.15 Contingent Liabilities

Contingent Liabilities are possible obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Group's control.

3.16 Deferred Income

Government Grants and Subsidies

Government grants are recognised where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related assets. When the grants are related to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that are intended to compensate.

Grants related to Property, Plant and Equipment other than grants received for forestry are initially deferred and allocated to income on a systematic basis over the useful life of the related Property, Plant and Equipment. Grants received for forestry are initially deferred and credited to Statement of Profit or Loss and Other Comprehensive Income immediately the related blocks of trees are harvested.

3.17 Statement of Profit or Loss and Other Comprehensive

Income

For the purpose of presentation of the Statement of Profit or Loss and Other Comprehensive Income, the Directors are of the opinion that function of expenses method presents fairly the elements of the Group's performance, and hence such presentation method is adopted in line with the provisions of LKAS 1 - Presentation of Financial Statements.

3.17.1 Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group

recognises revenue when it transfers control over a service to a customer.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

The following specific criteria are used for the purpose of recognition of revenue;

The Group revenue principally comprises sale of Palm Oil and Fresh Milk. Revenue is recognised point in time as the products are provided.

The Group considers sales and delivery of products as one performance obligation and recognises revenue when it transfers control to the customer.

Disaggregation of revenue

SLFRS 15 requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

3.17.2 Sale of Goods

Revenue from the sale of goods is recognised when the identified performance obligations are satisfied i.e the Company transfers control over a good or services to a contract. Revenue is measured based on the consideration specified in a contract with a customer.



3.17.3 Interest Income

Interest income is recognised as it accrues in the income statement. For all financial instruments measured at amortised cost and interest bearing financial assets classified as FVTOCI, the interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. For interest bearing financial assets carried at fair value, interest is recognised on discounted cash flow method. Interest income is included under finance income in the income statement.

3.17.4 Gain and Losses on Disposal

Gains and losses on disposal of an item of Property, Plant and Equipment are determined by comparing the net sales proceeds with the carrying amounts of Property, Plant and Equipment and which are recognised within other operating income in the Statement of Profit or Loss.

3.18 Operating Expenses

All expenses incurred in the day-to-day operations of the business and in maintaining the property, plant and equipment in a state of efficiency have been charged to the Statement of Profit or Loss and Other

Comprehensive Income in arriving at the profit/(loss) for the year. Provision has also been made for impairment of non-financial assets, slow-moving stocks, overgrown nurseries, all known liabilities and depreciation on property, plant and equipment.

3.19 Finance Costs

Finance costs comprise interest expense on external borrowings and related party loans and payments

made under operating leases. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received may be recognised as an integral part of the total lease expense, over the term of the lease.

3.20 Income Tax Expense

Income Tax expense comprising current and deferred tax. Income tax expense is recognised in Statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

3.20.1 Current Taxes

Current tax expenses for the current and comparative periods are measured at the amount paid or expected to be payable to the Commissioner General of Inland Revenue on taxable income for the respective year of assessment computed in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017 as amended by the Inland Revenue (amendment) Act, No.10 of 2021 enacted by the reporting date.

3.20.2 Deferred Taxation

Deferred taxation is recognised using the Balance Sheet liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a

business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent Notes to the consolidated financial statements that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and deferred tax liabilities are offset, if legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

3.21 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the 'Indirect Method'. Interest paid and interest received are classified as operating cash flows. Dividends received is classified as investing cash flows while dividend paid and Government grants received are classified as financing cash flows for the purpose of presentation of the Statement of Cash Flows.

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3.22 Segmental Reporting

Segmental information is provided for the different business segments of the Group. Business segmentation has been determined based on the nature of goods provided by the Group after considering the risk and rewards of each type of product.

Revenue and Expenditure directly attributable to each segment are allocated to the respective segments. Revenue and Expenditure not directly attributable to a segment are allocated on the basis of their resource utilization, wherever possible. Unallocated items comprise mainly income accrued and expenses incurred at Head office level.

Assets and Liabilities directly attributable to each segment are allocated to the respective segments. Assets and Liabilities which are not directly attributable to a segment are allocated on a reasonable basis wherever possible. The activities of the segments are described in note 5 to the Financial Statements on pages 199 to 201.

3.23 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether or not a price is being charged. A detailed Related Party Transaction analysis is presented in note 36.

3.24 Earnings per Share

The Group presents Earnings per Share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group

by the weighted average number of ordinary shares outstanding during the period.

3.25 Events after the Reporting Date

The materiality of the events after the reporting date has been considered and appropriate adjustments and provisions have been made in the Consolidated Financial Statements wherever necessary.

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

A number of interpretations and amendments to standards are effective for annual period beginning on or after 1st April 2023 and earlier application is permitted. However, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's financial statements.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12)
- Classification of Liabilities as Current or Non-current (Amendments to LKAS 1)
- Disclosure of Accounting Policies (Amendments to LKAS 1.
- Definition of Accounting Estimates (Amendments to LKAS 8).



5 SEGMENTAL ANALYSIS BY PRINCIPAL ACTIVITIES

The analysis of the performance by the principal activities, is as follows:

5.1.1 Revenue streams

For the year ended 31 March	Note	Group		Company	
		2023	2022	2023	2022
Revenue from contracts with customers-sale of goods	5.1.2	8,768,041	6,474,661	7,573,816	5,782,074
Total Gross Revenue		8,768,041	6,474,661	7,573,816	5,782,074

5.1.2 Major products

For the year ended 31 March	Group		Company	
	2023	2022	2023	2022
Revenue				
Palm oil & allied products	7,573,251	5,780,673	7,573,816	5,782,074
Dairy Farming	1,194,790	693,988	-	-
	8,768,041	6,474,661	7,573,816	5,782,074
Gross profit / (loss)				
Palm oil & allied products	3,706,759	3,590,043	3,743,089	3,532,435
Dairy Farm	(168,674)	(26,428)	-	-
	3,538,085	3,563,615	3,743,089	3,532,435

A Segment is a distinguishable component of the group that is engage either in providing product or services (Business Segments), or in providing products or services within a particular economic environment (geographical segments), which is subject to risks and rewards that are different from those of other segments. Segment information is presented in respect of the Group's business. There are no distinguishable components to be identified as geographical segments for the group. The business segments are reported based on the Group management and reporting structure.

5.1.3 Performance Obligation

Information about the Group's performance obligations are summarized as follows;

Type of product/ services	Nature and timing of satisfaction of performance obligation	Revenue recognition under SLFRS 15
Plantation Sale of plantation produce	The Company is selling Green Leaf to customers after placing a sales order and revenue from tea is recognized at the time of dispatching the respective order.	Revenue from sale of other crops are recognized at the point in time when the control of the goods has been transferred to the customer generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer.
Dairy farming Fresh Milk	Customer obtains the control of Fresh Milk after the customer acknowledgment at the dispatch point.	Revenue from fresh milk is recognized at the point in time when the control of the goods has been transferred to the customer generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer

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5.2 Segmental analysis by principal activities - Group

For the year ended 31 March	Palm Oil		Dairy		Other		Inter segment adjustments		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	7,573,816	5,782,074	1,194,790	693,988	-	-	(565)	(1,401)	8,768,041	6,474,661
Gross profit/(loss)	3,743,089	3,532,435	(168,674)	(26,428)	-	-	(36,330)	57,608	3,538,085	3,563,615
Other operating income/(expense)	-	-	(45,130)	100,640	(157,322)	58,893	35,131	(58,310)	(167,321)	101,223
Administrative expenses	(347,059)	(305,117)	(14,052)	(12,946)	-	-	44	-	(361,067)	(318,063)
Selling and distribution expenses	(66,540)				(12,412)				(78,952)	
Operating profit/ (loss)	3,329,490	3,227,318	(227,856)	61,266	(169,734)	58,893	(1,155)	(702)	2,930,745	3,346,775
Net finance (cost) / income	82,230	11,172	(60,602)	(27,167)	-	-	1,115	1,022	22,743	(14,973)
Profit/(loss) before tax	3,411,720	3,238,490	(288,458)	34,099	(169,734)	58,893	(40)	320	2,953,488	3,331,802
Tax expenses	(573,569)	152,098	(32,400)	(6,402)	(15,729)	(19,699)	-	-	(621,698)	125,997
Profit/(loss) for the year	2,838,151	3,390,588	(320,858)	27,697	(185,463)	39,194	(40)	320	2,331,790	3,457,799
Other Comprehensive Income									-	-
Actuarial gain/(loss) on retirement benefit obligation	(99,074)	55,431	(15,999)	4,612	-	-	-	-	(115,073)	60,043
Tax on actuarial gain/ (loss) on retirement benefit obligation	29,722	(5,820)	3,200	(922)	-	-	-	-	32,922	(6,742)
Total other comprehensive income/(expense)	(69,352)	49,611	(12,799)	3,690	-	-	-	-	(82,151)	53,301
Total comprehensive income/(expense) for the year	2,768,799	3,440,199	(333,657)	31,387	(185,463)	39,194	(40)	320	2,249,639	3,511,100
Segment assets	5,434,399	5,903,727	3,007,603	2,631,198	392,447	356,770	-	-	8,834,449	8,891,695
Segment liabilities	1,491,185	1,300,557	799,068	454,006	41,207	37,461	-	-	2,331,460	1,792,024
Other segment items										
Capital expenditure	392,290	453,099	165,176	297,407	52,631	85,877	-	-	610,097	836,383
Depreciation	267,767	266,006	90,979	101,372	41,206	12,914	-	-	399,952	380,292
Amortisation	10,731	9,672	714	1,279	816	347	-	-	12,261	11,298



5.3 Segmental analysis by principal activities - Company

For the year ended 31 March	Palm Oil		Other		Total	
	2023	2022	2023	2022	2023	2022
Revenue	7,573,816	5,782,074	-	-	7,573,816	5,782,074
Gross profit	3,743,089	3,532,435	-	-	3,743,089	3,532,435
Other income/(expense)	-	-	(474,370)	58,893	(474,370)	58,893
Administrative expenses	(347,059)	(305,117)	-	-	(347,059)	(305,117)
Selling and distribution expenses	(66,540)	-	(12,412)	-	(78,952)	-
Operating profit/(loss)	3,329,490	3,227,318	(486,782)	58,893	2,842,708	3,286,211
Net finance income/(cost)	82,230	11,172	-	-	82,230	11,172
Profit/(loss) before tax	3,411,720	3,238,490	(486,782)	58,893	2,924,938	3,297,383
Tax expenses	(573,569)	152,098	(15,730)	(19,699)	(589,299)	132,399
Net profit/(loss)	2,838,151	3,390,588	(502,512)	39,194	2,335,639	3,429,782
						-
Other Comprehensive Income						-
Actuarial gain/(loss) on retirement benefit obligation	(99,074)	55,431	-	-	(99,074)	55,431
Tax on actuarial gain/(loss) on retirement benefit obligation	29,722	(5,820)	-	-	29,722	(5,820)
Total other comprehensive income/ (expense)	(69,352)	49,611	-	-	(69,352)	49,611
Total comprehensive income/(expense) for the year	2,768,799	3,440,199	(502,512)	39,194	2,266,287	3,479,393
						-
Segment assets	8,209,690	8,132,399	392,447	356,770	8,602,137	8,489,169
Segment liabilities	2,009,000	1,319,744	41,207	37,461	2,050,207	1,357,205
						-
Other segment items						
Capital expenditure	392,290	453,099	14,331	90,703	406,621	543,802
Depreciation	267,767	266,006	38,608	14,203	306,375	280,209
Amortisation	10,731	9,672	816	742	11,547	10,414

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(all amounts in Sri Lankan Rupees thousands)

6 OTHER INCOME

For the year ended 31 March	Note	Group		Company	
		2023	2022	2023	2022
Profit on disposal of property, plant and equipment		8,707	4,018	328	4,018
Amortisation of capital grants	30	2,358	50,554	2,358	2,357
Factory rental		9,000	9,000	9,000	9,000
Rent income		3,969	2,523	6,076	4,801
Income from increase in net assets value in the investment fund and short term investment	18	16,787	41,060	15,527	32,958
Profit/(Loss) on sale of green leaf	6.1	28,428	(10,269)	28,428	(11,369)
Loss from maize projects	6.2	-	-	(128,741)	-
Impairment of lease hold right	15.1	(88,671)	-	-	-
Impairment on investment in subsidiary	19.1	-	-	(405,719)	-
Loss from sundry operations		(15,405)	(10,696)	(16,082)	(2,590)
		(34,827)	86,190	(488,825)	39,175

6.1 Profit/(loss) from sale of green leaf

For the year ended 31 March	Note	Group		Company	
		2023	2022	2023	2022
Income from green leaf sale		174,491	97,644	174,491	97,644
Less : Costs incurred on green leaf operation		(146,063)	(107,913)	(146,063)	(109,013)
		28,428	(10,269)	28,428	(11,369)

6.2 Loss from maize projects

For the year ended 31 March	Group		Company	
	2023	2022	2023	2022
Income from maize operation	-	-	216,439	-
Less: Costs incurred on maize operation	-	--	(345,180)	-
	-	-	(128,741)	-

7 GAIN/(LOSS) ON CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS

For the year ended 31 March	Group		Company	
	2023	2022	2023	2022
Fair value gain on produce on bear plants	14,455	19,718	14,455	19,718
Fair value gain on Consumable biological assets (Note. 17.1)	10,486	1,328	-	-
Fair value loss on livestock (Note. 17.2)	(157,435)	(6,013)	-	-
	(132,494)	15,033	14,455	19,718



8 NET FINANCE EXPENSE

For the year ended 31 March	Group		Company	
	2023	2022	2023	2022
(i) Finance costs				
- Interest on bank loan	69,970	30,478	1,160	6,284
- Interest on bank overdrafts	5,290	371	1,833	79
- Interest on lease liabilities (Note. 28)	40,935	38,919	40,893	37,901
	116,195	69,768	43,886	44,264
(ii) Finance income				
- Interest income on related party loan	-	-	2,896	2,241
- Interest income on short-term bank deposits	138,938	54,795	123,220	53,195
	138,938	54,795	126,116	55,436
Net finance Expense	(22,743)	14,973	(82,230)	(11,172)

9 PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging all the expenses including following.

For the year ended 31 March	Note	Group		Company	
		2023	2022	2023	2022
Auditors' remuneration					
- Audit		2,450	2,082	2,000	1,702
- Audit related		184	134	184	134
- Non audit		1,431	1,431	986	986
Amortisation - Right to use of assets		12,261	11,298	11,547	10,414
Depreciation					
- Immovable leased assets		782	49	782	49
- Amortisation intangible assets		7,703	6,499	6,403	5,329
- Property, plant and equipment		194,725	192,893	118,846	113,673
- Biological assets - bearer		196,742	180,851	180,344	161,158
Directors' emoluments		14,352	11,830	13,063	10,420
Personnel costs	9.1	1,213,311	1,111,478	1,143,110	1,041,277

9.1 Personnel costs

For the year ended 31 March	Note	Group		Company	
		2023	2022	2023	2022
Wages and salaries		946,966	867,758	890,518	809,562
Defined contribution plan		140,606	128,484	132,666	120,544
Defined benefit plan	29	45,739	30,494	39,926	26,429
Workers' profit share bonus		80,000	84,742	80,000	84,742
		1,213,311	1,111,478	1,143,110	1,041,277

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(all amounts in Sri Lankan Rupees thousands)

10 INCOME TAX EXPENSES

For the year ended 31 March	Note	Group		Company	
		2023	2022	2023	2022
Income Tax charge for the year	10.1	113,537	72,019	108,370	71,245
Under provision with respect of prior year		-	4,371	-	4,371
Over provision with respect of prior years		(13,373)	(81,028)	(13,373)	(81,028)
Deferred tax recognised in the income statement	31	521,534	(121,359)	494,302	(126,987)
Taxes included in statement of profit /loss		621,698	(125,997)	589,299	(132,399)
Deferred tax recognised in other comprehensive income		(32,922)	6,742	(29,722)	5,820
Taxes included in total comprehensive income		588,776	(119,255)	559,577	(126,579)

The Inland Revenue (Amendment) Act No. 45 of 2022 was certified by the speaker on 19th December 2022. As per the Amendment Act, the Company is liable to pay tax at the rate of 30% on its taxable profits (2022:14%). Prior to 7th July 2022, profit from the business of "Agro processing" and "investment income taxed at the rate of 14% and 24% respectively as per Inland Revenue (Amendment) Act No 10 of 2021. Profit from the business of "Agro Farming" will continued to be exempt from income tax upto 2023/24 under the Inland Revenue (Amendment) Act No.45 of 2022.

Watawala Dairy Limited enjoys a tax exemption period of five years from the year in which the Company commences to make profits or any year of assessment not later than two years reckoned from the date of commencement of commercial operations whichever is earlier, under section 17(2) of the Board of Investment of Sri Lanka, Law No: 4 of 1978 and in accordance with the provision of the Inland Revenue Act No. 24 of 2017. After the expiration of the tax exemption period, the profit and income of Watawala Dairy Limited shall be charged at the rate of twenty percent (20%) for any year of assessment immediately succeeding the last date of the tax exemption period during which the profit and income of the entity is exempted from income tax.

10.1 Reconciliation of accounting profit to income tax

For the year ended 31 March	Group		Company	
	2023	2022	2023	2022
Profit before taxation	2,953,488	3,331,802	2,924,938	3,297,383
Less : Income from other sources	(179,525)	(155,356)	(160,385)	(143,138)
Allowable Expenses	(563,611)	(436,905)	(257,137)	(31,929)
Add : Disallowable Expenses	678,838	172,429	411,991	33,519
Adjusted Profit for the year	2,889,190	2,911,970	2,919,407	3,155,835
Add : Income from other sources	179,525	155,356	160,385	143,138
Total Statutory/Taxable Income	3,068,715	3,067,326	3,079,792	3,298,973
Less: Statutory/Taxable income-Agro farming (exempted)	(2,078,873)	(2,560,299)	(2,437,156)	(2,804,484)
Total Statutory/Taxable Income-Agro processing	989,842	507,027	642,636	494,489
Income Tax Expense				
Tax at 14%	30,986	36,892	30,986	36,892
Tax at 24%	21,776	35,127	19,479	34,353
Tax at 30%	60,775	-	57,905	-
	113,537	72,019	108,370	71,245



10.2 Group Accumulated Tax Losses

For the year ended 31 March	Group	
	2023	2022
Balance as at 1st April	1,423,692	1,421,158
Adjustment in respect of prior year	1,143	
Losses for the year	66	2,534
Losses set-off during the year	(11,126)	
	1,413,775	1,423,692

11 EARNINGS PER SHARE

Basic earnings per share has been calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

For the year ended 31 March	Group		Company	
	2023	2022	2023	2022
Calculation of Earnings per share				
Net profit attributable to shareholders (Rs. '000)	2,364,292	3,455,658	2,335,639	3,429,782
Weighted average number of ordinary shares in issue (thousands)	203,309	203,309	203,309	203,309
Basic earnings per share (Rs)	11.63	17.00	11.49	16.87

11.1 Diluted earnings per share

There were no potentially dilutive ordinary shares as at 31st March 2023 and there have been no transactions involving ordinary shares or potential ordinary shares as at the reporting date which would require restatement of earnings per share.

12 DIVIDENDS PER SHARE

For the year ended 31 March	Group and Company	
	2023	2022
Calculation of Earnings per share		
Final dividend		
Final dividend paid Rs.8.00	1,626,469	609,926
Interim dividend		
Interim dividend paid Rs.6.00 /(2021-Rs.3)	1,219,852	1,219,852
	2,846,321	1,829,778
Number of ordinary shares (thousand)	203,309	203,309
Dividend paid per share (Rs.)	14.00	9.00

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(all amounts in Sri Lankan Rupees thousands)

13 RIGHT TO USE OF ASSETS

As at 31 March	Group		Company	
	2023	2022	2023	2022
Cost				
Capitalised value (18 June 1992)	346,807	338,367	341,509	323,612
Remeasurement of lease liabilities	20,175	8,440	20,175	8,440
Addition during the year	-	-	-	9,457
Adjustments	(33)	-	-	-
As at 31 March	366,949	346,807	361,684	341,509
Accumulated amortisation				
As at 1 April	110,812	99,514	102,864	92,450
Charge for the year	12,261	11,298	11,547	10,414
As at March	123,073	110,812	114,411	102,864
Carrying value as at 31 March	243,876	235,995	247,273	238,645

The leases of JEDB/SLSPC estates handed over to the Company for a period of 53 years have all been executed. The leasehold rights to the land on all these estates have been taken into the books of the Company as at 18 June 1992 immediately after formation of the Company. The bare land has been recorded at the value established for each land by valuation specialist, Mr. D R Wickramasinghe, just prior to the formation of the Company.

The Group has applied SLFRS-16 for leasehold assets recorded in the financial statements.

14 PROPERTY, PLANT AND EQUIPMENT

As at 31 March	Group		Company	
	2023	2022	2023	2022
Immovable estate assets on finance lease (other than land) (Note: 14.1.1 & 14.1.2)	36	818	-	782
Property, plant and equipment (Note: 14.2.1 & 14.2.2)	2,483,278	2,341,544	1,139,489	942,709
	2,483,314	2,342,362	1,139,489	943,491



14.1.1 Immovable estate assets on lease - Group

	Improvements to land	Other vested assets	Roads and bridges	Water supply	Buildings	Mini-hydro power plant	Machinery	Total
Cost								
As at 1 April 2021	1,135	1,201	5	89	35,894	1,042	23,208	62,574
As at 1 April 2022	1,135	1,201	5	89	35,894	1,042	23,208	62,574
As at 31 March 2023	1,135	1,201	5	89	35,894	1,042	23,208	62,574
Accumulated amortisation								
As at 1 April 2021	1,087	382	5	89	35,894	1,042	23,208	61,707
Charge for the year	38	11	-	-	-	-	-	49
As at 31 March 2022	1,125	393	5	89	35,894	1,042	23,208	61,756
As at 1 April 2022	1,125	393	5	89	35,894	1,042	23,208	61,756
Charge for the year	10	772	-	-	-	-	-	782
As at 31 March 2023	1,135	1,165	5	89	35,894	1,042	23,208	62,538
Net Carrying value								
As at 31 March 2023	-	36	-	-	-	-	-	36
As at 31 March 2022	10	808	-	-	-	-	-	818

(a) Assets in estates that are held under leasehold right to use have been taken in to books of the Company retrospectively retroactive from 18 June 1992. For this purpose, the Board of Directors of the Company decided at its meeting on 8 March 1995 that those assets would be taken at their book value as they appeared in the books of the JEDB / SLSPC, on the day immediately preceding the date of formation of the Company.

14.1.2 Immovable estate assets on lease - Company

	Improvements to land	Other vested assets	Water supply	Buildings	Machinery	Total
Cost						
As at 1 April 2021	1,135	1,088	89	33,192	23,163	58,667
As at 1 April 2022	1,135	1,088	89	33,192	23,163	58,667
As at 31 March 2023	1,135	1,088	89	33,192	23,163	58,667
Accumulated amortisation						
As at 1 April 2021	1,087	305	89	33,192	23,163	57,836
Charge for the year	38	11	-	-	-	49
As at 31 March 2022	1,125	316	89	33,192	23,163	57,885
As at 1 April 2022	1,125	316	89	33,192	23,163	57,885
Charge for the year	10	772	-	-	-	782
As at 31 March 2023	1,135	1,088	89	33,192	23,163	58,667
Net Carrying value						
As at 31 March 2023	-	-	-	-	-	-
As at 31 March 2022	10	772	-	-	-	782

(a) Assets in estates that are held under leasehold right to use have been taken in to books of the Company retrospectively retroactive from 18 June 1992. For this purpose the Board of Directors of the Company decided at its meeting on 8 March 1995 that those assets would be taken at their book value as they appeared in the books of the JEDB / SLSPC, on the day immediately preceding the date of formation of the Company.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lankan Rupees thousands)

14.2.1 Property, Plant and Equipment - Group

	Land	Buildings	Motor vehicles	Plant and machinery	Equipment	Computer	Furniture and fittings	Others	Capital work in progress	Total
Cost										
As at 1 April 2021	-	1,460,342	324,098	968,985	115,437	13,494	29,192	243,912	24,297	3,179,757
Additions during the year	-	40,345	26,401	228,949	8,926	2,109	2,171	11,000	105,424	425,325
Transfer during the year	-	536	-	18,257	-	-	-	-	(18,793)	-
Disposals made during the year	-	-	(898)	(6,747)	-	-	-	-	-	(7,645)
As at 31 March 2022	-	1,501,223	349,601	1,209,444	124,363	15,603	31,363	254,912	110,928	3,597,437
As at 1 April 2022	-	1,501,223	349,601	1,209,444	124,363	15,603	31,363	254,912	110,928	3,597,437
Additions during the year	166,042	81,617	11,204	4,851	7,092	4,792	10,837	16,671	50,899	354,005
Transfer during the year	-	119,087	-	-	-	-	-	-	(119,087)	-
Disposals made during the year	-	-	(4,178)	-	(7,954)	(274)	(5,430)	-	(7,774)	(25,610)
As at 31 March 2023	166,042	1,701,927	356,627	1,214,295	123,501	20,121	36,770	271,583	34,966	3,925,832
Accumulated depreciation										
As at 1 April 2021	-	193,918	201,708	553,213	55,467	6,290	8,914	51,135	-	1,070,645
Charge for the year	-	42,419	53,406	68,235	11,944	4,116	4,524	8,249	-	192,893
Disposals made during the year	-	-	(898)	(6,747)	-	-	-	-	-	(7,645)
As at 31 March 2022	-	236,337	254,216	614,701	67,411	10,406	13,438	59,384	-	1,255,893
As at 1 April 2022	-	236,337	254,216	614,701	67,411	10,406	13,438	59,384	-	1,255,893
Charge for the year	-	44,288	49,098	74,477	12,347	2,877	4,115	7,523	-	194,725
Disposals made during the year	-	-	(3,164)	-	(1,458)	(171)	(3,271)	-	-	(8,064)
As at 31 March 2023	-	280,625	300,150	689,178	78,300	13,112	14,282	66,907	-	1,442,554
Net carrying value										
As at 31 March 2023	166,042	1,421,302	56,477	525,117	45,201	7,009	22,488	204,676	34,966	2,483,278
As at 31 March 2022	-	1,264,886	95,385	594,743	56,952	5,197	17,925	195,528	110,928	2,341,544



14.2.2 Property, Plant and Equipment - Company

	Land	Buildings	Motor vehicles	Plant and machinery	Equipment	Computer	Furniture and fittings	Others	Capital work in progress	Total
Cost										
As at 1 April 2021	-	347,065	277,485	690,595	36,112	11,790	17,128	79,345	21,452	1,480,972
Additions during the year	-	34,284	26,401	226,449	2,047	2,071	1,931	11,000	50,825	355,008
Transfer during the year	-	536	-	18,257	-	-	-	-	(18,793)	-
Disposals made during the year	-	-	(898)	(6,747)	-	-	-	-	-	(7,645)
As at 31 March 2022	-	381,885	302,988	928,554	38,159	13,861	19,059	90,345	53,484	1,828,335
As at 1 April 2022	-	381,885	302,988	928,554	38,159	13,861	19,059	90,345	53,484	1,828,335
Additions during the year	166,042	4,060	11,204	-	5,169	4,792	9,683	16,669	98,086	315,705
Transfer during the year	-	119,087	-	-	-	-	-	-	(119,087)	-
Disposals made during the year	-	-	(2,638)	-	-	(236)	-	-	-	(2,874)
As at 31 March 2023	166,042	505,032	311,554	928,554	43,328	18,417	28,742	107,014	32,483	2,141,166
Accumulated depreciation										
As at 1 April 2021	-	77,103	163,361	477,179	22,198	5,068	6,226	28,463	-	779,598
Charge for the year	-	12,032	43,810	46,862	2,950	3,724	1,697	2,598	-	113,673
Disposals made during the year	-	-	(898)	(6,747)	-	-	-	-	-	(7,645)
As at 31 March 2022	-	89,135	206,273	517,294	25,148	8,792	7,923	31,061	-	885,626
As at 1 April 2022	-	89,135	206,273	517,294	25,148	8,792	7,923	31,061	-	885,626
Charge for the year	-	12,880	43,410	52,892	3,084	2,865	2,132	1,583	-	118,846
Disposals made during the year	-	-	(2,638)	-	-	(157)	-	-	-	(2,795)
As at 31 March 2023	-	102,015	247,045	570,186	28,232	11,500	10,055	32,644	-	1,001,677
Carrying value										
As at 31 March 2023	166,042	403,017	64,509	358,368	15,096	6,917	18,687	74,370	32,483	1,139,489
As at 31 March 2022	-	292,750	96,715	411,260	13,011	5,069	11,136	59,284	53,484	942,709

14.2.3 The gross carrying values of fully depreciated property plant and equipment as at 31 March 2023 are as follows

As at 31 March	Group		Company	
	2023	2022	2023	2022
Motor vehicles	245,356	142,262	245,356	142,262
Plant and machinery	561,471	260,020	561,471	260,020
Equipment	28,591	28,164	28,591	28,164
Computer	11,660	5,060	11,660	5,060
Furniture and fittings	10,048	3,466	10,048	3,466
Others	8,580	8,365	8,580	8,365
	865,706	447,337	865,706	447,337

14.2.4 Capital Work in progress

The cost of incompleting projects as at 31 March 2023 are included in the capital work in progress incurred for bungalow and mill factory developments.

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15 INTANGIBLE ASSETS

As at 31 March	Group				2022	Company			
	2023					2023			
	Capital Work in progress	Software	Leasehold right	Total	Total	Capital Work in progress	Software	Total	Total
Cost									
As at 1 April	15,545	44,029	-	59,574	44,029	15,545	36,741	52,286	36,741
Addition during the year-WIP	26,864	-	88,671	115,535	15,545	26,864	-	26,864	15,545
As at 31 March	42,409	44,029	88,671	175,109	59,574	42,409	36,741	79,150	52,286
Accumulated amortization/ Impairment									
As at 1 April	-	31,298	-	31,298	24,799	-	26,979	26,979	21,650
Amortization during the year	-	7,703	-	7,703	6,499	-	6,403	6,403	5,329
Impairment during the year	-	-	88,671	88,671	-	-	-	-	-
As at 31 March	-	39,001	88,671	127,672	31,298	-	33,382	33,382	26,979
Net carrying value as at 31 March	42,409	5,028	-	47,437	28,276	42,409	3,359	45,768	25,307

15.1 The company has acquired a lease hold right of a 500 acre land possessed by Moragoda Agro Service(Pvt) Ltd and the consideration of LKR 88.5 Mn for the said land has been accounted as an acquisition of lease hold right in the consolidated Financial Statements for the year ended in 31st of March 2023.

Moragoda Agro Service (Pvt) Ltd is in operation of the said leasehold land and the same land has been provided by Mahawali Authority of Sri Lanka.

The Management was unable to determine the lease term of this arrangement as at the reporting date, due to formal lease agreement was not finalized over the Land at that time of finalization of financial statements for the year ended 31st March 2023. Accordingly, the asset has been tested for impairment as at the reporting date and a full provision for impairment has been recognized over the leasehold right over land owned by Mahawali Authority of Sri Lanka as at the reporting date.

16 BEARER BIOLOGICAL ASSETS

As at 31 March	2023					2022				
	Oil palm	Rubber	Tea	Others	Total	Oil palm	Rubber	Tea	Others	Total
Group										
On lease (Note 16.1)	-	-	4,014	-	4,014	-	-	4,186	-	4,186
Investments after formation of the Company (Note 16.2)	2,130,856	59,998	156,367	215,037	2,562,258	2,274,775	64,727	145,475	209,800	2,694,777
	2,130,856	59,998	160,381	215,037	2,566,272	2,274,775	64,727	149,661	209,800	2,698,963
Company										
On lease (Note 16.1)	-	-	-	-	-	-	-	172	-	172
Investments after formation of the Company (Note 16.2)	2,130,856	59,998	124,022	200,376	2,515,252	2,274,775	64,727	111,318	180,553	2,631,373
	2,130,856	59,998	124,022	200,376	2,515,252	2,274,775	64,727	111,490	180,553	2,631,545



16.1 On lease

As at 31 March	2023				2022			
	Oil palm	Rubber	Tea	Total	Oil palm	Rubber	Tea	Total
Group								
As at 1 April	31,667	95,376	22,388	149,431	31,667	95,376	22,388	149,431
As at 31 March	31,667	95,376	22,388	149,431	31,667	95,376	22,388	149,431
Amortization								
As at 1 April	(31,667)	(95,376)	(18,202)	(145,245)	(31,667)	(95,376)	(17,736)	(144,779)
Amortization for the year	-	-	(172)	(172)	-	-	(466)	(466)
As at 31 March	(31,667)	(95,376)	(18,374)	(145,417)	(31,667)	(95,376)	(18,202)	(145,245)
Net Carrying Amount	-	-	4,014	4,014	-	-	4,186	4,186

As at 31 March	2023				2022			
	Oil palm	Rubber	Tea	Total	Oil palm	Rubber	Tea	Total
Company								
As at 1 April	31,667	95,376	10,185	137,228	31,667	95,376	10,185	137,228
As at 31 March	31,667	95,376	10,185	137,228	31,667	95,376	10,185	137,228
Amortization								
As at 1 April	(31,667)	(95,376)	(10,013)	(137,056)	(31,667)	(95,376)	(9,547)	(136,590)
Amortization for the year	-	-	(172)	(172)	-	-	(466)	(466)
As at 31 March	(31,667)	(95,376)	(10,185)	(137,228)	(31,667)	(95,376)	(10,013)	(137,056)
Net Carrying Amount	-	-	-	-	-	-	172	172

16.2 Investments after Formation of the Company

As at 31 March	Group		Company	
	2023	2022	2023	2022
Immature plantations (Note 16.2.1)	140,936	204,490	141,867	205,421
Mature plantations (Note 16.2.2)	2,410,149	2,478,359	2,362,212	2,414,024
Growing Crop Nurseries (Note 16.2.3)	11,173	11,928	11,173	11,928
	2,562,258	2,694,777	2,515,252	2,631,373

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(all amounts in Sri Lankan Rupees thousands)

16.2.1 Immature plantations

Group	2023					2022				
	Oil palm	Rubber	Tea	Others	Total	Oil palm	Rubber	Tea	Others	Total
Cost										
As at 1 April	81,156	11,169	11,900	100,265	204,490	274,767	11,169	-	24,893	310,829
Additions during the year	19,140	-	17,895	18,065	55,100	73,712	-	11,900	75,372	160,984
Transfers to mature plantations during the year	(100,296)	(11,169)	-	(7,189)	(118,654)	(267,323)	-	-	-	(267,323)
As at 31 March	-	-	29,795	111,141	140,936	81,156	11,169	11,900	100,265	204,490

Company	2023					2022				
	Oil palm	Rubber	Tea	Others	Total	Oil palm	Rubber	Tea	Others	Total
Cost										
As at 1 April	81,156	11,169	11,900	101,196	205,421	274,767	11,169	-	22,393	308,329
Additions during the year	19,140	-	17,895	18,065	55,100	73,712	-	11,900	78,803	164,415
Transfers to mature plantations during the year	(100,296)	(11,169)	-	(7,189)	(118,654)	(267,323)	-	-	-	(267,323)
As at 31 March	-	-	29,795	112,072	141,867	81,156	11,169	11,900	101,196	205,421

16.2.2 Mature plantations

Group	2023					2022				
	Oil palm	Rubber	Tea	Others	Total	Oil palm	Rubber	Tea	Others	Total
Cost										
As at 1 April	3,255,288	116,902	249,861	164,692	3,786,743	2,987,965	116,902	249,861	164,692	3,519,420
Additions	-	-	-	9,706	9,706	-	-	-	-	-
Transfer in during the year	100,296	11,169	-	7,189	118,654	267,323	-	-	-	267,323
As at 31 March	3,355,584	128,071	249,861	181,587	3,915,103	3,255,288	116,902	249,861	164,692	3,786,743
Accumulated Depreciation										
As at 1 April	(1,061,669)	(63,344)	(116,286)	(67,085)	(1,308,384)	(914,714)	(57,499)	(109,343)	(46,443)	(1,127,999)
Charge for the year	(163,059)	(4,729)	(7,003)	(21,779)	(196,570)	(146,955)	(5,845)	(6,943)	(20,642)	(180,385)
As at 31 March	(1,224,728)	(68,073)	(123,289)	(88,864)	(1,504,954)	(1,061,669)	(63,344)	(116,286)	(67,085)	(1,308,384)
Net Carrying Amount Mature Plantations	2,130,856	59,998	126,572	92,723	2,410,149	2,193,619	53,558	133,575	97,607	2,478,359

Company	2023					2022				
	Oil palm	Rubber	Tea	Others	Total	Oil palm	Rubber	Tea	Others	Total
Cost										
As at 1 April	3,255,288	116,902	158,943	80,839	3,611,972	2,987,965	116,902	158,943	80,839	3,344,649
Additions	-	-	-	9,706	9,706	-	-	-	-	-
Transfer in during the year	100,296	11,169	-	7,189	118,654	267,323	-	-	-	267,323
As at 31 March	3,355,584	128,071	158,943	97,734	3,740,332	3,255,288	116,902	158,943	80,839	3,611,972
Accumulated Depreciation										
As at 1 April	(1,061,669)	(63,344)	(59,525)	(13,410)	(1,197,948)	(914,714)	(57,499)	(54,384)	(10,659)	(1,037,256)
Charge for the year	(163,059)	(4,729)	(5,191)	(7,193)	(180,172)	(146,955)	(5,845)	(5,141)	(2,751)	(160,692)
As at 31 March	(1,224,728)	(68,073)	(64,716)	(20,603)	(1,378,120)	(1,061,669)	(63,344)	(59,525)	(13,410)	(1,197,948)
Net Carrying Amount Mature Plantations	2,130,856	59,998	94,227	77,131	2,362,212	2,193,619	53,558	99,418	67,429	2,414,024



16.2.3 Growing Crop Nurseries

As at 31 March	Group		Company	
	2023	2022	2023	2022
As at 1 April	11,928	3,094	11,928	3,094
Additions during the year	-	8,834	-	8,834
Transfer during the year	(755)	-	(755)	-
As at 31 March	11,173	11,928	11,173	11,928

(i) Investments in bearer plants since the formation of the Company have been classified as shown above and mainly includes tea and cinnamon plantations. Bearer plants are stated at cost less accumulated depreciation and impairment in accordance with LKAS 16 Property, plant & equipment.

(ii) The immature plants are classified as mature plants when they are ready for commercial harvesting.

(iii) Balance as at 31 March 2023 represent nurseries related to cinnamon and tea.

17 BIOLOGICAL ASSETS

17.1 Consumable biological assets- Group

As at 31 March	Mature plantations	Total
Cost/Fair value		
As at 31 March 2021	32,857	32,857
Decrease due to harvest/disposal	(402)	(402)
Gain on fair value less cost to sell	1,328	1,328
As at 31 March 2022	33,783	33,783
Gain on fair value less cost to sell	10,486	10,486
As at 31 March 2023	44,269	44,269

17.1.1 Measurement of Fair value

The valuation of consumable biological assets was carried by Mr. Weerasinghe Chandrasena, an independent Incorporated Valuation Surveyor, using Discounted Cash Flows (DCF) methods. The Valuation Report dated 31st March 2023 has been prepared based on the physically verified timber statistics provided by the Group.

The future cash flows are determined by reference to current timber prices.

a) Fair Value hierarchy

The fair value measurement for the consumable biological assets has been categorized as Level 3 fair value based on the inputs to the valuation technique used.

b) Level 3 fair Value

Breakdown of total gains and losses recognized in respect of Level 3 fair value of consumable biological assets.

As at 31 March	Group	
	2023	2022
Gain / (Loss) included in Profit or loss for the year	10,486	1,328
Total Gain / (Loss)	10,486	1,328

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C) Valuation techniques and significant unobservable inputs

Following table shows the valuation techniques used in measuring Level 3 fair value of consumable biological assets as well as the significant unobservable inputs used for the valuation as at 31st March 2023.

Type	Valuation technique used	Significant Unobservable Inputs	Inter-relationship between key unobservable inputs and fair value measurement
Standing timber	Discounted cash flows	Determination of Timber Content	
Standing timber older than 4 years.	<p>The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree-per-tree basis.</p> <p>Expected cash flows are discounted using a risk-adjusted discount rate of 24.5% (2022: 20.83%). Following factors have been considered in determining the risk premium;</p> <ul style="list-style-type: none"> - The illiquid nature of The plantations prior to maturity - A lack of market evidence as to the value of biological assets through their life cycle - Risk relating to diseases and fire affecting the biological assets - Adoption of conservative valuation approach 	<p>Timber trees in inter-crop areas and pure crop areas have been identified field-wise and spices were identified and harvestable trees were separated, according to their average girth and estimated age.</p> <p>Timber trees that have not come up to a harvestable size are valued working out the period that would take for those trees to grow up to a harvestable size.</p> <p>Determination of Price of Timber</p> <p>Trees have been valued as per the current timber prices per cubic meter based on the industry average prices logs sawn timber at the popular timber traders in Sri Lanka.</p> <p>In this exercise, following factors have been taken into consideration.</p> <ol style="list-style-type: none"> a) Cost of obtaining approval of felling. b) Cost of felling and cutting into logs. c) Cost of transportation. d) Sawing cost. e) Cost of sale f) Exclusion of trees located in restricted area specialized in the circular No. 2019/01 dated on 6 November 2019 issued by Ministry of Plantation Industries. <p>Price range per cu.ft. is Rs. 350/- to Rs. 1000/- (2022- Rs. 150/- to Rs. 750/-)</p> <p>Risk-adjusted discount rate. 2023 - 24.5% (2022 - 20.83%).</p>	<p>The estimated fair value at the time of harvesting each specific species is sensitive to the following variables,</p> <ul style="list-style-type: none"> - the estimated timber content (The higher the volume, the higher the fair value) - the estimated timber prices per cubic meter (The higher the price per cu. ft., the higher the fair value) - the estimated selling related costs (Lower the selling related costs, the higher the fair value) - the estimated maturity age (Lower the rotation period, the higher the fair value) - the risk-adjusted discount rate. (The higher the discount rate, the lesser the fair value)



17.1.2 Sensitivity Analysis

Sensitivity variation on sales price

Values as appearing in the statement of financial position are sensitive to price changes with regard to the average sales prices applied. Simulations made for timber show that an increase or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets

As at 31 March	-10%	2023	+10%
Timber	39,842	44,269	48,696
Total	39,842	44,269	48,696

Sensitivity variation on discount rate

Values as appearing in the statement of financial position are sensitive to changes of the discount rate applied. Simulations made for timber show that an increase or decrease by 1% of the estimated future discount rate has the following effect on the net present value of biological assets:

As at 31 March	-1%	2023	+1%
Timber	46,084	44,269	42,573
Total	46,084	44,269	42,573

17.2 Biological assets - Livestock

Livestock is measured on initial recognition at each reporting date at its fair values less point of sale costs. Fair value of livestock is determined at the best available estimates for livestock with similar attributes. Any gain or loss arising on initial recognition of livestock at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs is included in statement of income in the period in which it arises.

As at March	Group	
	2023	2022
As at 1 April	943,200	749,339
Decrease due to disposal	(57,870)	(25,821)
Additions during the year	165,176	225,695
Change in fair value less cost to sell	(157,435)	(6,013)
As at 31 March	893,071	943,200

As at 31 March 2023 livestock comprised 1,760 cattle (2022: 1,811 cattle).

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(all amounts in Sri Lankan Rupees thousands)

17.2.1 Valuation techniques and significant unobservable inputs

Following table shows the valuation techniques used in measuring Level 3 fair value of bearer biological assets livestock as well as the significant unobservable inputs used for the valuation as at 31st March 2023.

Type	Valuation technique used	Significant Unobservable Inputs	Inter-relationship between key unobservable inputs and fair value measurement
Livestock Livestock comprises cattle	<p>Discounted cash flows</p> <p>The valuation model considers present value of future net cash flows expected to be generated by the cattles based on lactation-wise annual milking averages and costs incurred.</p> <p>Expected cash flows are discounted using a risk-adjusted discount rate of 26.15% (2022: 26.34%).</p>	<p>Determination of selling price</p> <p>Selling price has been determined based on the market prices.</p> <p>Determination of cost per cow</p> <p>Cost per cow has been determined based on the adjusted cost during the year.</p> <p>Determination of discount factor</p> <p>Risk adjusted discount rate of 26.15% (2022-26.34%) has been use for the valuation.</p> <p>Determination of yield</p> <p>Yield has been determined based on the actual milk production in each lactation.</p>	<p>The estimated fair value would increase / (decrease)</p> <ul style="list-style-type: none"> - the estimated milking prices were higher / (lower) - the estimated yield per cow were higher / (lower) - the risk-adjusted discount rate were higher / (lower)

17.2.2 Sensitivity Analysis

The fair value measurements of Live stock have been categorised as Level 3 fair values based on assumptions.

Sensitivity Analysis

Sensitivity variation on sales price

Values as appearing in the statement of financial position are sensitive to price changes with regard to the average sales prices applied. Simulations made for livestock show that an increase or decrease by 10% of the estimated future selling price has the following effect on the fair value of biological assets:

	-10% Rs.	2023 Rs.	+10% Rs.
Livestock	437,728	893,071	1,348,413
Total	437,728	893,071	1,348,413

Sensitivity variation on cost

Values as appearing in the statement of financial position are sensitive to cost changes with regard to the average cost applied. Simulations made for livestock show that an increase or decrease by 10% of the estimated future cost has the following effect on the fair value of biological assets:

	-10% Rs.	2023 Rs.	+10% Rs.
Livestock	1,270,514	893,071	515,627
Total	1,270,514	893,071	515,627



Sensitivity variation on discount rate

Values as appearing in the Statement of Financial Position are sensitive to changes of the discount rate applied. Simulations made for livestock show that an increase or decrease by 1% of the estimated future discount rate has the following effect on the fair value of biological assets:

	-1% Rs.	2023 Rs.	+1% Rs.
Livestock	910,936	893,071	875,783
Total	910,936	893,071	875,783

Sensitivity variation on yield

Values as appearing in the Statement of Financial Position are sensitive to changes of milk yield rate. Simulations made for livestock show that an increase or decrease by 1% of the estimated future yield rate has the following effect on the fair value of biological assets:

	-1% Rs.	2023 Rs.	+1% Rs.
Livestock	823,025	893,071	963,615
Total	823,025	893,071	963,615

17.3 The Group is exposed to the following risks relating to its agricultural activities.

Regulatory and environmental risks

The Group is subject to laws and regulations in Sri Lanka. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Supply and demand risk

The Group is exposed to risks arising from fluctuations in the price and sales volume of milk. When possible the Group manages this risk by aligning its milk volume to market supply and demand. Management performs regular industry trend analysis to ensure that the Group's pricing structure is in line with the market and to ensure that projected milk volumes are consistent with the expected demand.

Climate change and other risks

The Group's timber plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces and livestock are exposed to the risk of diseases. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections, regular visit by regional veterinary surgeon appointed by government, industry pest and disease surveys, in house herd manager and veterinary service.

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17.4 Biological assets

Biological assets-Produce on bearer plants

As at 31 March	Group		Company	
	2023	2022	2023	2022
As at 1 April	71,671	52,688	71,671	51,953
Write off to Green leaf loss	-	(735)	-	-
Fair value of growing crops	14,455	19,718	14,455	19,718
As at 31 March	86,126	71,671	86,126	71,671

The volume of produce growing on bearer plants are measured using the estimated crop of the last harvesting cycle of the year as follows,

Tea - Three days crop (50% of 6 days cycle), Oil palm - five days crop (50% of 10 days cycle)

Produce that grows on mature bearer plantations are measured at fair value less cost to sell. The value of the unharvested green leaves is measured using the Tea commissioner's formula for bought leaf and the value of unharvested fresh fruit bunches(FFB) of Oil Palm is measured using the actual price used to purchase FFB from out growers.

18 INVESTMENT FUND

As at 31 March	Group and Company	
	2023	2022
As at 1 April	72,313	149,686
Funds withdraw during the year	(23,687)	(87,800)
Fair value gain for the year	4,657	10,427
As at 31 March	53,283	72,313

The fund comprises investments made in Capital Alliance Investments Limited and Hatton National Bank Custody Trustee Services. The average yield for the year was 12.67% (2022-13.08%).

The Net asset value of the Investment fund comprise of following financial instrument as at 31 March.

Instrument Type	Group and Company	
	2023	2022
Corporate Bonus	47,144	50,235
Investment in Fixed Deposit	-	16,838
Cash at Bank	6,139	5,240
	53,283	72,313



19 INVESTMENTS IN SUBSIDIARIES

	% Holding	No of Shares	Company	
			2023	2022
Watawala Dairy Limited	90%	308,934,362	2,528,390	2,163,390
Investment in Moragoda Agro Services (Private) Limited	100%	100	88,671	-
			2,617,061	2,163,390
Provision for impairment of investment in subsidiaries			(405,719)	-
			2,211,342	2,163,390

(Watawala Dairy Limited: 2022-Holding % is 89% and No of shares is 276,972,890)

Watawala Dairy Limited has issued shares amounting to Rs. 365Mn to Watawala Plantations PLC during the year ended 31st March 2023. This has resulted an increase in the holding percentage in Watawala Dairy Limited from 89% to 90%. The effect of the additional investment has resulted a decrease in the equity attributable to the Company by Rs. 14Mn.

19.1 Movements of investment in subsidiaries

	2023	2022
Balance as at 1 April	2,163,390	1,867,390
Investments during the year	453,671	296,000
Balance as at 31 March	2,617,061	2,163,390

19.1 Provision for impairment of investments in subsidiaries

	Company	
	2023	2022
Balance as at 1st April	-	-
Provision made during the year	405,719	-
Balance as at 31st March	405,719	-

The provision for impairment on investment in subsidiaries as at 31st March 2023 are attributable to followings:

	Company	
	2023	2022
Watawala Dairy Limited (Note 19.1.1)	317,048	-
Moragoda Agro Services (Pvt) Ltd (Note 19.1.2)	88,671	-
	405,719	-

19.1.1 Watawala Dairy Limited

The recoverable value of Watawala Dairy Limited was estimated based on value in use calculations

Significant unobservable input	Value of use input
Average growth rate	26%
Discount rate	25.56%
Term	5 years (terminal value thereafter)

Above assumptions have been determined based on the historical performance of the company

NOTES TO THE FINANCIAL STATEMENTS

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19.1.2 Moragoda Agro Services (Private) Limited

Recoverable value of Moragoda Agro Services (Private) Limited was calculated with reference to its net assets value held as at 31st March 2023.

Watawala Plantations PLC has invested in Moragoda Agro Services (Private) Limited on 18th April 2022. Accordingly, the group has assessed the control over Moragoda Agro Services (Private) Limited and the results of the financial information of the same has been included in the consolidated financial statements as at 31st March 2023.

As disclosed in note 15.1 to these financial statements, the Company has tested its investment in Moragoda Agro Services (Private) Limited for impairment as required by LKAS 36 - "Impairment of Assets". A full provision has been recognised in the financial statements considering the recoverable value of the investment in subsidiary to be zero determined with reference to the net assets value.

19.2 Summarised financial information of material subsidiary (Watawala Dairy Limited)

	2023	2022
Non current assets	2,385,429	2,498,968
Current assets	622,174	132,230
Total assets	3,007,603	2,631,198
Non current liabilities	121,978	308,732
Current liabilities	677,090	145,274
Total liabilities	799,068	454,006
Revenue	1,194,789	693,987
Profit or loss for the year	(320,857)	27,697
Total comprehensive income	(333,656)	31,387

20 INVENTORIES

As at 31 March	Group		Company	
	2023	2022	2023	2022
Produce stock	120,784	46,468	120,784	46,468
Raw materials, spares and consumables	753,843	199,455	210,718	146,597
	874,627	245,923	331,502	193,065

21 TRADE AND OTHER RECEIVABLES

As at 31 March	Group		Company	
	2023	2022	2023	2022
Trade receivables	87,804	20,709	43,474	-
Employee advances	23,888	17,061	22,975	16,481
Prepayments and Advances	201,960	11,191	197,744	5,791
Taxes recoverable-net	98,817	118,050	98,775	118,008
Other receivables	84,979	89,337	77,897	89,337
	497,448	256,348	440,865	229,617

(i) Taxes receivable represents Value Added Tax claimable on export inputs and Withholding taxes paid at source on interest income.

(ii) Employee advances are recovered from payroll within 10 months.



22 LOAN GIVEN TO RELATED COMPANY

As at 31 March	Company	
	2023	2022
As at 1 April	-	262,000
Loan granted during the year	270,000	-
Loan paid/transfer to investment in the subsidiary	-	(262,000)
As at 31 March	270,000	-

The Company has granted short term loans which is repayable on demand from Watawala Dairy Limited at an interest rate of AWPLR - 0.25% during the year ended 31 March 2023.

23 AMOUNTS DUE FROM RELATED COMPANIES

As at 31 March	Group		Company	
	2023	2022	2023	2022
Trade receivables				
Pyramid Lanka (Private) Limited	149,147	-	149,147	-
Other receivables				
Watawala Dairy Limited	-		220,308	4,101
Healthguard Limited	-	255	-	-
	149,147	255	369,455	4,101

24 SHORT TERM INVESTMENT

As at 31 March	Group		Company	
	2023	2022	2023	2022
Short term bank deposits	-	202,813	-	202,813
Investment in Capital Alliance Investment Grade Fund	4,870	312,101	4,870	279,998
	4,870	514,914	4,870	482,811

- 24.1 Short term investment represents investment in short term fixed deposits and investment made in Capital Alliance Investments Limited. Average yield of investments in Capital Alliance Investment Grade Fund was 28.3% (2022: 7.4%).

25 CASH AND CASH EQUIVALENTS

For the purposes of the cash flows statement, the year end cash and cash equivalents comprise of the following:

As at 31 March	Note	Group		Company	
		2023	2022	2023	2022
Bank overdrafts		(59,446)	-	-	-
Cash and bank balances	25.1	856,990	1,427,013	853,193	1,412,534
		797,544	1,427,013	853,193	1,412,534

25.1

As at 31 March	Group		Company	
	2023	2022	2023	2022
Cash at bank	369,610	537,841	369,014	532,159
Cash in hand	568	1,822	443	1,693
Short term bank deposits	486,812	887,350	483,736	878,682
	856,990	1,427,013	853,193	1,412,534

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lankan Rupees thousands)

26 STATED CAPITAL

As at 31 March	Company	
	2023	2022
203,308,634 ordinary shares including one (1) golden share (2022: 203,308,634)	511,848	511,848
As at 31 March	511,848	511,848

The Golden Shareholder

The Golden Share is currently held by the Secretary to the Treasury and should be owned either directly by the Government of Sri Lanka or by a 100% Government owned public company. In addition to the rights of the normal ordinary shareholder, the Golden Shareholder has the following rights:

- (i) The concurrence of the Golden Shareholder will be required for the Company to sublease any of the estate land leased / to be leased to the Company by the Janatha Estate Development Board / Sri Lanka State Plantation Corporation. (JEDB/SLSPC)
- (ii) The concurrence of the Golden Shareholder will be required to amend any clause in the Articles of Association of the Company which grant specific rights to the Golden Shareholder.
- (iii) The Golden Shareholder, or his nominee will have the right to examine the books and accounts of the Company at any time with two weeks written notice.
- (iv) The Company will be required to submit a detailed quarterly accounts report to the Golden Shareholder in a specified format within 60 days of the end of each quarter. Additional information relating to the Company in a specified format must be submitted to the Golden Shareholder within 90 days of the end of the each fiscal year.
- (v) The Golden Shareholder can request the Board of Directors of the Company to meet with him / his Nominee, once every quarter to discuss issues related to the Company's operation of interest to the Government.

27 INTEREST BEARING BORROWINGS

27.1 Movement of borrowings during the year:

Group

As at 31 March	Lease	Term loan	2023 Total	2022 Total
As at 1 April	5,131	367,444	372,575	597,680
Interest capitalized during the year	-	40,134	40,134	-
Repaid during the year	(2,623)	(407,578)	(410,201)	(225,105)
	2,508	-	2,508	372,575

Company

As at 31 March	Term loan	2023 Total	2022 Total
As at 1 April	45,500	45,500	160,500
Repaid during the year	(45,500)	(45,500)	(115,000)
	-	-	45,500



27.2 Analysis of borrowings by year of repayment

As at 31 March	Note	Group		Company	
		2023	2022	2023	2022
Repayable within one year					
Term loans	27.3	-	142,444	-	45,500
Lease	27.3.3	1,277	2,626	-	-
		1,277	145,070	-	45,500
Repayable after one year					
Term loans	27.3	-	225,000	-	-
Lease	27.3.3	1,231	2,505	-	-
		1,231	227,505	-	-
Total borrowings		2,508	372,575	-	45,500

27.3 Lender-wise Summary

Group	Note	Outstanding liability			Outstanding liability		
		Repayable within one year	Repayable after one year	Balance as at 31 March 2023	Repayable within one year	Repayable after one year	Balance as at 31 March 2022
Nation Trust Bank PLC	27.3.1	-	-	-	45,500	-	45,500
Hatton National Bank PLC	27.3.2	-	-	-	6,944	-	6,944
Hatton National Bank PLC-Lease	27.3.3	1,277	1,231	2,508	2,626	2,505	5,131
State Bank of India	27.3.4	-	-	-	90,000	225,000	315,000
		1,277	1,231	2,508	145,070	227,505	372,575

Company	Note	Outstanding liability			Outstanding liability		
		Repayable within one year	Repayable after one year	Balance as at 31 March 2023	Repayable within one year	Repayable after one year	Balance as at 31 March 2022
Nation Trust Bank PLC	27.3.1	-	-	-	45,500	-	45,500
	-	-	-	-	45,500	-	45,500

27.3.1 Nation Trust Bank

Purpose

For replanting and working capital financing

Year	Original amount	Interest rate % p.a.	Outstanding liability 2022/23			Outstanding liability 2021/22			Repayment terms
			Repayable within one year	Repayable after one year	Balance as at 31 March 2023	Repayable within one year	Repayable after one year	Balance as at 31 March 2022	
2020/21	218,000	AWPLR - 0.25%	-	-	-	45,500	-	45,500	To be paid in 8 equal quarterly instalments of LKR 28.75Mn commencing from November 2020
Sub total			-	-	-	45,500	-	45,500	

Security Unsecured

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lankan Rupees thousands)

27.3.2 Hatton National Bank PLC

Purpose

For working capital financing

Year	Original amount	Interest rate % p.a.	Outstanding liability 2022/23			Outstanding liability 2021/22			Repayment terms
			Repayable within one year	Repayable after one year	Balance as at 31 March 2023	Repayable within one year	Repayable after one year	Balance as at 31 March 2022	
2020/21	25,000	4%	-	-	-	6,944	-	6,944	To be paid 18 equal monthly installments commencing from March 2021 after grace period of 6 months.
Sub total	25,000		-	-	-	6,944	-	6,944	

27.3.3 Hatton National Bank PLC

Purpose

To purchase a lorry with chasis

Year	Original amount	Interest rate % p.a.	Outstanding liability 2022/23			Outstanding liability 2021/22			Repayment terms
			Repayable within one year	Repayable after one year	Balance as at 31 March 2023	Repayable within one year	Repayable after one year	Balance as at 31 March 2022	
2017/18	10,907	14%	1,277	1,231	2,508	2,626	2,505	5,131	60 equal monthly installments commencing from October 2017
Sub total			1,277	1,231	2,508	2,626	2,505	5,131	

Security Absolute ownership of the leased vehicles

27.3.4 State Bank of India

Purpose

To finance the construction of the Dairy farm of Watawala Dairy Limited.

Year	Original amount	Interest rate % p.a.	2022/23			2021/22			Repayment terms
			Repayable within one year	Repayable after one year	Balance as at 31 March 2023	Repayable within one year	Repayable after one year	Balance as at 31 March 2022	
2017/18	540,000	AWPLR - 0.25%	-	-	-	90,000	225,000	315,000	60 equal monthly installments commencing from October 2017
Sub total	-	-	-	-	-	90,000	225,000	315,000	

Security Primary concurrent mortgage on Free hold building, immovable and movable plant Lonach estate and machinery and primary concurrent mortgage over biological assets (Livestock) located at Lonach Estate, Watawala. Corporate guarantee from Watawala Plantations PLC for Watawala Dairy Limited on 68% of loan exposure.



28 LEASE LIABILITIES

As at 31 March	Group		Company	
	2023	2022	2023	2022
Lease liability				
Balance as at 1 April	256,413	250,294	264,750	248,240
Remeasurement of lease liabilities	20,175	8,440	20,175	8,440
Addition during the year	-	-	-	9,457
	276,588	258,734	284,925	266,137
Interest charged for the year	40,935	38,919	40,893	37,901
Less: payments made during the year	(43,492)	(41,240)	(42,412)	(39,288)
	(2,557)	(2,321)	(1,519)	(1,387)
Net liability	274,031	256,413	283,406	264,750

Analysis of net lease liabilities -Group

As at 31 March	2023		2022	
	Current	Non-current	Current	Non-current
Gross liability	1,637	272,394	2,363	254,050
Net liability to lessor	1,637	272,394	2,363	254,050

Analysis of net lease liabilities -Company

As at 31 March	2023		2022	
	Current	Non-current	Current	Non-current
Gross liability	1,277	282,129	1,399	263,351
Net liability to lessor	1,277	282,129	1,399	263,351

Leasehold rights can be analysed as follows:

Group

Analysis of Lease liability	0- 1 years	2 - 5 years	More than 5 years	Total
As at 31 March 2023	1,637	4,020	268,374	274,031
As at 31 March 2022	2,363	5,288	248,762	256,413

Company

Analysis of Lease liability	0- 1 years	2 - 5 years	More than 5 years	Total
As at 31 March 2023	1,277	4,020	278,109	283,406
As at 31 March 2022	1,399	5,288	258,063	264,750

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lankan Rupees thousands)

Maturity analysis of contractual undiscounted cash flows

	0- 1 years	2 - 5 years	More than 5 years	Total
Group				
As at 31 March 2023	41,211	164,846	700,594	906,651
Company				
As at 31 March 2023	42,411	169,646	720,994	933,051
Group				
As at 31 March 2022	39,044	148,440	491,656	679,140
Company				
As at 31 March 2022	37,996	148,440	491,656	678,092

	2023	2022
Group		
Amount recognised in the statement of profit or loss and other comprehensive income		
Interest on lease liability	40,935	38,919
Amortization of right of use assets	12,261	11,298
Amount recognised in statement of cash flows		
Total cash outflows for leases	43,492	41,240
Company		
Amount recognised in the statement of profit or loss and other comprehensive income		
Interest on lease liability	40,893	37,901
Amortization of right of use assets	11,547	10,414
Amount recognised in statement of cash flows		
Total cash outflows for leases	42,412	39,288

29 RETIREMENT BENEFIT OBLIGATIONS

The movement in the retirement benefit obligation over the year is as follows:

As at 31 March	Group		Company	
	2023	2022	2023	2022
As at 1 April	212,629	271,507	186,682	240,086
Current/past service cost for the year	13,845	12,126	11,924	10,334
Past service cost for the year	-	(3,353)	-	(3,112)
Interest cost for the year	31,894	21,721	28,002	19,207
Actuarial (gain)/loss for the year	115,073	(60,043)	99,074	(55,431)
Benefits paid	(36,052)	(29,329)	(29,728)	(24,402)
At 31 March	337,389	212,629	295,954	186,682



The charge to the statement of profit or loss and other comprehensive income is as follows:

As at 31 March	Group		Company	
	2023	2022	2023	2022
Current service cost	13,845	12,126	11,924	10,334
Past service cost for the year	-	(3,353)	-	(3,112)
Interest cost	31,894	21,721	28,002	19,207
Total included in the staff cost	45,739	30,494	39,926	26,429
Actuarial gain recognised in the statement of other comprehensive income	115,073	(60,043)	99,074	(55,431)

An actuarial valuation for defined benefit obligation was carried out as at 31 March 2023 by Mr. M.Poopalanathan, of Messrs Actuarial and Management Consultants (Private) Limited, a firm of professional actuaries. The valuation method used by the actuaries to value the obligation is the 'Projected Unit Credit Method', a method recommended by the Sri Lanka Accounting Standard LKAS - 19 on "Employee Benefits".

The following assumptions and data were used in valuing the defined benefit obligation by the actuarial valuer:

(i) Rate of interest 18.5 % p.a. (2022 - 15%)

As per the guide lines issued by the Institute of Chartered Accountant of Sri Lanka, discount rate have been adjusted to convert the Coupon bearing yield to a zero Coupon yield to match the characteristics of the gratuity payment liability and the resulting yield to maturity for the purpose of valuing employee benefit obligation as per LKAS 19.

(5 year Government bond rate has been increased from 15% to 18.5% as at the year end. Hence Group has taken 18.5% as a rate of interest.)

(ii) Rate of salary increase

- estate staff 10% p.a (2022: 25% every three year).
- estate management and head office staff 17.2% every year

(iii) Retirement age 60 years (2022: 60 years)

(iv) The company will continue in business as a going concern.

(v) No of employees

Company 1,363 (2022 - 1,374)
Group 1,626 (2022 - 1,653)

(vi) Weighted average duration of defined benefit obligation

Staff 6.90 (2022 - 6.66)
Worker 7.58 (2022 - 6.01)

(vii) Daily wage rate for state workers - Rs. 1000/-

The following payments are expected from the Retirement Benefit Obligation in future years

As at 31 March	Group		Company	
	2023	2022	2023	2022
Within the next 12 months	35,764	28,987	33,794	23,557
Between 1-5 years	106,206	78,251	91,777	69,872
Between 5-10 years	105,967	65,904	95,780	60,122
Beyond 10 years	89,452	39,487	74,603	33,131
Total	337,389	212,629	295,954	186,682

Sensitivity analysis

In order to illustrate the significance of the salary / wage escalation rate and the discount rate assumed in this valuation as at 31 March 2023, a sensitivity analysis was carried out for all employees assuming the following salary/ wage escalation rate and discount rate.

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(all amounts in Sri Lankan Rupees thousands)

Sensitivity analysis

As at March	Group		Company	
	2023	2022	2023	2022
1% increase in discount rate	316,787	201,539	278,332	176,956
1% decrease in discount rate	360,535	224,936	315,699	197,455
1% increase in salary increment rate	362,185	223,553	317,115	196,046
1% decrease in salary increment rate	315,046	202,589	276,835	178,059

30 DEFERRED INCOME AND CAPITAL GRANTS

As at 31 March	Group		Company	
	2023	2022	2023	2022
Cost				
As at 1 April	335,283	335,283	94,299	94,299
Balance at 31 March	335,283	335,283	94,299	94,299
Accumulated amortization				
As at 1 April	293,841	243,287	52,857	50,500
Amortization during the year	2,358	50,554	2,358	2,357
Balance as 31 March	296,199	293,841	55,215	52,857
Carrying value as at 31 March	39,084	41,442	39,084	41,442

Funds have been received from the Plantation Human Development Trust (PHDT) and Ministry of Estate Infrastructure for workers' welfare facilities including re-roofing of line rooms, latrines, water supply, sanitation, etc. Grants received from the Ministry of Estate Infrastructure for construction of crèches, farm roads and community centers are also included above. The amounts spent have been capitalised under the relevant property, plant and equipment category. The capital grants are amortised on a straight-line basis over the useful life of the respective asset.

Watawala Dairy Limited received 800 cows from the Government of Sri Lanka at a concessionary price under an agreement to develop the local dairy industry. The grant represent the difference between the cost incurred by the government in importing cattle and the subsidised price paid by the Company to acquire the cattle.



31 DEFERRED TAX LIABILITY

As at 31 March	Group		Company	
	2023	2022	2023	2022
As at 1 April	316,938	431,554	261,658	382,825
Reversal in statement of profit or loss	521,534	(121,358)	494,302	(126,987)
Reversal in other comprehensive income 30	(32,922)	6,742	(29,722)	5,820
As at 31 March	805,550	316,938	726,238	261,658

Deferred tax is calculated for the temporary differences between carrying value and tax written down value of non current assets and liabilities as analysed by each taxable activity.

31.1 The reconciliation of tax effect arising from the temporary differences related to carrying amounts of assets and liabilities of the statement of financial position is as follows:

In Rs. '000's	2023		2022	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Group				
Property plant and equipment	(1,065,809)	(258,850)	(1,039,731)	(163,414)
Biological assets - bearer	(2,379,554)	(709,419)	(2,321,595)	(247,993)
Biological assets - consumable	(44,269)	(8,854)	(15,675)	(3,135)
Bearer Biological Assets - Livestock	(139,746)	(27,949)	(70,783)	(14,157)
Tax losses carried forward	399,418	79,884	399,418	79,884
Net lease liability	36,133	10,840	25,920	2,735
Retirement benefit obligations	337,389	97,073	212,629	24,791
Capital grants	39,084	11,725	41,442	4,351
	(2,817,354)	(805,550)	(2,768,375)	(316,938)
Company				
Property plant and equipment	(456,887)	(137,066)	(468,761)	(49,220)
Biological assets - bearer	(2,335,078)	(700,523)	(2,277,121)	(239,098)
Net lease liability	36,133	10,840	25,782	2,707
Retirement benefit obligations	295,954	88,786	186,682	19,602
Capital grants	39,084	11,725	41,442	4,351
	(2,420,794)	(726,238)	(2,491,976)	(261,658)

Deferred tax assets and liabilities are measured based on the tax rates that have been enacted or substantially enacted by the end of the reporting period. The Group has used effective rate of 30% for Agri Sector and 20% for Dairy Farming as at 31 March 2023. (2022 - 14% only Agri and 20% Dairy farming)

31.2 The deferred tax asset on accumulated tax losses of the subsidiary have been recognized only up to the extent of forecasted future taxable profits.

Therefore the Group has not recognized deferred tax asset on following tax losses.

As at 31 March	Group	
	2023	2022
Unused tax losses for which no deferred tax assets has been recognised	1,014,357	1,024,274
Deferred tax impact @ 20%	202,871	204,855

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31.3 Deferred tax change for the year due to change in tax rate and other temporary differences.

	Group		Company	
	2023	2022	2023	2022
Due to change in effective tax rate	472,055	(87,219)	472,055	(87,219)
Due to change in temporary difference	16,557	(27,397)	(7,475)	(33,948)
	488,612	(114,616)	464,580	(121,167)
Deferred tax originated / (charged) to profit or loss				
Due to change in the effective tax rate	491,374	(89,159)	491,374	(89,159)
Due to change in the temporary differences	30,160	(32,199)	2,928	(37,828)
	521,534	(121,358)	494,302	(126,987)
Deferred tax originated / (charged) to other comprehensive income				
Due to change in the effective tax rate	(19,319)	1,940	(19,319)	1,940
Due to change in the temporary differences	(13,603)	4,802	(10,403)	3,880
	(32,922)	6,742	(29,722)	5,820

32 TRADE AND OTHER PAYABLES

As at 31 March	Group		Company	
	2023	2022	2023	2022
Trade payables	353,617	179,045	257,740	154,036
Employee related dues	86,389	75,186	86,389	74,707
Provisions and accruals	163,228	174,924	160,357	163,719
Other payables	204,942	130,839	200,221	127,650
	808,176	559,994	704,707	520,112

33 AMOUNT DUE TO RELATED COMPANIES

In Rs. '000's		Group		Company	
As at 31 March	Note	2023	2022	2023	2022
Trade Payables					
Pyramid Lanka (Private) Limited		-	23,981	-	23,981
Other payables					
Sunshine Holdings PLC		818	7,144	818	7,144
Sunshine Healthcare Limited		-	134	-	134
Watawala Dairy Limited		-	-	-	5,802
		818	31,259	818	37,061

34 COMMITMENTS

There are no material commitments as at the reporting date which require disclosures in the financial statements.

35 CONTINGENT LIABILITIES

As at 31 March	Group		Company	
	2023	2022	2023	2022
Bank guarantees	10,000	10,000	-	-
Corporate guarantees	-	392,200	-	392,200
	10,000	402,200	-	392,200



Bank guarantees - Group.

Bank guarantee of LKR 10Mn. To Ceylon Grain Elevators PLC

There are no litigations against the Group as at the reporting date which would have a material impact on the financial position of the Group.

36 RELATED PARTY TRANSACTIONS

36.1 Related party transactions

Name of the company	Nature of relationship	Name of Directors	Nature of Transaction	Transaction amount		Balance as at 31 March	
				2023	2022	2023	2022
Pyramid Lanka (Pvt) Ltd	Affiliate	Mr. M.S. Mawzoon	Sales	6,870,323	5,241,591	149,147	(23,981)
		Mr. K.H. Kuok	Settlements	(6,697,195)	(5,218,086)	-	-
		Mr. M.R. Rao					
Sunshine Consumer Lanka Limited	Affiliate	Mr. Vish Govindasamy	Purchase of goods	-	(3,138)	-	-
		Mr. N.B.Weerasekera	Service income	-	240	-	-
			Settlements	-	2,898	-	-
Sunshine Holdings PLC	Parent	Mr. Vish Govindasamy	Service Cost	(95,151)	(85,730)	(818)	(7,144)
		Mr. G. Sathasivam					
		Mr. H.D.Abeywickrama	Settlements	101,477	78,586		
Watawala Diary Limited	Subsidiary	Mr Sunil G. Wijesinha.		-	-	220,308	(1,701)
		Mr. Vish Govindasamy		-	-	270,000	
		Mr. M S Mawzoon	Interest	2,896	2,241	-	-
			Purchases	(84,402)	(46,271)	-	-
			Loan transferred for purchase of shares in the subsidiary	-	(296,000)		
			Loan granted	(270,000)	-	-	-
			Sales & Rent	226,538	12,558	-	-
			Management fees	(1,200)	(1,100)	-	-
Sunshine Healthcare Lanka Limited		Mr. V. Govindasamy	Settlements	134	134	-	(134)
		Mr. G. Sathasivam					
Healthguard Pharmacy Limited	Affiliate	Mr. V.Govindasamy	Sales during the year	1,148	1,148	-	255
		Mr. S. G. Sathasivam	Cash receipts during the year	(1,403)	(1,413)	-	-
		Mr. H. D. Abeywickrama					
		Mr. D. A. Cabral					
		Mr. Karan Shishoo					

The Company carries out transactions with related parties on an arms length basis.

The directors have disclosed the nature of their interests in contracts and proposed contracts with the Company at meetings of the directors.

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36.2 Key management compensation

Key management personnel include the Board of Directors and the Executive Committee of the Group / Company. The compensation paid or payable to key management personnel are as follows:

As at 31 March	Note	Group		Company	
		2023	2022	2023	2022
Salaries and other short term benefits		33,757	26,409	32,347	24,999

36.3 Major transactions with related parties

The following recurrent and non recurrent related party transactions were taken place during the year ended 31st March 2023 in the course of business where the aggregate value of series of recurrent transactions exceeds 10% of gross revenue and the non recurrent transactions exceeds 10% of equity or 5% of total assets as per the financial statements for the year ended 31st March 2023.

Name of the related party	Relationship	Nature of the transactions	Recurrent	Aggregate value of related party recurrent transactions during the financial year	Aggregate value of related party recurrent transactions as % of group revenue
Pyramid Lanka (Pvt) Ltd	Affiliate	Sales		6,870,323	90.7%

The above transactions were reported to the board and the related party Review Committee of the company during the year.

37 EVENTS AFTER THE REPORTING DATE

No events have occurred after the reporting date, which would require adjustments to or disclosure in the financial statements other than the following:

37.1 Final dividend declared

The Board of Directors of the Company has declared a final dividend of LKR 4.00 per share for the financial year ended 31 March 2023.

As required by Section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with Section 57, prior to declaring the final dividend.

In accordance with the LKAS 10, Events after the reporting period, the final dividend has not been recognised as a liability in the Financial Statements as at 31 March 2023



38 FINANCIAL RISK MANAGEMENT

Financial risk factors

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

38.1 Market risk

(a) Interest rate risk

Interest rate is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises mainly from the borrowings. The fluctuation in the Average Weighted Prime Lending Rate (AWPLR) results in the effective interest rate of the borrowings usually without a corresponding change in the fair value. The Group analyses the interest rate exposure on a dynamic basis monitoring AWPLR.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group as follows

	Group		Company	
	2023	2022	2023	2022
Variable rate instruments				
Financial assets				
Investment fund	53,283	72,313	53,283	72,313
Loan given to related party	-	-	270,000	-
	53,283	72,313	323,283	72,313
Financial Liabilities				
Interest bearing borrowings	2,508	372,575	-	45,500
Bank overdrafts	59,446	-	-	-
	61,954	372,575	-	45,500

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lankan Rupees thousands)

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates as at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Basic point	Group		Company	
		2023	2022	2023	2022
Increase	+100	(87)	(3,003)	(3,234)	(268)
Decrease	-100	87	3,003	3,234	268

Capital management

The Board's policy is to maintain a strong capital base so as to maintain shareholder, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders.

The Group's debt to adjusted capital ratio at the end of the reporting period was as follows:

As at 31 March	Group		Company	
	2023	2022	2023	2022
Total Liabilities	2,331,460	1,792,024	2,050,207	1,357,205
Less: Cash and Cash Equivalents	(856,990)	(1,427,013)	(853,193)	(1,412,534)
Net Debt	1,474,470	365,011	1,197,014	(55,329)
Total Equity	6,502,989	7,099,671	6,551,930	7,131,964
Net Debt to Equity Ratio	22.7%	5.1%	18.3%	-0.8%

(b) Price risk

The Group is exposed to the commodity price risk of mainly milk and palm oil. The Group monitors commodity price and inventory levels to minimize the impact. Further, forward sales agreements are entered into to minimise the exposure.

As at 31 March	-10%	2023	+10%	-10%	2022	+10%
Revenue	6,816,434	7,573,816	8,331,198	5,203,867	5,782,074	6,360,281
Total	6,816,434	7,573,816	8,331,198	5,203,867	5,782,074	6,360,281

38.2 Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions and outstanding balances from customers. For banks and financial institutions, only independently rated parties are accepted. No independent risk ratings are available for customers. Credit control assess the credit quality of the customers taking into account its financial position, past performance and other factors. Credit limits are set and the utilisation of credit limits is regularly monitored.

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows;



As at 31 March	Group		Company	
	2023	2022	2023	2022
Trade receivables	87,804	20,709	43,474	-
Employee advances	23,888	17,061	22,975	16,481
Other receivables	84,979	89,337	77,897	89,337
Amounts due from related companies	149,147	255	369,455	4,101
Loan given to related party	-	-	270,000	-
Balances with banks	856,422	1,426,537	852,750	1,412,231
	1,202,240	1,553,899	1,636,551	1,522,150

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as at 31st March 2023.

Group	Weighted average loss rate %	Gross carrying amount	Impairment loss allowance	Credit Impaired
31st March 2023				
Past due (0-60 days)	100	87,804		No
Past due (61-120 days)				No
Past due (121-364 days)				No
More than 1 year				No
	100	87,804		
31st March 2022				
Past due (0-60 days)	100	20,709		No
Past due (61-120 days)				No
Past due (121-364 days)				No
More than 1 year				No
	100	20,709		
Company				
31st March 2023				
Past due (0-60 days)	100	43,474		No
Past due (61-120 days)				No
Past due (121-364 days)				No
More than 1 year				No
	100	43,474		
31st March 2022				
Past due (0-60 days)				No
Past due (61-120 days)				No
Past due (121-364 days)				No
More than 1 year				No

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lankan Rupees thousands)

38.3 Liquidity risk

Cash flow forecasting is performed in the Group which monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times. Such forecasting takes into consideration, the Group's debt financing plans.

The table below analyses the Group's financial liabilities and financial assets into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The following are the contractual maturities of financial liabilities.

Group	Carrying amount	Contractual cash flows (excluding interest)	12 Months or less	2-3 Years	4-5 Years	More than 5 Years
31 March 2023						
Non-Derivative Financial Liabilities						
Interest bearing borrowings	2,508	2,508	1,277	1,231	-	-
Trade and other payables	808,176	808,176	808,176	-	-	-
Lease Liabilities	274,031	906,651	41,211	82,423	82,423	700,594
Amount due to related Companies	818	818	818	-	-	-
	1,085,533	1,718,153	851,482	83,654	82,423	700,594

31 March 2022						
Non-Derivative Financial Liabilities						
Interest bearing borrowings	372,575	372,575	145,070	167,180	60,325	-
Trade and other payables	559,994	559,994	559,994	-	-	-
Lease Liabilities	256,413	679,140	39,044	74,220	74,220	491,656
Bank overdraft	-	-	-	-	-	-
	1,188,982	1,611,709	744,108	241,400	134,545	491,656

Company	Carrying amount	Contractual cash flows (excluding interest)	12 Months or less	2-3 Years	4-5 Years	More than 5 Years
31 March 2023						
Non-Derivative Financial Liabilities						
Interest bearing borrowings	-	-	-	-	-	-
Trade and other payables	704,707	704,707	704,707	-	-	-
Lease Liabilities	283,406	933,051	42,411	84,823	84,823	720,994
Amount due to related Companies	818	818	818	-	-	-
	988,931	1,638,576	747,936	84,823	84,823	720,994

31 March 2022						
Non-Derivative Financial Liabilities						
Interest bearing borrowings	45,500	45,500	45,500	-	-	-
Trade and other payables	520,112	520,112	520,112	-	-	-
Lease Liabilities	264,750	678,092	37,996	74,220	74,220	491,656
Amount due to related Companies	37,061	37,061	37,061	-	-	-
	867,423	1,280,765	640,669	74,220	74,220	491,656



38.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and proposed remedial actions.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance when this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the Management and summaries are submitted to the senior management of the Group.

39. Fair values of financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level I: Quoted market price (unadjusted) in an active market for an identical instrument.

Level II: 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 III: 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.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lankan Rupees thousands)

Group - As at 31 March 2023	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Total carrying amount	Level 1	Level 2	Level 3	Total Fair value
Financial assets measured at fair value								
Investment fund	53,283	-	-	53,283	-	53,283	-	53,283
	53,283	-	-	53,283	-	53,283	-	53,283
Financial assets not measured at fair value								
Trade and Other receivables	-	497,448	-	497,448	-	-	497,448	497,448
Amounts due from related company	-	149,147	-	149,147	-	-	149,147	149,147
Short term investments		4,870		4,870		4,870		4,870
Cash at banks and in hand	-	856,990	-	856,990	-	856,990	-	856,990
	-	1,508,455	-	1,508,455	-	861,860	646,595	1,508,455
Total financial assets	53,283	1,508,455	-	1,561,738	-	915,143	646,595	1,561,738
Financial liabilities not measured at fair value								
Interest bearing borrowings	-	2,508	-	2,508	-	2,508	-	2,508
Trade and other payables	-	808,176	-	808,176	-	-	808,176	808,176
Lease Liabilities	-	274,031	-	274,031	-	-	274,031	274,031
Amount due to related companies	-	818	-	818	-	-	818	818
	-	1,085,533	-	1,085,533	-	2,508	1,083,025	1,085,533
Total financial liabilities	-	1,085,533	-	1,085,533	-	2,508	1,083,025	1,085,533



Group - As at 31 March 2022	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Total carrying amount	Level 1	Level 2	Level 3	Total Fair value
Financial assets measured at fair value								
Investment fund	72,313	-	-	72,313	-	72,313	-	72,313
	72,313	-	-	72,313	-	72,313	-	72,313
Financial assets not measured at fair value								
Trade and Other receivables	-	256,348	-	256,348	-	-	256,348	256,348
Amounts due from related company	-	255	-	255	-	-	255	255
Short term investments		514,914		514,914		514,914		514,914
Cash at banks and in hand	-	1,427,013	-	1,427,013	-	1,427,013	-	1,427,013
		2,198,530	-	2,198,530	-	1,941,927	256,603	2,198,530
Total financial assets	72,313	2,198,530	-	2,270,843	-	2,014,240	256,603	2,270,843
Financial liabilities not measured at fair value								
Interest bearing borrowings	-	372,575	-	372,575	-	372,575	-	372,575
Trade and other payables	-	559,994	-	559,994	-	-	559,994	559,994
Amount due to related companies	-	31,259	-	31,259	-	-	31,259	31,259
Lease Liabilities	-	256,413	-	256,413	-	-	256,413	256,413
		1,220,241		1,220,241		372,575	847,666	1,220,241
Total financial liabilities	-	1,220,241	-	1,220,241	-	372,575	847,666	1,220,241

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lankan Rupees thousands)

Company - As at 31 March 2023	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Total carrying amount	Level 1	Level 2	Level 3	Total Fair value
Financial assets measured at fair value								
Investment fund	53,283	-	-	53,283	-	53,283	-	53,283
	53,283	-	-	53,283	-	53,283	-	53,283
Financial assets not measured at fair value								
Trade and Other receivables	-	440,865	-	440,865	-	-	440,865	440,865
Loan given to related Company	-	270,000	-	270,000	-	-	270,000	270,000
Amounts due from related company	-	369,455	-	369,455	-	-	369,455	369,455
Short term investments	-	4,870	-	4,870	-	4,870	-	4,870
Cash at banks and in hand	-	853,193	-	853,193	-	853,193	-	853,193
	-	1,938,383	-	1,938,383	-	858,063	1,080,320	1,938,383
Total financial assets	53,283	1,938,383	-	1,991,666	-	911,346	1,080,320	1,991,666
Financial liabilities not measured at fair value								
Lease Liabilities	-	283,406	-	283,406	-	-	283,406	283,406
Trade and other payables	-	704,707	-	704,707	-	-	704,707	704,707
Amount due to related Companies	-	818	-	818	-	-	818	818
	-	988,931	-	988,931	-	-	988,931	988,931
Total financial liabilities	-	988,931	-	988,931	-	-	988,931	988,931



Company - As at 31 March 2022	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Total carrying amount	Level 1	Level 2	Level 3	Total Fair value
Financial assets measured at fair value								
Investment fund	72,313	-	-	72,313	-	72,313	-	72,313
	72,313	-	-	72,313	-	72,313	-	72,313
Financial assets not measured at fair value								
Trade and Other receivables	-	229,617	-	229,617	-	-	229,617	229,617
Amounts due from related company	-	4,101	-	4,101	-	-	4,101	4,101
Short term investments		482,811		482,811		482,811		482,811
Cash at banks and in hand	-	1,412,534	-	1,412,534	-	1,412,534	-	1,412,534
	-	2,129,063	-	2,129,063	-	1,895,345	233,718	2,129,063
Total financial assets	72,313	2,129,063	-	2,201,376	-	1,967,658	233,718	2,201,376
Financial liabilities not measured at fair value								
Interest bearing borrowings	-	45,500	-	45,500	-	45,500	-	45,500
Lease Liabilities	-	264,750	-	264,750	-	-	264,750	264,750
Trade and other payables	-	520,112	-	520,112	-	-	520,112	520,112
Amount due to related Companies		37,061		37,061			37,061	37,061
	-	867,423	-	867,423	-	45,500	821,923	867,423
Total financial liabilities	-	867,423	-	867,423	-	45,500	821,923	867,423

GRI CONTENT INDEX

Statement of use	Watawala Plantations PLC has reported for the period April 1st, 2022 to March 31st 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
General disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	Our Story Page 12
	2-2 Entities included in the organization's sustainability reporting	About this report Page 6
	2-3 Reporting period, frequency and contact point	About this report Page 6
	2-4 Restatements of information	About this report Page 7
	2-5 External assurance	About this report Page 7
	2-6 Activities, value chain and other Business relationships	Our Story Pages 16-19
	2-7 Employees	Human Capital Page 79
	2-8 Workers who are not employees	Human Capital Page 79
	2-9 Governance structure and composition	Corporate Governance Pages 143-146
	2-10 Nomination and selection of the highest governance body	Corporate Governance Pages 146-147
	2-11 Chair of the highest governance body	Corporate Governance Page 147
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance Page 147
	2-13 Delegation of responsibility for managing impacts	Corporate Governance Pages 147-148
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance Page 148
	2-15 Conflicts of interest	Corporate Governance Pages 148-149
	2-16 Communication of critical concerns	Corporate Governance Page 149
	2-17 Collective knowledge of the highest governance body	Corporate Governance Page 149
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance Page 149
	2-19 Remuneration policies	Corporate Governance Page 149
	2-20 Process to determine remuneration	Corporate Governance Page 150
	2-21 Annual total compensation ratio	Corporate Governance Page 150
	2-22 Statement on sustainable development strategy	Chairman's Message Pages 25-27
	2-23 Policy commitments	Sustainability strategy Pages 42-46
	2-24 Embedding policy commitments	Sustainability strategy Page 46
	2-25 Processes to remediate negative impacts	Sustainability strategy Page 46
	2-26 Mechanisms for seeking advice and raising concerns	Sustainability strategy Page 47
	2-27 Compliance with laws and regulations	Corporate Governance Pages 151-160 Human Capital Page 78
	2-28 Membership associations	Stakeholder Engagement Page 53
	2-29 Approach to stakeholder engagement	Stakeholder Engagement Pages 48-53
	2-30 Collective bargaining agreements	Human Capital Page 79



GRI STANDARD	DISCLOSURE	LOCATION
GRI 3: Material Topics 2021		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Determining material topics Page 54
	3-2 List of material topics	Determining material topics Page 54
	3-3 Management of material topics	Presented under the capitals chapters. See below for page numbers.
GRI 201: Economic Performance 2016		
Disclosure Title	3-3 Management of material topics	Financial Capital Pages 70-71
Disclosure Title	201-1 Direct economic value generated and distributed	Financial Capital Page 72
Disclosure Title	201-4 Financial assistance received from government	Financial Capital Page 72
GRI 203: Indirect Economic Impacts 2016		
Disclosure Title	3-3 Management of material topics	Financial Capital Page 73
Disclosure Title	203-1 Infrastructure investments and services supported	Financial Capital Page 73
205: Anti-corruption 2016		
Disclosure Title	3-3 Management of material topics	Financial Capital Page 74-75
Disclosure Title	205-1 Operations assessed for risks related to corruption	Financial Capital Page 76
GRI 301: Materials 2016		
Disclosure Title	3-3 Management of material topics	Natural Capital Pages 106-107
Disclosure Title	301-2 Recycled input materials	Natural Capital Page 108
GRI 302: Energy 2016		
Disclosure Title	3-3 Management of material topics	Natural Capital Pages 108-112
Disclosure Title	302-1 Energy consumption within the organization	Natural Capital Page 112
Disclosure Title	302-3 Energy intensity ratio	Natural Capital Page 113
GRI 303: Water and Effluents 2018		
Disclosure Title	3-3 Management of material topics	Natural Capital Pages 113-117
Disclosure Title	303-3 Water withdrawal	Natural Capital Page 118
GRI 304: Biodiversity 2016		
Disclosure Title	3-3 Management of material topics	Natural Capital Pages 95-96
Disclosure Title	304-3 Habitats protected or restored	Natural Capital Pages 97-99
GRI 305: Emissions 2016		
Disclosure Title	3-3 Management of material topics	Natural Capital Pages 118 -121
Disclosure Title	305-1 Gross direct (scope 1) GHG emissions	Natural Capital Page 121
Disclosure Title	305-2 Energy indirect (scope 2) GHG emissions	Natural Capital Page 121
Disclosure Title	305-3 Other indirect (scope 3) GHG emissions	Natural Capital Page 122
Disclosure Title	305-4 GHG emissions intensity	Natural Capital Pages 122-123
Disclosure Title	305-5 Reduction in GHG emissions	Natural Capital Page 123

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION
GRI 306: Waste 2020		
Disclosure Title	3-3 Management of material topics	Natural Capital Pages 99-104
Disclosure Title	306-4 Disclosure Waste diverted from disposal	Natural Capital Pages 104-105
Disclosure Title	306-5 Disclosure Waste directed to disposal	Natural Capital Page 105
GRI 401: Employment 2016		
Disclosure Title	3-3 Management of material topics	Human Capital Page 80
Disclosure Title	401-1 New employee hires and employee turnover	Human Capital Page 81
GRI 403: Occupational Health and Safety 2018		
Disclosure Title	3-3 Management of material topics	Human Capital Page 83
Disclosure Title	403-1 Occupational health and safety management system	Human Capital Pages 83-84
Disclosure Title	403-2 Hazard identification, risk assessment, and incident investigation	Human Capital Pages 85-87
Disclosure Title	403-3 Occupational health services	Human Capital Pages 87-88
Disclosure Title	403-5 Worker training on occupational health and safety	Human Capital Page 88
Disclosure Title	403-6 Promotion of worker health	Human Capital Page 88
Disclosure Title	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Human Capital Page 88
GRI 404: Training and Education 2016		
Disclosure Title	3-3 Management of material topics	Human Capital Page 82
Disclosure Title	404-1 Average hours of training per year per employee	Human Capital Page 82
GRI 413: Local Communities 2016		
Disclosure Title	3-3 Management of material topics	Social Capital Pages 135-136
Disclosure Title	413-1 Operations with local community engagement, impact assessments, and development programs	Social Capital Pages 137-138
GRI 416: Customer health and safety 2016		
Disclosure Title	3-3 Management of material topics	Financial Capital Page 76
Disclosure Title	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Financial capital Page 77



NUMBER OF PERMANENT BUILDINGS AVAILABLE AS AT 31.03.2023

Buildings	No. of Buildings				TOTAL
	HMD	TLG/OP	NKD	OPM	
No of Factories	2	1*	1	1	5
No of Bungalows	7	8	5	2	22
No of Senior Staff Bungalows	10	11	10	3	34
No of Junior Staff Bungalows	18	16	15	1	50
No of Double Barrack Lines	9	147	110	-	266
No of Single Barrack Lines	31	190	64	-	285
No of Twin Cottages	51	196	100	-	347
No of Single Cottages	-	27	122	-	149
No of Creches	5	7	1	-	13
No of Dispensary	1	1	2	-	4
No of Minor Buildings	19	20	17	-	56
No of Training Centers	-	1	-	-	1
No of Self Help Housing	244	64	-	-	308
Any Other Buildings (Ple. Specify) - EWHC Building/ Badminton Court/ Central Garage/ Community center/ Main Office / GYM)	1	-	6	-	7

* TLG Tea Factory leased out

ESTATE HECTARAGE STATEMENT

Area (Ha.)	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Tea Mature	65.46	65.46	65.46	65.46	63.71	105.26	4,223.50	4,363.98	4,369.24	4,373.35
Tea Immature	-	-	-	-	3.75	4.75	61.04	101.44	100.40	77.30
TEA	65.46	65.46	65.46	65.46	67.46	110.01	4,284.54	4,465.42	4,469.64	4,450.65
Rubber Mature	139.80	131.27	121.03	172.74	172.74	221.30	370.95	426.16	520.73	651.62
Rubber Immature	-	-	-	-	-	-	24.00	24.00	38.50	49.86
RUBBER	139.80	131.27	121.03	172.74	172.74	221.30	394.95	450.16	559.23	701.48
OP Mature	3,393.27	3,209.80	2,947.47	2,890.28	2,692.14	2,655.53	2,547.46	2,401.34	2,152.63	1,935.69
OP Immature	-	186.26	413.79	490.15	609.62	940.21	723.70	755.67	904.04	985.59
OIL PALM	3,393.27	3,396.06	3,361.26	3,380.43	3,301.76	3,595.74	3,271.16	3,157.01	3,056.67	2,921.28
Fuelwood	-	-	-	-	-	-	1,058.14	1,067.49	1,388.41	1,495.31
Nursery	11.17	11.17	11.17	11.17	11.17	11.17	23.25	25.90	28.40	28.40
Minor Crop	76.28	56.04	60.70	59.22	76.96	76.96	173.59	174.32	186.08	177.49
Other Area	1,138.36	1,146.91	1,187.29	1,117.89	1,196.88	811.79	2,812.80	3,098.11	2,751.58	2,665.40
OTHERS	1,225.81	1,214.12	1,259.16	1,188.28	1,285.01	899.92	4,067.78	4,365.82	4,354.47	4,366.60
COMPANY	4,824.34	4,806.91	4,806.91	4,806.91	4,826.97	4,826.97	12,018.43	12,438.41	12,440.01	12,440.01

2022/23 - 17.43 Ha Addition from Royston Estate



CROP & YIELDS

PRODUCTION - KILOS - '000

	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12
TEA												
Watawala	86	114	-	-	-	-	1,893	2,489	2,754	2,563	2,778	2,245
Hatton	-	-	-	-	-	-	3,459	4,297	4,402	4,388	4,066	3,875
Lindula	-	-	-	-	-	-	1,835	2,323	2,881	2,682	2,759	2,388
Udugama	99	116	122	101	125	187	235	303	274	294	285	886
TEA - TOTAL	185	230	122	101	125	187	7,422	9,412	10,311	9,927	9,888	9,394
Rubber	59	70	75	58	-	-	-	268	325	490	535	648
Palm Oil	13,697	13,763	10,925	11,490	11,870	10,775	10,662	9,008	8,854	8,127	7,455	6,584

YIELD PER HECTARAGE (KILOS)

	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12
TEA												
Watawala	1,208	801	-	-	-	-	1,269	1,373	1,533	1,420	1,533	1,262
Hatton	-	-	-	-	-	-	1,224	1,441	1,624	1,570	1,532	1,365
Lindula	-	-	-	-	-	-	1,152	1,444	1,523	1,415	1,472	1,343
Udugama	1,512	1,106	1,871	1,543	1,535	1,428	1,475	1,871	1,761	1,745	1,762	1,799
TEA - TOTAL	1,354	1,767	1,871	1,543	1,535	1,428	1,213	1,439	1,569	1,480	1,517	1,345
Rubber	424	539	623	486	-	-	-	629	625	752	778	753
Palm Oil	3,274	3,468	3,202	3,455	3,768	3,678	3,786	3,294	3,757	3,765	3,537	3,156

HISTORICAL FINANCIAL INFORMATION

	Group	Company	Group	Company	Group	Company	Group	Company	Group
	2013/14	2013/14	2014/15	2014/15	2015/16	2015/16	2016/17	2016/17	2017/18
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
INCOME STATEMENT									
Revenue	6,246,271	6,142,624	6,848,491	6,773,635	6,298,769	6,228,002	6,501,765	6,392,956	4,948,755
Cost of sales	(5,300,696)	(5,200,158)	(6,048,447)	(5,975,837)	(5,445,408)	(5,376,764)	(4,828,579)	(4,689,441)	(3,695,137)
Gross profit	945,575	942,466	800,044	797,798	853,361	851,238	1,673,186	1,703,515	1,253,618
Other Operating income	89,656	89,555	119,151	119,151	134,192	134,192	146,851	142,808	231,185
Administrative expenses	(264,586)	(261,270)	(369,572)	(367,487)	(318,502)	(315,960)	(326,336)	(324,227)	(335,132)
Distribution expenses	-	-	-	-	-	-	-	-	-
Management fees	(92,264)	(92,264)	-	-	-	-	-	-	-
Operating profit	678,381	678,487	549,623	549,462	669,051	669,470	1,493,701	1,522,096	1,149,671
Net finance cost	(97,600)	(97,600)	(85,874)	(85,919)	(78,815)	(78,834)	(47,620)	(76,279)	13,567
Profit/(loss) before Tax	580,781	580,887	463,749	463,543	590,236	590,636	1,446,081	1,445,817	1,163,238
Tax expense	(83,587)	(83,435)	(73,002)	(72,978)	(72,486)	(72,415)	(220,422)	(216,156)	(224,570)
Profit/(loss) for the year	497,194	497,452	390,747	390,565	517,750	518,221	1,225,659	1,229,661	938,668
Profit from discontinued operations	-	-	-	-	-	-	-	-	-
Profit for the year	497,194	497,452	390,747	390,565	517,750	518,221	1,225,659	1,229,661	938,668
Other Comprehensive Income									
Available for sale investment	-	-	-	-	10,763	10,763	-	-	-
Actuarial gain/(loss) on gratuity	(89,302)	(89,302)	19,854	19,854	102,714	102,714	92,604	88,451	35,656
Tax on actuarial gain/(loss) on gratuity	26,155	26,155	(3,022)	(3,022)	(15,585)	(15,585)	(8,845)	(8,845)	(3,380)
Total other comprehensive income for the year (net of tax)	(63,147)	(63,147)	16,832	16,832	97,892	97,892	83,759	79,606	32,276
Total comprehensive income for the year	434,047	434,305	407,579	407,397	615,642	616,113	1,309,418	1,309,267	970,944
Attributable to:									
Equity holders of the Company	434,047	434,305	407,579	407,397	615,642	616,113	1,310,218	1,309,267	999,173
Minority interests	-	-	-	-	-	-	(800)	-	(28,229)
Total Comprehensive income for the year	434,047	434,305	407,579	407,397	615,642	616,113	1,309,418	1,309,267	970,944
BALANCE SHEET									
Non Current Assets									
Right to use of assets	219,578	219,578	212,543	212,543	205,508	205,508	198,473	191,774	80,079
Immovable estate assets on finance lease	159,492	159,492	142,033	142,033	124,574	124,574	107,474	102,984	-
Property, Plant and equipment	1,840,625	1,840,625	1,921,745	1,921,745	1,835,454	1,835,454	2,423,768	1,770,618	2,048,247
Intangible Assets	-	-	-	-	-	-	-	-	24,844
Bearer Plants	2,518,564	2,518,564	2,743,030	2,743,030	2,794,625	2,794,625	2,955,251	2,850,482	2,489,314
Biological assets-consumables	575,944	575,944	566,967	566,967	608,995	608,995	648,831	607,707	37,966
Biological assets-Live stock	45,061	45,061	40,256	40,256	27,535	27,535	24,944	-	539,602
Investment in Fund	200,000	200,000	220,262	220,262	234,369	234,369	258,319	258,319	288,595
Investment in subsidiaries	-	852	-	852	-	852	-	627,352	-
Investment in debenture	-	-	-	-	-	-	-	-	-
Available for sale financial Assets	-	-	10,882	10,882	21,645	21,645	21,645	21,645	-
Total Non Current Assets	5,559,264	5,560,116	5,857,718	5,858,570	5,852,705	5,853,557	6,638,705	6,430,881	5,508,647



Company	Group	Company	Group	Company	Group	Company	Group	Company	Group	Company
2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2022/23
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
4,764,455	3,081,760	2,588,459	3,326,800	2,743,634	3,933,523	3,284,840	6,474,661	5,782,074	8,768,041	7,573,816
(3,360,797)	(1,941,278)	(1,279,111)	(2,041,076)	(1,383,852)	(2,008,091)	(1,406,774)	(2,911,046)	(2,249,639)	(5,229,956)	(3,830,727)
1,403,658	1,140,482	1,309,348	1,285,724	1,359,782	1,925,432	1,878,066	3,563,615	3,532,435	3,538,085	3,743,089
149,223	96,337	58,742	118,546	71,954	143,556	90,331	101,223	58,893	(34,827)	(488,825)
(327,309)	(200,355)	(191,698)	(238,185)	(216,765)	(250,894)	(238,908)	(318,063)	(305,117)	(361,067)	(347,059)
-	-	-	-	-	-	-	-	-	(78,952)	(78,952)
-	-	-	-	-	-	-	-	-	-	-
1,225,572	1,036,464	1,176,392	1,166,085	1,214,971	1,818,094	1,729,489	3,346,775	3,286,211	2,930,745	2,842,708
50,510	(114,468)	4,166	(173,986)	(54,204)	(66,438)	(30,732)	(14,973)	11,172	22,743	82,230
1,276,082	921,996	1,180,558	992,099	1,160,767	1,751,656	1,698,757	3,331,802	3,297,383	2,953,488	2,924,938
(225,546)	(158,985)	(159,009)	(175,599)	(175,686)	(88,820)	(41,284)	125,997	132,399	(621,698)	(589,299)
1,050,536	763,011	1,021,549	816,500	985,081	1,662,836	1,657,473	3,457,799	3,429,782	2,331,790	2,335,639
-	-	-	-	-	-	-	-	-	-	-
1,050,536	763,011	1,021,549	816,500	985,081	1,662,836	1,657,473	3,457,799	3,429,782	2,331,790	2,335,639
-	-	-	-	-	-	-	-	-	-	-
33,803	(26,124)	(21,674)	(11,976)	(11,782)	25,164	19,198	60,043	55,431	(115,073)	(99,074)
(3,380)	3,034	3,034	1,649	1,649	(3,881)	(2,688)	(6,742)	(5,820)	32,922	29,722
30,423	(23,090)	(18,640)	(10,327)	(10,133)	21,283	16,510	53,301	49,611	(82,151)	(69,352)
1,080,959	739,921	1,002,909	806,173	974,948	1,684,119	1,673,983	3,511,100	3,479,393	2,249,639	2,266,287
1,080,959	815,818	1,002,909	821,232	974,948	1,684,119	1,673,983	3,508,549	3,479,393	2,283,430	2,266,287
-	(75,897)	-	(15,059)	-	-	-	2,551	-	(33,791)	-
1,080,959	739,921	1,002,909	806,173	974,948	1,684,119	1,673,983	3,511,100	3,479,393	2,249,639	2,266,287
73,619	77,120	70,898	241,440	235,459	238,853	231,162	235,995	238,645	243,876	247,273
-	-	-	-	-	-	-	-	-	-	-
611,642	2,200,469	667,751	2,173,402	695,786	2,109,979	702,205	2,342,362	943,491	2,483,314	1,139,489
23,367	24,925	18,839	23,533	18,224	19,230	15,091	28,276	25,307	47,437	45,768
2,358,929	2,673,393	2,546,832	2,722,149	2,615,292	2,709,996	2,619,454	2,698,963	2,631,545	2,566,272	2,515,252
-	38,356	-	31,657	-	32,857	-	33,783	-	44,269	-
-	662,620	-	695,538	-	749,339	-	943,200	-	893,071	-
288,595	312,051	312,051	343,725	343,725	149,686	149,686	72,313	72,313	53,283	53,283
627,352	-	627,352	-	1,868,242	-	1,867,390	-	2,163,390	-	2,211,342
-	-	174,088	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
3,983,504	5,988,934	4,417,811	6,231,444	5,776,728	6,009,940	5,584,988	6,354,892	6,074,691	6,331,522	6,212,407

HISTORICAL FINANCIAL INFORMATION

	Group	Company	Group	Company	Group	Company	Group	Company	Group
	2013/14	2013/14	2014/15	2014/15	2015/16	2015/16	2016/17	2016/17	2017/18
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Current Assets									
Inventories	939,982	939,982	693,086	693,086	637,773	637,773	732,988	686,138	291,830
Biological assets-growing crops on bearer plants							35,757	35,452	29,143
Current Tax Assets									
Trade and other receivables	447,044	440,506	491,241	488,148	560,954	560,866	537,199	438,380	391,205
Loan given to related party									
Amounts due from Related parties							279,735	279,735	10,311
Investments in Unit Trusts					564,597	564,597	-	-	-
Short term investment									
Cash and cash equivalents	114,660	111,851	72,031	67,832	130,178	113,730	888,143	861,945	180,264
Total Current Assets	1,501,686	1,492,339	1,256,358	1,249,066	1,893,502	1,876,966	2,473,822	2,301,650	902,753
Total Assets	7,060,950	7,052,455	7,114,076	7,107,636	7,746,207	7,730,523	9,112,527	8,732,531	6,411,400
Capital and reserves									
Stated capital	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000
Retained earnings	3,758,328	3,758,398	3,822,741	3,822,629	4,320,050	4,320,409	5,298,935	5,298,343	2,911,785
Non Controlling Interest									
Total equity attributable to equity holders of the company	4,218,328	4,218,398	4,282,741	4,282,629	4,780,050	4,780,409	5,758,935	5,758,343	3,371,785
Minority interests	-	-	-	-	-	-	291,200	-	262,971
Total equity	4,218,328	4,218,398	4,282,741	4,282,629	4,780,050	4,780,409	6,050,135	5,758,343	3,634,756
Non-current liabilities									
Long term borrowings	270,242	270,242	187,500	187,500	388,741	388,741	325,006	325,006	1,305,797
Obligations under finance lease obtained from SLPC/JEDB	348,506	348,506	342,526	342,526	336,296	336,296	328,412	328,412	125,790
Retirement benefit obligation	949,697	949,697	1,005,185	1,005,185	976,639	976,639	908,192	882,705	193,981
Deferred income and capital grants	223,803	223,803	213,610	213,610	203,569	203,569	193,528	193,528	243,659
Net Deferred tax liability	144,930	145,040	206,954	207,040	267,005	267,040	331,182	331,217	354,763
Total Non-current liabilities	1,937,178	1,937,288	1,955,775	1,955,861	2,172,250	2,172,285	2,086,320	2,060,868	2,223,990
Current liabilities									
Short-term borrowings	304,574	304,574	183,809	183,809	148,751	148,751	118,318	118,318	33,623
Obligations under finance lease obtained from SLPC/JEDB	5,980	5,980	6,210	6,210	6,460	6,460	6,720	6,720	2,799
Trade and other payables	540,940	532,265	671,541	665,127	610,617	594,618	688,426	630,019	439,008
Amount Due to related parties									
Current tax payable	53,950	53,950	14,000	14,000	28,079	28,000	162,608	158,263	40,636
Bank Overdraft									36,588
Total Current liabilities	905,444	896,769	875,560	869,146	793,907	777,829	976,072	913,320	552,654
Total Liabilities	2,842,622	2,834,057	2,831,335	2,825,007	2,966,157	2,950,114	3,062,392	2,974,188	2,776,644
Total Equity & Liabilities	7,060,950	7,052,455	7,114,076	7,107,636	7,746,207	7,730,523	9,112,527	8,732,531	6,411,400



Company 2017/18 Rs.'000	Group 2018/19 Rs.'000	Company 2018/19 Rs.'000	Group 2019/20 Rs.'000	Company 2019/20 Rs.'000	Group 2020/21 Rs.'000	Company 2020/21 Rs.'000	Group 2021/22 Rs.'000	Company 2021/22 Rs.'000	Group 2022/23 Rs.'000	Company 2022/23 Rs.'000
191,788	143,089	100,790	151,314	105,851	111,270	71,301	245,923	193,065	874,627	331,502
28,730	31,271	30,831	41,797	41,711	52,688	51,953	71,671	71,671	86,126	86,126
327,396	313,198	258,619	302,533	259,639	292,304	258,687	256,348	229,617	497,448	440,865
10,000	-	222,259		200,195	-	262,000	-	-	-	270,000
10,311	21,918	21,918	73,902	100,225	486	37,870	255	4,101	149,147	369,455
-	-	-			207,467	207,467	514,914	482,811	4,870	4,870
147,834	204,001	199,064	186,553	185,147	407,955	389,394	1,427,013	1,412,534	856,990	853,193
716,059	713,477	833,481	756,099	892,768	1,087,437	1,293,939	2,536,803	2,414,478	2,502,927	2,389,730
4,699,563	6,702,411	5,251,292	6,987,543	6,669,496	7,097,377	6,878,927	8,891,695	8,489,169	8,834,449	8,602,137
460,000	460,000	460,000	511,848	511,848	511,848	511,848	511,848	511,848	511,848	511,848
2,992,979	3,275,437	3,543,722	4,086,294	4,516,370	4,550,561	4,970,501	6,345,936	6,620,116	5,768,337	6,040,082
3,452,979	3,735,437	4,003,722	4,598,142	5,028,218	5,062,409	5,482,349	6,857,784	7,131,964	6,280,185	6,551,930
-	187,074	-					241,887		222,804	
3,452,979	3,922,511	4,003,722	4,598,142	5,028,218	5,062,409	5,482,349	7,099,671	7,131,964	6,502,989	6,551,930
97,936	1,111,324	63,382	572,748	208,450	372,561	45,500	227,505	-	1,231	-
125,790	125,976	125,976	242,897	242,897	248,186	247,138	254,050	263,351	272,394	282,129
171,130	242,717	211,653	278,340	243,760	271,507	240,086	212,629	186,682	337,389	295,954
50,872	193,105	48,515	142,550	46,157	91,996	43,799	41,442	41,442	39,084	39,084
354,798	376,417	376,417	379,335	379,335	431,554	382,825	316,938	261,658	805,550	726,238
800,526	2,049,539	825,943	1,615,870	1,120,599	1,415,804	959,348	1,052,564	753,133	1,455,648	1,343,405
33,230	144,483	33,890	190,987	98,723	225,119	115,000	145,070	45,500	1,277	-
2,799	2,911	2,911	1,078	1,078	2,108	1,102	2,363	1,399	1,637	1,277
369,911	411,150	351,463	316,613	270,199	366,266	321,128	559,994	520,112	808,176	704,707
	27,614		321	321	-	-	31,259	37,061	818	818
40,118	33,450	33,363	52,560	52,560	-	-	774	-	4,458	-
-	110,753	-	211,972	97,798	25,671	-	-	-	59,446	-
446,058	730,361	421,627	773,531	520,679	619,164	437,230	739,460	604,072	875,812	706,802
1,246,584	2,779,900	1,247,570	2,389,401	1,641,278	2,034,968	1,396,578	1,792,024	1,357,205	2,331,460	2,050,207
4,699,563	6,702,411	5,251,292	6,987,543	6,669,496	7,097,377	6,878,927	8,891,695	8,489,169	8,834,449	8,602,137

HISTORICAL FINANCIAL INFORMATION

	Group 2013/14 Rs.'000	Company 2013/14 Rs.'000	Group 2014/15 Rs.'000	Company 2014/15 Rs.'000	Group 2015/16 Rs.'000	Company 2015/16 Rs.'000	Group 2016/17 Rs.'000	Company 2016/17 Rs.'000	Group 2017/18 Rs.'000
CASH FLOW									
Cash generated/(used in) from/to operations	636,767	645,308	1,352,709	1,351,364	1,012,402	1,000,231	1,594,718	1,720,938	1,665,205
Net cash inflow/(outflow) from operating activities	414,214	422,940	1,118,598	1,117,208	835,038	822,789	1,376,538	1,475,399	1,271,659
Net cash inflow/(outflow) from investing activities	(682,262)	(682,262)	(608,804)	(608,804)	(254,164)	(254,164)	(185,448)	(294,059)	(1,682,928)
Net cash inflow/(outflow) from financing activities	251,230	251,230	(592,568)	(592,568)	138,815	138,815	(396,019)	(396,019)	(296,610)
Increase/(decrease) in cash and cash equivalents	(16,818)	(8,092)	(82,774)	(84,164)	719,689	707,440	795,071	785,321	(707,879)
OPERATING RATIOS									
Annual turnover growth %	15	15	10	10	(8)	(8)	3	3	(24)
Profit Growth %	(40)	(40)	(6)	(6)	51	51	113	113	(26)
Turnover per employee (Rs.'000)	541	532	628	621	590	583	646	655	850
FINANCIAL RATIOS									
Return on equity %	10.29	10.30	9.52	9.51	12.88	12.89	21.64	22.74	28.69
Current ratio (Times)	1.66	1.66	1.43	1.44	2.39	2.41	2.53	2.52	1.63
Debt equity ratio (Times)	0.22	0.22	0.17	0.17	0.18	0.18	0.13	0.14	0.40
Interest cover (Times)	6.95	6.95	6.40	6.40	8.49	8.49	31.37	19.95	11.02
Total assets to current liabilities %	13%	13%	12%	12%	10%	10%	11%	10%	9%
Dividend payout ratio	27%	27%	29%	29%	29%	29%	27%	27%	38%
INVESTOR RATIOS									
Annualised earning per share (Rs.)	1.83	1.84	1.72	1.72	2.60	2.60	5.18	5.20	4.16
Price earning share (Times)	4.66	4.66	12.11	12.12	8.82	8.81	4.71	4.70	7.15
Dividend paid per share (Rs.)	0.50	0.50	0.50	0.50	0.75	0.75	1.50	1.50	1.60
Dividend cover (Times)	3.67	3.67	3.44	3.44	3.47	3.47	3.45	3.46	2.60
Market Capitalization (Rs.'000)	2,319,337	2,319,337	4,733,340	4,733,340	4,567,673	4,567,673	5,774,675	5,774,675	5,807,802
Net assets value per share (Rs.)	17.82	17.82	18.10	18.10	20.20	20.20	25.56	24.33	18.09



Company 2017/18 Rs.'000	Group 2018/19 Rs.'000	Company 2018/19 Rs.'000	Group 2019/20 Rs.'000	Company 2019/20 Rs.'000	Group 2020/21 Rs.'000	Company 2020/21 Rs.'000	Group 2021/22 Rs.'000	Company 2021/22 Rs.'000	Group 2022/23 Rs.'000	Company 2022/23 Rs.'000
1,773,844	1,465,716	1,253,139	1,255,698	1,259,938	2,319,100	2,139,520	3,816,011	3,709,863	2,772,027	2,997,912
1,424,133	1,199,004	1,107,730	934,269	1,045,705	2,152,623	2,011,924	3,810,629	3,734,534	2,730,429	2,983,273
(596,037)	(705,517)	(562,304)	(524,721)	(721,178)	(321,910)	(306,394)	(1,025,717)	(727,328)	(59,884)	(608,381)
(1,541,207)	(543,915)	(494,196)	(528,215)	(436,242)	(1,423,010)	(1,403,485)	(1,740,183)	(1,984,066)	(3,300,014)	(2,934,233)
(714,111)	(50,428)	51,230	(118,667)	(111,715)	407,703	302,045	1,044,729	1,023,140	(629,469)	(559,341)
(25)	(38)	(46)	8	6	18	20	65	76	35	31
(17)	(19)	(3)	9	(3)	109	72	108	108	-36	-35
3,124	1,625	1,615	2,170	1,790	2,692	2,248	3,917	4,208	5,392	5,557
31.31	18.86	25.05	17.53	19.39	33.27	30.53	51.20	48.79	35.82	34.59
1.61	0.98	1.98	0.98	1.71	1.76	2.96	3.43	4.00	2.86	3.38
0.08	0.35	0.06	0.22	0.11	0.17	0.07	0.09	0.04	0.04	0.04
14.48	9.05	282.38	6.70	22.41	27.37	56.28	47.97	74.24	25.22	64.77
9%	11%	8%	11%	8%	9%	6%	8%	7%	10%	8%
35%	59%	44%	7%	6%	73%	74%	53%	53%	120%	122%
4.52	3.80	5.08	4.10	4.86	8.18	8.15	17.01	16.87	11.63	11.49
6.39	4.17	5.08	4.98	4.13	6.98	7.00	5.49	5.53	6.50	6.48
1.60	2.25	2.25	0.30	0.30	6.00	6.00	9.00	9.00	14.00	14.00
2.83	1.69	2.26	13.67	16.20	1.36	1.36	1.89	1.87	0.82	0.82
5,807,802	3,717,807	3,717,807	4,066,173	4,066,172	11,608,923	11,608,923	18,968,696	18,968,696	15,146,493	15,146,493
17.18	18.59	19.92	22.62	24.73	24.90	26.97	33.73	35.08	30.89	32.23

INVESTOR INFORMATION

1. STOCK EXCHANGE LISTING

The issued shares of Watawala Plantations PLC are listed with the Colombo Stock Exchange (CSE) in Sri Lanka.

As at 31 March	Group	
	2023	2022
Total numbers of shareholders	18,568	17,711
Total numbers of shares	203,308,634	203,308,634

2. DISTRIBUTION OF SHAREHOLDING

2.1 Distribution of shareholding as at 31 March 2023

Number of Shareholders	Holdings	Total Holdings
9,789	1 - 1,000 shares	52.71%
8,410	1,001 - 10,000 shares	45.28%
326	10,001 - 100,000 shares	1.76%
41	100,001 - 1,000,000 shares	0.22%
5	Over 1,000,000	0.03%
18,571	Total	100.00%

2.2 Analysis of shareholders

Categorise of Shareholders	As at 31 March 2023				As at 31 March 2022			
	Shareholders		Holdings		Shareholders		Holdings	
	Number	%	Number	%	Number	%	Number	%
Residents	18,528	99.77%	201,384,953	99.05%	17,624	99.51%	201,320,834	99.02%
Non-Residents	43	0.23%	1,923,681	0.95%	87	0.49%	1,987,800	0.98%
Total	18,571	100.00%	203,308,634	100.00%	17,711	100.00%	203,308,634	100.00%
Individuals	18,458	99.39%	38,712,134	19.04%	17,379	98.13%	32,493,091	15.98%
Institutions	113	0.61%	164,596,500	80.96%	332	1.87%	170,815,543	84.02%
Total	18,571	100.00%	203,308,634	100.00%	17,711	100.00%	203,308,634	100.00%



2.3 Directors' shareholding

The number of shares held by the Board of Directors are as follows

As at 31 March	2023	2022
S G Wijesinha (Chairman)	1	1
G Sathasivam (Resigned w.e.f 24 June 2022) (Alternate: S. G. Sathasivam, resigned w.e.f 24 June 2022)	Nil	Nil
V Govindasamy	Nil	Nil
N B Weerasekera	Nil	Nil
M S Mawzoon	Nil	Nil
H D Abeywickrama	Nil	Nil
M R Rao	Nil	Nil
K H Kuok (Resigned w.e.f. 31 March 2022) (Alternate: M T Siddique-Resigned w.e.f. 31 March 2022)	n/a	Nil
A R Rasiah	10,000	n/a
C L Loo (Appointed w.e.f. 31 March 2022) (Alternate: M T Siddique)	Nil	n/a
S G Sathasivam (Appointed w.e.f 01 July 2022)	Nil	n/a

2.4 Chief Executive Officers' shareholding

As at 31 March	2023	2022
B N Pananwala	Nil	Nil

3. PUBLIC SHAREHOLDINGS

	Requirement by CSE	As at 31 March 2023	Comply with CSE Rule 7.13.1 (a)	Requirement by CSE	As at 31 March 2022	Comply with CSE Rule 7.13.1 (a)
Option	4	4	yes	4	4	Yes
	Above					
Float adjusted market capitalisation	LKR 2.5Bn	LKR 3.51Bn	yes	LKR 2.5Bn	LKR 4.88Bn	Yes
The percentage of shares held by the public	10%	23.17%	yes	10%	25.76%	Yes
Number of shareholders representing public holding	500	18,568	yes	500	17,709	Yes

4. SHARE TRADING INFORMATION FOR LAST FIVE YEARS (FROM 1 APRIL TO 31 MARCH)

	2023	2022	2021	2020	2019
Highest price (LKR)	117.00	196.00	65.60	28.00	30.60
Lowest price (LKR)	51.00	49.40	16.10	17.40	18.00
As at 31 March (LKR) (Last trade-31.03.2023)	74.50	93.30	5710	20.00	18.50
Number of transactions	39,567	51,618	14,826	2,048	1,565
Number of shares traded	35,388,228	62,123,552	172,666,233	13,068,014	1,772,579
Value of shares traded (LKR)	3,049,818,758	6,559,493,300	3,992,444,857	249,968,553	46,989,188

INVESTOR INFORMATION

5. INVESTOR RATIOS AND OTHER INFORMATION AS AT 31 MARCH

	2023	2022	2021	2020	2019
Earnings per share (LKR)	11.49	16.87	8.15	4.86	5.08
Dividend per share (LKR)	14.00	9.00	6.00	0.30	2.25
Dividend pay out (%)	122%	53%	74%	6%	44%
Net asset per share (LKR)	32.23	35.08	26.97	24.73	19.92
Number of Shares as at 31 March	203,308,634	203,308,634	203,308,634	203,308,634	200,962,556
Market Capitalisation (LKR)	15,146,493,233	18,968,695,552	11,608,923,001	4,066,172,680	3,717,807,286

6. DIVIDEND PAYMENTS

2022/23 - Interim dividend - LKR 6.00 per share was paid on 12 December 2022

2021/22 - Final dividend - LKR 8.00 per share was paid on 18 July 2022

7. TWENTY (20) LARGEST SHAREHOLDERS AS AT 31 MARCH (VOTING SHARES)

Name	2023		2022	
	Number of shares held	%	Number of shares held	%
Sunshine Wilmar (Private) Limited	156,207,043	76.83	150,937,043	74.24
K.C.Vignarajah	2,486,108	1.22	2,486,084	1.22
Sri Lanka Insurance Corporation LTD-Life Fund	2,418,295	1.19	-	-
Seylan Bank PLC/ DR.T.Senthilverl	1,343,886	0.66	6,308,391	3.10
Vyjayanthi & Company Limited	1,011,674	0.50	1,011,674	0.50
Tuan Faizal Raheem	762,000	0.37	-	-
Deutsche Bank AG Singapore A/C 02	713,480	0.35	713,480	0.35
T.T.T.AL-Nakib (Deceased)	700,000	0.34	700,000	0.34
Jayampathi Divale Bandaranayake	640,250	0.31	-	-
N. Muljie	559,354	0.28	559,354	0.28
M.I. Abdul Hameed	354,085	0.17	354,085	0.17
Malika Tikiri Sunimalee Weerakon	346,185	0.17	-	-
Bagwan Wassiamal Kundanmal	327,418	0.16	-	-
Sri Lanka Insurance Corporation LTD-General Fund	312,832	0.15	-	-
Sugath Weeraratne	305,700	0.15	215,676	0.11
J.A.Sanath Priyantha	300,000	0.15	-	-
M.Z.H.Hashim	300,000	0.15	650,000	0.32
M.M.Hashim	250,000	0.12	185,000	0.09
Hatton National Bank PLC/Anuja Chamila Jayasinghe	242,400	0.12	-	-
M.Nafees Aththas	221,278	0.11	-	-
Sub Total	169,801,988	83.52	164,120,787	80.72
Other Shareholders	33,506,646	16.48	39,187,847	19.28
Grand Total	203,308,634	100.00	203,308,634	100.00



GLOSSARY

ACCOUNTING POLICIES

The specific principles, bases, conventions, rules, and practices adopted by an enterprise in preparing and presenting financial statements.

WATA

CSE identification code for the Company.

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.

GSA

The Gross Sales Average. This is the average sales price obtained (over a period of time, for a kilo of produce) before any deductions such as Brokerage, etc.

NSA

The Net Sales Average. This is the average sale price obtained (over a period of time) after deducting Brokerage fees, etc.

COP

The Cost of Productions. This generally refers to the cost of producing per kilo of produce (Tea / Rubber / Palm Oil)

CPO

Crude Palm Oil

AMORTISATION

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

EBITDA

Earning before interest, tax, depreciation and amortisation.

VALUE ADDITIONS

The quantum of wealth generated by the activities of the Company and its application.

EARNING PER SHARE – EPS

Profit attributable to ordinary shareholders divided by the number of ordinary shares in ranking for dividend.

ENTERPRISE VALUE – EV

Market capitalisation plus debt, minority interest & preferred shares minus total cash and cash equivalents.

ENTERPRISE MULTIPLE – EM

Enterprise Value (EV) divided by Earnings before Interest Tax Depreciation and Amortisation (EBITDA)

MARKET VALUE ADDED – MVA

Shareholders' funds divided by the market value of shares

PRICE EARNINGS RATIO – PE

Market price of a share divided by earnings per share.

MARKET CAPITALISATION

Number of Shares issued multiplied by the market value of each share at the year end.

NET ASSETS

Sum of fixed assets and current assets less total liabilities.

NET ASSETS PER SHARE

Net assets at the end of the period divided by the number of ordinary shares in issues.

RETURN ON EQUITY

Attributable profits divided by average shareholders' funds.

INTEREST COVER

Profit before tax plus interest charges divided by interest charges.

DIVIDEND COVER

Profit attributable to shareholders divided by gross dividend.

DIVIDEND PAYOUT

Profit paid out to shareholders as dividends as a percentage of profits made during the year.

RELATED PARTIES

Parties who could control or significantly influence the financial and operating policies of the Company.

CONTINGENT LIABILITIES

Conditions or situations at the balance sheet date, the financial effects of which are to be determined by future events, which may or may not occur.

PHDT

Plantation Human Development Trust

WORKING CAPITAL

Current assets exclusive of liquid funds and interest-bearing financial receivables less operating liabilities and non-interest-bearing provisions.

TOTAL BORROWINGS

Total borrowings consist of interest-bearing liabilities, fair-value derivatives, accrued interest expenses and prepaid interest income, and trade receivables with recourse.

NET BORROWINGS

Total borrowings less liquid funds.

CASH EQUIVALENTS

Liquid investments with original maturities of three months or less.

CURRENT RATIO

Current assets divided by current liabilities

DEBT TO EQUITY RATIO

Borrowing divided by equity

GEARING RATIO

Interest bearing capital divided by total capital (interest bearing and non-interest bearing)

GLOSSARY

TURNOVER PER EMPLOYEE

Consolidated turnover of the Company for the year divided by the number of employees employed at the year end.

EXTENT IN BEARING

The extent of land. From which crop is being harvested. Also see “Immature Plantation”

CROP

The total produce harvested during a financial year

IMMATURE PLANTATIONS

The extent of plantation that is under-development and is not being harvested.

MATURE PLANTATIONS

The extent of plantation from which crop is being harvested. Also see “Extent in Bearing”.

IN FILLING

A method of field development whereby planting of individual plants is done in order to increase the yield of a given field, whilst allowing the field to be harvested.

REPLANTING

A method of field development where an entire unit of land is taken out of “bearing” and developed by way of uprooting the existing trees/bushes and replanting with new trees/bushes.

YIELD (YPH)

The average crop per unit extent of land over a given period of time (usually kgs per hectare per year)

ISO

International Standards Organisation

HACCP

Hazard Analysis Critical Control Point System. Internationally accepted food safety standard.

5S

A Japanese management technique on the organisation of the workplace. 5s stands for Seiri (Sorting), Seiton (Organising), Seiso (Cleaning), Seiketso (Standardisation), Shitsuke (Sustenance).

YOY :

Year on Year

FFB :

Fresh Fruit Bunches (Palm oil)

ROCE :

Return on Capital Employed

CAPEX :

Capital Expenditure

NED :

Non-Executive Director

INED :

Independent, Non-Executive Director

RPTRC :

Related Party Transactions and Review Committee

NRC :

Nominations and Remuneration Committee.

AC :

Audit Committee

RSPO :

Roundtable on Sustainable Palm Oil

KMP :

Key Management Personnel

TOR :

Term of Reference

NOTES

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NOTICE OF MEETING

Notice is hereby given that the Thirtieth (30th) Annual General Meeting (“AGM”) of Watawala Plantations PLC (“Company”) will be held online via a virtual platform on Friday, 23rd June 2023 at 10.15am and the business to be brought before the meeting will be as follows:

1. To receive and consider the Annual Report of the Board of directors and the Statement of Audited Financial Statements for the year ended 31st March 2023 with the Report of the Auditors thereon.
2. To declare a final dividend of LKR 4.00 per share as recommended by the Board of directors.
3. To propose the following resolution as an ordinary resolution for the re-appointment of Mr S. G. Wijesinha, director of the Company, who has reached the age of 74 years:

Ordinary resolution

“IT IS HEREBY RESOLVED THAT the age limit referred to in Section 210 of the Companies’ Act No. 07 of 2007 shall not apply to Mr S. G. Wijesinha, director of the Company, who has reached the age of 74 years prior to this AGM and that he be reappointed accordingly.”

4. To propose the following resolution as an ordinary resolution for the re-appointment of Mr A.R. Rasiyah, director of the Company, who has reached the age of 77 years:

Ordinary resolution

“IT IS HEREBY RESOLVED THAT the age limit referred to in Section 210 of the Companies’ Act No. 07 of 2007 shall not apply to Mr A.R. Rasiyah, director of the Company, who has reached the age of 77 years prior to this AGM and that he be reappointed accordingly.”

5. To propose the following resolution as an ordinary resolution for the re-appointment of Mr M. R. Rao, director of the Company, who has reached the age of 71 years:

Ordinary Resolution

“IT IS HEREBY RESOLVED THAT the age limit referred to in Section 210 of the Companies’ Act No. 07 of 2007 shall not apply to Mr M. R. Rao, director of the Company, who has reached the age of 71 years prior to this AGM and that he be reappointed accordingly.”

6. To re-elect Mr. V. Govindasamy, who retires by rotation as a director at the AGM, as per Article 30 of the Articles of Association.

7. To re-appoint Mr. S. G. Sathasivam as per Article 28 (2) of the Articles of Association who has been appointed by the Board since the last AGM, as a Director.
8. To re-appoint Messrs KPMG, Chartered Accountants, as Auditors of the Company and to authorise the directors to determine their remuneration.
9. To authorise the Directors to determine contributions to Charities.

By order of the Board



Corporate Services (Private) Limited
Secretaries

24 May, 2023
Colombo

Note:

Any shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote / speak in his / her stead and a form of proxy is sent herewith for this purpose.

NOTICE OF MEETING

MEETING GUIDELINES

The meeting is to be held in line with the guidelines given by the Colombo Stock Exchange and the health authorities and as per the applicable laws in the manner set out below:

- (i) The shareholders who wish to participate at the meeting will be able to join the meeting through audio or audio and visual means via Zoom.
- (ii) In order for us to forward the access information necessary for participation at the meeting, which shall include the meeting identification number, access password, and access telephone number, please forward the duly completed registration form including your e-mail address and contact telephone number to the registered address of the Company not less than 48 hours before the time appointed for the holding of the meeting so that the login information could be forwarded to the e-mail addresses so provided.
- (iii) If the Company is unable to post this Notice due to any situation beyond its control, then, this Notice will be published in one issue of a daily newspaper in the Sinhala, Tamil and English languages and if the circumstances permit, in one issue of the Gazette. The Annual Report, Notice of Meeting, Form of Proxy and Registration Form will also be published on the website of the Colombo Stock Exchange (<https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=WATA.N0000>) and the website of the Company (<https://watawalaplantations.lk/>)
- (iv) Proxy forms are forwarded to the shareholders together with the Notice of Meeting and Registration form. Proxy forms have been uploaded to the Company's website (<https://watawalaplantations.lk/>) and should be duly completed as per the instructions given therein and sent to the registered address of the Company or e-mailed to dhammika.laksiri@sunshineholdings.lk or corporateservices@corporateservices.lk not less than 48 hours before the time appointed for the holding of the meeting and the proxy so appointed shall participate at the meeting through audio or audio visual means only.
- (v) The shareholders who are unable to participate at the Annual General Meeting via Zoom could send their queries, if any, to email address dhammika.laksiri@sunshineholdings.lk or corporateservices@corporateservices.lk at any time before the meeting time and the responses to the same will be included in the minutes of the meeting.
- (vi) Voting in respect of the items in specified in the agenda to be passed will be registered by using the audio or audio and visual means (Zoom) or a designated ancillary online application. All of such procedures will be explained to the shareholders prior to the commencement of the meeting.
- (vii) For any questions please contact Mr. Dhammika Laksiri on 0114772505 during office hours.

FORM OF PROXY

I/We.....of
being a member/members of Watawala Plantations PLC,
 hereby appoint or failing him,
 Mr S. G. Wijesinha (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company, as my/our
 proxy to vote as indicated hereunder for me/us and on my/our behalf at the Thirtieth (30th) Annual General Meeting
 (“AGM”) of the Company to be held on Friday, 23rd June 2023 at 10.15am and at every poll which may be taken in
 consequence of the aforesaid meeting and any adjournment thereof:

	For	Against
1. To receive and consider the Annual Report of the Board of Directors and the Statement of Audited Financial Statements for the year ended 31st March 2023 with the Report of the Auditors thereon.		
2. To declare a final dividend of LKR 4.00 per share as recommended by the Board of Directors.		
3. To pass an ordinary resolution to re-appoint Mr S. G. Wijesinha as a Director who has reached the age of 74 years.		
4. To pass an ordinary resolution to re-appoint Mr A.R. Rasiah as a Director who has reached the age of 77 years.		
5. To pass an ordinary resolution to re-appoint Mr M. R. Rao as a Director who has reached the age of 71 years.		
6. To re-elect Mr. V. Govindasamy as a Director who retires by rotation at the AGM as per Article 30 of the Articles of Association		
7. To re-appoint Mr. S. G. Sathasivam as per Article 28 (2) of the Articles of Association who has been appointed by the Board since the last AGM, as a Director.		
8. To re-appoint Messrs KPMG, Chartered Accountants, as Auditors of the Company and to authorise the Directors to determine their remuneration.		
9. To authorise the Directors to determine contributions to Charities.		

Dated thisday of.....2023.

.....
 Signature of Shareholder

.....
 Shareholder's NIC

.....
 Proxy holder's NIC

- (a) A proxy need not be a member of the Company.
- (b) Instructions regarding completion appear on the overleaf.

FORM OF PROXY

INSTRUCTION ON COMPLETION OF THE FORM OF PROXY

1. To be valid, the completed form of proxy should be deposited at the Registered Office of the Company, No 60, Dharmapala Mawatha, Colombo 03 or emailed to dhammika.laksiri@sunshineholdings.lk or corporateservices@corporateservices.lk no later than 48 hours before the time of the meeting.
2. In perfecting the form of proxy, please ensure that all details are legible.
3. Please indicate with an 'X' in the space provided, how your proxy is to vote on each resolution. If no indication is given, the proxy, at his discretion, may vote as he thinks fit.
4. In the case of a company/corporation, the proxy must be signed by placing the common seal of the company/corporation and attested in the manner prescribed by its articles of association.
5. In the case of a proxy signed by the attorney, the Power of Attorney document must be deposited at the Registered Office, No. 60, Dharmapala Mawatha, Colombo 03, for registration or emailed to dhammika.laksiri@sunshineholdings.lk or corporateservices@corporateservices.lk.

CORPORATE INFORMATION

Name of the Company

Watawala Plantations PLC

Legal form

A public company with limited liability registered under Companies Act No 17 of 1982 and re-registered under the Companies Act No. 07 of 2007 and quoted on the Colombo Stock Exchange

Date of Incorporation

18 June 1992

Registration No

PQ 65

Accounting Year

31 March

Directors

S G Wijesinha (Chairman)
G Sathasivam (Resigned w.e.f 24 June 2022) (Alternate: S G Sathasivam, resigned w.e.f 24 June 2022)
V Govindasamy
M S Mawzoon
S G Sathasivam (Appointed w. e. f 1 July 2022)
A R Rasiah
N B Weerasekera
H D Abeywickrama
M R Rao
C L Loo (Appointed w.e.f. 31 March 2022, Alternate : M T Siddique)

Chief Executive Officer

Binesh N Pananwala

Secretaries & Registrars

Corporate Services (Private) Limited
No 216, De Saram Place, Colombo 10
Tel: +94 114 605 100

Auditors

KPMG (Chartered Accountants)
No 32A, Sir Mohomad Macan Markar
Mawatha, Colombo 03

Bankers

Standard Chartered Bank Ltd
Hatton National Bank PLC
Commercial Bank of Ceylon PLC
DFCC Bank PLC
Seylan Bank PLC
State Bank of India
National Development Bank PLC
Indian Overseas Bank

Lawyers

FJ & G De Saram
(Attorneys-at-Law)
No 216, De Saram Place, Colombo 10

Nithya Partners
(Attorneys-at-Law)
No. 97/A,Galle Road, Colombo 03

Registered Office

No.60, Dharmapala Mawatha,
Colombo 03, Sri Lanka

Tel: +94 114 702 400
E-mail: watawala@sunshineholdings.lk
Web: www.watawalaplantations.lk

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