



RESHAPING OUR HORIZONS

AGARAPATANA PLANTATIONS LIMITED
ANNUAL REPORT
2022/23

RESHAPING OUR HORIZONS

Across our estates at Agarapatana, our tender leaves of tea hold properties of rejuvenation and strength, bringing revitalisation to people across the nation. Likewise, for 2023, our future aspirations involve diversifying our business which we believe will bring forth results of multiplied rejuvenation to our society. Having weathered the storms of the past years, we have remained courageous and unshaken, well positioned to face a bright future of multiplication.

As we incorporate new diversification strategies to reshape the horizons of Agarapatana, we believe this move will result in the reduction of future market volatility impact to further maintain and grow our business into an excellent dynamic entity, for the benefit of our valued stakeholders.

Because we reshape our horizons, we ignite new energy for Agarapatana Plantations.

**Tender tea leaves are rich in vital medicinal compounds, offering a range of health benefits.*

CONTENTS

INTRODUCTION

Basis of Preparation and Presentation ...	04
Awards and Accolades	05
Financial Highlights	06
About Agarapatana Plantations	
• Vision, Mission, Objectives, Values	08
• About Us	09
• Our Journey	10
• Our Estates, Products, Certifications and Workforce	12
Agarapatana Attractions	
• Dambatenne Estate	14
• Colonial Bungalows of Historical Significance	15
• Brewing Community Connections: Agarapatana's Tea Centre and Exquisite Tea Branding	16
Waverley Power (Pvt) Ltd	17
Glenanore Estate: A Story of a Remarkable Turnaround	18
Our Business Model	20

21

EXECUTIVE REVIEW

Chairman's Message	22
Managing Director's Review	25
Operations Review by CEO	28
Board of Directors	30



35

MANAGING OUR CAPITAL

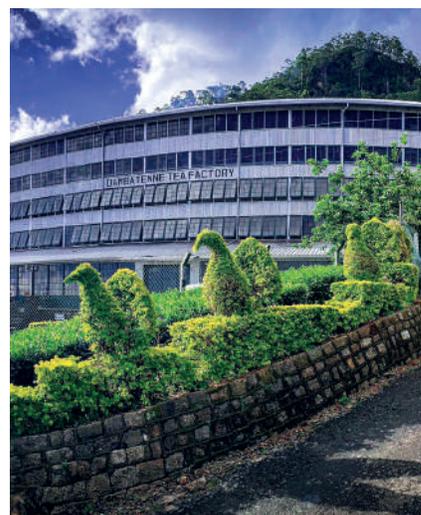
Operating Environment	36
Financial Capital	38
Human Capital	42
Manufactured Capital	50
Intellectual Capital	55
Natural Capital	56
Social Capital	60



65

ENTERPRISE GOVERNANCE

Governance System	66
Risk Management System	72
Annual Report of the Board of Directors	76
Report of the Remuneration Committee	79
Report of the Audit Committee	80
Report of the Related Party Transactions Review Committee	81
Statement of Directors' Responsibilities	82



83

FINANCIAL INFORMATION

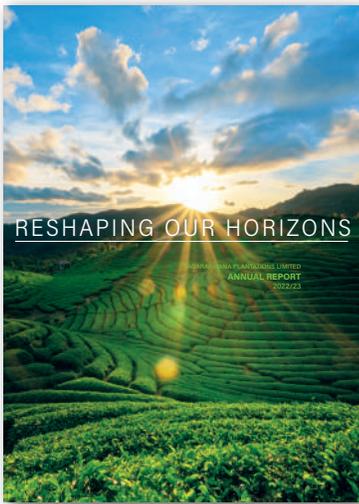
Independent Auditors' Report	84
Statement of Financial Position	86
Statement of Profit or Loss	87
Statement of Comprehensive Income	88
Statement of Changes in Equity	89
Statement of Cash Flows	91
Notes to the Financial Statements	93

145

SUPPLEMENTARY INFORMATION

Ten Year Summary	146
Crop and Yield	147
Estate Hectarage Statement	148
Shareholder & Investor Information	149
Glossary of Financial and Non Financial Terms	150
Notice of Meeting	153
Form of Proxy	155
Corporate Information	IBC

INTRODUCTION



As at the date of this report, Agarapatana Plantations Limited has received the approval from the Colombo Stock Exchange (CSE) to list its shares on the Diri Savi Board with the Initial Public Offering Scheduled for 10th August 2023. Therefore, the primary objective of this Integrated Report is to inform investors and potential investors about Agarapatana Plantations and its operations.

This annual report, which has adopted the Integrated Reporting Framework 2021 to report on the activities of Agarapatana Plantations for the financial year 2022/23, covers the 12 month period of 1st April 2022 to 31st March 2023. The audited financial statements of the Company and the Group (including its subsidiary, Waverley Power (Pvt) Ltd), are accompanied by information on non-financial capital as well as financial capital and growth plans for the future. We hope this information will provide greater insights into not only the immediate financial status of Agarapatana Plantations, but also its ethical business practices, and value creation potential through its growth strategy.

BOARD RESPONSIBILITY STATEMENT

The Board of Agarapatana Plantations Limited take full responsibility for the accuracy of this report and to the best of our knowledge, this report complies with the Integrated Reporting principles and guidelines.

Our assurance on this report extends to the Company's financial statements and other quantitative and qualitative data provided in this report for the reporting period. The extent of our assurance for this report is further supported by the following statutory reports.

- 1 Independent Auditors' Report on pages 84 and 85
- 2 Statement of Directors' Responsibilities on page 82

Forward - looking Statements

All forward - looking statements, with regards to Agarapatana Plantations Limited, including its operations, plans and financials, are contingent on external and internal changes and may change without notice. Agarapatana Plantations does not undertake to update or revise any of these forward-looking statements publicly, whether to reflect new information or future events or otherwise.

NAVIGATION ICONS



Financial Capital



Human Capital



Manufactured Capital



Intellectual Capital



Natural Capital



Social Capital

BASIS OF PREPARATION AND PRESENTATION

REPORTING BOUNDARY

This integrated report is limited to Agarapatana Plantations Limited and its fully owned subsidiary, Waverley Power (Pvt) Ltd. These are also the financial reporting entities for the purpose of setting the boundary for financial reporting, which is presented as Company and Consolidated formats in the audited financial statements for the financial year 2022/23. The boundaries for other topics were decided by the management.

SIGNIFICANT FRAMEWORKS AND METHODS

In addition to the Integrated Reporting Framework, this report uses the following standards:

- The Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka
- The International Financial Reporting Standards - IFRS Foundation
- The Code of Best Practice issued by the Institute of Chartered Accountants of Sri Lanka

PROCESS TO DETERMINE MATERIAL TOPICS

The topics identified as material for reporting were selected through a discussion with the Managing Director of Lankem Tea and Rubber Plantations (Pvt) Ltd - Managing Agents and the senior management. In doing so, we considered Agarapatana Plantations' plans for the future and its sustainable growth strategy, the risks and opportunities that will impact on growth strategy and the influence and expectations of key stakeholder groups.

Through this process, topics deemed essential for the sustainable growth of the Company were broadly identified as:

1. Good governance & strong risk management
2. Cash flow/liquidity
3. Cost containment
4. Capital investments for future productivity
5. Debt management
6. Adequate supplies of manual labour and other expertise
7. Mechanisation to counter labour outmigration and for cost management
8. Innovation and scientific agriculture for more efficient production

PRIORITISATION AND SELECTION OF MATERIAL TOPICS

The list of topics was prioritised according to their importance to the Company to achieve its growth targets, impacts from external developments, and key stakeholders.

Material topic	Chapter	Page number
1. Good Governance and Compliance	Governance System	66
	Risk Management System	72
2. Growth Strategy & Prospects	Chairman's Message	22
	MD's Review	25
	Operations Review by CEO	28
3. Financial Stability	Operating Environment	36
	Financial Capital	38
4. Attracting Talent and Labour Retention Associated Topics	Human Capital	42
5. Mechanisation and Innovation for Tea Harvesting and Tea Manufacturing	Manufactured Capital	50
	Intellectual Capital	55
6. Ethical Production (Environmental and Social Sustainability)	Natural Capital	56
	Social Capital	60

AWARDS & ACCOLADES

WE ARE DELIGHTED TO ANNOUNCE THE OUTSTANDING ACHIEVEMENTS OF THE FOLLOWING ESTATES AT THE ASIA PACIFIC TEA COMPETITION HELD IN BEIJING, CHINA:



Glenamore - Special Gold Award



Diyagama West - Gold Award



Torrington - Gold Award



Dambatene - Silver Award

“ FOLLOWING GARDEN MARKS HAVE ACHIEVED ALL-TIME HIGH PRICES ON NUMEROUS OCCASIONS IN 2022, A TESTAMENT TO THE EXCEPTIONAL QUALITY OF OUR TEA ”

- Glenamore 16 Times
- Torrington 6 Times
- Gonamotawa 3 Times
- Clydesdale 1 Time

FINANCIAL HIGHLIGHTS

	GROUP			COMPANY		
	2022/23 Rs. Mn	2021/22 Rs. Mn	% Change	2022/23 Rs. Mn	2021/22 Rs. Mn	% Change
Results for the year						
Revenue	8,550	-	-	8,518	4,487	90
Gross Profit	2,681	-	-	2,656	63	4,102
Operating Profit before Finance Cost	2,656	-	-	2,635	281	836
Profit before Tax	2,386	-	-	2,387	60	3,885
Profit after Tax	1,737	-	-	1,783	28	6,304
Total Comprehensive Income	1,649	-	-	1,696	517	228
At the year end						
Shareholders' Funds	3,279	-	-	3,327	1,630	104
Ratios						
Gross Profit (%)	31.36	-	-	31.18	1.41	2,111
Current Ratio (times)	1.04	-	-	1.03	0.46	122
Acid Test Ratio (times)	0.44	-	-	0.40	0.29	38
Borrowings/Total Assets (%)	17.00	-	-	15.80	28.83	(45)
Per Share						
Earnings (Rs.)	4.17	-	-	4.28	0.09	4,656
Net Assets (year end) (Rs.)	7.86	-	-	7.98	3.91	104

REVENUE

YOY Increase in Revenue

90% 

PROFIT BEFORE TAX

YOY Increase in PBT

3,885% 

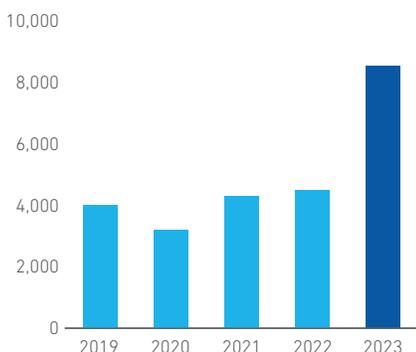
SHAREHOLDERS' FUNDS

YOY Increase in Shareholders' Funds

104% 

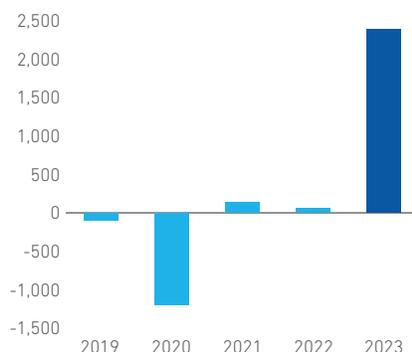
REVENUE

Rs. Mn



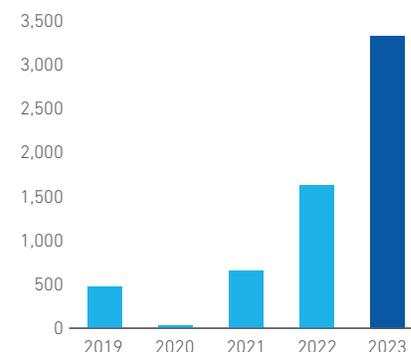
PROFIT/(LOSS) BEFORE TAX

Rs. Mn



SHAREHOLDERS' FUNDS

Rs. Mn



Profit Milestone

Marking a Landmark Year of Highest-Ever Profits

Rs. 8,518 Mn

Revenue

Rs. 2,656 Mn

Gross profit

Rs. 2,387 Mn

Profit before tax

Rs. 1,783 Mn

Profit after tax

Rs. 7,813 Mn

Total assets

Rs. 3,327 Mn

Shareholders' funds



Ranked No 1 in terms of Volume in High Grown Category (Year 2022)

Ranked No 5 in terms of Price in High Grown Category (Year 2022)

Rain Forest Alliance Certification



19 Estates

15 Factories

ISO Certification



17 Factories

Mechanisation

Rs. 58 Mn

Investment in machine plucking

Our strategic investment in plucking machines has been crucial in mitigating labour shortages and improving operational efficiencies. By embracing this technology, we ensure uninterrupted tea plucking operations while driving productivity and cost optimisation, positioning us for sustained growth in a challenging market environment.



ABOUT AGARAPATANA PLANTATIONS



OUR VISION

To be the foremost producer of high-quality Tea in full conformity with desired quality requirements



OUR BUSINESS OBJECTIVES

To lead the way in the technical and innovative development of the Tea industry and operate with responsibility towards society and the community



OUR MISSION

To produce the highest quality Tea whilst protecting and preserving the environment and safeguarding the interest of the community with whom we work, improving our asset base, developing our employee base and providing value to our shareholders



OUR CORE VALUES

- Integrity
- Courage
- Commitment



ABOUT US

During the colonial era, the British initiated the cultivation of tea, rubber, and coconut as commercial plantations in the early 19th century, which they owned and managed. In the mid-70s, the Sri Lankan government implemented "Land Reforms" and decided to nationalise the predominantly sterling-owned commercial plantations. This led to the establishment of two government organisations, the Sri Lanka State Plantations Corporation (SLSPC) and Janatha Estates Development Board (JEDB), to oversee the management of the plantations.

In 1992, the government recognised the burden the plantations posed and made the decision to privatise them once again. To facilitate this process, the government formed 22 Regional Plantation Companies, including Agarapatana Plantations Ltd (APL), incorporated in the same year. Initially, the management was privatised, and later the shares of the regional plantation companies were offered to private entities.

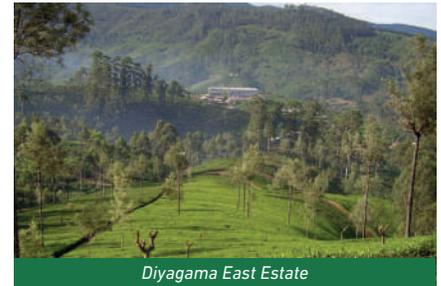
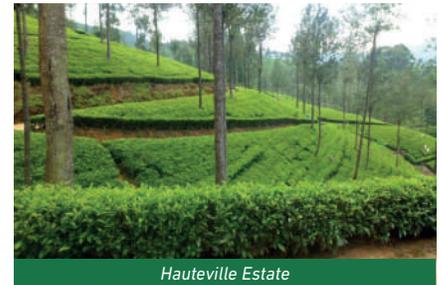
The estates were allocated in a manner that most of the 22 Regional Plantation Companies had plantations with multiple crops in different geographical locations. However, Agarapatana Plantations estates were solely on the high-grown tea segment, with 11 estates situated in the Agras Valley categorised as the Western High in the Nuwara Eliya District, and the remaining 9 estates in the Uva High category located in Haputale region, Badulla District. Agarapatana Plantations Ltd comprises 20 estates, making it one of the few plantations exclusively dedicated to high-grown tea. APL covers a total area of 10,192 hectares, with 6,416 hectares under tea cultivation and 17 processing centres. These centres include facilities for rotorvane small leaf manufacturing, Orthodox leafy manufacturing, and 3 refuse tea processing centres. All processing centres of Agarapatana are ISO 22000:2018 certified, and all

processing centers excluding Glenanore and Gonamotawa which manufactures smallholder leaf are Rain Forest Alliance certified. Additionally, Agarapatana possesses a commercial timber reserve of 935 hectares valued at Rs. 1.5 billion.

Among the estates in the Agras Valley, notable ones with a distinguished reputation include Balmoral, Diyagama East, Diyagama West, Glasgow and Hauteville. In the Uva region, Dambattenne holds a special place in the history of the Sri Lankan tea industry. Dambattenne, owned by the Lipton family and planted by Sir Thomas Lipton, played a significant role in establishing the renowned Lipton trademark for tea.

APL boasts scenic locations in both the Agras Valley and Haputale regions. The iconic Lipton Seat is located within Dambattenne estate. The estates in the Agras region border the Horton Plains natural reserve. These sites hold immense value for tourism, particularly the rapidly developing Haputale region, which is becoming a popular destination adjacent to Ella.

The Agras region also possesses abundant natural resources along the border of Horton Plains. Gravity-fed water sources are already utilised for renewable energy. APL currently operates a mini hydro power plant in Diyagama West which generates power to the estate. A feasibility study is underway to construct another mini hydro power plant in Diyagama East, utilising the available excess water from the same source. In 2022, the Company acquired 100% stake of Waverley Power (Pvt) Ltd to expand its portfolio. This hydro power plant is located in the Waverley Estate has the capacity to supply one-megawatt to the national grid. In terms of renewable energy, APL also plans to implement solar power for larger factories in the Haputale region, including the Dambattenne factory.



During privatisation in 1992, APL had a workforce of nearly 22,000. However, due to labour outmigration, the workforce has since reduced to less than 9,000. This reduction has had a significant impact on production, particularly in the area of plucking where there is a shortage of required workers. Recognising this challenge and exploring available technology, APL took the initiative in 2019 to introduce mechanical harvesting on a commercial scale. Currently, APL leads among plantation companies in terms of the extent of mechanical plucking undertaken.

Lankem Developments PLC serves as the parent company of Agarapatana Plantations Ltd, holding a significant 67.45% of the issued capital.

In recent times, we embraced technological advancements in agriculture. Currently, we are venturing into a transformative path in agriculture, placing significant emphasis on innovative technology.

Today, we stand as a symbol of excellence and sustainability in the agricultural industry.

ABOUT AGARAPATANA PLANTATIONS

OUR JOURNEY



1992

Agarapatana Plantations Limited was incorporated



2019

All factories obtained ISO Certification



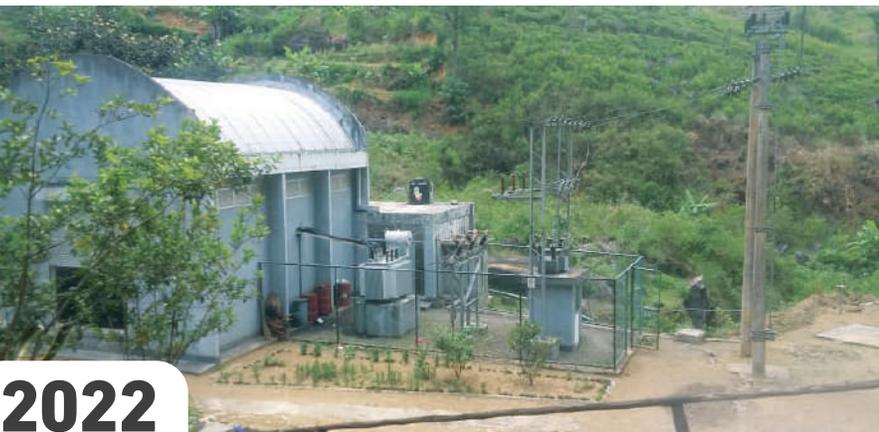
2019

Mechanical harvesting was successfully implemented



2019

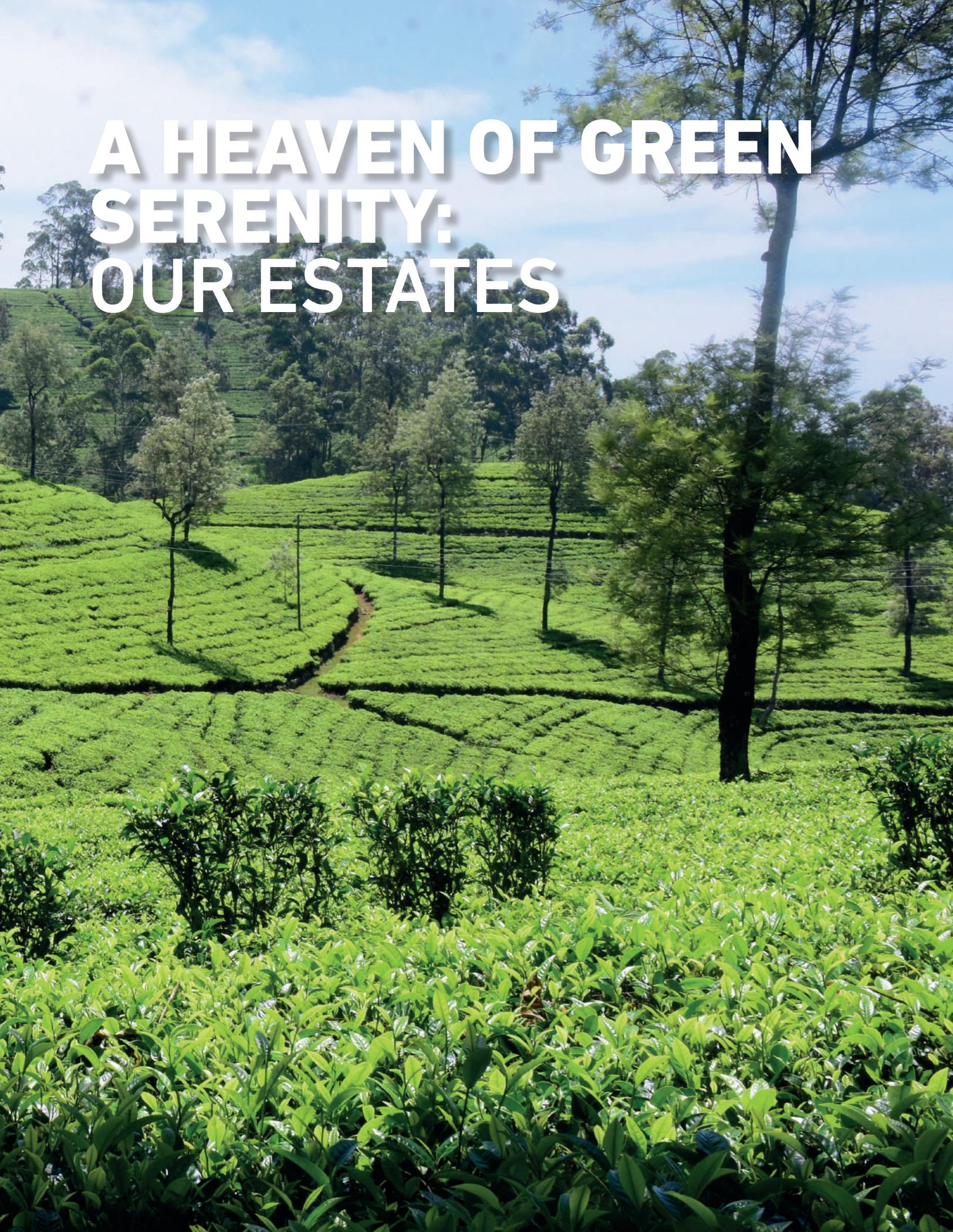
All factories and gardens obtained Rainforest Alliance Certification, except for Glenanore and Gonamotawa which are mainly manufacturing bought leaf, sourced from small holders



2022

Acquired Waverley Power (Pvt) Ltd - a Hydro Power Plant

A HEAVEN OF GREEN SERENITY: OUR ESTATES



ABOUT AGARAPATANA PLANTATIONS

OUR ESTATES, PRODUCTS, CERTIFICATIONS AND WORKFORCE

Agarapatana Plantations is one of the few mono-crop companies in the plantation sector, with all of the tea extent located in the "High Grown" Districts of Nuwara Eliya and Badulla, which fall within the Western High and Uva High elevational categories.

The principal activities of the company are the cultivation, manufacture and sale of black tea.

1 Albion

Extent	Factory Type	Factory Capacity (Made Tea per annum)	No .of Workers	Certifications
586.00	Rotorvane	1,080,000	651	ISO & RA Certified

2 Balmoral

Extent	Factory Type	Factory Capacity (Made Tea per annum)	No .of Workers	Certifications
423.50	Rotorvane	1,320,000	441	ISO & RA Certified

3 Diyangama East

Extent	Factory Type	Factory Capacity (Made Tea per annum)	No .of Workers	Certifications
499.75	Rotorvane	1,380,000	368	ISO & RA Certified

4 Diyangama West

Extent	Factory Type	Factory Capacity (Made Tea per annum)	No .of Workers	Certifications
858.29	Rotorvane	1,500,000	759	ISO & RA Certified

5 Glasgow

Extent	Factory Type	Factory Capacity (Made Tea per annum)	No .of Workers	Certifications
411.50	Rotorvane	1,320,000	375	ISO & RA Certified

6 Hauteville

Extent	Factory Type	Factory Capacity (Made Tea per annum)	No .of Workers	Certifications
574.00	Rotorvane	1,320,000	614	ISO & RA Certified

7 Holmwood

Extent	Factory Type	Factory Capacity (Made Tea per annum)	No .of Workers	Certifications
255.44	No Factory		214	RA Certified

8 New Portmore

Extent	Factory Type	Factory Capacity (Made Tea per annum)	No .of Workers	Certifications
226.39	No Factory		153	RA Certified

9 Sandringham

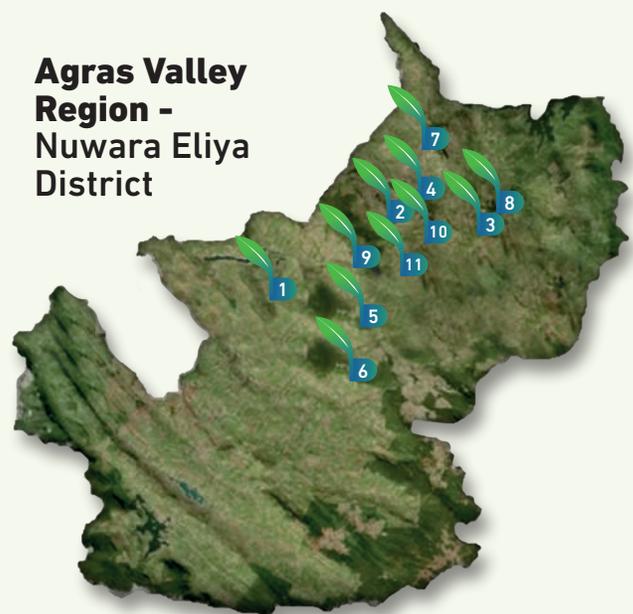
Extent	Factory Type	Factory Capacity (Made Tea per annum)	No .of Workers	Certifications
224.70	Refuse Tea	840,000	280	ISO & RA Certified

10 Torrington

Extent	Factory Type	Factory Capacity (Made Tea per annum)	No .of Workers	Certifications
415.00	Leafy	360,000	314	ISO & RA Certified

11 Waverley

Extent	Factory Type	Factory Capacity (Made Tea per annum)	No .of Workers	Certifications
445.25	Rotorvane	1,500,000	418	ISO & RA Certified



1 Beauvais

Extent	Factory Type	Factory Capacity (Made Tea per annum)	No .of Workers	Certifications
357.18	Refuse Tea	360,000	267	ISO & RA Certified

2 Dambattenne

Extent	Factory Type	Factory Capacity (Made Tea per annum)	No .of Workers	Certifications
873.00	Rotorvane	1,800,000	665	ISO & RA Certified

3 Glenanore

Extent	Factory Type	Factory Capacity (Made Tea per annum)	No .of Workers	Certifications
552.05	Leafy	1,320,000	343	ISO, RA Certified (Garden Only)

4 Gonamotawa

Extent	Factory Type	Factory Capacity (Made Tea per annum)	No .of Workers	Certifications
267.00	Leafy	720,000	251	ISO, RA Certified (Garden Only)

5 Haputale

Extent	Factory Type	Factory Capacity (Made Tea per annum)	No .of Workers	Certifications
871.98	Rotorvane	1,500,000	513	ISO & RA Certified

6 Kahagalla

Extent	Factory Type	Factory Capacity (Made Tea per annum)	No .of Workers	Certifications
400.93	Refuse Tea	540,000	288	ISO & RA Certified

7 Nayabedde

Extent	Factory Type	Factory Capacity (Made Tea per annum)	No .of Workers	Certifications
498.70	Rotorvane	1,200,000	467	ISO & RA Certified

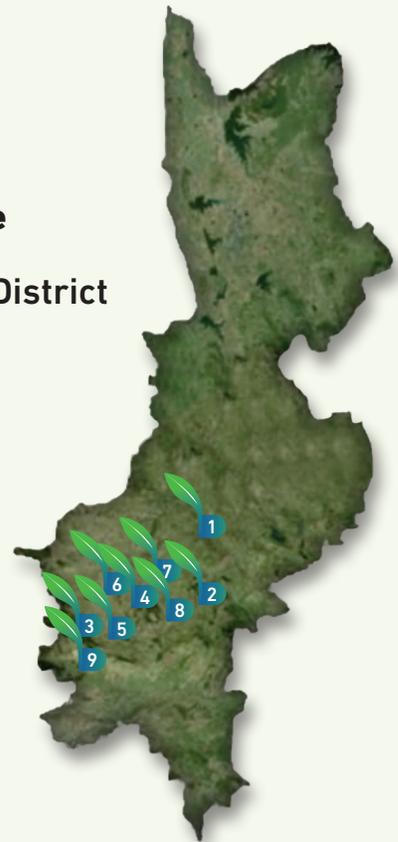
8 Pita Ratmalie

Extent	Factory Type	Factory Capacity (Made Tea per annum)	No .of Workers	Certifications
667.78	Rotorvane	1,200,000	417	ISO & RA Certified

9 Udaveriya

Extent	Factory Type	Factory Capacity (Made Tea per annum)	No .of Workers	Certifications
785.13	No Factory		103	N/A

Haputale Region - Badulla District



AGARAPATANA ATTRACTIONS



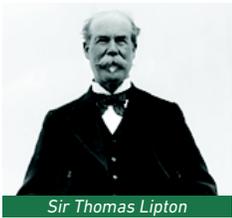
AGARAPATANA PLANTATIONS IS ONE OF THE LARGEST PLANTATION COMPANIES IN SRI LANKA AND INCLUDES SOME OF THE MOST BEAUTIFUL AND HISTORIC LOCATIONS IN THE COUNTRY THAT ARE MAJOR TOURIST ATTRACTIONS



Agarapatana estates near Haputale are located in close proximity of attractions such as the Nine Arch Bridge, Ella and Ravana Ella, Horton Plains including Sri Lanka's tallest waterfall Bambarakanda Ella and the Devil's Staircase situated on the road to Udaveriya. Agarapatana estates on the Agras Valley side, provide access to Sri Lanka's second highest mountain, Kirigalpotta. These estates also border the Horton Plains, where an entrance is being constructed to accommodate trekkers and naturalists interested in nature and wildlife.

DAMBATENNE ESTATE

The plantation's holdings include historical properties like Dambattenne Estate situated in the Badulla District in the Uva Province of Sri Lanka. Dambattenne Estate has a total land extent of 873 ha. comprising of Bandara Eliya, Dambattenne, Deaculla, Mousakellie and Mahakanda Divisions, and ranges in elevation from 1509 m to 1936 m AMSL.



Sir Thomas Lipton

Sir Thomas Lipton acquired Dambattenne in the 1890s owning it until his demise in the early

1930s. Dambattenne was instrumental in building of the Lipton Tea empire and, by association, the legacy of Ceylon Tea.



Lipton Seat



"Bandara Eliya" garden mark

These teas are still sold under the "Bandara Eliya" garden mark and are still as sought after as in the days of Sir Thomas Lipton with prices bearing testimony to this fact.



Lipton Seat

Lipton Seat, located within the enchanting Dambattenne estate, holds a special place within Agarapatana Plantations Ltd. As an iconic attraction, Lipton Seat offers visitors a captivating experience that showcases the natural beauty and rich heritage of our tea plantations. Perched atop the Poonagala Hills in the Haputale region, Lipton Seat provides a panoramic view that is truly awe-inspiring. From this vantage point, one can witness the vast expanse of lush green tea gardens, rolling hills, and cascading waterfalls that define our picturesque landscape.

Named after Sir Thomas Lipton, a visionary tea magnate who made significant contributions to the tea industry in Ceylon, Lipton's Seat serves as a testament to the legacy and excellence of our plantations. The journey to Lipton Seat is an experience in itself, as visitors traverse through our

meticulously maintained tea estates, immersing themselves in the sights, sounds, and aromas of our thriving plantations.

We take great pride in preserving the natural beauty and heritage of Lipton Seat, ensuring its accessibility for both local and international visitors. By showcasing this remarkable attraction in our Annual Report, we demonstrate our commitment to promoting sustainable tourism and highlighting the unique features that set Agarapatana Plantations Ltd apart.

Lipton Seat serves as a symbol of our dedication to quality, authenticity, and the rich cultural heritage that is deeply ingrained in our tea estates. We invite all stakeholders to experience the magic of Lipton Seat and witness firsthand the remarkable beauty that lies within Agarapatana Plantations Ltd.

COLONIAL BUNGALOWS OF HISTORICAL SIGNIFICANCE

Historic tea estate bungalows of Agarapatana Plantations have been maintained in excellent condition and provide an unmatched tea tourism experience for visitors.

Dambattenne Bungalow - A legacy of timeless beauty

The Managers' Bungalow located within the Plantations possess a distinct charm, harkening back to the pre-1948 colonial era. These grand structures, spacious and filled with character, reside amidst sprawling gardens, offering unparalleled comfort to their occupants. Originally bestowed as a privilege upon British Tea and Rubber Planters, who embarked on careers in the distant colony, these bungalows provided respite during months-long sea voyages away from home.

Yet, among these remarkable abodes, the Dambattenne Bungalow and its surrounding garden stand out in a league of their own. Picture yourself savouring a cup of tea in the Morning Room, gazing through the expansive bay windows that reveal meticulously manicured, terraced lawns. These lush lawns cascade from one level to the next, only to abruptly conclude at a precipice spanning several hundred feet, plunging down to the foothills and plains below. On clear days, the naked eye can trace the contours of the Island's Southern Coastline, a breathtaking sight, distant yet visible over 65 kilometers away. Adjacent to the lawns, a majestic Arucaria and a grove of Cypress trees serve as sentinels, while vibrant Shoe-Flower, Poinsettia, and Spathodea trees grace the other side, painting the scene with their blossoms. The air resonates with the harmonious melodies of the resident bird population, comprising around 25 different species, creating an idyllic symphony that serenades all who visit.

Although the original bungalow was dismantled, the new one was erected in the late 1920s, perfectly positioned to take advantage of the breathtaking surroundings. It is a site truly destined for a bungalow of such stature.

For years, the Lipton Tea Companies have welcomed numerous visitors from around the world to explore the wonders of Dambattenne Estate. This tradition continues to this day, with tea purchasing companies and their esteemed international clients journeying to Dambattenne Estate, Lipton Seat, and the Bungalow—an enduring association bridging time and cultures.

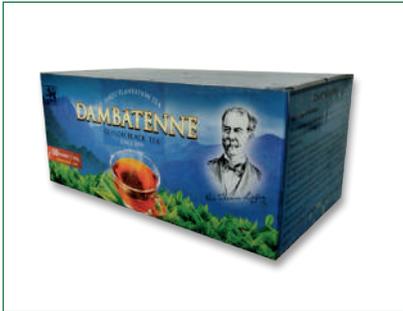


Manager's Bungalow - Dambattenne Estate

AGARAPATANA ATTRACTIONS

BREWING COMMUNITY CONNECTIONS: AGARAPATANA'S TEA CENTRE AND EXQUISITE TEA BRANDING

Located in a scenic tourist route in Haputale, the Agarapatana Tea Centre is the perfect place to experience the climate and beauty of the highlands. Developed as part of the Company's plans for tea tourism, the Tea Centre provides an unparalleled opportunity for visitors to experience the range of flavours of Agarapatana Tea.



Tea Centre - Haputale

WAVERLEY POWER (PVT) LTD

Agarapatana Plantations acquired 100% ownership of Waverley Power (Pvt) Ltd in September 2022 to expand its renewable energy strategy. Waverley Power (Pvt) Ltd is a mini-Hydro Power Plant, supplying electricity to the National Grid of the Ceylon Electricity Board (CEB) and has 7 years left in its current power purchase agreement with the CEB, with the potential to renew for another 15 years from 2030. The Waverley power plant has a capacity of one megawatt.



At Agarapatana Plantations, we recognise the significance of renewable energy in fostering a sustainable future. With that in mind, we have embarked on ambitious hydro power projects to leverage the immense power of flowing water. These initiatives not only reduce our carbon footprint but also contribute to the national grid, creating a new source of revenue for our company.

GLENANORE ESTATE: A STORY OF A REMARKABLE TURNAROUND

Glenanore Estate's extraordinary journey is a true tale of triumph, where steadfast determination transformed adversity into an inspiring turnaround. The key to our success lies with the concept of taking advantage and maximising the use of our assets. With this concept the Company's strategy was to increase the production of the factory and this was achieved through a significant increase in bought leaf intake, within three years. The bought leaf volume of 101,104 kg in 2018/19, increased to an impressive 540,593 kg in 2022/23. This growth was echoed in the estate's crop, which also rose from 281,780 kg to 338,559 kg during the same period.

The most remarkable outcome of these improvements is the financial transformation of Glenanore Estate. Previously burdened with average losses ranging from Rs. 25 Mn to Rs. 60 Mn per annum, Glenanore has successfully turned the tide, achieving a remarkable profit of Rs. 392 Mn in 2022/23. This outstanding financial turnaround is a testament to the effectiveness of the strategies we implemented, positioning Glenanore Estate as a resounding success story within the industry.

This success can be attributed to the commitment and dedication of the Estate Manager and his team, with the Manager proving himself to be a true game-changer. With his unique talents and approach, he successfully turned around the highly unionised workforce. His leadership and ability to inspire and motivate employees played a pivotal role in transforming the working environment.

Previously, our factory operations suffered from inconsistency and frequent shutdowns. However, through the implementation of innovative initiatives and strategies, the factory achieved seamless functioning, even during festival days when the estate itself is not operational. Continuous production was ensured through the introduction of bought leaf during these periods.



With the increase in production, machinery repairs were undertaken, resulting in improved efficiency, productivity, and increased profitability for the entire estate.



In addition to these achievements, our commitment to the development of the estate and the welfare of our stakeholders is evident. We have conducted the bought leaf operation on Glenanore Estate with exceptional results. The installation of the new, high output colour sorter in 2019 has further enhanced our production capabilities. Timely re-tabling of all rollers with MNS feeder way cones has contributed to the overall efficiency of our processes.

Collaborating with the Tea Commissioner's department of Bandarawela, the estate successfully conducted the B-60 Programme, which has had a positive impact on quality and productivity. Furthermore, our partnership with the Asian Development Bank has allowed us to implement programmes that have fostered growth and innovation within the estate.

We have also taken steps to motivate and support our bought leaf suppliers with several incentives to demonstrate our appreciation for



their contributions, and to ensure their continued dedication. Additionally, we have provided free agricultural advice to tea smallholders, assisting them with various aspects of tea cultivation, including maintaining plucking rounds, fertiliser, foliar spraying, and pruning.

During challenging times of the fertiliser and fuel crisis in the country, we took proactive measures to support our green leaf suppliers. We arranged for their requirement of fertiliser and issued fuel on the estate account, ensuring the continuity of our bought leaf intakes, and maintaining the quality standards expected of Glenanore Estate.

Our commitment to maintaining good leaf standards has been a priority with the corporation of the bought leaf suppliers, to achieve and sustain high-

quality tea production, which has paid dividends to the suppliers who benefited from high prices. Glenanore consistently maintained prices above the elevation average throughout the calendar year 2022, achieving all-time high prices for certain grades, no less than 16 times at the Colombo Tea Auctions.

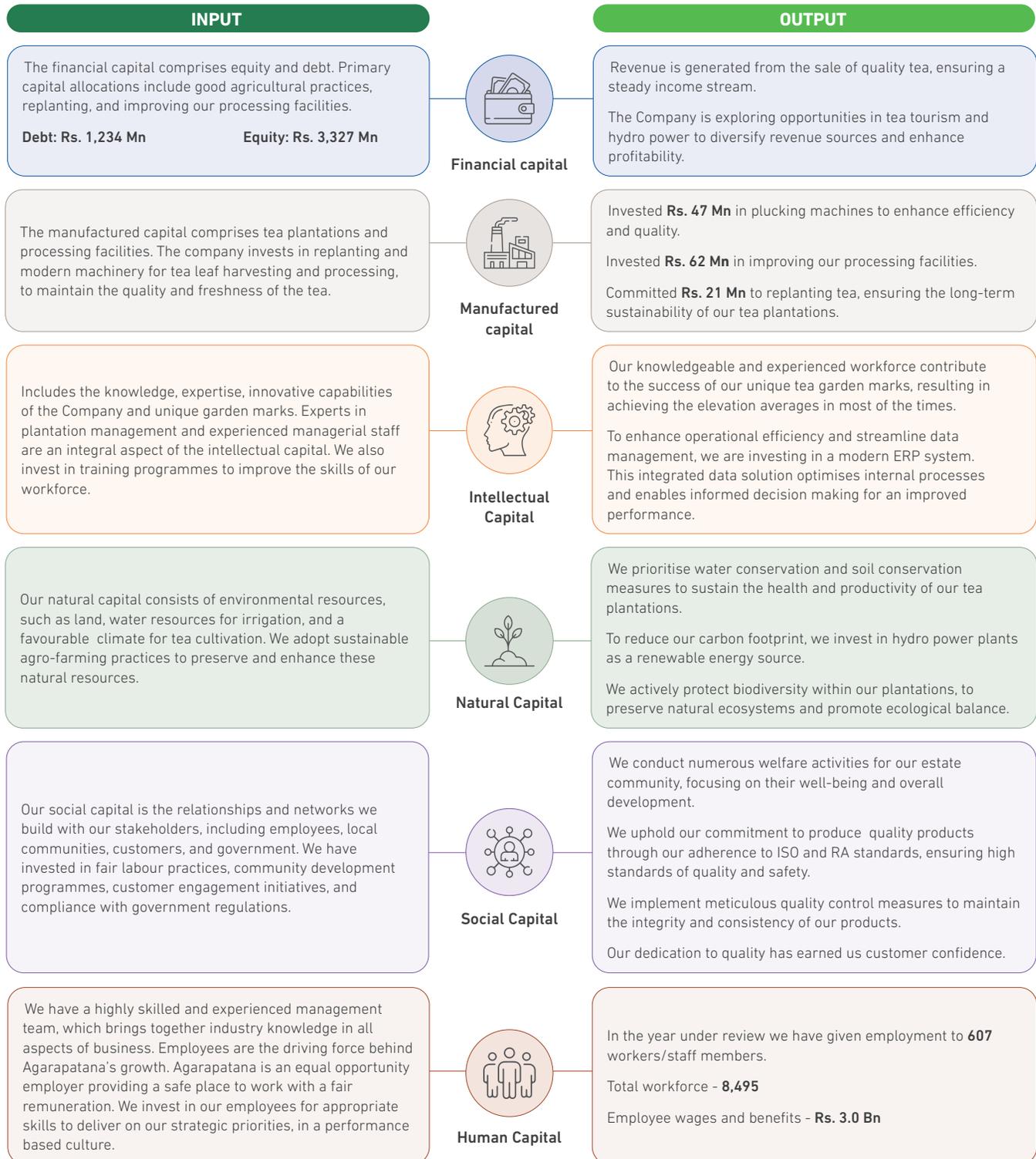
Glenanore Estate's achievements are not limited to financial success alone. We have consistently demonstrated our dedication to corporate social responsibility, especially during the COVID-19 pandemic. The well-being of our workforce has been a top priority, and we have implemented stringent safety protocols to protect their health and ensure the smooth operation of the factory.



Colour Sorter

The success of Glenanore Estate stands as a shining example of our ability to leverage our assets in the most productive and efficient manner. We take pride in our achievements, and they reinforce our commitment to continued innovation, excellence, and sustainable growth in the future.

OUR BUSINESS MODEL



HORIZONS OF ACHIEVEMENT



CHAIRMAN'S MESSAGE

“ HISTORIC SUCCESS! ”

IN THE CURRENT FINANCIAL YEAR, AGARAPATANA PLANTATIONS HAS REPORTED THE HIGHEST PROFIT IN THE HISTORY OF THE COMPANY, IN SPITE OF UNPARALLELED COST INCREASES, INCLUDING AN UNPRECEDENTED INCREASE IN TAXATION



Witnessing a historic year for Agarapatana Plantations Limited, it gives me great pleasure to welcome our shareholders to the 31st Annual General Meeting of the Company and to present the Annual Report and Audited Financial Statements for the year ended 31st March 2023.

In the current financial year, Agarapatana Plantations has reported the highest profit in the history of the Company, in spite of unparalleled cost increases, including an unprecedented increase in

taxation. As the financial performance of the Company is discussed in detail in the Financial Capital chapter of this report, I will merely highlight the key indicators. Agarapatana Plantations, achieved a year-on-year profit growth of 6,304%, recording a net profit after tax of Rs. 1,783 Mn for the financial year 2022/23.

This is indeed an auspicious start to a new chapter in the history of the Company that will commence in 2023, when the Company goes public. As our

shareholders are aware, we have already obtained approval from the Colombo Stock Exchange to list Agarapatana Plantations on the Diri Savi Board as a Public Quoted Company, in 2023. The Initial Public Offering has been scheduled for 10th August 2023 and we are confident of a positive investor response.

This financial performance was achieved against the backdrop of the worst economic crisis in this country. The Sri Lankan economy hit its lowest point in 2022, shrinking by 7.8% on a

year-on-year basis, according to the Central Bank Annual Report 2022, indicating output losses across all major economic sectors. Industry activities contracted by 16.0% in 2022, compared to the 5.7% growth recorded in 2021. Services activities, largely affected by the prolonged energy crisis, limited availability of goods and high inflation, contracted by 2.0% in 2022 in value-added terms, compared to the growth of 3.5% recorded in 2021. The overall agriculture sector contracted by 4.6%, compared to the growth of 0.9% recorded in 2021. This decline is reflected in the Volume Index of Agricultural Production, which measures the output of the agriculture sector, contracting by 19.4%, year-on-year, during 2022, compared to a year-on-year growth of 2.1% in 2021. Outputs of most of the sub-indices, including paddy, tea, rubber, and livestock and livestock products, recorded a reduction. Supply side headwinds including severe shortages of agricultural inputs, particularly fertilisers and other agrochemicals, substantial increases in production costs, and disruptions in fuel supply, disrupted the overall performance of agriculture activities during 2022.

TEA

Tea production in almost all producer countries declined in 2022, compared to 2021 with total global tea output declining by 0.8% to 6.4 Mn Tonnes. Sri Lanka recorded the steepest decline of 48 Mn Kgs year-on-year, due to the severe shortage in fertiliser and agrochemicals. When fertiliser did become available later during the year, the prices increased exorbitantly, and tea growing areas also experienced unfavourable weather conditions.

However, the Sri Lankan tea industry was one of the best performers in the year 2022. The highest FOB value recorded this year, of Rs. 2,077.46 was despite the decline in total export volumes. National Sales Averages were among the highest in the history of trading in the tea industry, with the highest Sale Average in a calendar month being recorded in the month of September 2022 at Rs. 1,599.49 (US\$ 4.46). These record prices can be attributed to the lower supplies, coupled with the rapid rate of inflation in the country, which pushed up the prices of Ceylon Origin Teas in rupee terms, whilst also recording a steep increase in Dollar terms in comparison with other major tea producing countries.

According to Central Bank data, the average price of tea increased by 105.2% to Rs. 1,270.50 per kg during 2022, from Rs. 619.15 per kg recorded in 2021. The average tea prices for high, medium, and low grown tea increased by 94.6%, 93.5%, and 110.8%, respectively, in 2022.

GOVERNANCE AND COMPLIANCE

Agarapatana Plantations has met all statutory good governance requirements and has also adopted the Code of Conduct on Best Practices, ahead of its listing. During the year, the Board convened regularly to review external developments and the Company's financial and operational status. Agarapatana has also established four Board sub-committees - for financial oversight, related party transactions oversight and for nominations and remuneration of Board members.

In addition, monthly management meetings were held as part of the review of estate operations towards the achievement of budgets and monthly targets to enable closer financial and operational monitoring and provide strategic guidance towards achieving annual targets.

CORPORATE SOCIAL RESPONSIBILITY

Agarapatana Plantations has a comprehensive social welfare system to provide a range of benefits for its estate communities at a considerable cost, although only a small percentage of the estate communities work in Agarapatana estates. During the year, the Company also experienced a high degree of labour outmigration. However, the Company has continued to support estate families, the elderly estate population and estate children, while also promoting concepts of gender equity.

In addition to complying with all applicable environmental laws and regulations and accreditation standards under the Rainforest Alliance certification, Agarapatana Plantations has many initiatives in place to protect the environment. Please refer the Natural Capital chapter for more information.

STRATEGIC PROGRESS

While recording an excellent financial performance, I am pleased to state that Agarapatana Plantations has also maintained its strategic focus during the year, despite the many economic disruptions.

A significant strategic move was the acquisition of Waverley Power (Pvt) Ltd. Under the growth strategy for Agarapatana, renewable energy will gain prominence, and we are considering additional hydro power capacity and also solar power generation. We believe renewable energy will strengthen energy security of Agarapatana Plantations, while diversifying revenues.

Agarapatana Plantations is also investing in tea tourism as a growth strategy. Agarapatana estates are located in some of the most beautiful areas of the country with many tourist attractions in the vicinity. Therefore, we believe the Company has the potential to develop a high-quality tourism product, as global tourism revives.

CHAIRMAN'S MESSAGE

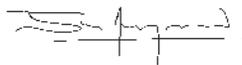
As a monocrop cultivator, Agarapatana Plantations has limited options with regards to crop diversification. However, we have invested in commercial timber plantations under a 5-year plan, which is continuing. The Company also continued to invest in good agricultural practices to protect its biological assets, supported by ongoing replanting programmes to maintain the quality of green leaf, and yields.

A key part of the growth strategy for Agarapatana is its modernisation plans through mechanisation, automation and digitisation. Despite import restrictions, we continued to make progress in this regard during the year, by deploying more harvesting machines in tea fields and by training our employees. Please refer the Human Capital and Manufactured Capital chapters for additional details.

APPRECIATIONS

I take this opportunity to welcome four new members to the Agarapatana Plantations Limited Board - Mr. Kowdu Mohideen, Mr. Gotabaya Dasanayaka, Mr. Asoka Sirimane and Mr. Ajit Jayaratne and I extend my gratitude to all Board members for their dedication in guiding the Company during this difficult year.

I also extend my sincere appreciations to all employees of Agarapatana Plantations, for their tireless contribution towards making this year a success. I am grateful, as always to our shareholders and all other stakeholders for their continued confidence in the Board of Directors and I look forward to their continued support in the new financial year.



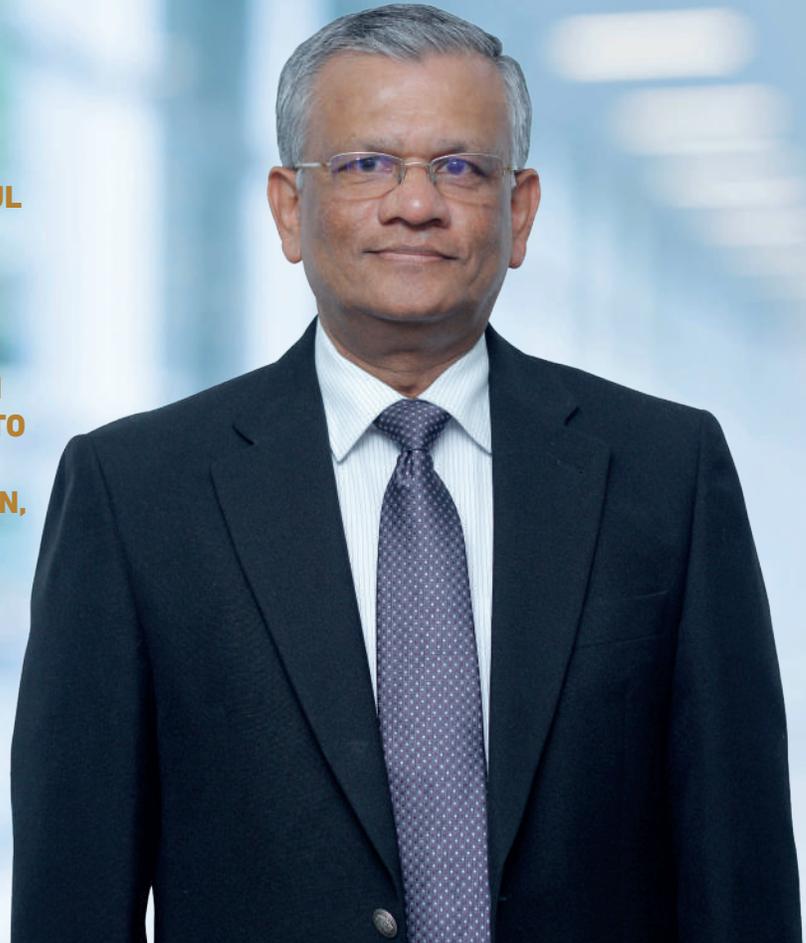
S D R Arudpragasam

Chairman

27th July 2023

MANAGING DIRECTOR'S REVIEW

“
AGARAPATANA PLANTATIONS (APL) ACHIEVED A SUCCESSFUL FINANCIAL YEAR WITH A TURNOVER OF RS. 8,518 MN AND A NET PROFIT OF RS. 1.8 BN. APL TACKLED WORKER SHORTAGE THROUGH MECHANISATION AND PLANS TO SUSTAIN GROWTH THROUGH, AUTOMATION, DIVERSIFICATION, AND RENEWABLE ENERGY INVESTMENTS
 ”



Since incorporation in 1992 Agarapatana Plantations Ltd (APL), has had its best year where revenue and profits are concerned, in the financial year 2022/23, recording a turnover of Rs. 8,518 Mn and a net profit of Rs. 1.8 Bn, even with an increased tax provision of Rs. 605 Mn.

These results have been achieved despite many challenges faced by the agriculture sector in Sri Lanka, including the plantation sector. In fact, the financial year under review has been one of the most difficult years for the

Sri Lankan tea industry with continued production challenges which caused an unprecedented decline in the overall national tea production.

IMPROVEMENTS TO MANAGEMENT AND OPERATIONS

APL, as a dedicated tea producer, did not have access to growth opportunities that were available to more diversified plantation companies, given the limited revenue diversification at APL. The primary success factor for the year, was the management of the Company's tea

portfolio. Although tea outputs declined by 12% against the previous year, APL was ranked the highest producer in the high grown category.

During the financial year 2022/23 plantations had to overcome the combined impacts of a range of external challenges, starting from the government's decision to convert all agriculture, including the plantation industry, to organic farming. This decision created a severe shortage of chemical fertiliser and agrochemicals, which led

MANAGING DIRECTOR'S REVIEW

to unprecedented cost increases as well. The situation was aggravated by the economic crisis, with limitations of fuel resulting in energy shortages disrupting all factory operations, transport etc. As outputs had declined across the portfolio, the growth in revenues was mainly from the sales price increases due to supply and demand, along with the depreciation of the currency. The overall national tea production too, declined by 17 % and the different agroclimatic sectors of high, medium, and low grown tea, which contributed around 22%, 16%, and 62% of the total production, respectively, last year, declined by 14%, 21%, and 15%, respectively, in 2022. The cost of production of tea too, increased compared to the financial year 2021/22, mainly due to the cost increases of all inputs.

WORKER SHORTAGE AND MECHANISATION

At the time of privatisation in 1992, the APL workforce was almost 22,000 and due to migration of workers, the workforce has now reduced to less than 9,000 workers. This reduction has had a drastic impact on the production by not having the required workers for tea plucking. Having analysed this situation and considering the available technology, APL took the lead in 2019 to introduce mechanical harvesting on a commercial scale and currently undertakes the highest extent of mechanical plucking amongst Sri Lankan plantation companies.

We have, up to now, mechanised 22% of the plucking extent and we intend mechanising 30% by the end of the current financial year. Thereafter, we will increase the extent progressively, depending on the worker shortage, since the best option for Ceylon Tea still remains selective manual plucking, for which there should be an efficient and a highly skilled labour force.

With training, and by hiring a special Consultant, we have achieved desirable results in mechanical harvesting and have also extended mechanisation into other field activities, such as pruning. APL also conducted the first trials to introduce drones for spraying and has signed up with an American company to undertake drone spraying. Mechanisation, along with modern agricultural practices, will also bring in long-term cost benefits, apart from greater efficiency.

APL also commenced purchasing of small holder leaf, especially in the Uva region, from the year 2020, making use of the Glenanore factory, which improved its available machinery. This has been a great success and this estate, which was incurring heavy losses in the past, recorded its highest profit, exceeding Rs. 350 Mn, in the financial year 2022/23. We are now planning to extend this bought leaf concept to two other factories in the Haputale region - the Gonamotawa and Kahagalla factories - this year.

FINANCIAL PERFORMANCE HIGHLIGHTS

Improving the overall management of finances and administration of the estates remained a top priority during the year. As a key component of this objective, a dedicated Director of Finance was appointed to overlook financial management. The specialised financial expertise has contributed towards better cash flow management, as well as better financial oversight at APL.

Although energy and labour costs continued to increase and labour outmigration also increased during the year, mechanised harvesting and automation of tea factories helped to maintain margins.

In addition, APL has obtained multiple quality and ethical accreditations. While these certifications do not provide a direct price advantage, they do support the competitive positioning of APL in the international market, as an environmentally conscious, ethical plantation company, and a manufacturer of high-quality tea that complies with global health and safety standards.

For the financial year 2022/23, APL reported a year-on-year gross profit increase of 4,102%, reaching Rs. 2,656 Mn, which reflect the gains from internal efficiency improvements. The Company recorded a revenue growth of 90% year-on-year, reaching Rs. 8,518 Mn. By prioritising cost management, APL achieved a bottom-line growth of 6,304% year-on-year, reaching Rs. 1,783 Mn.

I urge our shareholders to refer the Financial Capital chapter of this report for a more detailed explanation of the Company's financial position as at the end of the financial year.

STRATEGY AND RESOURCE ALLOCATION

We are confident that APL is now equipped with specialised skills and strategic growth plans to sustain growth following its listing, which is planned for later in 2023.

The equity generated through the Initial Public Offering (IPO) will be channelled towards a growth strategy, which is aimed at continued modernisation, through mechanisation of tea harvesting and other components of field activities, and continued automation and digitisation of factory and administrative processes. These changes will continue to generate efficiency and quality gains for the Company, in the coming years. We have already evaluated and approached suitable vendors and

manufacturers, for software and other equipment, to facilitate rapid deployment of mechanisation and digitisation plans. We are also conducting ongoing training programmes to build employee capacity to accommodate these changes.

In addition, a part of the IPO funds will be used to retire high-cost term loans, which will ultimately contribute towards better returns for all stakeholders.

A business diversification strategy has already been deployed, aimed at developing a sustainable tea tourism model for APL. The diversification into tourism will yield multiple benefits, including opening new revenue streams, while also rebalancing the Company's risk portfolio.

The acquisition of Waverley Power (Pvt) Ltd in September 2022, was also aimed at rebalancing the risks, while strengthening energy security of the Company. We plan to enhance business sustainability through further investments into renewable energy.

OUTLOOK FOR THE NEW FINANCIAL YEAR

In general, the outlook is optimistic for the tea industry. The industry anticipates a higher crop intake in financial year 2023/24, due to the availability of fertiliser and agrochemicals, while tea prices are also expected to remain favourable with some exceptions. However, the industry continues to be challenged by the sharp rise in costs, including cost of finance and higher taxes and constant demands for wage increases. These factors will continue to undermine the competitiveness of Ceylon Tea, due to higher average production costs compared to other large tea exporting countries.

However, we are confident our plans for mechanisation and automation, as well as business diversification will sustain APL's growth trajectory in the new financial year. We will continue to focus on improving internal systems and processes to maximise returns for all stakeholders.

ACKNOWLEDGEMENTS

I take this opportunity to thank the APL team, including all estate employees as well as staff, all Head Office and Regional Office staff, and the management team for their hard work. I would also like to thank our bankers, brokers, the Planters' Association and the Employers' Federation for their advice and support at all times.

APL has been steered successfully towards a new growth era through the expert guidance of the Chairman and Board of Directors who have worked tirelessly during the year. I would also like to thank all other stakeholders who have partnered APL in its journey, and I look forward to a new, and better future, as APL commences a new chapter of growth, as a listed company, in 2023.



S S Poholiyadde

Managing Director

Lankem Tea & Rubber Plantations
(Pvt) Ltd - Managing Agents

27th July 2023

OPERATIONS REVIEW BY CEO

“
AGARAPATANA PLANTATIONS (APL) HAD A SUCCESSFUL YEAR WITH STRONG FINANCIAL PERFORMANCE, RANKING FIRST IN HIGH GROWN TEA PRODUCTION. APL IMPLEMENTED BOUGHT LEAF OPERATIONS, AND MAINTAINED HIGH-QUALITY STANDARDS. THE COMPANY FOCUSES ON GOOD AGRICULTURAL PRACTICES, MODERNISATION OF TEA FACTORIES, MECHANISATION TO ADDRESS LABOUR SHORTAGES AND TIMBER CULTIVATION
”



Agarapatana Plantations Ltd is situated amidst the breath-taking landscapes of the upcountry region of Sri Lanka. The Company's tea estates are located in the Agarapatana area, which is part of the Nuwara Eliya District in the Central Province, and the Haputale region of the Uva Province of Sri Lanka. Agarapatana Plantations' estates extend to 10,192 hectares, with a few of our estates bordering the famous Horton Plains.

Despite the numerous challenges faced by the tea sector and the Company during the financial year 2022/23, Agarapatana Plantations achieved remarkable success by recording its highest-ever profit before tax of Rs. 2,387 Mn. In the face of disruptions caused by social unrest, fuel and electricity shortages, labour outmigration, delays in fertiliser applications and adverse weather

conditions impacting green leaf quality and quantity, the Company's strategic initiatives, and efficient management contributed to this outstanding financial performance.

The performance of Agarapatana Plantations' 20 estates is explained herein.

TEA PRODUCTION

Agarapatana Plantations recorded a crop of 6.2 Mn Kg, which is a reduction of 0.8 Mn Kg compared to the previous year. The decline can be primarily attributed to adverse weather conditions and scarcity of fertiliser and agro chemicals. However, the Company demonstrated its resilience and commitment to excellence by securing the 1st place in terms of volume in the high grown category.

The successful implementation of bought leaf operations at Glenanore, Gonamotawa, and Torrington estates have significantly contributed to the overall success of the Company. The diligent management and execution of bought leaf operation by these estates have effectively enhanced profitability.

Glenanore, in particular, deserves special mention as it successfully reversed its previous losses through the implementation of bought leaf operations. Additionally, through strategic investments into the estate, Glenanore achieved substantial profits from its estate leaf production as well.

The combined efforts of these estates in effectively managing bought leaf operations, along with prudent investments, have played a pivotal role in driving positive outcomes.

OUR GARDEN MARKS

At Agarapatana Plantations, we take great pride in all our unique garden marks. Bandara Eliya, Clydesdale, Agra Ouvah, Pita Ratmalie, Torrington and Glenanore garden marks for instance, are widely recognised among the industry and among global tea enthusiasts.

QUALITY STANDARDS

Our estates have consistently produced tea of exceptional quality and have repeatedly secured top positions in the prestigious Colombo auctions, which is a testament to their outstanding flavour profiles. During the year, we continued to focus on maintaining quality standards among all our estates.

The Company has achieved an impressive 5th place ranking in terms of high grown tea sales averages among all RPCs.

FORESTRY/TIMBER

Existing commercial timber cultivations were maintained in tea estates and new planting and replanting was continued according to our 5-year plan.

Our timber extent spans across 935 hectares, representing a significant portion of our asset base of Rs. 1,533 Mn. We remain committed to upholding these regulations and maintaining the ecological balance.

GOOD AGRICULTURAL PRACTICES

As some of the Vegetatively Propagated (VP) tea extents are over 50 years old, Agarapatana Plantations has an ongoing replanting programme, to maintain estate productivity.

Despite rising costs, Agarapatana Plantations made a significant investment of Rs. 1,015 Mn in fertiliser and continued with good agricultural practices. We ensured that no compromises were made in adhering to the highest standards of cultivation, thereby prioritising long-term sustainability and quality of our tea.

PRODUCTIVITY AND MECHANISATION

Low labour productivity in Sri Lankan tea estates, compared to other tea cultivating countries, is a persistent problem. Sri Lankan tea estates have also experienced increasing labour losses due to estate youth opting for foreign employment and other occupations.

During the financial year 2022/23, Agarapatana estates had a total workforce of 7,901, which continued to decline during the year. However, estate worker productivity has increased due to ongoing mechanisation of field operations. Throughout the year, Agarapatana Plantations deployed 392 harvesting machines, resulting in approximately 22% of our total extent being covered under machine plucking. The introduction of machine plucking has significantly enhanced our plucking rounds during the year under review. Building on this success, our future plan is to expand machine plucking to encompass 30%-35% of the total extent across all our estates. This strategic expansion aims to achieve the optimal plucking rounds of 3-4, further improving efficiency and productivity throughout our operations. We are also happy to state that most areas that were abandoned due to manpower shortages have now been returned to harvesting, using machines.

FACTORY DEVELOPMENT

The modernisation programme at tea factories, to improve the quality and consistency of made tea, was continued despite import restrictions and cost increases.

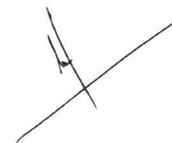
To enhance operational efficiencies, we installed two state-of-the-art colour sorters at Torrington and Gonamotawa estates. These advanced sorting machines have significantly contributed to operations by efficiently segregating tea leaves, based on appearance and quality. We have also introduced de-stoners at Gonamotawa and Dambatenne, to eliminate impurities and enhance buyer confidence.

SOCIAL WELFARE

Throughout the year, Agarapatana Plantations maintained its commitments towards the well-being and development of our estate communities. For our community initiatives, we invite you to refer to the Social Capital chapter in this annual report. It provides further insights into the various programmes, projects, and partnerships through which we strive to create a positive and lasting impact on our communities.

APPRECIATIONS

I extend my sincere appreciations and gratitude to all our stakeholders for their unwavering support and dedication throughout the year. My heartfelt thanks go to our employees, whose resilience and teamwork have been instrumental in driving our success. We are grateful to our customers for their trust and loyalty, our suppliers for their reliable support, and the local communities for their cooperation. I also acknowledge the guidance of the Managing Director, Chairman and the Board of Directors, and the confidence of our shareholders. Together, we have overcome challenges, embraced opportunities, and achieved remarkable milestones. I look forward to continued partnerships and shared successes in the future.



D R Madena

Director/ Chief Executive Officer

27th July 2023

BOARD OF DIRECTORS



Left to Right :

D.R. Madena

K. Mohideen

S.S. Poholiyadde

A. M. de S. Jayaratne

S.D.R. Arudpragasam

C.P.R. Perera



P.M.A. Sirimane
G.K.B. Dasanayaka

Anushman Rajaratnam (Absent)

BOARD OF DIRECTORS

S.D.R. Arudpragasam

Chairman /
Non- Executive Director

Mr. S.D.R. Arudpragasam joined the Board in 1996 and was appointed Chairman in May 2013. Mr. Arudpragasam whilst being associated with The Colombo Fort Land & Building Group of companies since 1982 and having served on the Board of The Colombo Fort Land & Building PLC (CFLB) since the year 2000 and as Deputy Chairman from 2011 was appointed Chairman CFLB with effect from 1st July 2022. He also serves as Chairman of several subsidiaries of CFLB and holds the position of Chairman, Lankem Ceylon PLC and Chairman/Managing Director of E.B. Creasy & Company PLC in addition to holding other Directorships within the CFLB Group.

Mr. S.D.R. Arudpragasam is a Fellow of the Chartered Institute of Management Accountants (U.K.)

C.P.R. Perera

Deputy Chairman /
Independent Non- Executive Director

Mr. C.P.R. Perera joined the Board in 2005 and was appointed Deputy Chairman in May 2013. He was appointed to the Board of The Colombo Fort Land & Building PLC (CFLB) in May 2013 and as Deputy Chairman with effect from 1st July 2022. He serves on the Boards of several subsidiaries of CFLB Group and also holds directorships in other private and public companies. He retired as Chairman of Forbes & Walker Ltd and its subsidiary companies in June 2005 after almost 44 years of service. He is also a past Chairman of the Sri Lanka Tea Board, Sri Lanka Insurance Corporation, PERC and Bank of Ceylon. Mr. Perera having held the Office of Chairman of Ceylon Tea Brokers PLC until 1st April 2022 continues to serve as a Non-Executive Director of the said Company. Mr. Perera has served as a Committee Member of the Ceylon Chamber of Commerce, The Planters Association of Ceylon, and on the Committee of Management of the Ceylon Planters Provident Society.

S.S. Poholiyadde

Executive Director

Mr. S.S. Poholiyadde joined the Board on 07th September 2018 and currently holds the position of Managing Director, Lankem Tea & Rubber Plantations (Pvt) Ltd (LT&RP), managing agents of Kotagala Plantations PLC and Agarapatana Plantations Ltd.

Mr. Poholiyadde is the former Managing Director of the Plantations Sector and Head of Group Human Resources of the Richard Pieris Group. He was also the former CEO / Executive Director of Kegalle Plantations PLC, Namunukula Plantations PLC, Maskeliya Plantations PLC & an Executive Director of AEN Palm Oil Processing (Pvt) Ltd. He has over four decades of experience in the Plantations Industry.

He is the immediate past Chairman of the Planters' Association of Ceylon, former Chairman of the Colombo Rubber Traders' Association and has served as Chairman of the Plantation Services Group of the Employers Federation of Ceylon (EFC). He was also a member of the Board of Directors of the Sri Lanka Tea Board and the Rubber Research Board. He has also served as a Council Member of the Ceylon Chamber of Commerce and continues to serve in the Executive Committee of the Sri Lanka Society of Rubber Industry. Mr. Sunil Poholiyadde is a Fellow of the National Institute of Plantation Management.

D.R. Madena

Chief Executive Officer /
Executive Director

Mr. Madena commenced his career with Janatha Estates Development Board in 1987 prior to privatization and his experience spans over 34 years in the high grown western and eastern Regions.

With the privatization of the Management in 1992, he joined Kotagala Plantations which was then managed by George Steuart Management Services as an Assistant Manager and was subsequently promoted as a Manager.

He continued to serve Kotagala Plantations under the management of Lankem Tea and Rubber Plantations (Pvt) Ltd. (LT&RP) and functioned as the Manager from 2000 to 2005 of the Stonycliff Cluster which is one of the most prestigious properties of Kotagala Plantations.

In 2005, he was assigned to Dambetenne Estate which is one of the prime properties of Agarapatana Plantations Limited (APL) and held the positions of Manager / Senior Manager / General Manager / Regional General Manager.

He was appointed as an Alternate Director of APL in 2013 and to the Directorate of LT&RP in 2018.

Mr. Madena was appointed to the Board of APL and also to the position of Chief Executive Officer on 1st November 2019.

Anushman Rajaratnam

Non - Executive Director

Mr. Anushman Rajaratnam was appointed to the Board on 1st October 2019. He is at present the Group Managing Director of The Colombo Fort Land & Building PLC (CFLB). In addition, he serves on the Boards of several subsidiary companies of the CFLB Group. Prior to joining the CFLB Group, he worked overseas for a leading global Accountancy Firm.

Mr. Anushman Rajaratnam holds a Bachelor of Science degree in Economics from the University of Surrey, UK, and MBA from the Massachusetts Institute of Technology, USA.

P.M.A. Sirimane

Independent Non - Executive Director

Mr. P.M.A. Sirimane was appointed to the Board of Agarapatana Plantations Ltd on 20th September 2022.

He is a Fellow of the Institute of Chartered Accountants of Sri Lanka and also holds a Masters in Business Administration from the University of Swinburne, Victoria, Australia. Mr. Sirimane serves on the Board of The Colombo Fort Land & Building PLC (CFLB) and also serves on the Boards of several subsidiary companies in the CFLB Group. Amongst other senior positions he has functioned as Managing Director/CEO of Mercantile Leasing Ltd., Group Finance Director of United Tractor & Equipment Ltd., Chief Finance Officer of Sri Lanka Telecom Ltd., and Director of SLT Hong Kong Ltd. He has served as a Member of several Committees of the Institute of Chartered Accountants of Sri Lanka and was an ex-officio member of the International Leasing Association.

BOARD OF DIRECTORS

G.K.B. Dasanayaka

Independent Non-Executive Director

Mr. G.K.B. Dasanayaka was appointed to the Board of Agarapatana Plantations Ltd on 20th September 2022.

He is an Attorney-at-Law by profession. After a brief period at the unofficial Bar, Mr. Dasanayaka joined the Employers Federation of Ceylon (EFC) in 1979 and was Director General/CEO of the EFC from 2000 - 2006. His areas of work and expertise involved representing employers at International and National Level on Labour and related social issues, Employment Law, Employee Relations and Training & Development of Human Resources. He is an Honorary Life Member of the Chartered Institute of Personnel Management (Sri Lanka).

Mr. Dasanayaka worked with the International Labour Organization (ILO) as a Senior Professional Specialist (Employer's activity) for the South Asian Region from 2007 to 2015. Since leaving the ILO, he offers consultancy services in employment related subjects.

Kowdu Mohideen

Executive Director

Mr. Kowdu Mohideen was appointed to the Board of Agarapatana Plantations Ltd on 20th September 2022.

He is a Fellow of the Institute of Chartered Accountants of Sri Lanka and The Chartered Institute of Management Accountants. (UK). He commenced his career at M/s Ernst & Young, Sri Lanka and later moved to various Commercial Sectors both locally and overseas.

He possesses a wide exposure in the areas of Plantation Industry, Hyper Market Operations, Fast Food Industry, Investment & Finance and Manufacturing spanning over 25 years in local and overseas companies during which period he has held several senior positions in Finance and Management including the position of Director, Finance & IT in a local Company and has also served as Managing Director in a Super Market operation overseas.

Having extensive experience in the field of Finance, Mr. Kowdu Mohideen joined the Lankem Plantations Group in the year 2012 as General Manager-Finance. He currently holds the position of Director Finance and heads the Financial Management Unit of the Plantations Sector which comprises of several Companies including two Regional Plantation Companies.

A. M. de S. Jayaratne

Independent Non-Executive Director

Mr. A. M. de S. Jayaratne was appointed to the Board of Agarapatana Plantations Ltd on 18th November 2022.

He is a former Chairman of Forbes & Walker Limited, Colombo Stock Exchange, Ceylon Chamber of Commerce and The Finance Commission. He also served as Sri Lanka's High Commissioner in Singapore. Mr. Jayaratne is a Director of several listed and unlisted companies. He holds a Bachelor of Science Degree in Economics and is a Fellow of the Institute of Chartered Accountants of England and Wales and of Sri Lanka.

MANAGING OUR CAPITAL



HORIZONS OF VISION

Operating Environment **36** | Financial Capital **38** | Human Capital **42** | Manufactured Capital **50** |
Intellectual Capital **55** | Natural Capital **56** | Social Capital **60**

OPERATING ENVIRONMENT

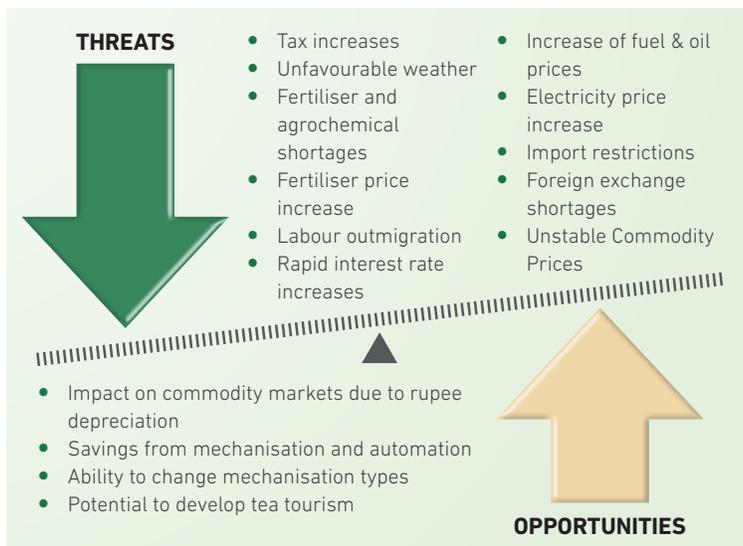


AGARAPATANA PLANTATIONS NAVIGATED CHALLENGES (TAX INCREASES, FERTILISER PRICE HIKES, UNFAVOURABLE WEATHER, LABOUR OUTMIGRATION, FUEL/ELECTRICITY PRICE INCREASES) BUT CAPITALISED ON TEA PRICE INCREASES AND DIVERSE TEA MANUFACTURING TO SUSTAIN PERFORMANCE IN A TOUGH MACRO ENVIRONMENT



THREATS AND OPPORTUNITIES

The macro environmental conditions during the financial year 2022/23 posed a number of unavoidable threats to Agarapatana Plantations. However, ongoing capital investments and improvements to management processes made it possible for the Company to take advantage of the limited opportunities that emerged during the year.



MAJOR THREATS FACED BY AGARAPATANA PLANTATIONS

Tax increases

The corporate tax rate increased from 14% to 30% during the year, which had a direct unfavourable impact on the P&L due to the unforeseen deferred tax impact, which eroded the Company's financial performance.

	2021/22	2022/23	% change
Income tax expense – Recognised in the Profit or Loss Rs. Mn	18	17	(8%)
Deferred tax expense – Recognised in the Profit or Loss Rs. Mn	14	588	4,211%
Income tax expense – Total Rs. Mn	32	605	1,785%



Fertiliser price increases

Although import restrictions on fertiliser were lifted, the shortage in foreign exchange, rupee depreciation and delays in placing orders to import fertiliser, prolonged the shortages and caused prices to increase exponentially. This had a direct and detrimental impact on the cost of production.

	2021/22	2022/23	% change
Fertiliser Cost - Rs./MT	29,250	585,000	1,900%

Unfavourable weather

The country experienced unfavourable weather patterns for much of 2022, which caused lower yields and impacted the quality of tea.



Labour outmigration

The plantation sector experienced a rapid rise in labour outmigration during 2022/23, as many estate youth as well as staff left the sector in search on foreign employment and other employments, in response the escalating cost of living.

Labour force	1992	2022	% change
Total employees (including management, staff and plantation workers)	22,000	8,495	(61%)

Fuel and electricity price increases

The increases in fuel & electricity prices during the year added to the cost of production.



	2021/22	2022/23	% change
Power Cost - Rs. Mn	90	153	70%

Interest rate increases

	2021/22	2022/23	% change
Interest Rate (12 Months Average AWPLR for the year)	7.09%	24.04%	239%
Finance Cost Rs. Mn	221	247	12%

OPPORTUNITIES

Prices of tea increased in world markets and the rupee depreciation against major international currencies added to earnings from tea.

Agarapatana Plantations' capability to manufacture two types of tea – rotorvane and orthodox tea made it possible to capitalise on market demand and prices for different types of tea.

Commodity type	2021/22	2022/23	% change
Average tea price Rs./Kg	590	1,296	120%



FINANCIAL CAPITAL



AGARAPATANA PLANTATIONS STRENGTHENED ITS FINANCIAL CAPITAL BASE WITH HIGHEST PROFIT IN 2022/23, DRIVEN BY INVESTMENTS AND IMPROVED MANAGEMENT. MECHANISATION AND GOOD AGRICULTURAL PRACTICES LED TO COST SAVINGS AND BETTER TEA QUALITY. DESPITE INCREASED TAX EXPENSES, THE COMPANY REPORTED INCREASED PROFITS BEFORE AND AFTER TAXES. THE OUTLOOK IS POSITIVE, WITH EXPECTED GROWTH IN TEA REVENUE, RENEWABLE ENERGY AND POTENTIAL INCOME FROM TOURISM



GROSS PROFIT MARGIN

1%

2022

31%

2023



NET PROFIT MARGIN

1%

2022

21%

2023

STRENGTHENING OUR FINANCIAL CAPITAL

Agarapatana Plantations' financial capital base of debt and equity continued to be strengthened during the year under review due to improved financial and operations management. Ongoing investments such as mechanisation, have also started to contribute in the form of cost savings and enhanced productivity.

Mechanisation

In the environment of rising costs during the current financial year, mechanised harvesting and automation of factories contributed significantly towards cost savings, safeguarding the Company from labour losses and also better-quality standards of made tea.

The target in the short term is to expand to 30% of the extent which is around 1,700 hectares. A total of 392 machines have been deployed with a view to reach these targets. It has been decided to purchase internationally renowned Ochai tea harvesters which are having better performance. So far, around Rs. 58 Mn has been spent on the procurement

of machines, some for replacement and on those retained in stock.

The results of mechanised harvesting have been encouraging with substantial savings of over Rs. 100 - Rs. 140 per Kg of made tea realised in mechanised leaf on estates where the operation is well established.

In addition, the average daily earning of a machine operator has exceeded by Rs. 2,000 during the cropping season, averaging well above Rs. 1,000 over the season.

Investment in subsidiary

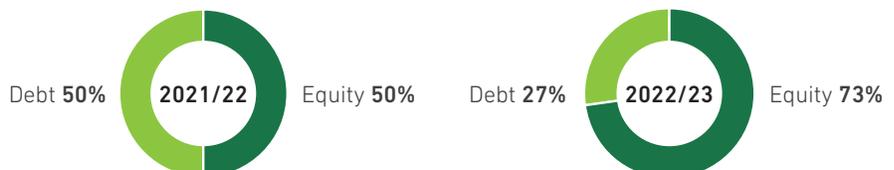
During September 2022, the company acquired 100% stake of Waverley Power (Pvt) Ltd whose principal activity is supplying electricity for the national grid.

Waverley Power (Pvt) Ltd was acquired by Agarapatana Plantations in September 2022, and as such, Group financials are limited to 6 months.

Financial Capital Base

Company	2020/21	2021/22	% change	2021/22	2022/23	% change
Total Equity Rs. Mn	653	1,630	150%	1,630	3,327	104%
Total Debt Rs. Mn	1,747	1,613	(8%)	1,613	1,234	(23%)

Group	2022/23
Total Equity Rs. Mn	3,279
Total Debt Rs. Mn	1,353



COMPANY**Earnings per Share (EPS)**

2020/21	2021/22	2022/23
0.81	0.09	4.28

Interest Cover (Times)

2020/21	2021/22	2022/23
1.54	1.27	10.65

Return on Assets (ROA)

2020/21	2021/22	2022/23
0.03	0.00	0.23

Return on Equity (ROE)

2020/21	2021/22	2022/23
0.29	0.02	0.54

Gearing Ratio (Debt/Equity)

2020/21	2021/22	2022/23
2.67	0.99	0.37

Current Ratio

2020/21	2021/22	2022/23
0.40	0.46	1.03

Group	Earnings per share (EPS)	Interest coverage (Times)	Return on Assets (ROA)	Return on Equity (ROE)	Gearing ratio	Current ratio
2022/23	4.17	9.85	0.22	0.53	0.41	1.04

Quarterly Performance

	2022/23				2021/22
	1st Qtr End	2nd Qtr End	3rd Qtr End	4th Qtr End	
Revenue (Rs. Mn)	2,256	4,395	6,382	8,518	4,487
Gross Profit (Rs. Mn)	754	1,424	2,225	2,656	63
Profit after Tax (Rs. Mn)	667	1,281	1,882	1,783	28
Shareholders' Funds (Rs. Mn)	2,297	2,912	3,512	3,327	1,630
Total Assets (Rs. Mn)	6,768	7,168	7,343	7,813	6,638
Earnings per Share (Rs.)	1.60	3.07	4.51	4.28	0.09
Net Assets per Share (Rs.)	5.51	6.98	8.42	7.98	3.91

Revenue

Due to the higher tea prices, Agarapatana Plantations recorded a sharp increase in revenue.

	2021/22	2022/23	% change
Company (Rs. Mn)	4,487	8,518	90%
Group (Rs. Mn)	N/A	8,550	N/A

Segmental Revenue - Group**TEA****RS. 8,518 MN****HYDRO POWER****RS. 32 MN****TOTAL RS. 8,550 MN****Gross Profit**

Agarapatana Plantations' gross profits increased by 4,102% year on year, reaching Rs. 2,656 Mn. The gross profit margin increased from 1% to 31%.

	2021/22	2022/23	% change
Company (Rs. Mn)	63	2,656	4,102%
Group (Rs. Mn)	N/A	2,681	N/A

FINANCIAL CAPITAL

Profit from Operations

Operational profits of Agarapatana Plantations grew by 3,885% against the previous financial year reaching Rs. 2,387 Mn. This improvement in operational performance was due to the combination of higher prices for tea and also stringent cost control measures.

	2021/22	2022/23	% change
Company (Rs. Mn)	60	2,387	3,885
Group (Rs. Mn)	N/A	2,386	N/A

Tax expenses

Tax expenses increased by 1,785% year on year to Rs. 605 Mn due to changes in the corporate tax structure. The increased tax expenses caused the Company's bottomline to decline.

However, the major tax impact resulted from the deferred tax component. Tax rate used to calculate the deferred tax increased to 30% (2022-10.5%). Deferred tax is provided using the liability method on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes based on the provision of the Inland Revenue (Amendment) Act, No. 45 of 2022 certified on 19 December 2022. This change in the corporate tax rate from 10.5% to 30% has resulted in a provision of Rs. 550 Mn related to the re-measurement of deferred tax liability of the company.

This caused Agarapatana Plantations' bottom line to reduce significantly during the current financial year, despite year-on-year gains in the operational and pre-tax positions.

Deferred tax expense

	2021/22	2022/23	% change
Recognised in the Profit or Loss (Rs. Mn)	14	588	4,211
Recognised in the Other Comprehensive Income (Rs. Mn)	61	(37)	(161)
Total Deferred tax charge	75	551	635

Income tax expense - Recognised in the Profit or Loss (Rs. Mn)

2021/22	2022/23	% change
18	17	(8)

Deferred tax expense - Recognised in the Profit or Loss (Rs. Mn)

2021/22	2022/23	% change
14	588	4,211

Income tax expense - Total (Rs. Mn)

2021/22	2022/23	% change
32	605	1,785

	Income tax expense - Recognised in the Profit or Loss (Rs. Mn)	Deferred tax expense - Recognised in the Profit or Loss (Rs. Mn)	Income tax expense - Total (Rs. Mn)
Group (Rs. Mn)	18	631	649

Profit for the year

The Profit Before Tax increased by 3,885% to Rs. 2,387 Mn.

Following the deferred tax provisioning Agarapatana Plantations' reported an after tax profit of Rs. 1,783 Mn for the financial year 2022/23, which is still an increase of 6,304% year on year.

Profit before tax (Rs. Mn)			Profit after tax (Rs. Mn)			Group	Profit before tax (Rs. Mn)	Profit after tax (Rs. Mn)
2021/22	2022/23	% change	2021/22	2022/23	% change			
60	2,387	3,885	28	1,783	6,304		2,386	1,737

Assets

When compared with the last year the assets of the Company increased by 18% as at 31st March 2023.

	2021/22	2022/23	% change
Company (Rs. Mn)	6,638	7,813	18
Group (Rs. Mn)	N/A	7,956	N/A

Cash Flow

Cash flow management was crucial in an environment of unpredictable cost and income variations.

Company	2021/22	2022/23	Increase/ (Decrease)	% Change
Net Cash flow from/(used in) Operating Activities (Rs. Mn)	(337)	925	1,262	374
Net Cash flow from/(used in) Investing Activities (Rs. Mn)	(54)	(555)	(501)	(928)
Net Cash flow from/(used in) Financing Activities (Rs. Mn)	335	(177)	(512)	(153)

Group	2022/23
Net Cash flow from/(used in) Operating Activities (Rs. Mn)	941
Net Cash flow from/(used in) Investing Activities (Rs. Mn)	(587)
Net Cash flow from/(used in) Financing Activities (Rs. Mn)	(172)



Outlook and plans

The new equity investment through the IPO will significantly improve future financial performance & the financial position due to potential increase in quality of tea, increase in production efficiency & reduction in cost of manual labour & energy costs with the modernisation of the processing centres.

Further the interest cost of the company will reduce due to the settlement of high cost borrowings. The funds will also improve future profitability by facilitating further investments into modernising exiting manual systems.

Although global instability and the war in Ukraine is expected to cause volatility in demand and supply of tea and tea prices, we are highly optimistic of sustained growth by Agarapatana Plantations' in the new financial year, provided there are no significant domestic disruptions that cause prolonged business interruptions.

In addition to tea revenue, we also anticipate growth in revenues from tourism as tourist arrivals continue to increase. Agarapatana Plantations is in the process of promoting tea tourism within its estates taking advantage of the proposed Pekoe Trail which covers a fair distance through our estates.



HUMAN CAPITAL



AGARAPATANA PLANTATIONS PRIORITISES EQUAL OPPORTUNITIES, LABOUR LAW COMPLIANCE, AND EMPLOYEE WELL-BEING. WE OFFER TRAINING, FAIR COMPENSATION, AND BENEFITS, FOSTERING POSITIVE RELATIONS. OCCUPATIONAL HEALTH AND SAFETY ARE A PRIORITY. RECOGNISING AND REWARDING PERFORMANCE MOTIVATES EMPLOYEES. WE VALUE OUR WORKFORCE AND PROMOTE A PLEASANT WORKPLACE



NUMBER OF EMPLOYEES

8,495

HR POLICY

Agarapatana Plantations Ltd is an equal opportunity employer and provides equal employment, training and career growth opportunities for all employees regardless of race, gender or age.

Formal, Board approved, policies and processes that comply with applicable laws and industry best practices, have been deployed with regards to all key human resource management aspects such as recruitment, termination, industrial relations, grievance management, performance assessments and training and development.

- **Anti-child labour and forced labour policy** : Agarapatana Plantations is fully compliant with national laws and regulations preventing child labour and forced/bonded labour. Although the Company has a large resident estate population, including children, in its tea estates, the Company does not use any form of child labour, or forced labour in any of its activities. The Company collaborates with the National Child Protection Authority and the Labour Department to prevent child abuse and to protect the rights of children in its estates.



Training for Factory workers - Glenanore Estate

COMPLIANCE STATEMENT

Agarapatana Plantations is fully compliant with all applicable labour laws and regulations, and all statutory employee related payments, including EPF, ETF, gratuity payments and any payment under the Workmen's Compensation Act, have been paid in full.

HUMAN RESOURCES PROFILE

Agarapatana Plantations has a total human capital base of 8,495 inclusive of its executive management, clerical and other staff and estate workers.

Employees by Category

Employee category	2021/22	2022/23	% change
Executives	67	71	6%
Clerical, Technical & Other Staff	505	523	4%
Workers	8,769	7,901	(10%)
Total	9,341	8,495	(9%)

New Recruitments and Turnover

The Company recruited 607 new employees during the year. However the attrition rate also increased.

	New recruitments	Turnover
Agras	156	1,181
Uva	430	692
Head Office	21	14
TOTAL	607	1,887

HUMAN CAPITAL

EMPLOYEES BY REGION, GENDER, AGE AND SERVICE PERIOD FOR 2022/23



Region Wise

	Workers	Clerical, Technical & Other Staff	Executives	Total
Agras	4,588	307	24	4,919
Uva	3,313	201	27	3,541
Head Office	-	15	20	35
Total	7,901	523	71	8,495



Gender Wise

	Workers	Clerical, Technical & Other Staff	Executives	Total
Male	3,134	381	63	3,578
Female	4,767	142	8	4,917
Total	7,901	523	71	8,495



Age Distribution

	Workers	Clerical, Technical & Other Staff	Executives	Total
Below 30 Years	399	60	11	470
30 - 45 Years	4,073	249	34	4,356
Over 45 Years	3,429	214	26	3,669
Total	7,901	523	71	8,495



Service Distribution

	Workers	Clerical, Technical & Other Staff	Executives	Total
Below 5 Years	1,140	193	28	1,361
5 - 15 Years	2,361	184	24	2,569
Over 15 Years	4,400	146	19	4,565
Total	7,901	523	71	8,495

INDUSTRIAL RELATIONS

Agarapatana Plantations did not experience any significant industrial action during the year under review, although a majority of Agarapatana employees are unionised and several trade unions operate within the estates. As at end March 2023, there were also no significant collective agreements entered into between the labour unions and Agarapatana Plantations. However, an agreement between the Company and the estate staff is in operation.

WAGES AND BENEFITS

The salaries and benefits of employees other than estate workers, are based primarily on the Shop and Office Employees Act of 1954, EPF Act, ETF Act and the Payment of Gratuity Act. Accordingly, the Company contributes 12% of an employees' basic salary to the Employees Provident Fund and a further 3% to the Employees Trust Fund as specified under the Act, and make provision for Gratuity Payments annually, for all employees who have been employed by the Company for over 60 months.

Benefits of employees

Type of benefit	Estate workers	Staff & Executives (Estates & HO)
Medical insurance	No	Yes
Workmen Compensation	Yes	Yes
Maternity Benefits	Yes	Yes
Holiday Pay	Yes	No
Free name on statutory holidays for workers	Yes	No

GRIEVANCE MANAGEMENT

The purpose of this policy is to ensure that all employees have a fair and consistent process for reporting grievances and that these grievances are handled in a timely and effective manner.

This policy applies to all employees of the company.

- Employees who have a grievance related to their work should report it to their immediate supervisor. The grievance can be reported verbally or in writing.
- The immediate supervisor will investigate the grievance promptly and impartially, and all parties involved will be given an opportunity to provide their side of the story.
- The immediate supervisor will communicate the outcome of the investigation to the employee who reported the grievance. If appropriate, corrective action will be taken to address the issue and prevent it from recurring.
- Employees who report a grievance will not be subject to retaliation or adverse consequences as a result of making a report in good faith.
- All grievances and their resolutions will be documented in a centralised system. We will maintain confidentiality to the extent possible, except where disclosure is required by law.
- We will continuously review and evaluate the grievance management system to ensure that it is effective and meeting the needs of employees.
- Employees who are dissatisfied with the outcome of the grievance process may have the option to appeal to a higher level manager or to an external dispute resolution process, such as mediation or arbitration.

We are committed to providing a respectful, safe, and fair workplace for all employees. We encourage employees to report any grievances they may have and to work with us to resolve these issues in a prompt and effective manner.

HUMAN CAPITAL

PERFORMANCE EVALUATION, REWARDS AND RECOGNITION

We encourage a performance-based culture by recognising high performers and innovators. Performance appraisals are conducted annually. During the current financial year, performance evaluations were conducted for all monthly paid staff and executives.



Recognising the Best Tea Pluckers - Glenore Estate

OCCUPATIONAL HEALTH AND SAFETY

Agarapatana Plantations has a formal health and safety system across all its operational locations including factories and estates, to safeguard all our employees. The system conforms to industry best practices, the Factories Ordinance and in line with the guidelines provided for health and safety measures as stipulated in the ISO 9001:2015, ISO 22000:2018 & Rain Forest Alliance Certifications.

- Personal Protective Equipment is provided to agrochemical sprayers free of charge
- There is a dedicated bathing facility for chemical sprayers
- Workers and Chemical Sprayers are provided regular, free medical check-ups
- Dedicated fertiliser storage buildings are available to control human and environmental contact

Training and Development

In addition to direct work-related training such as training required for mechanisation, Agarapatana Plantations also provides other types of educational opportunities to support the welfare of its employees. Some of these training events conducted during the year under review are listed below.

Training programmes conducted during the year

Training		Focused Group
1	TOT Training for Plucking	Managers
2	Plucking Operation training	Assistant Managers
3	Training on Machine Plucking	Machine Plucking operators
4	Training on Shear Plucking	Shear Pluckers
5	Training on Tea processing	Factory Staff
6	Training on Rain Forest Alliance Standard	Executive, Staff, Workers
7	Training on Integrated Pests management	Workers and Staff
8	Training on safe handling of Agro chemicals storage and transporting	Storekeeper and Drivers
9	Productivity Committee training	Productivity Committee members
10	Celebrating Family programme training	100 Worker's family
11	Red Cross training on First Aid	Health & Safety Committee
12	Fire Drill training	Factory Workers and Staff
13	Training on usage of PPE	Chemical sprayers / Factory workers
14	Gender equity Committee training	Gender equity Committee members
15	Grievance Committee training	Grievance Committee members
16	Access and Address Committee training	Access and Address Committee members
17	M.O.G Programme training	Worker's families



Training Programme for the Assistant Managers - Agras Region



Training on Shear Plucking - Balmoral Estate



Fire Drill Training Programme - Haputale Estate



Training Programme for the Bought Leaf Suppliers - Gonamotawa Estate

HUMAN CAPITAL



B-60 Training Programme - Gonamotawa Estate



Training for Pluckers - Gonamotawa Estate

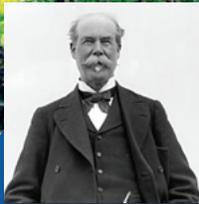
EMPLOYEE ENGAGEMENT EVENTS DURING THE YEAR

Different sports events are conducted annually for employees to display their sporting talent.



EXCELLENCE IN EVERY BREW: OUR DAMBATENNE FACTORY

DAMBATENNE TEA FACTORY



Factory Built by -

Sir Thomas Lipton

Built in

1890

Length

345 Ft

Breadth

40Ft

Elevation

1,566 M

Manufacture Registered

No.269

No of lofts Bays

4-30

Ground floor area

19,760 Sq Ft





MANUFACTURED CAPITAL



AGARAPATANA PLANTATIONS' MANUFACTURED CAPITAL IS A KEY DRIVER OF ITS SUCCESS. THE COMPANY OPERATES 17 ADVANCED TEA FACTORIES, EQUIPPED TO PRODUCE A WIDE RANGE OF HIGH-QUALITY TEA VARIETIES, INCLUDING ROTORVANE AND ORTHODOX TEA. THESE FACTORIES ADHERE TO STRINGENT ENVIRONMENTAL REGULATIONS



Factory - Diagama West Estate



NUMBER OF FACTORIES

17

Agarapatana Plantations' land and climate are ideal for tea cultivation and the Company is a dedicated cultivator of high grown tea and a manufacturer of black tea. Therefore, Agarapatana Plantations' primary manufactured asset based comprise biological assets, which consist of tea bushes, timber and other assets such as manufactured produce of tea as well as the physical assets of plant and machinery.

The Company's manufacturing base comprises 17 tea factories with the capability to manufacture - rotorvane, and orthodox tea. The Company also owns two hydro power plants as part of its main productive assets, one of which is managed by its fully owned subsidiary Waverley Power (Pvt) Ltd.

OUR BIOLOGICAL ASSETS

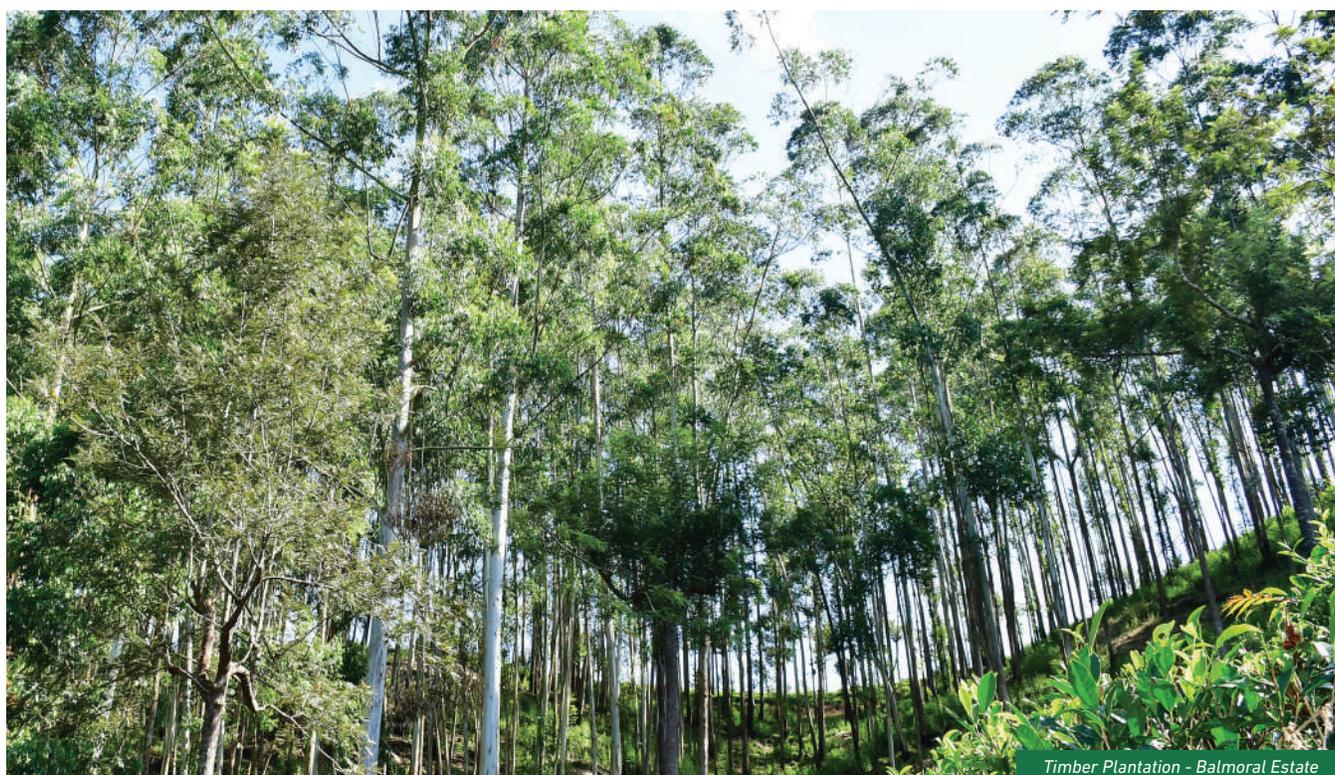
Tea plants

Agarapatana Plantations is one of the few mono-crop companies in the plantation sector, with all of the tea extent located in the "High Grown" districts of Nuwara Eliya and Badulla, which fall within the Western and Uva high elevations.

The Company has a total tea extent of 6,416 hectares. Out of this, almost 60% is seedling tea and 40% is vegetatively propagated tea (VP tea). Estates in the Agras region accounts for 55% of the total tea extent while the balance extent is situated in the Haputale Region.



Tea Nursery - Diagama East Estate



Timber Plantation - Balmoral Estate

Commercial forestry

The Company has almost 935 hectares of forestry under a timber harvesting programme for a period of 5 years, approved by the Forestry Conservator of Sri Lanka.

Asset Type	Extent (Ha)	Net Carrying value Rs. Mn 2021/22	Net Carrying value Rs. Mn 2022/23	% change
Tea Plantations	6,416	2,226	2,237	1%
Timber Plantations	935	1,439	1,533	7%

Investment in biological assets

During the year, the Company continued to invest in maintaining its biological assets through good agricultural practices, replanting and fertilizing.

The Company's replanting programme plans to annually replace 2% of the tea extent with vegetatively propagated tea. This will result in a major improvement to both

production volumes and leaf quality. In addition, a major infilling programme is underway to increase the number of bushes to achieve an increase in the yield per hectare.

Type of Activity	2021/22 Rs. Mn	2022/23 Rs. Mn	% change
Good agricultural practices	423	1,451	243%
Tea replanting	30	21	(30%)
Timber & Other replanting	14	10	(26%)

MANUFACTURED CAPITAL



Tea Tasting Session - Haputale Estate

OTHER PHYSICAL ASSETS

Factories

Agarapatana has 17 fully-equipped tea factories which have already obtained ISO 22000 standard. Further, all factories except for Glenanore & Gonamotawa factories which manufacture smallholders leaf have already obtained Rain Forest Alliance Certification.

Factory type	No of factories	Location	Capacity per annum - Made tea Kgs
Rotorvane tea factories	11	Nuwara Eliya/Badulla	15.1 Mn
Orthodox tea factories	3	Nuwara Eliya/Badulla	2.4 Mn
Refuse tea factories	3	Nuwara Eliya/Badulla	1.7 Mn

MADE TEA

Tea manufactured by Agarapatana estates are available in a range of distinctive flavours due to the variety of elevations and agro-climatic zones and also manufacturing methods.

In the past, Agarapatana Plantations has produced over 10 Mn Kgs of made tea per annum. However, there has been a sharp decline in production, due to the labour shortage. In order to revert to the full potential of 10 Mn Kgs per annum, mechanised harvesting was introduced in 2020 to achieve the target crop gradually within next few years.



Hydro Power Turbine - Waverley Power (Pvt) Ltd

HYDRO POWER PLANTS

Agarapatana Plantations is expanding its renewable energy capacity to control its energy costs, by investing in hydro power generation.

Currently, Agarapatana Plantations has two hydro power plants, one at Diyagama West Estate and another at Waverley Estate, generating over 1 megawatt of power. The Diyagama West Hydro Power is exclusively used for estate consumption including the factory. The Waverley hydro power plant, operated by Agarapatana Plantations' subsidiary Waverley Power (Pvt) Ltd, is supplying power to the national grid.

STATUS OF PHYSICAL ASSETS

Manufactured produce inventory (Made black tea) (Rs. Mn)

2021/22	2022/23	% Change
323	623	92

Buildings (Rs. Mn)

2021/22	2022/23	% Change
1,438	1,448	1

Plant and Machinery (Rs. Mn)

2021/22	2022/23	% Change
452	513	14

Furniture & Fittings (Rs. Mn)

2021/22	2022/23	% Change
10	10	-

Tools & Equipments (Rs. Mn)

2021/22	2022/23	% Change
87	143	63

Vehicles (Rs. Mn)

2021/22	2022/23	% Change
358	358	-

Others (Rs. Mn)

2021/22	2022/23	% Change
156	157	-

Factory automation

Factories are in the process of being automated while adhering to international food safety standards to reduce spillage and maintain quality consistency. Automation will also reduce manpower, which can be redirected towards important agricultural work.

INVESTMENT IN TECHNOLOGY

During the current financial year, we enhanced our manufacturing capabilities through many new technology additions.



Other modernisation initiatives include:

- Introducing digital moisture tellers in the tea factories
- Installation of colour sorters in the highest profit yielding estates to enhance accuracy of tea grading.
- Conveyers have been fixed in rolling and sifting rooms in tea factories to curtail the cost and overcome labour shortages.

MANUFACTURED CAPITAL

Mechanisation

Currently, 392 internationally renowned Ochiai tea harvesters which are manufactured in Japan, have been deployed in Agarapatana tea estates.



Machine Plucking - Gonamotawa Estate

Use of drones

Successful trials were conducted on the use of drones for foliar application of nutrients as well as fungicides for the control of Blister Blight.

Investment in technology

Type of activity	2021/22 Rs. Mn	2022/23 Rs. Mn	% Change
Mechanisation initiatives	6	47	740
Plant and machinery	4	62	1,617
Computers and other digital devices	-	3	100



PLANS FOR THE FUTURE

Agarapatana will continue to invest in modern technologies as part of its growth strategy and a significant portion of the IPO funds will be utilised for this purpose. The tea factories will also be automated and developed into "State of the Art - Processing Centres" by gradually replacing old machinery with modern equipment.

Mechanised harvesting will be expanded in the coming years. The Company's target is to bring 30% of the total revenue extent under machine harvesting.

Continuing with its renewable energy plans, the Company is planning to install a hydro power scheme downstream, to generate power to the Diyagama East Estate. The feasibility of extracting wind power along the southern slopes in the Uva Region will also be explored.



INTELLECTUAL CAPITAL



AGARAPATANA PLANTATIONS POSSESSES VALUABLE INTELLECTUAL CAPITAL IN HIGH GROWN TEA EXPERTISE, MARKET UNDERSTANDING, AND ESTATE GARDEN MARKS. THROUGH MODERNISATION, INNOVATION, AND EXPERIENCED PERSONNEL, THE COMPANY AIMS CONTINUOUSLY TO ENHANCE ITS INTELLECTUAL CAPITAL AND ADAPT TO MARKET DEMANDS



Agarapatana Plantations' is one of the few monocrop cultivators in Sri Lanka and specialises in the cultivation of high grown tea. Therefore, the Company's intellectual capital is primarily its expertise in the cultivation and manufacture of high grown tea and knowledge of the global tea market. In addition, Agarapatana garden marks are reputed trademarks owned by the Company.

The Company's intellectual capital is also evolving rapidly due to the ongoing modernisation drive, where the Company is adopting and implementing technology and automation systems that are unique to its business model and environmental/ climate conditions.

ORGANISATIONAL KNOWLEDGE

Agarapatana Plantations has decades of experience in tea markets and production. This collective knowledge is continually expanded through training and development and the inclusion of new talent and expertise.

GARDEN MARKS

Garden marks of various Agarapatana tea, are unique to the Company and represents distinct characteristics and flavours of tea. The garden marks also authenticate the quality and origins of Agarapatana tea.

Estate	Garden Mark
Albion	Albion
Balmoral	Clydesdale
Diyagama East	Diyagama East
Diyagama West	Diyagama West
Glasgow	Agra Ouvah
Hauteville	Hauteville
Sandringham	Sandringham
Torrington	Torrington
Waverley	Waverley

INNOVATION AND MODERNISATION

Agarapatana plantations has continued to make headway in incorporating different mechanised harvesting machines and techniques in tea estates and training employees on the use of modern harvesting machines. The Company is also experimenting with innovative applications of new technologies in its field operations and production processes, including the use of drones. Please refer the chapters on Human Capital and Manufactured capital for details on investments into training and machinery.



FUTURE PLANS

Agarapatana plantations will continue to develop its intellectual capital through training and development and by encouraging innovations and innovative applications in its business model.

Estate	Garden Mark
Beauvais	Beauvais
Dambatenna	Bandara Eliya
Gonamotawa	Gonamotawa
Glenenore	Glenenore
Haputale	Kelliebedde
Kahagalla	Kahagalla
Pita Ratmalie	Pita Ratmalie
Nayabedde	Nayabedde



NATURAL CAPITAL

“
OUR SUCCESS IS NOT SOLELY MEASURED BY FINANCIAL METRICS, BUT ALSO BY THE POSITIVE IMPACT WE CREATE IN THE COMMUNITIES WE OPERATE AND COMMITMENTS TO SUSTAINABLE PRACTICES THAT BENEFIT NOT ONLY OUR SHAREHOLDERS BUT ALSO THE ENVIRONMENT AND SOCIETY AT LARGE. THROUGH COMPLIANCE WITH REGULATIONS, SUSTAINABLE PRACTICES, RENEWABLE ENERGY ADOPTION, WASTE MANAGEMENT, AND BIODIVERSITY PROTECTION, WE STRIVE TO MINIMIZE OUR ENVIRONMENTAL IMPACT. OUR COMMITMENT TO CONSERVATION ACTIVITIES STRENGTHEN OUR DEDICATION TO A SUSTAINABLE FUTURE
 ”



Agarapatana Plantations Ltd is one of the largest plantation companies in Sri Lanka and is also one of the most beautiful sites in Sri Lanka surrounded by priceless natural legacies. In addition to the housing, many natural resources are existed within its estates, Agarapatana estates are also within close proximity to the Horton Plains and other highly environmentally sensitive areas, thereby acting as a protective buffer towards the unique ecosystems and biodiversity of the region. The management of Agarapatana are fully conscious of this and their own responsibility as stewards of this priceless national heritage and are actively involved in protecting it for future generations.





Richmond Lake - Pita Ratmalie Estate

Land

10,192 ha

Total Land Extent

6,614 ha

Revenue Extent

935 ha

Timber Extent

Conservation Areas

21.59 ha

Natural Forest

2.42 ha

Wetland
Reservation

2.78 ha

Railway
Reservation

135.78 ha

River
Reservation

32.5 ha

Landslide prone
Reservation

77.74 ha

Slope
Reservations

Agarapatana Plantations' environmental policies

Our environmental policies are aimed at conserving, protecting and even enhancing the natural capital base within our estates.

- Obtained environmental protection licenses for all our estates, which are renewed annually following inspections by the Central Environmental Authority along with the Rain Forest Alliance Certifications
- Policy on adopting environmentally friendly agricultural practices
- Policy on chemical use
- Policy on harvesting commercial timber
- Policy on fire prevention in open areas
- Policy on prevention of hunting, capturing, trapping and rearing of wild animals: this policy is specifically aimed at protecting the wildlife in our lands from trappers, poachers and hunters
- Renewable energy policy: The company has introduced a policy towards adopting renewable energy

NATURAL CAPITAL

INVESTMENT IN CONSERVATION

Conservation activity	2021/22 Rs. Mn	2022/23 Rs. Mn	% change
1. Complying with environmental regulations	0	1	100
2. Complying with additional multiple environmental protection accreditations	3	4	25
3. Sustainable agricultural practices	423	1,451	243
4. Waste management	25	27	5
5. Biodiversity protection	1	1	4
6. Conducting environmental impact assessments	2	3	45

Regulatory compliance 2022-23

Agarapatana Plantations Ltd complied with all relevant environmental regulations, including environmental protection license (EPL) granted to each of our factories by the central environmental authority. We did not face any fines or penalties for non-compliance, or delayed compliance, with any applicable environmental laws, regulations or directives.

Certifications related to environmental management

- Rain Forest Alliance
- UTZ

Renewable energy

Agarapatana Plantations is gradually replacing fossil fuel based electricity with renewable energy for its business operations. At present, the hydro electricity from the Diyagama West Hydro power plant is exclusively used for estate consumption. Waverley Power (Pvt) Ltd which was acquired in September 2022, is supplying hydro power to the national grid, resulting in a new source of revenue. The Company is also exploring other sources of renewable energy.



In addition, Agarapatana tea factories use briquette and sawdust for tea firing, instead of fossil fuels.

Energy conservation initiatives

Agarapatana Plantations has introduced LED bulbs for factories, bungalows and staff quarters etc.... with the objective of conserving energy. We also encourage the use LP gas in staff and estate workers' houses.

Environmentally friendly agricultural practices

Agarapatana Plantations has adopted many environmentally friendly agricultural practices that are aimed at protecting the soil and water resources. These include:

- Producing and applying compost made from solid waste
- Rainwater Harvesting in Fields and at Factories
- Establishing riparian Buffer Zones in all Estate for protection of Drinking Water
- Establishing Buffer Zones have been Established in all Eco Systems & All Human Activity Areas
- Planting Bamboo along the all Aquatic Eco Systems
- Soil Conservation Practices



Waste management

Our waste management practices extend to the disposal of biodegradable and other solid waste and also wastewater treatment.

- Establishing garbage Collecting Point
- Wastewater Filtering at the Factory
- Greywater and Sewage are not discharged into Aquatic Ecosystems



Biodiversity protection initiatives

Our biodiversity protection efforts are mainly focused on conservation areas. These forest lands are home to many land and aquatic animals and endemic plant species. Our initiatives include but are not limited to:

- Protecting mini jungles
- Preventing Hunting, Capturing, Trapping & Rearing of Wild Animals



- Demarcating and maintain 'no chemical spray zones'

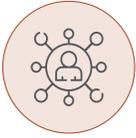


- Fire belts have been established

Plans for the future

Agarapatana Plantations will continue its stewardship of the habitats under its care and will invest in maintaining its natural environment.

As part of our commitment to sustainability, the company plans to commence new hydro power projects and install solar panels on selected tea factories in the near future. By exploring these renewable energy options, we aim to reduce our carbon footprint and contribute to a cleaner environment.



SOCIAL CAPITAL

“**AGARAPATANA PLANTATIONS HAS A STRONG NETWORK OF STAKEHOLDERS AND MAINTAINS REGULATORY COMPLIANCE. WE HAVE A GOOD REPUTATION AND ENGAGE WITH STAKEHOLDERS THROUGH VARIOUS MEANS. WE INVEST IN COMMUNITY WELFARE AND PLAN TO CONTINUE IMPROVING THESE PRACTICES IN THE FUTURE**”



Agarapatana Plantations' social capital is made up of a network of stakeholders with whom the Company interacts regularly and are also essential for the Company's daily operations, and in some cases, long term sustainability. In addition, the Company's social capital is sustained by the long-standing reputation of the Agarapatana brand, regulatory compliance and quality standards that are backed by internationally recognised accreditations.

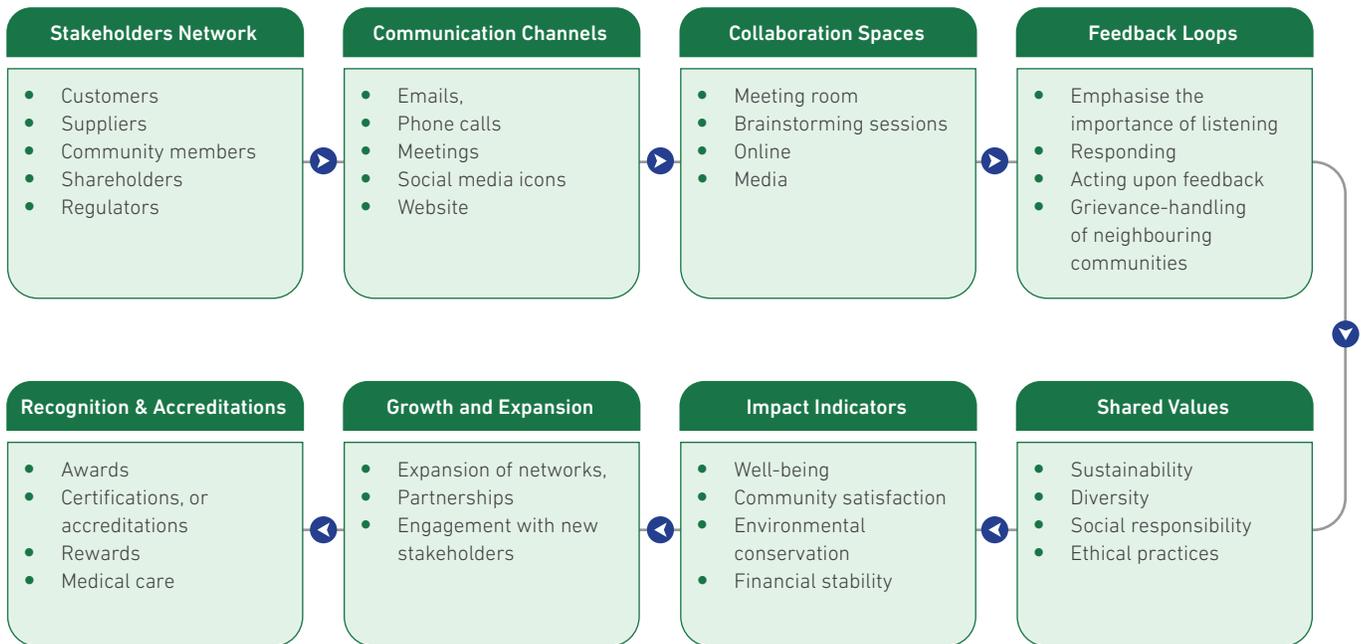
The Company's core stakeholders include many different regulatory bodies, employees, suppliers and buyers, estate communities, and shareholders.

REGULATORY COMPLIANCE

Agarapatana Plantations is fully compliant with all applicable laws and regulations and did not face any significant fines or penalties for delays or non-compliance with regards to business operations and financial reporting, human rights, labour regulations, customer health and safety, labelling and marketing and environmental safety.

REPUTATION AND CREDIBILITY

Agarapatana Plantations' reputation for quality is backed by both quality accreditations as well as compliance with certifications for environmentally friendly and ethical business practices.



Quality Certifications



ISO CERTIFICATION		
AGRAS REGION		
ESTATE	ISO 22000:2018 FSMS	ISO 9001:2015 QMS
01. ALBION	✓	
02. BALMORAL	✓	✓
03. DIYAGAMA EAST	✓	✓
04. DIYAGAMA WEST	✓	✓
05. GLASGOW	✓	✓
06. HAUTEVILLE	✓	
07. SANDRINGHAM	✓	
08. TORRINGTON	✓	
09. WAVERLEY	✓	

ISO CERTIFICATION		
UVA REGION		
ESTATE	ISO 22000:2018 FSMS	ISO 9001:2015 QMS
01. BEAUVAIS	✓	
02. DAMBATENNE	✓	✓
03. GLENANORE	✓	
04. GONAMOTAWA	✓	
05. HAPUTALE	✓	✓
06. KAHAGALLA	✓	
07. NAYABEDDE	✓	✓
08. PITA RATMALIE	✓	

SOCIAL CAPITAL

Quality Certifications



UTZ & RAIN FOREST ALLIANCE CERTIFICATES		
AGRAS REGION		
ESTATE	FARM	SITE
01. ALBION	✓	✓
02. BALMORAL	✓	✓
03. DIYAGAMA EAST	✓	✓
04. DIYAGAMA WEST	✓	✓
05. GLASGOW	✓	✓
06. HAUTEVILLE	✓	✓
07. HOLMWOOD	✓	N/A
08. NEW PORTMORE	✓	N/A
09. SANDRINGHAM	✓	✓
10. TORRINGTON	✓	✓
11. WAVERLEY	✓	✓

UTZ & RAIN FOREST ALLIANCE CERTIFICATES		
UVA REGION		
ESTATE	FARM	SITE
01. BEAUVAIS	✓	✓
02. DAMBATENNE	✓	✓
03. GLENANORE	✓	
04. GONAMOTAWA	✓	
05. HAPUTALE	✓	✓
06. KAHAGALLA	✓	✓
07. NAYABEDDE	✓	✓
08. PITA RATMALIE	✓	✓

ENGAGING WITH OUR STAKEHOLDERS

Our key stakeholders are those that are important for business continuity and have a significant influence on the company, such as regulators, employees, shareholders, buyers and suppliers.

We also identify stakeholders that add value to our business and contribute towards our growth strategy such as, accreditation agencies and non-governmental organisations. How we engaged with all our major these stakeholders is described below.

Stakeholder group	How we ensure meaningful engagement
Regulators	We maintain meaningful engagements with various regulatory bodies by ensuring timely regulatory reporting and statutory payments.
The Managing Agent: Lankem Tea and Rubber Plantations (Pvt) Ltd (LT&RP)	Regular meetings are conducted to update our parent regarding the Company's status
Golden shareholder	We communicate through the Plantation Management & Monitoring Division coming under the purview of ministry of plantation industries
Ultimate parent – The Colombo Fort Land & Building PLC	We communicate through the Chairman and the Board of Directors
Other shareholders	We utilise a range of statutory and public relations communications to engage with shareholders. These include: <ul style="list-style-type: none"> • The Annual Report • Quarterly Financial Statements • Annual General Meeting • We also accommodate shareholder inquiries through our company secretaries • Company Website
Subsidiary - Waverley Power (Pvt) Ltd	Regular management meetings are being conducted
Banks	We maintain a close relationship with our Banking contacts over the phone, email and through physical meetings
Buyers and Brokers	Buyers and brokers do the marketing for us and promote our produce across the world. Therefore, we maintain close relationships with these B2B customers

Stakeholder group	How we ensure meaningful engagement
Employees	We engage daily with our employees by facilitating top-down and bottom-up communications. These include meetings, worker committees, internal memos and emails, performance evaluations, training events, grievance managements systems and an open door policy, and also through many informal sporting and social events. Please refer the Human Capital chapter for details on how we engaged with our employees during the year
Trade Unions	We allow union meetings within the premises and the management also conducts regular meetings with the unions
Resident Communities	We conduct many welfare programmes for estate communities and estate children including health and welfare programmes as well as educational support for children
Suppliers	We ensure meaningful engagement with suppliers by having regular communications with them. We do supplier evaluations and constant monitoring of supplier products and also do negotiations to arrive at the optimum price for the best quality
Government and non governmental organisations engaged in social welfare (PHDT, Ministry of Plantation Industries, SLTB, CEA, Divisional secretariat, Pradeshiya sabha)	We allocate company resources, company personnel, time and buildings for welfare projects.
Industry associations	<ul style="list-style-type: none"> • We ensure meaningful engagement by representing the Company at the highest level, during industry discussions. • We also provide data to support industry lobbying and public relations. • Support negotiations of the industry by collective bargaining with trade unions in consultation with the Employers Federation of Ceylon

Agarapatana Plantations' membership in associations



The Planters Association of Ceylon



Colombo Tea Traders Association



Employers Federation of Ceylon



Tea Research Institute

CUSTOMER ENGAGEMENTS

We have regular sessions of Tea tasting with our brokers and buyers to evaluate and maintain product consistency.



Tea Tasting Session - Balmoral Estate

SOCIAL CAPITAL

Community welfare activities

Agarapatana Plantations' estates have many ongoing programmes aimed at community welfare, including infrastructure development and donations of various goods. In addition, the estate also conducts educational programmes aimed at improving health standards of estate communities, and also financial awareness programmes to enhance their quality of life. Some of these activities are listed below.



Community Centre - Diyagama West Estate

Health and wellness initiatives

- Conducted TB awareness programmes for estate communities in collaboration with the Plantation Human Development Trust (PHDT)
- Oral cancer programmes in collaboration with the PHDT
- Conducting eye clinics with the PHDT
- Providing spectacles in collaboration with the PHDT
- HIV programmes in collaboration with the PHDT
- Improving drinking water facilities for estate communities by constructing tube wells in collaboration with various NGOs, i.e., Berendina, Palm Foundation & World Vision Lanka
- Mid-day meal program for children registered in estate Child Development Centres
- Non-communicable diseases awareness programmes in collaboration with PHDT to educate estate communities



Education support

- Provide fully equipped Child Development Centres with Diploma holding Child Development Officers, free of charge
- Distributing stationery to school children



Housing support

- Provide 10 perch land to the workers to build shelters under Indian Housing Programme



Training & Development

- Conduct Plucking Awareness Programme for Pluckers in collaboration with TRI., Talawakelle
- Home Gardening Programme in collaboration with the PHDT Social Mobilisation Programme in collaboration with PHDT
- House Hold Cash Management Programmes for the workers in collaboration with the Plantation Human Development Trust (PHDT)

Other community engagement activities

- We celebrated Children's Day in all of our estates with fun-filled activities and games for the children of our employees
- Our estates have proper reading rooms equipped with books and study materials for our employees
- Our child development centres provide a safe and nurturing environment for the children of our employees, which allows them to focus on their work without worrying about the well-being of their children
- Women's Day was celebrated in all of our estates to honour the contributions of our female employees, with events and activities that focused on women's empowerment and gender equality
- We organised various sports activities for the estate communities, These activities not only provided a platform for our employees to showcase their sporting skills but also helped promote teamwork and community building



FUTURE PLANS

Despite the rising costs, Agarapatana Plantations will continue to invest in the advancement of its estate communities by contributing towards the health and education and living facilities of estate communities and their children. We will also continue to invest in ethical and quality accreditations to provide the highest quality of products, manufactured under ethical conditions.

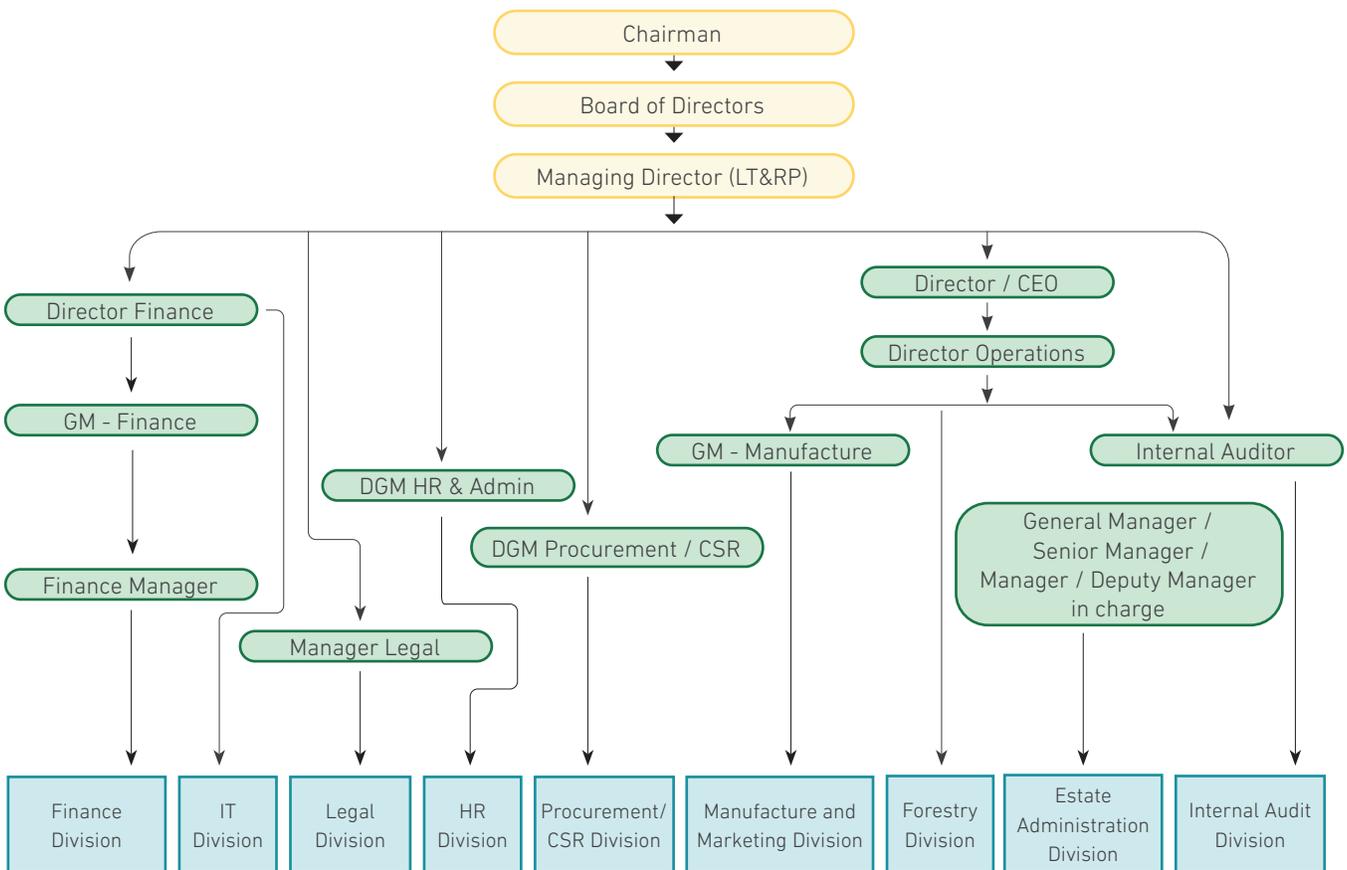
HORIZONS OF STEWARDSHIP

Governance System **66** | Risk Management System **72** | Annual Report of the Board of Directors **76** |
Report of the Remuneration Committee **79** | Report of the Audit Committee **80** | Report of the Related
Party Transactions Review Committee **81** | Statement of Directors' Responsibilities **82**

GOVERNANCE SYSTEM

Currently, the Company’s enterprise governance framework comprises external laws and regulations, as well as the Code of Best Practice, and also internal codes of conduct and corporate policies. The governance system operates through 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.

Organisation Structure of Agarapatana Plantations Ltd



Board of Directors

The Board is committed to adhere to various business practices in order to further establish our Company as a good corporate citizen that values responsibility.

The strategic options, implementation and risk control strategies are closely monitored in order to deliver better results.

The profiles of the Board of Directors is given in pages 30 to 34.

Compliance status

The Company is in compliance with the majority of the good corporate governance practices recommended by The Institute of Chartered Accountants of Sri Lanka. Given below is a demonstration as to how we adhere to good Corporate Governance practices.

Corporate Governance Principle	Company's adherence Directors
Composition of the Board	<p>As at the end of the financial year the Board consists of three Executive Directors and six Non-Executive Directors, four of whom are Independent. The Directors possess a strong balanced blend of skills and experience to offer guidance in core areas important to APL.</p> <p>The names of the Directors who held office during the financial year and who are currently in office are given below. Brief profiles of the Directors currently in office appear on pages 30 to 34.</p> <p>S.D.R. Arudpragasam - Non - Executive (Chairman) C.P.R. Perera - Independent Non - Executive (Deputy Chairman) (Appointed Independent w.e.f. 08.12.2022) S.S. Poholiyadde - Executive D.R. Madena - Executive (Chief Executive Officer) Anushman Rajaratnam - Non - Executive P.M.A. Sirimane - Independent Non - Executive (Appointed w.e.f. 20.09.2022) G.K.B. Dasanayaka - Independent Non - Executive (Appointed w.e.f. 20.09.2022) K. Mohideen - Executive (Director Finance Appointed w.e.f. 20.09.2022) A.M. de S. Jayaratne - Independent Non - Executive (Appointed w.e.f. 18.11.2022)</p> <p>Each Non-Executive Director has submitted a declaration of independence/non-independence for the year. The Board has determined the independence/non-independence of each Non - Executive Director</p> <p>Mr. C.P.R. Perera has served on the Board for more than nine years. He is a Director on the Boards of other Companies in which a majority of the Directors of the Company are Directors and also has significant shareholdings in another. He serves on the Board of the Ultimate Parent Company, The Colombo Fort Land and Building PLC (CFLB) and holds Directorships on certain subsidiaries of CFLB and has served on some of those subsidiaries for a period exceeding nine years. The Board however having considered the fact that Mr. C.P.R. Perera is not involved in the operational matters of the Company and having taken into consideration all other circumstances listed in the Listing Rules pertaining to the Criteria for Defining Independence is of the opinion that Mr. C.P.R. Perera is nevertheless Independent.</p> <p>Mr. A.M. de S. Jayaratne is a Director of the Ultimate Parent Company, The Colombo Fort Land and Building PLC (CFLB) and serves on the Boards of several subsidiaries of CFLB. He has served on the Board of the Ultimate Parent and on several of its subsidiaries for over a period of nine years. He is a Director of certain such subsidiary companies of which a majority of the Directors serve on another and also has significant shareholdings in another. The Board however having considered the fact that Mr. A.M. de S. Jayaratne is not involved in the Operational matters of the Company and having taken into consideration all other circumstances listed in the Listing Rules pertaining to the Criteria for Defining Independence is of the opinion that Mr. A.M. de S. Jayaratne is nevertheless Independent.</p>

GOVERNANCE SYSTEM

Corporate Governance Principle	Company's adherence Directors																				
	<p>Mr. P.M.A. Sirimane is a Director of the Ultimate Parent Company, The Colombo Fort Land and Building PLC (CFLB) and serves on the Boards of several subsidiaries of CFLB. He has served on some of these subsidiaries for over a period of nine years. He is a Director of certain such subsidiary companies of which a majority of the Directors serve on the Board of another and is on the Boards of certain Companies which has significant shareholdings in another. The Board however, having considered the fact that Mr. P.M.A. Sirimane is not involved in the Operational matters of the Company, and having taken into consideration all other circumstances listed in the Listing Rules pertaining to the criteria for defining Independence is of the opinion that Mr. P.M.A Sirimane is nevertheless Independent.</p> <p>Mr. G.K.B. Dasanayaka serves on the Boards of certain subsidiaries of The Colombo Fort Land & Building PLC (CFLB). He is a Director of certain such subsidiary companies of which a majority of the Directors serve on the Board of another, and is on the Boards of certain companies within the CFLB Group which have significant shareholdings in another. The Board however having considered the fact that Mr. G.K.B. Dasanayaka is not involved in the Operational matters of the Company, and having taken into consideration all other circumstances listed in the Listing Rules pertaining to the criteria for defining Independence is of the opinion that Mr. G.K.B. Dasanayaka is nevertheless independent.</p>																				
<p>Decision making of the Board</p>	<p>The Board has met on eight occasions during the year under review. In addition to Board Meetings, matters are referred to the Board and decided by Resolutions in writing.</p> <p>The number of meetings of the Board and the individual attendance by members is shown</p> <table border="1" data-bbox="505 1178 1430 1545"> <thead> <tr> <th data-bbox="505 1178 938 1220">Name of Director</th> <th data-bbox="938 1178 1430 1220">No. of Meetings attended</th> </tr> </thead> <tbody> <tr> <td data-bbox="505 1220 938 1262">Mr. S.D.R. Arudpragasam</td> <td data-bbox="938 1220 1430 1262">8/8</td> </tr> <tr> <td data-bbox="505 1262 938 1304">Mr. C.P.R. Perera</td> <td data-bbox="938 1262 1430 1304">8/8</td> </tr> <tr> <td data-bbox="505 1304 938 1346">Mr. S.S. Poholiyadde</td> <td data-bbox="938 1304 1430 1346">8/8</td> </tr> <tr> <td data-bbox="505 1346 938 1388">Mr. D.R. Madena</td> <td data-bbox="938 1346 1430 1388">6/8</td> </tr> <tr> <td data-bbox="505 1388 938 1430">Mr. Anushman Rajaratnam</td> <td data-bbox="938 1388 1430 1430">6/8</td> </tr> <tr> <td data-bbox="505 1430 938 1472">Mr. P.M.A. Sirimane</td> <td data-bbox="938 1430 1430 1472">5/6 - (Appointed w.e.f. 20.09.2022)</td> </tr> <tr> <td data-bbox="505 1472 938 1514">Mr. G.K.B. Dasanayaka</td> <td data-bbox="938 1472 1430 1514">4/6 - (Appointed w.e.f. 20.09.2022)</td> </tr> <tr> <td data-bbox="505 1514 938 1556">Mr. K. Mohideen</td> <td data-bbox="938 1514 1430 1556">6/6 - (Appointed w.e.f. 20.09.2022)</td> </tr> <tr> <td data-bbox="505 1556 938 1598">Mr. A.M.De.S. Jayaratne</td> <td data-bbox="938 1556 1430 1598">4/5 - (Appointed w.e.f. 18.11.2022)</td> </tr> </tbody> </table> <p>The Board is responsible for:-</p> <ul data-bbox="505 1619 1453 1959" style="list-style-type: none"> • Ensuring the conduct of the Company's affairs in the best interest of its stakeholders. • Identifying Strategic options implementation and monitoring their success. • Appointment of the Directors, ensuring staff succession and determining remuneration of senior executives and staff in consultation with the respective Committees. • Ensuring an effective internal control system. • Ensuring a proactive risk management system. • Ensuring compliance with highest ethical standards and legal standards. • Approval of major capital investments acquisition expansions and Budgets • Approval of interim and annual financial statements for publication. 	Name of Director	No. of Meetings attended	Mr. S.D.R. Arudpragasam	8/8	Mr. C.P.R. Perera	8/8	Mr. S.S. Poholiyadde	8/8	Mr. D.R. Madena	6/8	Mr. Anushman Rajaratnam	6/8	Mr. P.M.A. Sirimane	5/6 - (Appointed w.e.f. 20.09.2022)	Mr. G.K.B. Dasanayaka	4/6 - (Appointed w.e.f. 20.09.2022)	Mr. K. Mohideen	6/6 - (Appointed w.e.f. 20.09.2022)	Mr. A.M.De.S. Jayaratne	4/5 - (Appointed w.e.f. 18.11.2022)
Name of Director	No. of Meetings attended																				
Mr. S.D.R. Arudpragasam	8/8																				
Mr. C.P.R. Perera	8/8																				
Mr. S.S. Poholiyadde	8/8																				
Mr. D.R. Madena	6/8																				
Mr. Anushman Rajaratnam	6/8																				
Mr. P.M.A. Sirimane	5/6 - (Appointed w.e.f. 20.09.2022)																				
Mr. G.K.B. Dasanayaka	4/6 - (Appointed w.e.f. 20.09.2022)																				
Mr. K. Mohideen	6/6 - (Appointed w.e.f. 20.09.2022)																				
Mr. A.M.De.S. Jayaratne	4/5 - (Appointed w.e.f. 18.11.2022)																				

Corporate Governance Principle	Company's adherence Directors
Company Secretaries	The Company and all Directors may seek advice from Corporate Managers & Secretaries (Pvt) Ltd who are qualified to act as Secretaries as per the provisions of the Companies Act No. 7 of 2007.
Independent Judgement	The Board of Directors at all times exhibit high standards of integrity, commitment and independence of judgement.
Obtaining independent professional advice	Advice is sought from independent experts whenever the Board deems it necessary. The Directors are updated on the changes in the plantation industry as well as on the general aspects which may affect the Company's operations.
Managing Agents	The Board of Directors has delegated the management of Plantation and the task of achieving the strategic objectives set out by the Board to the managing agents, Lankem Tea & Rubber Plantations (Pvt) Ltd (LT & RP). The Board of LT&RP meets frequently and review the progress towards achieving the budgets and discuss the operational issues. The successful implementation of the Capital Expenditure programmes and focusing on the development strategies are also key priorities.
Finance Acumen	The Board comprises of five finance professionals who possess the knowledge and the competence to offer the Board the necessary guidance on matters relating to finance.
Supply of Information on a timely manner	<p>Prior to each meeting all Directors are given a file of Board Papers which includes Summarised Financial Statements, operational statistics, performance reviews, sales reports, Schedules of Capital Expenditure and a Progress Report, covering all significant issues with the comparatives of prior year and budget.</p> <p>This information is provided at least 7 days prior to the meeting which gives Directors adequate time for qualitative deliberation and analysis.</p>
Nomination Committee/ Appointments to The Board	<p>New Directors are proposed for appointment by the Nomination Committee in consultation with the Chairman of the Company in keeping with the provisions of the Articles of Association of the Company in relation to same and in compliance with the Rules on Corporate Governance. The Board thereon approves the Appointment of Directors.</p> <p>The Company constituted its own Nomination Committee comprising of Mr. A.M. de S. Jayaratne, Chairman, Mr. C.P.R. Perera, Independent Non-Executive Directors and Mr. S.D.R. Arudpragasam, Non-Executive Director with effect from 8th December 2022.</p> <p>Prior to the formation of the Company's own Nomination Committee, the Nomination Committee of the Parent Company, Lankem Developments PLC (LDPLC) functioned as the Company's Nomination Committee and comprised of Mr. C.P.R. Perera, Chairman, Mr. P.M.A. Sirimane, Independent Directors of LDPLC, Mr. S.D.R. Arudpragasam, Non-Executive Director, LDPLC and Mr. A.M. de S. Jayaratne, Independent Non-Executive Director, The Colombo Fort Land & Building PLC (Ultimate Parent Company).</p>
Re-election of Directors	In terms of the Articles of Association of the Company a Director appointed to the Board holds office until the next Annual General Meeting, at which he seeks re-election by the shareholders. The Articles require one-third of the Directors in office (excluding the Managing Director and the Appointed Directors) to retire by rotation at each Annual General Meeting. The Directors who retire are those who have been longest in office since their last election. Retiring Directors are eligible for re-election by the shareholders.

GOVERNANCE SYSTEM

Corporate Governance Principle	Company's adherence Relations with Shareholders
Annual General Meeting	The Company always welcomes the active participation of the shareholders at the Annual General Meeting. Questions put up by the shareholders are answered thus promoting a healthy dialogue. The required number of days notice has been given to the shareholders in terms of the Companies Act No.7 of 2007 and the Articles of Association of the Company.
Communication with Shareholders	The Company publishes the Annual Report in order to communicate information to the shareholders in a timely manner.
Major Transactions	There have been no transactions during the year under review which fall within the definition of "Major Transactions" as set out in the Companies Act.
Others	<p>The Company maintains a website under the name www.lankemplantations.lk which offers any individual or corporate, information on the Company and its affairs. The Company's principal communicator with all its stakeholders is its Annual Report.</p> <p>The shareholders are free to communicate with the Company. Whenever possible, the Company implements their suggestions.</p>

Corporate Governance Principle	Accountability and Audit
Financial Reporting	The Board attaches high priority to timely publication of the annual results with comprehensive details (both financial & non-financial) going beyond statutory requirements. This enables both existing and prospective shareholders to make fair assessments on the Company's performance and future prospects. The financial statements are prepared in accordance with Sri Lanka Accounting Standards. The Company's accounting formats and procedures are in compliance with the procedures laid down by the regulatory authorities.
Disclosures	The Annual Report of the Board of Directors is on pages 76 to 78 of this report. The Statement of Directors responsibilities for the financial reporting is on page 82 and the Auditors' Report on the financial statements is on the pages 84 to 85 of this annual report.
Going Concern	The Board of Directors after reviewing the financial position and the cash flow of the Company are of the opinion that the Company has adequate resources to continue operations well in the foreseeable future. Therefore, the Board adopts the going concern basis in preparing Financial Statements.
Internal Control	The Directors are responsible for maintaining an effective internal control system and proactive risk management strategy. Internal controls cover both financial and operational matters and risk management to safeguard the assets of the Company. The risk management strategy of the Company is on pages 72 to 75 of this report. The Company also ensures that effective internal and external audit procedures are followed and the Board reviews the reports in order to maintain the progress of the systems and results.

Corporate Governance Principle	Accountability and Audit
Internal & External Audits	The Internal Audit division comprises of the Internal Audit Manager and Assistants who report directly to the Executive Directors. They are empowered to examine and review the financial reporting systems, internal control procedures, accounting policies and compliance with accounting standards. It also reviews the adequacy of systems for compliance with legal, regulatory and ethical requirement and company policies. The Company maintains a professional relationship with the external auditors, M/S Ernst & Young. This ensures their objectivity, independence and compliance with regulatory and ethical requirements.
Audit Committee	The Audit Committee Report is set out on page 80 of this Report.
Remuneration Committee	The Remuneration Committee Report is set out on page 79.
Disclosure of Remuneration	Aggregate remuneration paid to Directors is disclosed in Note 28 to the Financial Statements.
Related Party Transactions Review Committee	The Related Party Transactions Review Committee Report is set out on page 81 of this Report.
Management Committees	The Management Committee comprises of Directors, Consultants, General Managers and Deputy General Managers. Meetings are held once a month where a review in detail is carried out on the performance of each individual estate based on both financial and relevant non-financial indicators.
Compliance with Legal Requirements	The Board of Directors through the Company's Legal & Finance divisions makes every endeavour to ensure that the business complies with all laws and regulations.
Social & Environmental Matters	The Company has for many years recognised the benefits that accrue from responsible employment, environmental and community policies which are dealt with in detail in the Chairman's Review and CEO's Review.
Rights of Employees /Other Stakeholders	The Company identifies the rights of employees. Several employee performance enhancing mechanisms such as performance appraisals and training initiatives are in place for the career building of our employees. A series of best practices and techniques are now embedded in the business and applied intelligently within the organisation. Constant responsiveness to all stakeholder interests and an effective risk management process are critical success factors to ensure that the governance process will continue to add value in the future. The Extent to which the good Corporate Governance practices are adopted in the Company is given as above in this report.

RISK MANAGEMENT SYSTEM

As a monocrop cultivator, with limited scope for business diversification Agarapatana Plantations' risk landscape tends to be more concentrated. The Board is conscious of this limited risk diversification scope and the Company's risk management framework and processes have been significantly improved to address both internal as well as external risks, through investments into management expertise, as well resources to enhance resilience towards external risks.

The risk management system is interconnected with the overall governance, internal controls and strategy planning and implementation processes, across the entire organisation and all activities, through the direct involvement of the Board of Directors, Board Sub-committees and management committees. Stringent internal controls, including regular internal and external audits are conducted while continuously monitoring the external macro environment for existing and emerging risks. The Company emphasises a risk ownership culture across the organisation hierarchy and has facilitated both top-down and bottom-up communications to manage risks.

Risk management framework



Effectiveness of internal controls

Internal controls are reviewed regularly by the Board to ensure effectiveness. Internal audits are conducted regularly and the findings are reported to the Board.

The 3 lines of defense

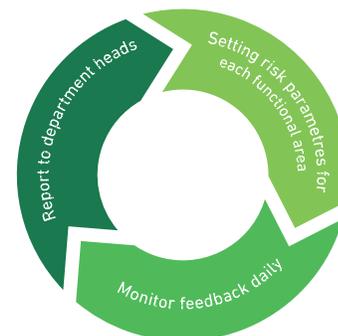
We have adopted the 3-lines of defense model to manage our risks

<p>First Line of Defense – Management</p>	<ul style="list-style-type: none"> Operational management is responsible for maintaining effective internal controls and for executing risk and control procedures on a day-to-day basis.
<p>Second Line of Defense</p>	<ul style="list-style-type: none"> This refers to risk management and compliance functions to help build and/or monitor the first line-of-defense controls.
<p>Third Line of Defense – Internal Audit</p>	<ul style="list-style-type: none"> Internal Audit provides advice and recommendations regarding processes. External Auditors <p>External auditors are responsible for expressing an opinion on the fairness (accuracy within a degree of materiality) of the financial statements in conformity with certain accounting standards</p>

Risk review process and reporting structure

The risk communication, assessment and response process is continually reviewed for improvement and is facilitated through a formal reporting structure that enables top-down and bottom-up communications regarding existing risks and emerging risks. All existing risks and emerging risks are reviewed by management, Board sub committees and the Board of Directors. All grades of employees are equipped to respond to risks through training and are informed of communications lines to report any aberrations.

The formal risk review and reporting process comprises:



Risk report for the year

Risk	Risk description	Potential impact	Response to risk	Risk rating
Social capital				
Taxation	Increased tax payments and impact of deferred tax	High	Planning the cash flows to accommodate future tax payments	High
Socio-political unrest	Can disrupt company operations and disrupt operations of suppliers	High	The Company possesses synergistic benefits from being in a group which includes a chemical supplier and another Company in plantation business Healthy relationships are maintained with our suppliers	Decreasing risk
Import restrictions	Import restrictions on fertiliser and agrochemicals, impacted crop outputs, quality	High	By switching to inputs available in the market to sustain the operations	Decreasing risk
Governance/ compliance risk	Regulatory compliance	High	The Company addresses this area with great concern in order to protect its corporate image. Quality assurance standards in factories have been established over a period of time (Rain Forest Alliance /ISO) and continuous reviews are conducted to ensure they are maintained. The Company's legal division ensures full compliance with all regulatory requirements including labour regulations, adherence to laws of governing authorities. The Company also obtains expert advice from its Auditors. Tax consultants, actuaries , TRI as and when required.	Low
Power cuts	Extended power cuts	High	We are considering renewable energy	Decreasing risk
Financial capital				
Interest rate risk	Sharp increase in interest rates	High	Negotiating with lending institutes for fixed term contracts Monitoring debt levels continuously	High

RISK MANAGEMENT SYSTEM

Risk	Risk description	Potential impact	Response to risk	Risk rating
Debt payments	Repayment of loans	High	We restructured our loans for further tenures	Low
Liquidity risk	Shortage of funds	High	We strive to maintain sufficient liquidity is available to meet our debt commitments and provide for our operational capital requirements. Loans and overdraft facilities are arranged with banks to meet planned cash flow commitments	Low
Foreign exchange risk	Significant increase in cost of fertiliser, fuel and other chemicals	Medium	Developing cost control mechanisms	Decreasing risk
Natural capital				
Extreme weather	Caused quality and productivity losses to crops	High	<p>The location of our estates in Nuwara Eliya & Badulla districts helps to minimise the impact on adverse weather</p> <p>The Company has the option of increasing or decreasing bought crop according to weather patterns</p> <p>Prudent agriculture practices such as planting of TRI recommended clones and other agricultural practices helps to minimise drought effects and proactive planning has helped the Company to minimise the risk of adverse weather conditions.</p>	High
Manufactured capital				
Commodity market risk	Commodity price volatility for tea	High	Tea auctions are influenced by global demand and supply and foreign currency exchange rates. This risk is mitigated by producing high quality tea	High
ICT risks	Loss of data and breakdown of systems due to cyber attacks	Low	Proper internal controls have been established in order to secure the information system. Routine and surprise audit checks are carried out to detect any deficiencies and improvements are suggested. The Company has sound backup systems and procedures and has also entered into maintenance contracts with established agents and uses licensed software.	Low

Risk	Risk description	Potential impact	Response to risk	Risk rating
Plant and equipment risk	Risk of machinery breakdowns	Low	<p>Tangible assets are insured against identifiable risks and the associated insurance policies are reviewed and evaluated annually. Provision is also made for assets defects and malfunctions and for obsolescence due to advance in technology. We go to the best suppliers to ensure that defect-free products are purchased. The factories in the estates and other infrastructure are continuously upgraded when required</p> <p>Further through product quality controls and a comprehensive quality management process which includes upgrading our factories to adhere to Rainforest alliance/ ISO standards.</p>	Low
Human capital				
Employee-related risks	Industrial action by trade unions/ frauds, negligence, judgemental errors	Low	The Company has set up a competent internal audit department which carries out exhaustive checks on a routine basis in order to eliminate such risks. The internal audit department functions independently and reports directly to the Managing Director. Suitable delegated authority levels have been set up and succession plans are formulated. We maintain a conducive working environment for all staff.	Low
Labour losses	Outmigration of estate labour	High	Introduction of plucking machines, drone spraying to mitigate this risk	High

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Agarapatana Plantations Limited present their Report together with the Audited Financial Statements for the year ended 31st March 2023. The details set out herein include the pertinent information required by the Companies Act No.07 of 2007, and are guided by recommended best practices.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW/ FUTURE DEVELOPMENTS

The principal activities of the Company are cultivation, manufacture and sale of Tea. The principal activity of the subsidiary is disclosed in the Notes (Note 1.2) to the Financial Statements in this report. A review of the Company's business and its performance during the year with comments on financial results and future developments is contained in the Chairman's Review, Managing Director's Review, CEO's Review, Operational and Financial Review sections of this Annual Report. These Reports together with the financial statements reflect the state of affairs of the Company. The Directors, to the best of their knowledge and belief confirm that the Company has not engaged in any activities that contravene laws and regulations.

FINANCIAL STATEMENTS

The Financial Statements of the Company are given on pages 86 to 144.

AUDITORS' REPORT

The Auditors' Report on the Financial Statements is given on pages 84 and 85.

ACCOUNTING POLICIES

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 93 to 107.

INTEREST REGISTER DIRECTORS INTEREST IN TRANSACTIONS

The Directors have made general disclosures as provided for in Section 192 (2) of the Companies Act No.07 of 2007. Arising from this, details of contracts in which they have an interest are disclosed in Note 35.1 to the financial statements on pages 133 to 139.

DIRECTORS INTEREST IN SHARES

None of the Directors held shares of the Company as at 31st March 2023.

CORPORATE DONATIONS

No donations were made during the year.

DIRECTORATE

The names of the Directors who held office during the financial year are listed below.

Brief profiles of the Directors appear on pages 30 to 34.

Mr. S.D.R. Arudpragasam - Chairman - Non Executive
Mr. C.P.R. Perera - Deputy Chairman - Independent Non Executive (Appointed Independent with effect from 08.12.2022)
Mr. S.S. Poholiyadde - Director - Executive
Mr. D.R. Madena - Chief Executive Officer - Executive
Mr. Anushman Rajaratnam - Director - Non Executive
Mr. P.M.A. Sirimane - Director - Independent Non-Executive (Appointed with effect from 20.09.2022)
Mr. G.K.B. Dasanayaka - Director - Independent Non-Executive (Appointed with effect from 20.09.2022)
Mr. K. Mohideen - Director - Executive (Appointed with effect from 20.09.2022)
Mr. A.M. de S. Jayaratne - Director - Independent Non-Executive (Appointed with effect from 18.11.2022)

In terms of Articles 92 & 93 of the Articles of Association Mr. Anushman Rajaratnam retires by rotation and being eligible, offers himself for re-election.

In terms of Article 98 of the Articles of Association Mr. P.M.A. Sirimane retires and being eligible, offers himself for re-election.

In terms of Article 98 of the Articles of Association Mr. G.K.B. Dasanayaka retires and being eligible, offers himself for re-election.

In terms of Article 98 of the Articles of Association Mr. K. Mohideen retires and being eligible, offers himself for re-election.

Mr. C.P.R. Perera who is over seventy years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. S.D.R. Arudpragasam who is over seventy years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. A.M. de S. Jayaratne who is over seventy years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

ENTERPRISE GOVERNANCE

Adoption of good governance practices has become an essential requirement in today's corporate culture. The practices carried out by the Company are given in the Enterprise Governance Statement on pages 66 to 71.

AUDITORS

In accordance with the Companies Act No.07 of 2007, a resolution proposing the reappointment of Messrs. Ernst & Young (Chartered Accountants) as Auditors of the Company will be submitted at the Annual General Meeting. The Auditors, Messrs. Ernst & Young were paid Rs. 6.3 Mn (2021/22 - Rs. 6.3 Mn) as audit fees by the Company. In addition, they were paid Rs. 3.2 Mn (2021/22 - Rs. 0.4 Mn) by the Company for non-audit related work, which consisted mainly of tax related work and IPO related work. As far as the Directors are aware the Auditors do not have any relationship (other than that of an Auditor) with the Company. The Auditors do not have any interests in the Company.

REVENUE

The revenue of the Group for the year was Rs. 8,550 Mn. The revenue of the Company for the year was Rs. 8,518 Mn (2021/22 - Rs. 4,487 Mn) which comprises Rs. 4,316 Mn from the Agras Valley Region (2021/22 - Rs. 2,347 Mn) and Rs. 4,202 Mn from Haputale Region (2021/22 - Rs. 2,139 Mn).

RESULTS

The Group made a profit before tax of Rs. 2,386 Mn. The Company made a profit before tax of Rs. 2,387 Mn against a profit before tax of Rs. 60 Mn in 2021/22.

MANAGING AGENTS & MANAGEMENT FEE

Lankem Tea & Rubber Plantations (Pvt) Limited, (LT&RP) a subsidiary of Consolidated Tea Plantations Limited, continue to manage the affairs of the Company. The Managing Agents LT&RP did not charge Managing Agent's Fees in the year under review. (2021/22 - Nil).

DIVIDENDS

The Board of Directors do not recommend a Dividend for the year under review.

PROPERTY, PLANT & EQUIPMENT

During the year 2022/2023 the Group invested Rs. 180 Mn in Property Plant & Equipment and other Capital Expenditure. Further, the Directors are of the opinion that the net amounts at which Land & Property, Plant & Equipment appear in the Statement of Financial Position are not greater than their market value as at 31st March 2023. Information relating to movements in Property, Plant & Equipment and other Capital Expenditure are given in Notes 6, 7, 8 and 9 to the Financial Statements.

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2023 was Rs.1,730,436,695/- represented by 416,929,889 Ordinary Shares and One Golden Share.

RESERVES

The total reserves of the Group as at 31st March 2023 amount to Rs. 1,548 Mn.

The total reserves of the Company as at 31st March 2023 amount to Rs. 1,596 Mn comprising Timber Reserve of Rs. 1,409 Mn. (31st March 2022 - Rs.1,319 Mn), Retained Lost of Rs. 381 Mn. (31st March 2022 - Rs. 2,014 Mn. Revaluation Reserve - Rs. 750 Mn. (31st March 2022 - Rs. 777 Mn) and Fair Value Reserve of Rs. (182 Mn). (31st March 2022 - Rs. (182 Mn). The movements are shown in the Statement of Changes in Equity in the financial Statements.

TAXATION

The Company is liable to income tax at the rate of 30% on its agro processing activities and agro farming profits of the Company is exempted for the year of assessment 2022/23. All other sources of income are liable for income tax at the rate of 30% Further details of Taxation are given in Note 29 to the Financial Statements.

RELATED PARTY TRANSACTIONS

The Related Party Transactions presented in the Financial Statements are disclosed in Note 35 from pages 133 to 139.

SHARE INFORMATION

Information relating to earnings and net assets is given on pages 6, 86, 87, 131 and 149.

EVENTS OCCURRING AFTER THE REPORTING DATE

No circumstances have arisen since the Reporting date that would require adjustments to or disclosure in the Financial Statements except for following.

Initial Public Offering

The Company has decided to list on the Diri Savi Board of the Colombo Stock Exchange through an Offer for Subscription of Eighty Three Million Seventy Thousand One Hundred and Eleven (83,070,111) new Ordinary Shares at an issue price of Rupees Nine (Rs. 9.00) per share to raise a sum of Rs. 747,630,999/-.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital Commitments and Contingent Liabilities as at the date of the Statement of Financial Position are disclosed in Notes 19, 31 and 33 to the Financial Statements on pages 123, 131 and 132 respectively.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

EMPLOYMENT POLICY

The Company's recruitment and employment policy is non-discriminatory. The occupational health and safety standards were given substantial attention. Appraisals of individual employees are carried out in order to evaluate their performance and realise their potential. This process benefits the Company and the employees. The number of persons employed by the Company at the year end was 8,495 (2021/22 – 9,341).

SHAREHOLDERS

It is the Company's policy to endeavour to ensure equitable treatment to its shareholders.

STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory payments due in relation to employees and the Government have been made and where relevant provided for.

ENVIRONMENTAL PROTECTION

The Company's business activities can have direct and indirect effects on the environment. It is the Company's policy to minimize any adverse effects its activities have on the environment and to promote co-operation and compliance with the relevant authorities and regulations. We confirm that the Company has not undertaken any activities which have caused or are likely to cause detriment to the environment.

INTERNAL CONTROL

The Directors acknowledge their responsibility for the Company's system of internal control. The system is designed to give assurance regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information generated. However, any system can ensure only reasonable, and not absolute, assurance that errors and irregularities are either prevented or detected within a reasonable period of time. The Board is satisfied with the effectiveness of the system of internal control for the period up to the date of signing the Financial Statements.

GOING CONCERN

As noted in the Statement of Directors' Responsibilities on page 82 the Directors have adopted the going concern basis in preparing these Financial Statements.

For and on behalf of the Board,

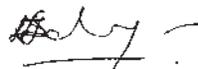


S. S. Poholiyadde
Director



K. Mohideen
Director

By Order of the Board,



Corporate Managers & Secretaries (Private) Ltd.
Secretaries

27th July 2023

REPORT OF THE REMUNERATION COMMITTEE

The Company constituted its own Remuneration Committee consisting of three members effective from 8th December 2022 as follows;

Mr. A.M. de S. Jayaratne - Chairman, - Independent Non-Executive Director

Mr. C.P.R. Perera - Independent Non-Executive Director

Mr. S.D.R. Arudpragasam - Non-Executive Director

The Parent Company, Lankem Developments PLC (LDPLC) functioned as the Remuneration Committee of the Company prior to the formation of the Company's own Remuneration Committee and comprised of ;

Mr. C.P.R. Perera - Chairman, Independent Non-Executive Director LDPLC

Mr. P.M.A. Sirimane - Independent Non-Executive Director LDPLC

Mr. S.D.R. Arudpragasam - Non-Executive Director, LDPLC

Mr. A.M. de S. Jayaratne - Independent Non-Executive Director, The Colombo Fort Land & Building PLC (Ultimate Parent Company).

The Committee analyses and reviews the remuneration packages of the key management personnel prior to the determination of such packages and guidelines are set for the compensation structures of the Management Staff.

Some members of the Board participate in the deliberations where appropriate.

It is ensured that the remuneration of executives at each level of management is competitive and they are rewarded in a fair manner based on their performance.

The Remuneration Committee met once during the financial year.



A.M. de S. Jayaratne

Chairman

Remuneration Committee

27th July 2023

REPORT OF THE AUDIT COMMITTEE

The Audit Committee Report focuses on the activities of the Company for the year under review, which the Committee has reviewed and monitored as to provide additional assurance on the reliability of the Financial Statements through a process of independent and objective views.

COMPOSITION

The Company constituted its own Audit Committee with effect from 8th December 2022 and the composition is as follows.

Mr. A.M. de S. Jayaratne, Chairman - Independent Non-Executive Director

Mr. C.P.R. Perera - Independent Non-Executive Director

Mr. P.M.A. Sirimane - Independent Non-Executive Director

Prior to forming its own Committee, the Audit Committee of the Parent Company, Lankem Developments PLC (LDPLC) functioned as the Company's Audit Committee and comprised of the following members :

Mr. A.M. de S. Jayaratne - Chairman (Independent, Non-Executive Director - The Colombo Fort Land & Building PLC (CFLB))

Mr. C.P.R. Perera – Member (Independent, Non-Executive Director - LDPLC)

Mr. P.M.A. Sirimane – Member (Independent, Non-Executive Director - LDPLC)

The Committee has varied experience and financial expertise with high standing of integrity and business acumen in order to carry out their role efficiently and effectively. The Chairman of the Committee is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and of England & Wales.

The Company's Secretaries, Corporate Managers & Secretaries (Private) Limited function as the Secretaries to the Audit Committee.

MEETINGS AND ATTENDANCE

The Audit Committee of the Parent Company, Lankem Developments PLC (LDPLC) had met on three occasions in respect of Agarapatana Plantations Limited during the first three quarters of the financial year 2022/23 and the attendance was as follows:

Mr. A.M. de S. Jayaratne - Chairman	3/3
Mr. C.P.R. Perera	3/3
Mr. P.M.A. Sirimane	2/3

The newly formed Audit Committee of the Company has met once during the last quarter of the financial year 2022/23 and the attendance was as follows:

Mr. A.M. de S. Jayaratne - Chairman	1/1
Mr. C.P.R. Perera	1/1
Mr. P.M.A. Sirimane	1/1

Further the matters which come under the purview of the Audit Committee are also decided by resolutions in writing.

ROLE OF THE AUDIT COMMITTEE

The Audit Committee reviews and advises the Company to ensure that the financial reporting system is in adherence with the Sri Lanka Accounting Standards and other regulatory and statutory requirements. It also reviews the adequacy of internal controls and the business risks.

The Committee peruses the operational reviews and assesses the future prospects of the business operations and the fact that the going concern assumption used in the preparation of the Financial Statements is appropriate.

The Committee has reviewed the quarterly accounts and the annual accounts for the year ended 31st March 2023.

Senior management personnel of the Company are invited to the meetings as and when required. Matters of importance and concern are reported to the Board of Directors.

EXTERNAL AUDIT

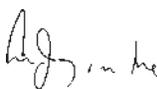
The Company has appointed Messrs. Ernst & Young as its external auditor and the services provided by them are segregated between audit/assurance services and other advisory services such as tax consultancy.

The Audit Committee has determined that Ernst & Young, Auditors are independent on the basis that they do not carry out any management related functions of the Company.

The Audit Committee has concurred to recommend to the Board of Directors the re- appointment of Ernst & Young as Auditors for the financial year ending 31st March 2024, subject to the approval of the shareholders at the Annual General Meeting.

CONCLUSION

The Audit Committee is of the view that adequate controls are in place to safeguard the Company's assets and that the financial position and the results disclosed in the audited accounts are free from any material misstatements.



A.M. de S. Jayaratne

Chairman

Audit Committee

27th July 2023

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transactions Review Committee (RPTRC) is entrusted with the responsibility of ensuring that the interests of all the stakeholders of the Company are protected in all related party transactions.

COMPOSITION

The Company constituted its own Related party Transactions Review Committee with effect from 8th December 2022. The Composition of the Committee is as follows.

Mr. A.M. de S. Jayaratne, Chairman - Independent Non-Executive Director

Mr. C.P.R. Perera - Independent Non-Executive Director

Mr. P.M.A. Sirimane - Independent Non-Executive Director

Prior to formation of the Company's own Committee, the Related Party Transactions Review Committee of the Parent Company, Lankem Developments PLC (LDPLC) functioned as the Company's Related Party Transactions Review Committee and comprised of the following members :

Mr. P.M.A. Sirimane - Chairman - Independent/Non-Executive Director (LDPLC)

Mr. C.P.R. Perera - Independent/Non-Executive Director (LDPLC)

Mr. K.P. David - Non-Executive Director (LDPLC)

The Company's Secretaries Corporate Managers & Secretaries (Private) Limited functions as the Secretaries to the Related Party Transactions Review Committee.

MEETINGS OF THE COMMITTEE

The Related Party Transactions Review Committee of the Parent Company, Lankem Developments PLC (LDPLC) had met on three occasions in respect of Agarapatana Plantations Limited during the first three quarters of the financial year 2022/23 and the attendance was as follows:

Mr. P.M.A. Sirimane – Chairman	3/3
Mr. C.P.R. Perera	3/3
Mr. K.P. David	3/3

Further the newly formed Related Party Transactions Review Committee of the Company has met once during the last quarter of the financial year 2022/23 and the attendance was as follows:

Mr. A.M. de S. Jayaratne - Chairman	1/1
Mr. C.P.R. Perera	1/1
Mr. P.M.A. Sirimane	1/1

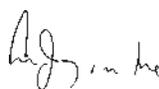
In addition to these meetings, Related Party Transactions were referred to the members of the Related Party Transactions Review Committees and were reviewed and recommended by Resolutions in writing. Other members of the Board and the Management were present at discussions where appropriate. The proceedings of the Related Party Transactions Review Committees were regularly reported to the Board of Directors.

FUNCTIONS OF THE COMMITTEE

- Review all proposed Related Party Transactions (Except for exempted transactions which are applicable to quoted Companies).
- Determining whether the relevant Related Party Transaction is fair to, and in the best interests of the Company and its stakeholders.
- Obtain updates on previously reviewed Related Party Transactions from Senior Management and approve any material changes.
- Establish guidelines for Senior Management to follow in ongoing dealings with related parties.
- Direct the transactions for Board approval / Shareholder approval as deemed appropriate.
- Ensuring that disclosures in the Annual Report as required by the applicable rules and regulations are made in a detailed manner.

CONCLUSION

The Related Party Transactions Review Committees have reviewed the Related Party Transactions entered into during the financial year under review and has communicated its comments and observations to the Board of Directors.



A.M. de S. Jayaratne

Chairman

Related Party Transactions Review Committee

27th July 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibilities of the Directors in relation to the Financial Statements of the Company are detailed below. The responsibility of the Auditors' in relation to the Financial statements is set out in the Independent Auditors' Report appearing on pages 84 and 85.

The Directors are responsible under the provisions of the Companies Act to ensure compliance with the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the Profit & Loss of the Company for the financial year. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgements and estimates have been made and Sri Lanka Accounting Standards have been followed.

The Directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy the financial position of the Company and for ensuring that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards and provide the information required by the Companies Act No. 07 of 2007. They are also responsible for taking reasonable measures to safeguard the assets of the Company, and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to the prevention and detection of fraud and other irregularities.

The Directors are required to prepare the Financial Statements and to provide the Auditors with every opportunity to undertake whatever inspections they consider appropriate to enable them to submit their audit report.

The Directors confirm that they have complied with these requirements. They have a reasonable expectation, after making enquiries and following a review of the Company's budget for the ensuing year, including cash flows and borrowing facilities, that the Company has adequate resources to continue in operational existence for the foreseeable future, and therefore have continued to adopt the going concern basis in preparing the accounts.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge all statutory payments relating to employees and the Government that were due in respect of the Company as at the reporting date have been provided for and fully paid.

On behalf of the Board



S. S. Poholiyadde
Director



K. Mohideen
Director

FINANCIAL INFORMATION

HORIZONS OF SUCCESS

The image features a large magnifying glass with a gold handle, positioned over several stacks of silver coins. The background is a vibrant, teal-toned digital landscape filled with various financial data visualizations, including line graphs, bar charts, and abstract data points. The overall aesthetic is modern and tech-oriented, symbolizing financial analysis and growth.

Independent Auditors' Report **84** | Statement of Financial Position **86** | Statement of Profit or Loss **87** |
Statement of Comprehensive Income **88** | Statement of Changes in Equity **89** | Statement of Cash Flows **91** |
Notes to the Financial Statements **93**

INDEPENDENT AUDITORS' REPORT



Ernst & Young
Chartered Accountants
201, De Saram Place
P.O. Box 101
Colombo 10, Sri Lanka

Tel: +94 11 246 3500
Fax (Gen): +94 11 269 7369
Fax (Tax): +94 11 557 8180
Email: eysl@lk.ey.com
ey.com

TO THE SHAREHOLDERS OF AGARAPATANA PLANTATIONS LTD

Report on The Audit of The Financial Statements

Opinion

We have audited the financial statements of Agarapatana Plantations Ltd ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at March 31, 2023, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at March 31, 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 Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's 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 Company 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 company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

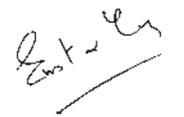
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



27 July 2023

Colombo

Partners: D K Hulanqamsuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manafunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman ACA ACMA, Ms. L K H L Fonseka FCA, Ms. K R M Fernando FCA ACMA, Ms. P V K N Sajeewani FCA, A A J R Perera ACA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yataqala ACA ACMA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudan ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	GROUP		COMPANY	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
ASSETS					
Non Current Assets					
Right-of-use Assets	6	155,168,890	-	155,168,890	168,027,881
Freehold Property, Plant & Equipment	7	1,668,133,153	-	1,559,692,921	1,527,367,899
Bearer Biological Assets	8	2,236,928,013	-	2,236,928,013	2,225,510,018
Consumable Biological Assets	9	1,532,913,464	-	1,532,913,464	1,439,365,093
Other Non Current Financial Assets	10	36,322,364	-	1,820,000	1,170,000
Intangible Assets	10A	338,742,754	-	-	-
Investment in Subsidiary	10B	-	-	433,999,888	-
		5,968,208,637	-	5,920,523,175	5,361,440,891
Current Assets					
Produce on Bearer Biological Assets	11	23,264,936	-	23,264,936	10,852,244
Inventories	12	1,151,747,526	-	1,151,747,526	473,853,608
Trade and Other Receivables	13	602,729,615	-	544,581,390	277,576,369
Amounts due from Related Companies	14	125,465,622	-	88,666,185	421,265,461
Short Term Investment		35,961,695	-	35,961,695	45,567,123
Cash & Bank Balances	15	48,570,900	-	48,529,045	47,788,036
		1,987,740,294	-	1,892,750,777	1,276,902,841
TOTAL ASSETS		7,955,948,931	-	7,813,273,952	6,638,343,732
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	16	1,730,436,695	-	1,730,436,695	1,730,436,695
Fair Value Reserve of Financial Assets at FVOCI		(184,392,897)	-	(181,708,468)	(182,358,468)
Timber Reserve	9.1	1,409,064,302	-	1,409,064,302	1,319,130,778
Revaluation Reserve	17	750,438,738	-	750,438,736	777,101,919
Retained Profit /(Loss)		(426,661,056)	-	(381,382,173)	(2,013,929,409)
TOTAL EQUITY		3,278,885,782	-	3,326,849,092	1,630,381,515
Non Current Liabilities and Deferred Income					
Interest Bearing Loans & Borrowings	18	588,880,011	-	525,340,677	740,018,470
Retirement Benefit Obligations	19	1,198,673,423	-	1,198,673,423	1,129,917,706
Deferred Income	20	183,604,928	-	183,604,928	192,565,401
Lease Liabilities	21	123,686	-	123,686	125,912
Deferred Tax Liability	29.4	798,987,451	-	737,193,392	186,627,782
		2,770,269,500	-	2,644,936,107	2,249,255,271
Current Liabilities					
Interest Bearing Loans & Borrowings	18	538,108,548	-	494,755,882	457,357,120
Lease Liabilities	21	2,226	-	2,226	2,058
Trade and Other Payables	22	1,098,280,462	-	1,088,915,811	1,832,361,991
Amounts due to Related Companies	23	31,639,347	-	31,488,000	28,690,899
Income Tax Payable		12,998,598	-	12,257,388	24,300,700
Bank Overdraft	15	225,764,469	-	214,069,444	415,994,176
		1,906,793,650	-	1,841,488,753	2,758,706,945
TOTAL EQUITY AND LIABILITIES		7,955,948,931	-	7,813,273,952	6,638,343,732
Net Assets per Share		7.86	-	7.98	3.91

These Financial Statements are in compliance with the requirements of the companies Act No 07 of 2007.



N Fernando
Finance Manager

The Board of Directors is responsible for these Financial Statements. Authorised and signed for and on behalf of the Board of Directors of Agarapatana Plantations Ltd.



S S Poholiyadde
Director



M Kowdu
Director

The Accounting Policies and Notes on Pages 93 through 144 form an integral part of the Financial Statements.

STATEMENT OF PROFIT OR LOSS

For the Year ended 31 March	Note	GROUP		COMPANY	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revenue	24	8,550,440,492	-	8,518,203,937	4,486,527,182
Cost of Sales		(5,869,211,184)	-	(5,862,434,066)	(4,423,317,778)
Gross Profit		2,681,229,308	-	2,655,769,871	63,209,404
Gain on change in fair value of biological assets	11.2	115,820,815	-	115,820,815	158,117,372
Other Income	25	127,742,185	-	131,936,164	158,365,199
Administrative Expenses		(320,287,632)	-	(319,525,193)	(130,433,899)
Finance Income	26	51,450,346	-	50,517,566	32,122,849
Finance Cost	27	(269,614,538)	-	(247,363,146)	(221,474,029)
Profit Before Tax	28	2,386,340,484	-	2,387,156,076	59,906,896
Income Tax Expense	29	(649,088,377)	-	(604,625,086)	(32,073,541)
Net Profit for the year		1,737,252,106	-	1,782,530,990	27,833,355
Earnings per Share	30	4.17		4.28	0.09

The Accounting Policies and Notes on Pages 93 through 144 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the Year ended 31 March	Note	GROUP		COMPANY	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Profit for the year		1,737,252,106	-	1,782,530,990	27,833,355
Other Comprehensive Income / (Loss)					
Other Comprehensive Income/(Loss) that will not to be reclassified to profit or loss in subsequent periods					
Net Gain/ (loss) on financial assets at fair value through OCI	10.2	650,000	-	650,000	(29,948,823)
Tax Effect		-	-	-	-
		650,000	-	650,000	(29,948,823)
Remeasurement gain/(loss) on defined benefit plan	19	(123,876,304)	-	(123,876,304)	579,982,453
Tax Effect		37,162,891	-	37,162,891	(60,898,158)
		(86,713,413)	-	(86,713,413)	519,084,295
Tax Effect on Fair Value Reserve		(2,684,429)	-	-	-
		(2,684,429)	-	-	-
Net other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods		(88,747,842)	-	(86,063,413)	489,135,472
Other comprehensive income / (loss) for the year, net of tax		(88,747,842)	-	(86,063,413)	489,135,472
Total comprehensive income / (loss) for the year, net of tax		1,648,504,265	-	1,696,467,577	516,968,827
Profit for the Year Attributable to:					
Equity Holders of the Parent		1,737,252,106	-	-	-
Non Controlling Interest		-	-	-	-
Profit for the year		1,737,252,106	-	-	-
Total Comprehensive Income Attributable to ;					
Equity Holders of the Parent		1,648,504,265	-	-	-
Non Controlling Interest		-	-	-	-
Total comprehensive income / (loss) for the year, net of tax		1,648,504,265	-	-	-

The Accounting Policies and Notes on Pages 93 through 144 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY - GROUP

	Stated Capital	Fair Value Reserve of Financial Assets at FVOCI	Timber Reserve	Revaluation Reserve	Retained Profit/(Loss)	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 30 September 2022	1,730,436,695	(182,358,468)	1,319,130,778	777,101,919	(2,013,929,409)	1,630,381,517
Net Profit for the year	-	-	-	-	1,737,252,106	1,737,252,106
Other comprehensive income/ (loss) for the year, net of tax	-	650,000	-	-	(86,713,413)	(86,063,413)
Gain on change in fair value of Consumable Biological Assets	-	-	103,408,123	-	(103,408,123)	-
Realised gain on harvested Valuable Timber Trees	-	-	(13,474,599)	-	13,474,599	-
Transfer from Revaluation Reserve	-	-	-	(38,090,259)	38,090,259	-
Deferred Tax impact on Fair value reserve	-	(2,684,429)	-	-	-	(2,684,429)
Deferred Tax effect on Revaluation Reserve	-	-	-	11,427,076	(11,427,076)	-
Balance as at 31 March 2023	1,730,436,695	(184,392,897)	1,409,064,302	750,438,736	(426,661,056)	3,278,885,780

Fair value reserve of Financial Assets (FVOCI)

Fair value reserve of Financial Assets-(FVOCI) which includes the fair value adjustment for the financial assets (FVOCI).

Timber Reserve

The timber reserve relates to change in fair value of managed trees which includes commercial timber plantations cultivated on estates.

Revaluation reserve

The revaluation reserve relates to the change in fair value of all buildings in APL Group.

The Accounting Policies and Notes on Pages 93 through 144 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY - COMPANY

	Stated Capital Rs.	Fair Value Reserve of Financial Assets at FVOCI Rs.	Timber Reserve Rs.	Revaluation Reserve Rs.	Retained Profit/(Loss) Rs.	Total Rs.
Balance as at 01 April 2021	1,270,787,250	(152,409,645)	1,177,034,452	811,192,701	(2,452,841,515)	653,763,243
Net Profit for the year	-	-	-	-	27,833,355	27,833,355
Issue of shares	459,649,445	-	-	-	-	459,649,445
Other comprehensive income/ (loss) for the year, net of tax	-	(29,948,823)	-	-	519,084,295	489,135,472
Gain on change in fair value of Consumable Biological Assets	-	-	156,121,064	-	(156,121,064)	-
Realised gain on harvested valuable timber trees	-	-	(14,024,738)	-	14,024,738	-
Transfer from Revaluation Reserve	-	-	-	(38,090,259)	38,090,259	-
Deferred Tax effect on Revaluation Reserve	-	-	-	3,999,477	(3,999,477)	-
Balance as at 31 March 2022	1,730,436,695	(182,358,468)	1,319,130,778	777,101,919	(2,013,929,409)	1,630,381,517
Net Profit for the year	-	-	-	-	1,782,530,990	1,782,530,990
Other comprehensive income/ (loss) for the year, net of tax	-	650,000	-	-	(86,713,413)	(86,063,413)
Gain on change in fair value of Consumable Biological Assets	-	-	103,408,123	-	(103,408,123)	-
Realised gain on harvested valuable timber trees	-	-	(13,474,599)	-	13,474,599	-
Transfer from Revaluation Reserve	-	-	-	(38,090,259)	38,090,259	-
Deferred Tax effect on Revaluation Reserve	-	-	-	11,427,076	(11,427,076)	-
Balance as at 31 March 2023	1,730,436,695	(181,708,468)	1,409,064,302	750,438,736	(381,382,173)	3,326,849,092

Fair value reserve of Financial Assets (FVOCI)

Fair value reserve of Financial Assets-(FVOCI) which includes the fair value adjustment for the financial assets (FVOCI).

Timber Reserve

The timber reserve relates to change in fair value of managed trees which includes commercial timber plantations cultivated on estates.

Revaluation reserve

The revaluation reserve relates to the change in fair value of all buildings of the APL.

The Accounting Policies and Notes on Pages 93 through 144 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

For the Year ended 31 March	Note	GROUP		COMPANY	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
Net Profit before Taxation		2,386,340,484	-	2,387,156,076	59,906,896
ADJUSTMENTS FOR					
Interest Income	26	(50,517,566)	-	(50,517,566)	(32,122,849)
Interest Expenses	27	269,614,537	-	247,363,146	221,474,029
Retirement Benefit Obligations - Provision	19	236,472,534	-	236,472,534	177,491,789
Depreciation	6,7,8	185,112,291	-	178,313,115	176,410,377
(Gain) / Loss on Fair Valuation of Biological Assets	11.2	(115,820,815)	-	(115,820,815)	(158,117,372)
Amortization Capital Grants	25	(9,360,723)	-	(9,360,473)	(9,354,094)
(Profit) / Loss from sale of Valuable Timber Trees	25	(24,488,787)	-	(24,488,787)	(766,762)
Provision for Surcharges		106,698,825	-	106,698,825	65,634,659
Write back of Taxes Payable		-	-	-	(59,971,855)
Operating Profit / (Loss) before Working Capital Change		2,984,050,780	-	2,955,816,056	440,584,818
(Increase) / Decrease in Inventories		(677,893,918)	-	(677,893,918)	42,080,643
(Increase) / Decrease in Trade & Other Receivables		(280,604,245)	-	(267,005,022)	(19,608,129)
(Increase) / Decrease in Amount due from Related Companies		339,834,132	-	332,599,276	(41,801,536)
Increase / (Decrease) in Trade & Other Payables		(590,272,329)	-	(588,133,937)	(79,348,261)
Increase / (Decrease) in Amounts due to Related Companies		20,481,309	-	2,797,101	(409,227,894)
Cash Generated From / (Used In) Operations		1,795,595,729	-	1,758,179,556	(67,320,359)
Retirement Benefit Obligations - Payments		(553,604,187)	-	(553,604,187)	(25,190,510)
Interest Received		50,517,566	-	50,517,566	32,122,849
Interest Paid		(322,932,304)	-	(301,032,913)	(244,587,179)
NBT Paid		-	-	-	(1,962,341)
Payment of Income Tax		(28,937,824)	-	(28,939,912)	(11,012,070)
Payment of VAT		-	-	-	(18,781,016)
Net Cash from/(used in) Operating Activities		940,638,980	-	925,120,110	(336,730,626)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Investment in Subsidiary		(433,999,888)	-	(433,999,888)	-
Net cash and cash equivalents on acquisition of subsidiary	10 B	(11,143,145)	-	-	-
Investment in Field Development		(27,459,756)	-	(27,459,756)	(36,223,875)
Investment in Timber	9	(3,614,847)	-	(3,614,847)	(7,592,938)
Proceeds from Sale of Valuable Timber Trees		37,963,385	-	37,963,385	14,791,500
Purchase of Property, Plant & Equipment		(148,621,882)	-	(128,067,617)	(24,908,491)
Net Cash from/(used in) Investing Activities		(586,876,133)	-	(555,178,723)	(53,933,804)

The Accounting Policies and Notes on Pages 93 through 144 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

For the Year ended 31 March	Note	GROUP		COMPANY	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Payment of Leases		(2,058)	-	(2,058)	(1,904)
Grants Received		400,000	-	400,000	4,821,400
Proceeds from Issue of Shares		-	-	-	459,649,445
Proceeds from Term Loans		858,256,490	-	836,196,490	349,558,033
Repayment of Term Loans		(1,031,010,137)	-	(1,013,475,507)	(478,817,221)
Net Cash from / (Used in) Financing Activities		(172,355,705)	-	(176,881,075)	335,209,753
Net Increase/ (Decrease) in Cash and Cash Equivalents		181,407,142	-	193,060,313	(55,454,677)
Cash & Cash Equivalent at the beginning of the year	A	(322,639,017)	-	(322,639,017)	(267,184,340)
Cash & Cash Equivalent at the end of the year	B	(141,231,874)	-	(129,578,704)	(322,639,017)

For the Year ended 31 March	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.

NOTE A

Cash & Cash Equivalents at the beginning of the year

Short Term Investments	45,567,123	-	45,567,123	28,842,466
Cash in Hand	1,299,030	-	1,299,030	6,501,199
Cash at Bank	46,489,006	-	46,489,006	118,126,855
Bank Overdraft	(415,994,176)	-	(415,994,176)	(420,654,860)
	(322,639,017)	-	(322,639,017)	(267,184,340)

NOTE B

Cash & Cash Equivalents at the end of the year

Short Term Investments	35,961,695	-	35,961,695	45,567,123
Cash in Hand	440,157	-	440,157	1,299,030
Cash at Bank	48,130,743	-	48,088,888	46,489,006
Bank Overdraft	(225,764,469)	-	(214,069,444)	(415,994,176)
	(141,231,874)	-	(129,578,704)	(322,639,017)

The Accounting Policies and Notes on Pages 93 through 144 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1 Domicile and legal form

Agarapatana Plantations Limited is a limited liability company incorporated and domiciled in Sri Lanka. It was incorporated on June 22, 1992 under the Companies Act No. 17 of 1982 (The Company was re-registered under the Companies Act No. 07 of 2007) in terms of the provisions of the Conversion of Public Corporation and Government-Owned Business Undertakings into Public Companies under Public Companies Act No. 23 of 1987.

The registered office of the Company is located at No. 53-1/1, Sir Baron Jayathilaka Mawatha, Colombo 01 and Plantations are situated in the planting districts of Badulla and Nuwara Eliya.

The Consolidated Financial Statements of Agarapatana Plantations Ltd comprises the Company and its Subsidiary namely Waverley Power (Pvt) Ltd (together referred to as the 'Group').

1.2 Principal activities and the nature of the operations

During the year, the principal activities of the company were the cultivation, manufacture and sale of black tea.

Principal activity of the subsidiary in the group as follows.

Company	Relationship to Business	Nature of the business/ business/ Principal Place	Registered Office
Waverley Power (Pvt) Ltd	Fully owned subsidiary	Generating electricity for the national grid	No 53-1/1, Sir Baron Jayathilaka Mw, Colombo 01

1.3 Parent enterprise

The Company is a subsidiary of Lankem Developments PLC, whose ultimate parent enterprise is The Colombo Fort Land & Building PLC.

1.4 Date of Authorisation for issue

The Financial Statements of Agarapatana Plantations Limited for the year ended 31 March 2023 were authorised for issue in accordance with a resolution of the board of directors on 27 July 2023.

1.5 Responsibility for Financial Statements

The responsibility of the directors in relation to the Financial Statements is set out in the Statement of Directors' responsibility report in the Annual Report.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the Company and the Group comprise the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flow together with Accounting Policies and Notes to the Financial Statements (the "Consolidated Financial Statements") have been prepared in accordance with Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with the Sri Lanka Accounting Standards promulgated by the Institute of Chartered Accountants of Sri Lanka (CASL) and with the requirements of the Companies Act No. 07 of 2007.

2.2 Basis of Measurement

These Consolidated Financial Statements have been prepared in accordance with the historical cost convention other than following items in the Financial Statements.

- Managed Consumable biological assets are measured at fair value.
- Harvestable Agricultural Produce growing on bearer biological assets are measured at fair value.
- Defined Benefit Obligation is measured using projected unit credit method.

That have been measured at fair value and where appropriate, specific policies are explained in the succeeding notes.

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

2.3 New accounting standards, interpretations and amendments adopted by the company

The following amendments and improvements do not have a significant impact on the Company's financial statements during the year ended 31st March 2023.

- Amendments to LKAS 37 – Provisions, Contingent Liabilities and Contingent Assets
- Amendments to LKAS 16 – Property Plant and Equipment
- Amendments to SLFRS 3 – Business Combination

2.4 Functional and Presentation Currency

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

2.5 Materiality and aggregation

Each material class of similar items is presented separately in the Consolidated Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.6 Going Concern

The Consolidated Financial Statements have been prepared on the assumption that The group is a going concern. The Directors have made an assessment of the Group's ability to continue as a going concern in the foreseeable future. Furthermore, board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as going concern and they do not intend either to liquidate or to cease operations of Group. Therefore, the Consolidated Financial Statements continue to be prepared on the going concern basis.

In determining the basis of preparing the financial statements for the year ended 31 March 2023, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Group and the appropriateness of the use of the going concern basis. It is the view of the management that there are no material uncertainties that may cast significant doubt on the Group's ability to continue to operate as a going concern. A Fast recovery momentum was observed as the Group reached pre COVID-19 levels of operations post the easing of restrictions. The management has formed judgment that the Group has adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

In determining the above significant management judgements, estimates and assumptions, the impact of the macroeconomic uncertainties, including supply chain disruptions, power interruptions and distribution challenges on account of the prevailing foreign exchange market limitations.

Basis of Consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiary as at 31st March 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

At the Company level investments in subsidiaries are recognised at cost. The preparation of investments in subsidiaries is recognised at cost in the separate financial statements..

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any Non-Controlling Interest in the acquiree. For each business combination, the Group elects whether it measures the Non-Controlling Interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition - related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Comparative information

The accounting policies set out below are consistent with those used in the previous year. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

3.2 Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

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

The Company classifies all other liabilities as non-current.

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

3.3 Fair Value Measurement

The Company measures financial instruments and non-financial assets at fair value at each statement of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Freehold property plant and equipment under revaluation model (Building) - Note 7
- Consumable biological assets - Note 9
- Produce on bearer biological assets - Note 11
- Financial Instruments (including those carried at amortised cost) - Note 10
- Retirement benefit obligation - Note 19

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability. Or,
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

NOTES TO THE FINANCIAL STATEMENTS

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company 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 minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as buildings, Consumable biological assets, and significant liabilities, such as retirement benefit obligation. Involvement of external valuers is decided upon annually by the Management Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management Committee decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.4 Property Plant & Equipment

3.4.1 Recognition and measurement

Initial Recognition

Property, Plant and Equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Company and cost of the asset can be reliably measured.

Items of Property, Plant and Equipment are measured at cost (or at fair value in the case of buildings), less accumulated depreciation and accumulated impairment losses, if any.

Subsequent Measurement

The group revalues its buildings which are measured at its fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

On revaluation of buildings, any increase in the revaluation amount is credited to the revaluation reserve in shareholder's equity unless it off sets a previous decrease in value of the same asset that was recognised in the Statement of statement of profit or loss. A decrease in value is recognised in the Statement of statement of profit or loss where it exceeds the increase previously recognised in the revaluation reserve.

This revaluation policy does not apply to Waverley Power (Pvt) Ltd. in this reporting period.3.4.2 Owned assets

The cost of Property, Plant and Equipment includes expenditures that are directly attributable to the acquisition of the asset. Such costs include the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognises such parts as individual assets (major components) with specific useful lives and depreciation, respectively. Likewise, when a major inspection is preformed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Buildings are measured at fair value less accumulated depreciation on buildings and impairment charged subsequent to the date of the revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. The company's policy is to revalue Buildings once in every four years.

Other property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Capital work in progress is transferred to the respective asset accounts at the time, the asset is ready for utilisation or at the time the asset is commissioned.

3.4.3 Leased assets

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right of use the underlying assets.

Short-term leases and leases of low-value assets

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

3.4.3.1 Right-of-use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term.

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

a) Amortisation

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

	No. of Years	Rate (%)
Right to use of land	53	1.89
Improvements to land	30	3.33
Mature Plantations - Tea	30	3.33
Roads & Bridges	40	2.50
Buildings	25	4.00
Fences & Securities	20	5.00
Machinery	15	6.67
Water supply	20	5.00
Power Augmentation	20	5.00
Vested Tea	30	3.33

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

3.4.3.2 Lease liabilities

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

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

The Company's lease liabilities are included in Note 21 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3.4.4 De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised and gains are not classified as revenue.

3.4.5 Land improvement cost

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

These costs have been capitalised and amortised over the remaining lease period.

Permanent impairments to land development costs are charged to the Statement of Profit or Loss in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.4.6 Biological Assets

Biological assets are classified in to mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications. Tea and other plantations are classified as biological assets.

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

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

3.4.6.1 Bearer Biological Assets

The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – Property Plant & Equipment.

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure

incurred on bearer biological assets (Tea) which comes into bearing during the year, is transferred to mature plantations.

3.4.6.2 Infilling Cost on Bearer Biological Assets

Where infilling results in an increase in the economic life of the relevant field beyond its previously assessed standard of performance, the costs are capitalised in accordance with LKAS 16 and depreciated over the useful life at rates applicable to mature plantation.

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

3.4.6.3 Borrowing Cost

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale are capitalised as a part of the asset.

Borrowing costs that are not capitalised are recognised as expenses in the period in which they are incurred and charged to the Profit or Loss Statement.

The amounts of the borrowing costs which are eligible for capitalisation are determined in accordance with the in " LKAS 23 - Borrowing Costs "

Borrowing costs to be capitalised towards the field development activities are determined based on the effective borrowing rate applied to the average carrying amount of the qualifying immature asset (excluding interest). Effective borrowing rate is determined as a percentage of total borrowing costs over outstanding average borrowings. The capitalisation will cease when the crops are ready for commercial harvest.

The capitalisation rate of 19.59 % (2022 – 8.3%) was used.

Borrowing Costs amounting to Rs. 53,669,767 /= (2022 – Rs. 23,113,150/=) have been capitalised as part of the cost of the immature plantations.

3.4.6.4 Consumable Biological Assets

Consumable biological assets includes managed timber trees those that are to be harvested as agricultural produce or sold as biological assets. Expenditure incurred on consumable biological assets (managed timber trees) is measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees are measured using DCF method taking in to consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer. All other assumptions and sensitivity analysis are given in Note 9.

The main variables in Market approach model concerns

Variable	Comment
Timber content	Estimated based on physical verification of girth, height and considering the growth of the each species in different geographical regions. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfill in bringing the trees in to saleable condition. Here, the valuer has considered timber prices published by State Timber Corporation as the sector benchmark as the appropriate basis for determining the fair value of the subject timber trees.
Planting cost	Estimated costs for the further development of immature areas are deducted.
Economic useful life	Estimated based on the normal life span of each species by factoring the forestry plan of the Company

The gain or loss arising on initial recognition of consumable biological assets at fair value less cost to sell and from a change in fair value less cost to sell of consumable biological assets are included in profit or loss for the period in which it arises.

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

3.4.6.5 Nursery Plants

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

3.4.6.6 Produce on Bearer Biological Assets

In accordance with LKAS 41, company recognise agricultural produce growing on bearer plants at fair value less cost to sell. Change in the fair value of such agricultural produce recognised in profit or loss at the end of each reporting period.

For this purpose, quantities of harvestable agricultural produce ascertained based on harvesting cycle of each crop category by limiting to one harvesting cycle based on last day of the harvest in the immediately preceding cycle. Further, 50% of the crop in that harvesting cycle considered for the valuation.

For the valuation of the harvestable agricultural produce, the company uses the following price formulas.

- Tea – Bought Leaf rate (current month) less cost of harvesting & transport.

3.4.6.7 Intangible Assets

3.4.6.7.1 Goodwill

Goodwill represents the excess of the cost of any acquisition of a subsidiary over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Carrying amount of the goodwill arising on acquisition of subsidiaries is presented as an intangible and the goodwill on an acquisition of an equity accounted investment is included in the carrying value of the investment.

3.4.7 Depreciation and amortisation

(a) Depreciation

Depreciation is recognised in Statement of profit or loss on a straight-line basis over the estimated useful economic lives of each part of an item of Property, Plant & Equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Assets held under leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Group will have ownership by the end of the lease term. Lease period of land acquired from JEDB/SLSPC will be expired in year 2045. The estimated useful lives for the current and comparative periods are as follows:

	No. of Years	Rate (%)
Buildings	26 - 40	2.5 - 3.85
Roads	25	4.00
Plant & Machinery	13 1/3	7.50
Motor Vehicles	5	20.00
Equipment	8	12.50
Furniture & Fittings	10	10.00
Sanitation, Water & Electricity Supply	20	5.00

Mature Plantations (Replanting and New Planting)

	No. of Years	Rate (%)
Tea	33 1/3	3.00
Rubber	20	5.00
Cinnamon	25	4.00

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date on which the asset classified as held for sale or is derecognised. Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted prospectively, if appropriate. Mature plantations are depreciated over their useful lives or unexpired lease period, whichever is lower.

No depreciation is provided for immature plantations.

NOTES TO THE FINANCIAL STATEMENTS

3.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.5.1 Financial assets

3.5.1.1 Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short-term deposits, investments, trade and other receivables, available for sale financial assets.

3.5.1.2 Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

a) Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to

impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial Asset at amortized cost comprise of trade receivables, amounts due from related parties, deposits, advances and other receivables.

b) Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

c) Financial assets at fair value through OCI

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument- by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company's financial assets fair value through OCI includes investments in quoted and unquoted shares which included under other non-current financial assets.

d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if

they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

3.5.1.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired

Or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

- (a) the Company has transferred substantially all the risks and rewards of the asset, or
- (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

3.5.1.4 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

3.5.2 Financial Liabilities

3.5.2.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

3.5.2.2 Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

b) Financial instruments at amortized cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognised in the Profit or Loss Statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortization process.

NOTES TO THE FINANCIAL STATEMENTS

Financial liabilities comprise interest bearing loans and borrowings, trade payables, other payables, and amounts due to related parties.

3.5.2.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss

3.5.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Financial risk management objectives and policies have been disclosed under Note 36.

3.6 Inventories

a) Finished goods manufactured from agricultural produce of biological assets

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

b) Input materials, Spares and consumables

At average cost.

c) Growing Crop Nurseries

At the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, deposits and bank overdrafts that are repayable on demand form and integral part of the Company's cash management and are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

3.8 Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable

amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.9 Liabilities and provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic

benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Profit or Loss Statement net of any reimbursement.

3.10 Employees' benefits

(a) Defined contribution plans – Employees' Provident Fund and Employees' Trust Fund

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

The Company contributes 12% on consolidated salary of the employees to Ceylon Planters' Provident Society (CPPS) / Estate Staff Provident Society (ESPS) / Employees' Provident Fund (EPF)

All the employees of the Company are members of the Employees' Trust Fund to which the Company contributes 3% on the consolidated salary of such employees.

(b) Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the Financial Statements in respect of defined benefit plan is the present value of the defined benefit obligation at the Reporting date. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised as in retained earnings through comprehensive income. Past service costs are recognised immediately in Statement of Profit or Loss.

The provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19, Employee Benefits. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The Liability is not externally funded.

The key assumptions used in determining the retirement benefit obligations are given in Note 19.

3.11 Capital commitments and contingencies

Capital commitments and contingent liabilities of the Company have been disclosed in the respective Notes to the Financial Statements.

3.12 Events occurring after the reporting period

All material events after the Statement of Financial Position date have been considered where appropriate; either adjustments have been made or adequately disclosed in the Financial Statements.

3.13 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number or ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.14 Deferred income - Grants and subsidies

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the Statement of Profit or Loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments.

3.15 Statement of Profit or Loss

For the purpose of presentation of Statement of Profit or Loss, the function of expenses method is adopted as it represents fairly the elements of the Company's performance.

3.15.1 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Under SLFRS 15, revenue is recognised upon satisfaction of performance obligations.

NOTES TO THE FINANCIAL STATEMENTS

The group is in the business of cultivation, manufacture and sale of black tea (Plantation Produce) and the rendering service (Power generating). Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to customer.

Revenue from contract with customers

Sale of Plantation produce

Revenue from sale of plantation produce is recognised at the point in time when the control of the goods is transferred to the customer. Black tea produce is sold at the Colombo Tea Auction and the highest bidder whose offer is accepted shall be the buyer, and a sale shall be completed at the fall of the hammer, at which point control is transferred to the customer.

There is no element of financing present as the Company's sale of plantation produce are either on cash terms (Immediate payment or advance payment not exceeding 30 days) or on credit terms ranging from 7 to 15 days.

Rendering Services

Service income from Group comprised with sale of hydro energy to the Ceylon Electricity Board (CEB). Revenue from sale of hydro energy recognised at the point of hydro energy releases to the national grid at a pre-determined unit price.

3.15.2 Other Source of Revenue

Revenue recognition criteria for the other source of income as follows;

- **Rental Income**

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

- **Dividend Income**

Dividend income is recognised when the right to receive payment is established.

- **Interest Income**

Interest income is recognised based on effective interest method.

Interest income on financial assets at FVTPL is recognised as part of net gains or losses on these financial instruments.

Interest income of financial assets at amortized cost is calculated by using the effective interest method and is recognised as finance income.

3.15.3 Expenses

All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency is charged to revenue in arriving at the profit or loss for the year.

3.15.4 Financing Income and Finance Cost

Finance income comprises interest income on funds invested. Interest income is recorded using the Effective Interest Rate (EIR) method.

Finance expenses comprise interest payable on borrowing. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

The interest expense component of finance lease payment is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.15.5 Taxes

3.15.5.1 Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.15.5.2 Deferred Tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.16 Statement of cash flows

The Statement of Cash Flow has been prepared using the "Indirect Method". Interest paid is classified as operating cash flows, dividends received are classified as investing cash flows while dividends paid and Government grants received are classified as financing cash flows, for the purpose of presenting the Cash Flow Statement.

3.17 Segment reporting

Segmental information is provided for the different business segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

Since the individual segments are located close to each other and operate in the same industrial environment, the need for geographical segmentation has no material impact.

The activities of the segments are described in Note 24 in the Notes to the Financial Statements. The company transfers products from one industry segment for use in another. Inter-segment transfers are based on fair market prices.

Revenue and expenses directly attributable to each segment are allocated to the respective segments. Revenue and expenses not directly attributable to a segment are allocated on the basis of their resource utilisation, wherever possible.

Assets and liabilities directly attributable to each segment are allocated to the respective segments. Assets and liabilities, which are not directly attributable to a segment, are allocated on a reasonable basis wherever possible. Unallocated items comprise mainly interest bearing loans, borrowings, and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one accounting period.

All operating segments' operating results are reviewed regularly to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period and any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes.

4.1 Taxation

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the

NOTES TO THE FINANCIAL STATEMENTS

amount are those that are enacted or substantively enacted, at the reporting date in the countries where the company operates and generates taxable income.

According to The Inland Revenue (Amendment) Bill, to amend the Inland Revenue Act, No. 45 of 2022, Agro Farming is exempt from income tax for a period of 5 years effective from 01 April 2019 and Agro processing is liable at 30%. Accordingly, where applicable, the company has separated its income and expenses as Agro Farming and Agro Processing and applied the respective tax rates. Agarapatana Group's Provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the amendments thereto.

4.2 Deferred Tax

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. As per the inland revenue (Amended) bill issued on 19.12.2022, company (Arapatana Plantations Ltd) is identified Separately business income as agro farming & agro processing for the purpose of calculating income tax liability therefore, the company has separated assets and liabilities as at 31 March 2023 as Agro farming and Agro processing for the deferred tax purpose. Other components are identified as deferred tax in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The details of deferred tax computation is given in Note 29.4 to the Financial Statements.

4.3 Retirement benefit obligations

The present value of the retirement benefit obligation determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

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

Further details about Retirement benefit obligations are provided in Note 19.

4.4 Fair Valuation of Consumable Biological Assets

The fair value of managed timber depends on number of factors that are determined on a discounted cash flow method using various different financial and non-financial assumptions. The growth of the trees is determined by various biological factors that are highly unpredictable. Any change to the assumptions will impact the fair value of biological assets. All assumptions are reviewed at each reporting period. Key assumptions and sensitivity analysis of the biological assets are given in Note 9.

4.5 Bearer Biological assets

The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – Property Plant & Equipment.

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets which comes into bearing during the year, is transferred to mature plantations.

4.6 IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex environment, it assessed whether the Interpretation had an impact on its financial statements. The Company determined that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Company.

5. SRI LANKA ACCOUNTING STANDARDS (SLFRS / LKAS) ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

5.1 SLFRS 17 – Insurance contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well

as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17. The amendments are not expected to have a material impact on the company.

5.2 Amendments to LKAS 8 - Definition of Accounting Estimates

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

5.3 Amendments to LKAS 12 Taxation - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

5.4 Amendments to LKAS 1 - Disclosure of Accounting Policies

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies.
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

5.5 Amendments to LKAS 1 - Classification of Liabilities as Current or Non-current

Amendments to LKAS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify,

- What is meant by a right to defer settlement.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.
- Disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

NOTES TO THE FINANCIAL STATEMENTS

6. RIGHT-OF-USE ASSETS

	Note	GROUP		COMPANY	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Right-of-use assets-Land	6.1	143,074,638	-	143,074,638	149,578,031
Right-of-use assets-Immovable Leased Bearer Biological Assets	6.2.1	10,939,852	-	10,939,852	17,233,377
Right-of-use assets- Other Property, Plant and Equipment	6.2.2	1,154,400	-	1,154,400	1,216,473
		155,168,890	-	155,168,890	168,027,881

6.1 Right-of-use assets - Land - Group and Company

"Right-To-Use of Land on Lease" was previously accounted under Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka dated 21 August 2013. However, with effect from January 1, 2019, "Right-of-use assets—Land" have been accounted for in accordance with SLFRS 16. "Right-of-use assets - Land" have been executed for all estates for a period of 53 years. The unexpired period of the lease as at the Statement of Financial Position date is 22 years.

This Right-of-use assets - Land is amortized over the remaining lease term or useful life of the right whichever is shorter and is disclosed under non current assets.

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cost				
At the beginning of the year	341,588,181	-	341,588,181	341,588,181
At the end of the year	341,588,181	-	341,588,181	341,588,181
Amortization				
At the beginning of the year	192,010,151	-	192,010,151	185,506,758
Amortisation for the year	6,503,393	-	6,503,393	6,503,393
At the end of the year	198,513,543	-	198,513,543	192,010,151
Written Down Value	143,074,638	-	143,074,638	149,578,031

6.2 Right-of-use assets - Immovable Assets - Group and Company

At the time of privatisation of plantation estates, all immovable assets in these estates (Note 6.2.1 and Note 6.2.2) have been taken into the books of the Company retroactive to 22nd June 1992 under finance lease. However, SLFRS 16 - Leases was applicable with effect from 01 January 2019, and therefore, these assets have accounted in accordance with such standard with effect from 01 January 2019.

6.2.1 Right-of-use assets-Immovable Leased Bearer Biological Assets - Group and Company

	Coffee, Pepper, Cardamom Rs.	Mature Plantations Rs.	Vested Tea Rs.	2023 Rs.	2022 Rs.
Cost					
As at 1 April	305,380	179,092,900	1,222,661	180,620,941	180,620,941
Additions	-	-	-	-	-
As at 31 March	305,380	179,092,900	1,222,661	180,620,941	180,620,941
Amortisation					
As at 1 April	-	162,185,095	1,202,469	163,387,564	157,379,218
Amortisation for the year	305,380	5,967,953	20,192	6,293,525	6,008,346
As at 31 March	305,380	168,153,048	1,222,661	169,681,089	163,387,564
Written Down Value	-	10,939,852	-	10,939,852	17,233,377

Note : Investment in plantations assets which were immature at the time of handing over to the Company by way of estate leases are shown under immature plantations (revalued as at 22nd June, 1992).

However, since then all such investments in Immature Plantations attributable to JEDB/SLSPC period have been transferred to Mature Plantations. These mature tea were classified as bearer biological assets in terms of LKAS 16 – Property, Plant & Equipment. The carrying value of the bearer biological assets leased from JEDB/SLSPC is recognised at cost less amortisation. Further investments in such plantations to bring them to maturity are shown in Note 08.

NOTES TO THE FINANCIAL STATEMENTS

6.2.2 Right-of-use assets-Immovable Leased Assets (other than right-to-use land and bearer biological assets)

Group & Company

	Improvements to Land	Unimproved Land	Roads & Bridges	Buildings	Fences and Securities	Machinery	Water Supply	Power Augmentation	Other Vested Assets	2023	2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost											
As at 1 April	5,406,507	997,894	677,397	62,634,210	48,598	8,201,289	6,158,249	971,614	30,500	85,126,258	85,126,258
Additions	-	-	-	-	-	-	-	-	-	-	-
As at 31 March	5,406,507	997,894	677,397	62,634,210	48,598	8,201,289	6,158,249	971,614	30,500	85,126,258	85,126,258
Depreciation											
As at 1 April	5,361,353	-	503,972	62,634,210	48,598	8,201,289	6,158,249	971,614	30,500	83,909,785	83,712,251
Depreciation for the year	45,154	-	16,920	-	-	-	-	-	-	62,074	197,534
As at 31 March	5,406,507	-	520,892	62,634,210	48,598	8,201,289	6,158,249	971,614	30,500	83,971,859	83,909,785
Written Down Value	-	997,894	156,505	-	-	-	-	-	-	1,154,400	1,216,473

7. FREEHOLD PROPERTY, PLANT & EQUIPMENT**Group**

	Buildings at Valuation	Water Supply	Plant & Machinery	Motor Vehicles	Equipment & Tools	Furniture & Fittings	Roads	Capital Work in Progress	Total 2023	Total 2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost or Valuation										
Balance as at 1 April 2022	1,438,004,625	84,045,085	452,091,521	358,113,950	87,455,138	9,513,570	69,314,689	2,794,354	2,501,332,932	-
Acquisition through Business Combinations	86,064,717	-	151,573,487	6,489,750	2,260,026	-	-	-	246,387,980	-
Additions	10,171,952	-	61,821,471	-	55,475,427	40,256	-	3,352,869	130,861,975	-
Transfer In/(Out)	-	-	-	-	-	-	-	(2,794,357)	(2,794,357)	-
Balance as at 31 March 2023	1,534,241,293	84,045,085	665,486,479	364,603,700	145,190,591	9,553,826	69,314,689	3,352,866	2,875,788,529	-
Accumulated Depreciation										
Balance as at 1 April 2022	118,069,584	62,652,617	355,958,456	323,867,630	67,374,260	8,735,503	37,306,984	-	973,965,034	-
Acquisition through Business Combinations	18,074,031	-	99,470,102	6,489,750	314,687	-	-	-	124,348,570	-
Charge for the year	54,490,410	3,308,139	29,368,097	12,834,802	6,421,613	146,123	2,772,588	-	109,341,772	-
Balance as at 31 March 2023	190,634,025	65,960,756	484,796,655	343,192,182	74,110,560	8,881,626	40,079,572	-	1,207,655,376	-
Carrying Value										
As at 31 March 2023	1,343,607,268	18,084,329	180,689,824	21,411,518	71,080,031	672,200	29,235,117	3,352,866	1,668,133,153	-
Company										
	Buildings at Valuation	Water Supply	Plant & Machinery	Motor Vehicles	Equipment & Tools	Furniture & Fittings	Roads	Capital Work in Progress	Total 2023	Total 2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost or Valuation										
Balance as at 1 April 2022	1,438,004,625	84,045,085	452,091,521	358,113,950	87,455,138	9,513,570	69,314,689	2,794,354	2,501,332,932	2,476,424,441
Additions	10,171,952	-	61,821,471	-	55,475,427	40,256	-	3,352,869	130,861,975	31,949,049
Transfer In/(Out)	-	-	-	-	-	-	-	(2,794,357)	(2,794,357)	(7,040,558)
Balance as at 31 March 2023	1,448,176,577	84,045,085	513,912,992	358,113,950	142,930,565	9,553,826	69,314,689	3,352,866	2,629,400,550	2,501,332,932
Accumulated Depreciation										
Balance as at 1 April 2022	118,069,584	62,652,617	355,958,456	323,867,630	67,374,260	8,735,503	37,306,984	-	973,965,034	880,319,401
Charge for the year	52,359,866	3,308,139	18,000,085	12,834,802	6,320,992	146,123	2,772,588	-	95,742,595	93,645,633
Balance as at 31 March 2023	170,429,450	65,960,756	373,958,541	336,702,432	73,695,252	8,881,626	40,079,572	-	1,069,707,629	973,965,034
Carrying Value										
As at 31 March 2023	1,277,747,127	18,084,329	139,954,451	21,411,518	69,235,313	672,200	29,235,117	3,352,866	1,559,692,921	-
As at 31 March 2022	1,319,935,041	21,392,468	96,133,065	34,246,320	20,080,878	778,067	32,007,705	2,794,354	-	1,527,367,899

NOTES TO THE FINANCIAL STATEMENTS

7.1 Fair Value Hierarchy

7.1.1 Accounting Judgements, Estimates and Assumptions related to Revaluation of Buildings

The Company measures buildings at revalued amounts with changes in fair value being recognised in other comprehensive income and in the statement of changes in equity. The Company engaged an independent valuation specialist to determine fair value of buildings as at 31 December 2019.

The Buildings on leasehold land were revalued by Mr. A.A.M Fathihu, Chartered Valuation Surveyor as of 31 December 2019 and the results of such valuation have been incorporated in these financial statements as at that date. Such assets were valued on the basis of gross replacement cost (GRC). Fair value is determined by reference to market based evidence. The surplus arising from the revaluation has been transferred to the revaluation reserve.

Following key significant unobservable (Level 3) inputs were used for the valuation of buildings,

Type of Asset	Fair Value as at 31 March 2020	Method of Valuation	Significant Unobservable Inputs	Estimates for Unobservable Inputs (Weighted Average)	Sensitivity of Fair Value to Unobservable Inputs
Buildings	1,377,072,100	Cost Approach	Estimated price per square foot	Rs.665/- per square foot	Positively correlated sensitivity

7.1.2 The carrying amount of revalued buildings, if they were carried at cost less depreciation, would be as follows;

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cost	516,685,218	-	516,685,218	516,688,216
Accumulated depreciation	(163,851,933)	-	(163,851,933)	(148,709,982)
Carrying value	352,833,285	-	352,833,285	367,978,234

7.1.3 The cost of fully depreciated assets, but still in use of the company amounts to Rs 635 million as of 31 March 2023 (As at 31 March 2022 - Rs. 582 million). Fully depreciated asset breakup,

As At 31st March	GROUP	COMPANY
	2023 Rs.	2023 Rs.
Furniture & Fittings	8,052,343	8,052,343
Plant & Machinery	225,051,794	225,051,794
Tools & Equipments	62,841,621	62,594,015
Motor Vehicles	328,191,642	321,701,892
Water & Sanitation	17,881,109	17,881,109
	642,018,509	635,281,153

8. BEARER BIOLOGICAL ASSETS

Description	Immature Plantations			Mature Plantations			Total as at 31.03.23 Rs.	Total as at 31.03.22 Rs.
	Tea Rs.	Other Rs.	Total Rs.	Tea Rs.	Other Rs.	Total Rs.		
Cost								
At the beginning of the year	303,935,596	100,150,767	404,086,362	2,253,125,581	44,199,375	2,297,324,956	2,701,411,318	2,642,074,293
Additions	74,335,193	6,794,331	81,129,523	29,402,380	-	29,402,380	110,531,903	68,232,354
Transfer In/(Out)	(29,402,380)	-	(29,402,380)	-	-	-	(29,402,380)	(8,895,329)
At the end of the year	348,868,409	106,945,098	455,813,505	2,282,527,961	44,199,375	2,326,727,336	2,782,540,841	2,701,411,318
Depreciation								
At the beginning of the year	-	-	-	474,001,077	1,900,223	475,901,300	475,901,300	406,543,646
Charge for the year	-	-	-	67,593,767	2,117,761	69,711,528	69,711,528	69,357,654
At the end of the year	-	-	-	541,594,844	4,017,984	545,612,828	545,612,828	475,901,300
Written Down Value	348,868,409	106,945,098	455,813,505	1,740,933,117	40,181,391	1,781,114,508	2,236,928,013	2,225,510,018

- a) These are investments in immature/ mature plantations since the privatisation of the estates. The assets (including plantation assets) taken over by way of estate leases are set out in Note 06. Further investment in immature plantations taken over by way of these leases are shown in the above notes. When such plantations become mature, the additional investments since taken over to bring them to maturity are transferred from immature to mature under this note.

The Company has elected to measure the bearer biological assets at cost using LKAS 16 – Property, Plant & Equipment.

- b) Borrowing costs amounting to Rs.53,669,767 /- (2022 - 23,113,150/-) have been capitalised as part of the cost of the immature plantations. Capitalisation will cease when crops are ready for harvest.

9. CONSUMABLE BIOLOGICAL ASSETS

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
At the beginning of the year	1,439,365,093	-	1,439,365,093	1,289,675,829
Increased due to Development	3,614,847	-	3,614,847	7,592,938
Decreased due to Harvesting	(13,474,599)	-	(13,474,599)	(14,024,738)
Gain/(loss) arising from changes in fair value	103,408,123	-	103,408,123	156,121,064
At the end of the year	1,532,913,464	-	1,532,913,464	1,439,365,093

Managed timber plantation was measured at fair value initially as at 31 March 2013 and subsequently. The corresponding gain/(loss) was recognised in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

9.1 Timber Reserve

Fair value surplus or deficit is recognised as a separate equity component in the company's or group's statement of changes in equity, which will be available for distribution at the point of realisation of the consumable biological assets. The realisation is as follows:

	GROUP		COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	1,319,130,778	-	1,319,130,778	1,177,034,452
Gain recognised during the year	103,408,123	-	103,408,123	156,121,064
Realised gain on harvested valuable timber trees	(13,474,599)	-	(13,474,599)	(14,024,738)
At the end of the year	1,409,064,302	-	1,409,064,302	1,319,130,778

Managed trees include commercial timber plantations cultivated on estates. The cost of immature trees is treated as approximate fair value particularly on the ground of little biological transformation has taken place and impact of the biological transformation on price is not material. When such Plantations become mature, the additional investments since taken over to bring them to maturity are transferred from Immature to Mature.

The fair value of matured managed trees were ascertained in accordance with SLFRS 13. The valuation was carried by Mr. A.A.M Fathihu, FIV, chartered valuation surveyors, using Discounted Cash Flow (DCF) methods. In ascertaining the fair value of timber, a physical verification was carried out covering all the estates.

The carrying amount of biological assets pledged as securities for liabilities as at the date of the statement of financial position is nil (2021/22 - nil).

INFORMATION ABOUT FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)

Non Financial Assets	Valuation Technique	Unobservable Inputs	Range of Unobservable Inputs (Probability weighted average)		Relation of Unobservable Inputs to Fair Value
			2023	2022	
Consumable Biological Assets	Discounted Cash Flow Method 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.	Discount Rate	Age to harvest 5 years or below - 21.5%	Age to harvest 5 years or below - 18%	The higher the discount rate, the lesser the fair value
			Age to harvest 6 to 15 years - 22.5 %	Age to harvest 6 to 15 years - 19 %	
			Age to harvest 15 years or above - 23.5%	Age to harvest 15 years or above -20%	
		Optimum rotation (Maturity)	25 years	25 years	Lower the rotation period, the higher the fair value
		Volume at rotation	19.4 - 88.5 cu.ft.	19.4 - 88.5 cu.ft.	The higher the volume, the higher the fair value
		Price per cu.ft.	Rs.390/- to Rs.1,231/-	Rs.358/- to Rs.1,161/-	The higher the price per cu. ft. the higher the fair value

Other key assumptions used in valuation.

- 1 The harvesting is approved by the PMMD and the Forest Department based on the Forestry Development Plan.
- 2 The prices adopted are net of expenditure
- 3 Though the replanting is a condition precedent for harvesting' yet the costs are not taken in to consideration.

The valuations, as presented in the external valuation models based on net present values, take into account the long term exploitation of the timber plantations. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realisable value. The Board of Directors retains their view that commodity markets are inherently volatile and that long term price projections are highly unpredictable. Hence, the sensitivity analysis regarding selling price and discount rate variations as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in the LKAS 41 against his own assumptions.

The biological assets of the company are mainly cultivated in leased lands. When measuring the fair value of the biological assets it was assumed that these concessions can and will be renewed at normal circumstances. Timber content expects to realise in future included in the calculation of the fair value takes into account the age of the timber plants and not the expiration date of the lease.

9.2 Sensitivity Analysis

Sensitivity Variation - Sales Price

Values as appearing in the Statement of Financial Position are very sensitive to price changes with regard to the average sales prices applied. Simulations made for timber show that a rise or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

	Rs. -10%	Rs. +10%
As at 31 March 2023	(153,439,026)	153,439,026
As at 31 March 2022	(144,087,243)	144,087,243

Sensitivity Variation - Discount Rate

Values as appearing in the Statement of Financial Position are very sensitive to changes of the discount rate applied. Simulations made for timber trees show that a rise or decrease by 1% of the estimated future discount rate has the following effect on the net present value of biological assets:

	Rs. -1%	Rs. +1%
As at 31 March 2023	30,837,385	(29,277,517)
As at 31 March 2022	38,389,066	(36,119,006)

The carrying amount of biological assets pledged as securities for liabilities are Nil for the year (2022 - Nil).

There are no commitments for the development or acquisition of biological assets.

NOTES TO THE FINANCIAL STATEMENTS

10. OTHER NON CURRENT FINANCIAL ASSETS

Upon initial recognition, the Group occasionally elects to classify irrevocably some of its equity investments held for strategic purpose, as equity instruments at FVOCI when they meet the definition of Equity under LKAS 32 "Financial Instruments: Presentation" and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss instead directly transferred to retained earnings at the time of derecognition. Dividends are recognised in the statement of profit or loss in "Net other operating income" when the right of the payment has been established.

10.1 Financial assets at fair value through OCI

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Investment in quoted companies				
Beruwala Resorts PLC	1,820,000	-	1,820,000	1,170,000
Investment in unquoted companies				
Union Commodities (Pvt) Ltd	-	-	-	-
Agarapatana Plantations Ltd	13,948,098	-	-	-
Colombo Fort Hotels Ltd	20,554,266	-	-	-
Total financial assets at fair value through OCI	36,322,364	-	1,820,000	1,170,000
10.2 Net (loss) / gain on financial assets at fair value through OCI	650,000	-	650,000	(29,948,823)

10.3 Fair Value Hierarchy for financial assets at fair value through OCI

	Date of Valuation	Level 1 (Quoted prices in active markets) Rs.	Level 2 (Significant observable inputs) Rs.	Level 3 (Significant unobservable inputs) Rs.
Financial Asset Type				
Investment in quoted equity shares	31-Mar-23	1,820,000	-	-
Investment in unquoted equity shares	31-Mar-23	-	34,502,364	-
Total		1,820,000	34,502,364	-
Investment in quoted equity shares	31-Mar-22	1,170,000	-	-
Investment in unquoted equity shares	31-Mar-22	-	-	-
Total		1,170,000	-	-

10 A INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of the cost of any acquisition of a subsidiary over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Carrying amount of the goodwill arising on acquisition of subsidiaries is presented as an intangible assets and the goodwill on an acquisition of an equity accounted investment is included in the carrying value of the investment.

Impairment Testing on Goodwill

The Group tests the goodwill for impairment annually and assess for any indication of impairment to ensure that its carrying amount does not exceed the recoverable amount. If an impairment loss is identified, it is recognised immediately to the Statement of statement of profit or loss. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to groups of cash generating units that are expected to benefit from the synergies of the combination.

Based on SLFRS 3: Business Combination Paragraph 45, the group does not test the impairment test for goodwill in the current accounting period (2022/23).

	Goodwill Rs.	2023 Total Rs.	2022 Total Rs.
Cost			
As at 1st April	-	-	-
Acquisition during the year	338,742,754	338,742,754	-
As at 31 March	338,742,754	338,742,754	-
Accumulated Amortisation			
As at 1st April	-	-	-
Amortization charge for the year	-	-	-
As at 31 March	-	-	-
Written Down Value			
As at 31 March	338,742,754	338,742,754	-

10 B. INVESTMENTS IN SUBSIDIARY

Agarapatana Plantations Ltd holds 7,800,000 (100%) ordinary shares of Waverley Power (Pvt) Ltd amounting 433,999,888/-.

	No. of Shares	Holding %	COMPANY	
			2023 Rs.	2022 Rs.
Waverley Power (Pvt) Ltd	7,800,000	100	433,999,888	-
			433,999,888	-
Cash at Bank			41,855	-
Bank Overdraft			(11,185,000)	-
(Cash & cash equivalent on acquisition of subsidiary as at 30th September 2022)			(11,143,145)	-

NOTES TO THE FINANCIAL STATEMENTS

10 B. INVESTMENTS IN SUBSIDIARY (CONTD.)

Summerised statement of profit or loss of Subsidiary

	WAVERLEY POWER(PVT) LTD
	2023
	Rs.
Revenue	52,355,555
Gross Profit	32,418,668
Finance & Other Charges	(32,573,318)
Profit/(Loss) before Taxation	(519,309)

Summerised statement of Financial Position of Subsidiary

Non Current Assets	146,281,742
Current Assets	113,114,881
Total Assets	259,396,623
Capital & Reserves	92,753,801
Long Term Liabilities	82,588,884
Current Liabilities	84,053,939
Total Equity & Liabilities	259,396,623

Summerised statement of Cash Flow of Subsidiary

Net Cash flow from operating activities	28,200,649
Net Cash flow from financing activities	(20,554,266)
Net Cash flow from investment activities	(4,556,590)
Total Net Cash flows	3,089,793

11. PRODUCE ON BEARER BIOLOGICAL ASSETS

	GROUP		COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
As at 1st April	10,852,244	-	10,852,244	8,855,936
Change in fair value less cost to sell	12,412,692	-	12,412,692	1,996,308
As at 31st March	23,264,936	-	23,264,936	10,852,244

11.1 Fair Value Hierarchy for Non Financial Assets

Group / Company

	Date of Valuation	Level 1 (Quoted prices in active markets) Rs.	Level 2 (Significant observable inputs) Rs.	Level 3 (Significant unobservable inputs) Rs.
Non Financial Asset Type				
Produce on Bearer Biological Assets	31-Mar-23	-	23,264,936	-
Produce on Bearer Biological Assets	31-Mar-22	-	10,852,244	-

11.2 Gain/(Loss) on Changes in Fair Value of Biological Assets

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Gain/(loss) arising from Consumable Biological Assets - Note 9	103,408,123	-	103,408,123	156,121,064
Gain/(loss) arising from Produce on Bearer Biologic Assets - Note 11	12,412,692	-	12,412,692	1,996,308
Total Change in Fair Value of Biological Assets	115,820,815	-	115,820,815	158,117,372

12. INVENTORIES

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Input Materials	406,122,549	-	406,122,549	114,587,358
Nurseries	6,179,509	-	6,179,509	5,791,650
Produce Tea	622,552,013	-	622,552,013	323,444,451
Spares & Consumables	116,893,455	-	116,893,455	30,030,149
	1,151,747,526	-	1,151,747,526	473,853,608

13. TRADE & OTHER RECEIVABLES

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade Debtors	208,099,216	-	151,439,827	109,840,835
Employee Related Debtors	62,073,848	-	62,073,848	55,728,912
Deposits, Advances & Prepayments	217,128,469	-	215,639,633	21,080,468
Other Debtors	76,030,492	-	76,030,492	51,528,564
VAT Recoverable	44,600,868	-	44,600,868	44,600,868
	607,932,893	-	549,784,668	282,779,647
Less : Provision for Impairment	(5,203,278)	-	(5,203,278)	(5,203,278)
	602,729,615	-	544,581,390	277,576,369

14. AMOUNTS DUE FROM RELATED COMPANIES

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Sherwood Holidays Ltd	93,740	-	93,740	14,170,734
Waverley Power (Pvt) Ltd	-	-	18,125,363	565,695
Consolidated Tea Plantations Ltd	6,451,376	-	6,451,376	396,439,799
Kotagala Plantations PLC	-	-	-	8,087,124
Lankem Tea and Rubber Plantations (Pvt) Ltd	14,675,452	-	14,675,452	2,002,109
Lankem Ceylon PLC	48,052,290	-	-	-
Lankem Developments PLC	38,629,607	-	31,757,097	-
Union Commodities (Pvt) Ltd	17,078,012	-	17,078,012	-
Colombo Fort Group Services (Pvt) Ltd	485,147	-	485,147	-
	125,465,622	-	88,666,185	421,265,461

NOTES TO THE FINANCIAL STATEMENTS

15. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Favourable cash and bank balances				
Cash at Bank	42,954,283	-	42,912,428	42,059,796
Cash in Hand	440,157	-	440,157	1,299,030
Cash in Transit	5,176,460	-	5,176,460	4,429,210
	48,570,900	-	48,529,045	47,788,036
Unfavourable bank balances				
Bank Overdraft	225,764,469	-	214,069,444	415,994,176
	(177,193,569)	-	(165,540,399)	(368,206,140)

16. STATED CAPITAL

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Value of Issued and Fully Paid Shares				
At the beginning of the year	1,730,436,695	-	1,730,436,695	1,270,787,250
Value of ordinary shares issued under Private Placement	-	-	-	459,649,445
At the end of the year	1,730,436,695	-	1,730,436,695	1,730,436,695

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

	2023 Rs.	2022 Rs.
Ordinary shares at the beginning of the year	416,929,889	325,000,000
Ordinary shares issued Private Placement	-	91,929,889
Ordinary shares at the end of the year	416,929,889	416,929,889
Golden Share held by the Treasury which has special rights	1	1

17. REVALUATION RESERVE

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
At the beginning of the year	777,101,919	-	777,101,919	811,192,701
Transfer to retained earnings	(26,663,181)	-	(26,663,181)	(34,090,782)
At the end of the year	750,438,736	-	750,438,736	777,101,919

The above revaluation reserve consists of net surplus resulting from the revaluation of buildings as described in Note 7 to these financial statements. This unrealised amount cannot be distributed to shareholders until it is disposed of.

18. INTEREST BEARING LOANS & BORROWINGS

18.1 Long Term Loans

Description	Repayable within 1 Year Rs.	Repayable within 2-5 years Rs.	Repayable after 5 Years Rs.	Total As At 31.03.2023 Rs.	Total As At 31.03.2022 Rs.	Facility Details (Note 18.3)
Bank of Ceylon - Rs. 200 Mn	33,333,320	-	-	33,333,320	83,333,324	I
Peoples Leasing & Finance PLC - Rs. 10.5 Mn	-	-	-	-	5,852,458	
Commercial Bank of Ceylon PLC - Rs. 500 Mn	51,024,000	85,877,459	-	136,901,459	155,657,459	II
Sri Lanka Tea Board - Rs. 86 Mn	-	-	-	-	2,235,615	
Sampath Bank PLC - Rs. 500 Mn	83,400,000	131,650,000	-	215,050,000	305,400,000	III
Seylan Bank PLC - Rs. 50 Mn	8,000,000	26,648,547	-	34,648,547	40,698,546	IV
Bank of Ceylon - Rs. 250 Mn	45,454,560	102,272,693	-	147,727,253	196,969,680	V
Bank of Ceylon - Rs. 50 Mn	9,090,912	20,454,536	-	29,545,448	39,393,936	VI
Peoples Leasing & Finance PLC - Rs. 7.77 Mn	-	-	-	-	2,930,049	
Peoples Leasing & Finance PLC - Rs. 9.64 Mn	-	-	-	-	3,868,650	
Peoples Leasing & Finance PLC - Rs. 5.02 Mn	-	-	-	-	2,244,664	
Peoples Leasing & Finance PLC - Rs. 6.27 Mn	-	-	-	-	2,363,745	
Bank of Ceylon - Rs. 31 Mn	1,494,111	-	-	1,494,111	20,917,554	VII
Bank of Ceylon - Rs. 72 Mn	34,022,003	-	-	34,022,003	72,296,757	VIII
Bank of Ceylon -Rs. 68 Mn	22,924,076	28,655,094	-	51,579,170	68,772,227	IX
Bank of Ceylon - Rs. 13 Mn	4,493,002	5,616,253	-	10,109,255	13,479,007	X
Bank of Ceylon - Rs. 5 Mn	585,900	-	-	585,900	5,858,998	XI
Bank of Ceylon - Rs. 50.47 Mn	16,824,114	33,648,227	-	50,472,341	7,938,000	XII
Sampath Bank PLC - Rs. 30Mn	-	-	-	-	30,868,825	
Sampath Bank PLC- Rs. 50 Mn	-	-	-	-	27,405,698	
Sampath Bank PLC- Rs. 6 Mn	-	-	-	-	130,629	
Sampath Bank PLC- Rs. 6.9 Mn	-	-	-	-	513,167	
Seylan Bank PLC- Rs. 4 Mn	166,775	-	-	166,775	2,346,225	XIII
Seylan Bank PLC- Rs. 3 Mn	679,495	-	-	679,495	2,446,195	XIV
Seylan Bank PLC- Rs. 4.4 Mn	-	-	-	-	4,467,858	
Seylan Mechant Bank PLC- Rs. 68 Mn	11,420,146	47,477,955	-	58,898,100	63,631,324	XV
Seylan Mechant Bank PLC- Rs. 57 Mn	8,945,357	43,039,914	-	51,985,271	-	XVI
	331,857,771	525,340,677	-	857,198,448	1,162,020,590	

NOTES TO THE FINANCIAL STATEMENTS

18.2 Short Term Loans

Description	Repayable within 1 Year Rs.	Repayable within 2-5 Years Rs.	Repayable after 5 Years Rs.	Total As At 31.03.2023 Rs.	Total As At 31.03.2022 Rs.	Facility Details (Note 18.3)
John Keells PLC - Rs. 20Mn	-	-	-	-	3,000,000	
Forbes and Walkers Tea Brokers (Pvt) Ltd - Rs. 50 Mn	-	-	-	-	12,000,000	
Forbes and Walkers Tea Brokers (Pvt) Ltd - Rs. 66 Mn	-	-	-	-	18,480,000	
Forbes and Walkers Tea Brokers (Pvt) Ltd - Rs. 200 Mn	62,490,280	-	-	62,490,280	-	XVII
Ceylon Tea Brokers PLC - Rs. 7.50 Mn	-	-	-	-	1,875,000	
Sri Lanka Tea Board - Rs. 100 Mn	100,407,831	-	-	100,407,831	-	XVIII
	162,898,111	-	-	162,898,111	35,355,000	
Grand Total	494,755,882	525,340,677	-	1,020,096,559	1,197,375,590	

18.3 Details of the interest bearing loans and borrowing facilities

Facility details	Rate of Interest	Terms of Repayment
I	Rs. 200 Mn - AWPLR +2.5%	48 monthly instalments commencing from 12/06/2019
II	Rs. 500 Mn - AWPLR+3%	48 monthly instalments commencing from 21/01/2022
III	Rs. 500 Mn - AWPLR+3.5%	71 instalments of Rs. 6,950,000/- and a final instalment of Rs. 6,550,000/- commencing from 26/04/2019
IV	Rs. 50 Mn - 16%	84 instalments commencing from 30/11/2018
V	Rs. 250 Mn AWPLR + 3.5%	72 monthly instalments commencing from 03/05/2020 including six months capital grace period
VI	Rs. 50 Mn - AWPLR+3.0 %	72 monthly instalments commencing from 03/05/2020 including six months capital grace period
VII	Rs. 31 Mn - 0%	24 monthly instalments commencing from 20/11/2019
VIII	Rs. 72 Mn - 6.93%	17 monthly instalments commencing from 01/07/2022
IX	Rs. 68 Mn - 6.93%	36 monthly instalments commencing from 13/04/2020
X	Rs. 13 Mn - 6.93%	36 monthly instalments commencing from 10/03/2020
XI	Rs. 5 Mn - 6.93%	10 monthly Instalments commencing from 01/07/2022
XII	Rs. 50.47 Mn - AWPLR+3%	36 monthly instalments commencing from 30/04/2023
XIII	Rs.4 Mn - TB Rate+1%	24 monthly instalments commencing from 20/04/2021
XIV	Rs.3 Mn - TB Rate+ 1%	24 monthly instalments commencing from 20/08/2021
XV	Rs. 68 Mn - 16%	60 monthly instalments commencing from 30/07/2022
XVI	Rs. 57 Mn - 18%	60 monthly instalments commencing from 31/07/2022
XVII	Rs. 200 Mn - 28%	16 weekly Instalments of Rs. 12,500,000/- commencing from 18/01/2023
XVIII	Rs. 100 Mn - 8%	12 weekly Instalments of Rs. 8,362,777/- commencing from 12/04/2023

18.4 Changes in liabilities arising from financing activities

	01 April 2022 Rs.	Cash flows Rs.	31 March 2023 Rs.
Current interest-bearing loans and borrowings (excluding items listed below)	457,357,120	37,398,762	494,755,882
Current obligations under leases	2,058	168	2,226
Non-current interest-bearing loans and borrowings (excluding items listed below)	740,018,470	(214,677,793)	525,340,677
Non-current obligations under leases	125,912	(2,226)	123,686
	1,197,503,561	(177,281,089)	1,020,222,471

19. RETIREMENT BENEFIT OBLIGATIONS

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
At the beginning of the year	1,129,917,707	-	1,129,917,707	1,557,598,881
Provision for the year - Interest Cost	169,487,656	-	169,487,656	116,819,916
- Current Service Cost	66,984,878	-	66,984,878	60,671,873
Actuarial (Gain) / Loss due to changes in financial assumptions	(121,158,964)	-	(121,158,964)	(562,038,668)
Actuarial (Gain) / Loss due to experience adjustment	245,035,267	-	245,035,267	(17,943,785)
Payments made during the year	(291,593,122)	-	(291,593,122)	(25,190,510)
At the end of the year	1,198,673,423	-	1,198,673,423	1,129,917,707

According to the valuation done based on the full actuarial valuation carried out by a professionally qualified actuary firm M/s. Actuarial and Management Consultants (Pvt) Ltd as at 31st March 2023, the liability is Rs. 1,198,673,423/-. If the Company had provided for gratuity for all employees on the basis of 14 days wages for workers and a half month salary for staff for each completed year of service for the year ended 31st March 2023, the liability would have been Rs. 2,131,308,807/- (2022 - Rs. 1,901,866,273/-) Hence, there is a contingent liability of Rs. 932,635,384/- which would crystallise only if the Company ceases to be a going concern.

Waverley Power (Pvt) Ltd. receives all staff and labour from Agarapatana Plantations Ltd. Therefore, retirement benefit obligations are not taken into consideration by Waverley Power (Pvt) Ltd. in their financial statements.

The Present Value of Retirement Benefit Obligation is carried out on annual basis.

The following payments are expected from the defined benefit plan obligation in future years.

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Within next 12 months	177,983,616	-	177,983,616	139,256,049
Between 2 and 5 years	446,701,578	-	446,701,578	373,897,118
Beyond 5 years	573,988,228	-	573,988,228	616,764,539
	1,198,673,423	-	1,198,673,423	1,129,917,707

The weighted average duration of the Defined Benefit plan obligation at the end of the reporting period is 6.4 years and 7.0 years for staff and workers respectively.

NOTES TO THE FINANCIAL STATEMENTS

19. RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

The key assumptions used by Actuarial & Management Consultants (Pvt) Limited include the following;

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
(i) Rate of Interest	18.5%	-	18.5%	15%
(ii) Rate of Salary Increase				
Workers	10% (per annum)	-	10% (per annum)	8% (per annum)
Staff	25% + 5% (Once in 3 years)	-	25% + 5% (Once in 3 years)	10% (per annum)
(iii) Retirement Age				
Workers	60 years	-	60 years	60 years
Staff	60 years	-	60 years	60 years
(iv) Daily Wage Rate	Rs. 1,000/-	-	Rs. 1,000/-	Rs. 862/-

Sensitivity Analysis

Values appearing in the financial statements are very sensitive to the changes of financial and non financial assumptions used. A sensitivity was carried out as follows;

	GROUP		COMPANY	
	Impact on Retirement Benefit Obligation			
A one percentage point change in the discount rate.	+1%	-1%	+1%	-1%
As at 31 March 2023	(67,673,629)	75,435,102	(67,673,629)	75,435,102
As at 31 March 2022	-	-	(74,704,099)	84,303,025
A one percentage point change in the salary increment rate.	+1%	-1%	+1%	-1%
As at 31 March 2023	84,357,149	(76,395,981)	84,357,149	(76,395,981)
As at 31 March 2022	-	-	94,472,582	(84,472,363)

20. DEFERRED INCOME

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Deferred Grants and Subsidies				
Cost				
At the beginning of the year	342,450,415	-	342,450,415	337,629,015
Additions during the year	400,000	-	400,000	4,821,400
At the end of the year	342,850,415	-	342,850,415	342,450,415
Amortisation				
At the beginning of the year	149,885,014	-	149,885,014	140,530,920
Amortisation for the year	9,360,473	-	9,360,473	9,354,094
At the end of the year	159,245,487	-	159,245,487	149,885,014
Net carrying amount at the end of the year	183,604,928	-	183,604,928	192,565,401

The Company has received funding from the Plantation Housing and Social Welfare Trust, Asian Development Bank and Plantation Reform Project for the development of worker welfare facilities such as re-roofing of line rooms, latrines, water supply and sanitation etc. The funds received from Sri Lanka Tea Board are utilised for Tea replanting. The amounts spent are included under the relevant classification of Property, Plant and Equipment and Bearer Biological Assets and the grant component is reflected under Deferred Grants and Subsidies.

21. LEASE LIABILITIES

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Lease liability on right-of-use assets - Land	125,912	-	125,912	127,970
	125,912	-	125,912	127,970

21.1 Lease liability on right-of-use assets - Land

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
At the beginning of the year	127,970	-	127,970	129,872
Accretion of interest	10,442	-	10,442	10,598
Payments	(12,500)	-	(12,500)	(12,500)
At the end of the year	125,912	-	125,912	127,970
Current	2,226	-	2,226	2,058
Non Current	123,686	-	123,686	125,912

21.1.1 Maturity analysis of lease liability on right - of use assets- Land is as follows;

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Payable within one year				
Gross liability	12,500	-	12,500	12,500
Finance cost allocated to future periods	(10,274)	-	(10,274)	(10,442)
Net liability transferred to current liabilities	2,226	-	2,226	2,058
Payable within two to five years				
Gross liability	62,500	-	62,500	62,500
Finance cost allocated to future periods	(48,333)	-	(48,333)	(49,402)
Net liability	14,167	-	14,167	13,098
Payable after five years				
Gross liability	200,000	-	200,000	212,500
Finance cost allocated to future periods	(90,481)	-	(90,481)	(99,686)
Net liability	109,519	-	109,519	112,814
Current	2,226	-	2,226	2,058
Non Current	123,686	-	123,686	125,912

NOTES TO THE FINANCIAL STATEMENTS

22. TRADE & OTHER PAYABLES

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade Creditors	169,053,534	-	169,053,511	25,873,313
Payable to Employees	168,404,633	-	168,404,633	158,528,394
EPF/ETF/CPPS/ESPS/Gratuity Payable	47,459,403	-	47,459,403	762,144,983
Provision for EPF/ETF/ESPS/Tax/Gratuity Surcharges	70,802,143	-	70,802,143	98,967,499
Broker Advances	233,181,092	-	233,181,092	300,450,830
Other Creditors	409,379,656	-	400,015,028	486,396,972
	1,098,280,462	-	1,088,915,811	1,832,361,991

23. AMOUNTS DUE TO RELATED COMPANIES

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Creasy Plantation Management Ltd	4,612,598	-	4,612,598	4,623,598
The Colombo Fort Land and Building PLC	-	-	-	1,890,450
Lankem Developments PLC	-	-	-	800,001
Kotagala Plantations PLC	8,604,802	-	8,604,802	-
Lankem Ceylon PLC	1,572,648	-	1,572,648	4,830,005
Colombo Fort Group Services (Pvt) Ltd	151,347	-	-	2,764,851
E B Creasy & Co. PLC	16,697,953	-	16,697,953	1,699,261
Union Commodities (Pvt) Ltd	-	-	-	1,608,804
Sigiriya Village Hotels PLC	-	-	-	9,463,972
Darley Butler & Co. Ltd	-	-	-	1,009,957
	31,639,347	-	31,488,000	28,690,899

24. REVENUE

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Summary				
Tea	8,518,203,937	-	8,518,203,937	4,486,527,182
Hydro Power	32,236,555	-	-	-
Total	8,550,440,492	-	8,518,203,937	4,486,527,182

Segment Information

Segmental Revenue

Tea	8,518,203,937	-	8,518,203,937	4,486,527,182
Hydro Power	32,236,555	-	-	-
Total	8,550,440,492	-	8,518,203,937	4,486,527,182

Segmental Profit Before Tax

Tea	2,382,962,097	-	2,387,156,076	59,906,896
Hydro Power	3,378,387	-	-	-
Total	2,386,340,484	-	2,387,156,076	59,906,896

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Segmental Assets and Liabilities				
Segmental Assets				
Tea	7,699,891,454	-	7,813,273,952	6,638,343,732
Hydro Power	256,057,477	-	-	-
Total	7,955,948,931	-	7,813,273,952	6,638,343,732
Goodwill on Consolidation	338,742,754	-	-	-
Investment in Subsidiary	-	-	433,999,888	-
Segmental Liabilities				
Tea	4,513,364,654	-	4,486,424,860	5,007,962,216
Hydro Power	163,698,496	-	-	-
Total	4,677,063,151	-	4,486,424,860	5,007,962,216

25. OTHER INCOME

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Amortisation of Capital Grants	9,360,473	-	9,360,473	9,354,094
Factory / Towers Lease Rent	29,923,709	-	30,517,688	19,604,239
Profit from sale of Valuable Timber Trees	24,488,787	-	24,488,787	766,762
Income from Sale of Other Trees	29,795,196	-	29,795,196	37,947,900
Write back of Taxes Payable	-	-	-	59,971,855
Others	34,174,020	-	37,774,020	30,720,349
	127,742,185	-	131,936,164	158,365,199

26. FINANCE INCOME

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Interest Income	51,450,346	-	50,517,566	32,122,849
	51,450,346	-	50,517,566	32,122,849

27. FINANCE COST

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Overdraft Interest	53,747,001	-	50,045,744	32,796,999
Interest Charge on Guarantees	7,782,303	-	7,782,303	7,519,996
Interest on Leases	155,342	-	10,442	10,598
Term Loan Interest	197,723,690	-	179,318,455	123,198,242
Related Party Loan Interest	381,881	-	381,881	23,009,904
Interest charged by the Tea Brokers	63,494,089	-	63,494,089	58,051,440
	323,284,305	-	301,032,913	244,587,179
Amount Capitalised	(53,669,767)	-	(53,669,767)	(23,113,150)
	269,614,538	-	247,363,146	221,474,029

NOTES TO THE FINANCIAL STATEMENTS

28. PROFIT FROM OPERATING ACTIVITIES IS STATED AFTER CHARGING.

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Consultancy/Director Fees	27,368,935	-	27,368,935	21,789,835
Auditor's Remuneration	6,519,080	-	6,319,080	6,319,080
Depreciation				
Freehold Property Plant and Equipment	109,341,772	-	95,742,595	93,645,633
Bearer Biological Assets	69,711,528	-	69,711,528	69,357,654
Right-of-use assets - Land	6,503,393	-	6,503,393	6,503,393
Right-of-use assets - Immovable Lease assets of JEDB / SLSPC estates	6,355,599	-	6,355,599	6,205,880
Right-of-use assets - Motor Vehicles	-	-	-	697,818
Others				
Defined Benefit Plan Cost - Retiring Gratuity	236,472,534	-	236,472,534	177,491,789
Defined Contribution Plan Cost - EPF,ETF,ESPS & CPPS	293,202,504	-	293,202,504	305,931,961
Wages & Staff Cost	2,496,717,462	-	2,496,717,462	2,475,725,293

29. INCOME TAX EXPENSES

29.1 The major components of income tax expenses for the year ended 31st March 2023 are as follows.

	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Statement of Profit and Loss				
Current Tax Expenses				
Current Income Tax Charge (29.2)	17,771,877	-	16,686,116	17,545,658
Under/(Over) Provision of Income Tax for the previous years	210,469	-	210,469	895,406
	-	-	-	-
Deferred Income Tax				
Amount originated during the year transferred to statement of profit or loss due to the income tax rate change	152,418,506	-	135,980,772	13,632,477
Amount originated during the year transferred to statement of profit or loss	478,687,525	-	451,747,729	-
	649,088,377	-	604,625,086	32,073,541

29.2 Reconciliation of Accounting Profit to Income Tax Expense

	GROUP		COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Accounting Profit /(Loss) Before Tax	2,386,340,484	-	2,387,156,076	59,906,896
Aggregate disallowable items	602,507,234	-	588,518,163	528,376,734
Aggregate allowable items	(1,489,343,353)	-	(1,479,770,250)	(480,052,741)
Business Profit /(Loss)	1,499,504,364	-	1,495,903,989	108,230,889
Tax exempt Income/(Loss) from Agro Farming	838,405,152	-	838,405,152	(190,070,773)
Taxable Income/(Loss) from Agro Processing	596,344,349	-	596,344,349	298,301,662
Taxable Income/(Loss) from Power Generation	4,935,277	-	-	-
Investment Income	69,525,483	-	69,525,483	73,106,910
Total Statutory Income	1,509,210,261	-	1,504,274,984	181,337,799
Tax losses brought forward and utilised	(623,202,673)	-	(623,202,673)	(298,301,662)
Taxable Income /(Loss)	886,007,588	-	881,072,311	(116,963,863)
Income Tax @ 14%	345,469	-	-	-
Income Tax @ 24%	16,686,116	-	16,686,116	17,545,658
Income Tax @ 30%	740,292	-	-	-
Income Tax expense charged to Statement of Profit or Loss	17,771,877	-	16,686,116	17,545,658

29.3 Accumulated Tax Losses

	GROUP		COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Tax losses brought forward	2,028,794,873	-	2,028,794,873	2,356,441,298
Adjustment to brought forward tax losses	-	-	-	(29,344,763)
Loss for the year (Note 29.2)	-	-	-	-
Losses set off during the year	(623,202,673)	-	(623,202,673)	(298,301,662)
Tax losses carried forward	1,405,592,200	-	1,405,592,200	2,028,794,873

Effect of changes in tax rate in current year

According to The Inland Revenue (Amendment) Bill, to amend the Inland Revenue Act, No. 24 of 2017, Agro Farming is exempt from income tax for a period of 5 years effective from 01 April 2019.

As per the rebate given by the Inland Revenue Department for tea manufacturing, the company has entitled to a special tax rate for agro processing by granting tax rebate of 25% on applicable tax rate (i.e. 30%).

The Inland Revenue (Amedment) Act no 45 of 2022 was certified by the speaker on 19th December 2022. The Standard rate of Income tax has been increased 30% from 24% w.e.f 1st October 2022. The increase in income tax rate to 30% in mid year has resulted in two tax rates being applicable for the year of assessment 22/23.

NOTES TO THE FINANCIAL STATEMENTS

29.3 Accumulated Tax Losses (Contd.)

Herewith mentioned the applied tax rates of the company.

Taxable income source	Description	Effective tax rate (%)
Agro farming	Exempted	-
Agro processing	Tax on taxable income at special rates - First six months	10.50%
Agro processing	Tax on taxable income at special rates - Balance six months	22.50%
Dividend Income	Tax on profits from dividend - First six months	14%
Dividend Income	Tax on profits from dividend - Balance six months	15%
Other Investment Income	Tax on balance taxable income at normal rate - First six months	24%
Other Investment Income	Tax on balance taxable income at normal rate - Balance six months	30%

29.4 Deferred Tax Liability

	GROUP				COMPANY			
	2023		2022		2023		2022	
	Temporary Difference Rs.	Tax Effect Rs.						
As at 1 April	1,884,640,228	202,359,882	-	-	1,777,407,448	186,627,782	1,067,591,875	112,097,147
Amount originated during the year transferred to statement of profit or loss due to the income tax rate change.	-	152,418,506	-	-	135,980,772	-	-	-
Amount originated during the year transferred to statement of profit or loss.	803,780,164	478,687,525	-	-	893,579,486	451,747,729	129,833,120	13,632,477
Amount originated during the year transferred to statement of other comprehensive income.	(123,876,304)	(34,478,462)	-	-	(123,876,304)	(37,162,891)	579,982,453	60,898,158
As at 31 March	2,564,544,088	798,987,451	-	-	2,457,311,308	737,193,392	1,777,407,448	186,627,782

Composition of Deferred Tax Liability /(Asset)

	GROUP				COMPANY			
	2023		2022		2023		2022	
	Temporary Difference Rs.	Tax Effect Rs.						
Right of use assets	142,680,624	42,804,187	-	-	142,680,624	42,804,187	142,609,334	14,973,980
Property, Plant and Equipment	1,410,087,691	423,026,307	-	-	1,302,854,911	390,856,473	1,309,205,236	137,466,550
Biological Assets	3,495,129,949	1,075,478,781	-	-	3,495,129,949	1,048,538,985	3,326,159,803	349,246,779
Retirement Benefit Obligations	(1,077,644,564)	(323,293,369)	-	-	(1,077,644,564)	(323,293,369)	(971,661,084)	(102,024,414)
Lease Liability	(117,412)	(35,224)	-	-	(117,412)	(35,224)	(110,970)	(11,652)
Carried forward Tax Losses	(1,405,592,200)	(418,993,231)	-	-	(1,405,592,200)	(421,677,660)	(2,028,794,873)	(213,023,462)
Net Deferred Tax Liability/(Asset)	2,564,544,088	798,987,452	-	-	2,457,311,308	737,193,392	1,777,407,447	186,627,782

The effective tax rate used to calculate deferred tax liability for all temporary differences as at 31 March 2023 is 30% (2022 - 10.5%).

30. EARNINGS PER SHARE

Computation of the earnings per share is based on the profit after taxation for the year divided by the weighted average number of ordinary shares outstanding during the year.

	GROUP		COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Amount used as the numerator				
Net profit for the year after taxation	1,737,252,106	-	1,782,530,990	27,833,354
Amount used as the denominator				
Weighted average number of ordinary shares outstanding during the period	416,929,889	-	416,929,889	325,000,000

31. CAPITAL COMMITMENTS

Followings are the capital commitments approved as at the date of Financial Position.

	2023	2022
	Rs. Mn	Rs. Mn
A. Field Development	112.9	86.3
B. Machinery & Factory Development	214.4	151.0

NOTES TO THE FINANCIAL STATEMENTS

32. SECURITIES PLEDGED

The Following assets have been pledged as securities for loans and other facilities.

Nature of Assets	Facility Rs.	Nature of Liability	Carrying Amounts of Assets Pledged		Included Under
			2023 Rs.	2022 Rs.	
32.1 A) A primary mortgage over leasehold rights of Glenanore and Haputale Estates including machinery fixed each of these estates. Overdraft Agreement	200 Mn	Bank Overdraft from Bank of Ceylon	32,145,678	32,766,923	Property, Plant & Equipment
B) A primary mortgage over leasehold rights of Glenanore and Haputale Estates including machinery fixed each of these estates	50 Mn	Term Loan from Bank of Ceylon			
C) Tri partite agreement with borrower, bank and the tea broker John Keells PLC.	200 Mn	Term Loan from Bank of Ceylon			
D) Corporate Guarantee from Lankem Ceylon PLC					
E) Tri partite agreement with borrower, bank and the tea broker John Keells PLC	250 Mn	Term Loan from Bank of Ceylon			
F) A primary mortgage over leasehold rights of Glenanore and Haputale Estates including machinery fixed each of these estates	50.47 Mn	Term Loan from Bank of Ceylon			
32.2 Mortgage over leasehold rights over the estate land and buildings, fixed & floating assets of Diyagama East Estate	50 Mn	Term Loan from Seylan Bank PLC	7,260,127	7,590,729	Property, Plant & Equipment
32.3 Duly accepted letter of offer supported by Board Resolution. General terms and conditions relating to term loans. Deposit of original title deeds and plan relating to the Dambetenne Estate	500 Mn	Term Loan from Commercial Bank of Ceylon PLC			
	20 Mn	Bank Overdraft from Commercial Bank of Ceylon PLC			
32.4 Mortgage over leasehold rights over the estate land and factory building of Diyagama West Estate	500 Mn	Term Loan from Sampath Bank PLC	5,125,316	5,604,211	Property, Plant & Equipment
32.5 Original certificates of registration of the vehicles	68 Mn	Term Loan from Seylan Merchant Bank PLC			
32.6 Original certificates of registration of the vehicles	57 Mn	Term Loan from Seylan Merchant Bank PLC			

33. CONTINGENCIES

No known contingent liabilities exist as at the date of financial position other than the matter disclosed in note 19 to the financial statement.

34. EVENTS AFTER THE REPORTING PERIOD

No circumstances have arisen since the statement of financial position date, which would require adjustments or disclosure to the financial statements except for following,

The Company has decided to list on the Diri Savi Board of the Colombo Stock Exchange through an offer for subscription of 83,070,111 ordinary voting shares at Rs. 9/- per share to raise a total sum of Rs. 747,603,999/-.

Inland revenue (amendment) act passed in May 2023: the Inland revenue (Amendment) act of 2023 was passed in parliament and certified by Hon. Speaker on 08th May 2023.

35. RELATED PARTY DISCLOSURES**35.1 Details of significant Related Party Disclosures are as follows;**

Transactions with the parent and related entities

Company

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited / (Credited)		Balance as at 31st March	
				2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
1. Lankem Tea & Rubber Plantations (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Settlements	69,997,892	1,467,174	14,675,452	2,002,108
		Mr. C.P.R. Perera	Advances given	14,675,452	2,002,110		
		Mr. S.S. Poholiyadde	Issue of shares		36,476,725		
		Mr. Anushman Rajaratnam	Professional consultancy fee charged	(72,000,000)			
		Mr. D.R. Madena					
		Mr. K. Mohideen					
		(Appointed w.e.f. 20.09.2022)					
		Mr. P.M.A. Sirimane					
		(Appointed w.e.f. 01.12.2022)					
		Mr. A.M. de S. Jayaratne					
(Appointed w.e.f. 08.12.2022)							
2. Lankem Ceylon PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Interest charge on bank guarantee	(4,582,303)	(4,319,996)	(1,572,648)	(4,830,001)
		Mr. Anushman Rajaratnam	Share of group expenses reimbursed	(38,750,000)	(15,000,000)		
		Mr. P.M.A. Sirimane	Issue of shares		62,943,515		
		Mr. G.K.B. Dasanayaka	Acquisition of shares	(189,179,438)			
			Settlements	235,769,094			
3. Sigiriya Village Hotels PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Settlements	9,463,962	536,038		(9,463,962)
		Mr. C.P.R. Perera					
4. Kotagala Plantations PLC	Affiliated Company	Mr. Anushman Rajaratnam					
		Mr. S.D.R. Arudpragasam	Transfer of inter company balances	(9,239,839)	6,230,037	(8,308,152)	8,087,124
		Mr. C.P.R. Perera	Issue of shares		17,116,895		
		Mr. S.S. Poholiyadde	Advances given		7,043,137		
		Mr. Anushman Rajaratnam	Advances received	(7,155,437)			
		Mr. A.M. de S. Jayaratne					
		Mr. P.M.A. Sirimane					
		(Appointed w.e.f. 20.09.2022)					
		Mr. G.K.B. Dasanayaka					
		(Appointed w.e.f. 20.09.2022)					
		Mr. K. Mohideen					
		(Appointed w.e.f. 20.09.2022)					

NOTES TO THE FINANCIAL STATEMENTS

35.1 Details of significant Related Party Disclosures are as follows; (Contd.)

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited / (Credited)		Balance as at 31st March	
				2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
5. The Colombo Fort Land & Building PLC	Ultimate Parent	Mr. S.D.R. Arudpragasam	Rent on building & Other expenses	(9,337,500)	(9,000,000)		(1,890,449)
		Mr. C.P.R. Perera	Settlements	11,227,949	1,500,000		
		Mr. Anushman Rajaratnam	Transfer of inter company balances		103,637,854		
		Mr. A.M. de S. Jayaratne Mr. P.M.A. Sirimane	Interest charged		(6,762,442)		
6. Creasy Plantation Management Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Settlements	11,000	11,000	(4,612,598)	(4,623,598)
		Mr. S.D.R. Arudpragasam	Rent and bungalow upkeep expenses	5,175,401	1,547,916	93,740	14,170,734
7. Sherwood Holidays Ltd	Affiliated Company		Settlements	(28,491,903)	(536,038)		
			Transfer of inter company balances	9,239,839			
		Mr. S.D.R. Arudpragasam	Rent charged	593,979	565,695	18,125,363	565,695
		Mr. Anushman Rajaratnam	Transfer of inter company balances	(2,400,000)	(1,140,626)		
		Mr. P.M.A. Sirimane	Operational management fee charged	3,600,000			
		(Appointed w.e.f. 01.12.2022)	Advances given	18,765,689			
		Mr. C.P.R. Perera	Settlements	(3,000,000)			
		(Appointed w.e.f. 08.12.2022)					
		Mr. A.M. de S. Jayaratne					
		(Appointed w.e.f. 08.12.2022)					
8. Waverley Power (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Rent charged	593,979	565,695	18,125,363	565,695
		Mr. Anushman Rajaratnam	Transfer of inter company balances	(2,400,000)	(1,140,626)		
		Mr. P.M.A. Sirimane	Operational management fee charged	3,600,000			
		(Appointed w.e.f. 01.12.2022)	Advances given	18,765,689			
		Mr. C.P.R. Perera	Settlements	(3,000,000)			
		(Appointed w.e.f. 08.12.2022)					
		Mr. A.M. de S. Jayaratne					
		(Appointed w.e.f. 08.12.2022)					
		Mr. S.S. Pohliyadde					
		(Appointed w.e.f. 08.12.2022)					
9. Lankem Developments PLC	Immediate Parent	Mr. S.D.R. Arudpragasam	Interest charge on bank guarantee	(3,200,000)	(3,200,000)	31,757,097	(800,000)
		Mr. C.P.R. Perera	Issue of shares		229,172,380		
		Mr. Anushman Rajaratnam	Transfer of inter company balances	2,400,000	(215,726,260)		
		Mr. P.M.A. Sirimane	Acquisition of shares	(244,820,450)			
		Mr. A.M. de S. Jayaratne	Settlements	246,420,450			
		(Appointed w.e.f. 08.12.2022)	Advances given	29,963,839			
		Mr. S.S. Pohliyadde	Interest charged	1,793,258			
		(Appointed w.e.f. 15.12.2022)					
		Mr. K. Mohideen					
		(Appointed w.e.f. 15.12.2022)					

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited / (Credited)		Balance as at 31st March	
				2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
10. Union Commodities (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Interest charged	3,686,815	(7,032,628)	17,078,012	(1,608,803)
		Mr. Anushman Rajaratnam	Transfer of inter company balances		113,229,032		
11. Colombo Fort Group Services (Pvt) Ltd	Affiliated Company	Mr. P.M.A. Sirimane (Appointed w.e.f. 01.12.2022)	Advances given	55,000,000			
		Mr. A.M. de S. Jayaratne (Appointed w.e.f. 08.12.2022)	Settlements	(40,000,000)			
		Mr. S.S. Poholiyadde (Appointed w.e.f. 01.12.2022)					
		Mr. K. Mohideen (Appointed w.e.f. 01.12.2022)					
		Mr. S.D.R. Arudpragasam	IT/HR support service expenses	(3,208,443)	(2,500,125)	485,147	(2,764,850)
		Mr. Anushman Rajaratnam Mr. P.M.A. Sirimane	Settlements Advances given	5,973,293 485,147	2,997,625		
12. Ceylon Tea Brokers PLC	Affiliated Company	Mr. C.P.R. Perera	Broker advances received	(380,951,223)	(330,500,000)	15,119,954	(33,314,101)
			Broker advances recovered	414,265,324	341,436,347		
			Sale of tea	439,743,965	373,279,810		
			Sales proceeds received	(424,624,010)	(367,008,948)		
13. E B Creasy & Co. PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Interest charged		(5,841,565)	(16,697,953)	(1,699,261)
		Mr. P.M.A. Sirimane	Transfer of inter company balances		(6,230,037)		
		Mr. A.M. de S. Jayaratne	Issue of shares		69,763,120		
			Share of group expenses reimbursed		(30,000,000)		
			Settlements	15,001,308			
14. Danley Butler & Co. Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Interest charged		(3,373,267)		(1,009,967)
		Mr. P.M.A. Sirimane	Issue of shares		44,176,810		
		Mr. A.M. de S. Jayaratne	Settlements	(1,009,967)			
15. Consolidated Tea Plantations Ltd	Intermediate Parent company	Mr. S.D.R. Arudpragasam	Interest charged	33,071,805	30,626,532	6,451,376	396,439,799
		Mr. C.P.R. Perera	Advances given	6,451,376	782,341		
		Mr. Anushman Rajaratnam	Settlements	(429,511,604)			
		Mr. A.M. de S. Jayaratne Mr. S.S. Poholiyadde Mr. P.M.A. Sirimane (Appointed w.e.f. 01.12.2022)					
		Mr. K. Mohideen (Appointed w.e.f. 01.12.2022)					

NOTES TO THE
FINANCIAL STATEMENTS**35.2 Transaction with the key management personnel of the company or parent**

Consultancy/Director Fees paid to key management personnel Rs. 27,368,935.

There were no material transactions with the Key Management Personnel of the company and its parent other than those disclosed in Notes 14, 23 and 35.1 to the Financial Statements.

35.3 Details of significant Related Party Disclosures are as follows:**Group****Agarapatana Plantations Ltd**

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited / (Credited)		Balance as at 31st March	
				2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
1. Lankem Tea & Rubber Plantations (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Settlements	69,997,892	1,467,174	14,675,452	2,002,108
		Mr. C.P.R. Perera	Advances given	14,675,452	2,002,110		
		Mr. S.S. Poholiyadde	Issue of shares		36,476,725		
		Mr. Anushman Rajaratnam	Professional consultancy fee charged	(72,000,000)	-		
		Mr. D.R. Madena					
2. Lankem Ceylon PLC	Affiliated Company	Mr. K. Mohideen (Appointed w.e.f. 20.09.2022)					
		Mr. P.M.A. Sirimane (Appointed w.e.f. 01.12.2022)					
		Mr. A.M. de S. Jayaratne (Appointed w.e.f. 08.12.2022)					
		Mr. S.D.R. Arudpragasam	Interest charge on bank guarantee	(4,582,303)	(4,319,996)	(1,572,648)	(4,830,001)
		Mr. Anushman Rajaratnam	Share of group expenses reimbursed	(38,750,000)	(15,000,000)		
3. Sigiriya Village Hotels PLC	Affiliated Company	Mr. P.M.A. Sirimane	Issue of shares	-	62,943,515		
		Mr. G.K.B. Dasanayaka	Acquisition of shares	(189,179,438)	-		
			Settlements	235,769,094	-		
		Mr. S.D.R. Arudpragasam	Settlements	9,463,962	536,038		(9,463,962)
		Mr. C.P.R. Perera					
4. Kotagala Plantations PLC	Affiliated Company	Mr. Anushman Rajaratnam					
		Mr. S.D.R. Arudpragasam	Transfer of inter company balances	(9,239,839)	6,230,037	(8,308,152)	8,087,124
		Mr. C.P.R. Perera	Issue of shares	-	17,116,895		
		Mr. S.S. Poholiyadde	Advances given	-	7,043,137		
		Mr. Anushman Rajaratnam	Advances received	(7,155,437)	-		
	Mr. A.M. de S. Jayaratne Mr. P.M.A. Sirimane (Appointed w.e.f. 20.09.2022)						

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited / (Credited)		Balance as at 31 st March	
				2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
		Mr. G.K.B. Dasanayaka (Appointed w.e.f. 20.09.2022)					
		Mr. K. Mohideen (Appointed w.e.f. 20.09.2022)					
5. The Colombo Fort Land & Building PLC	Ultimate Parent	Mr. S.D.R. Arudpragasam	Rent on building & other expenses	(9,337,500)	(9,000,000)		(1,890,449)
		Mr. C.P.R. Perera	Settlements	11,227,949	1,500,000		
		Mr. Anushman Rajaratnam	Transfer of inter company balances	-	103,637,854		
		Mr. A.M. de S. Jayaratne	Interest charged	-	(6,762,442)		
		Mr. P.M.A. Sirimane					
6. Creasy Plantation Management Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Settlements	11,000	11,000	(4,612,598)	(4,623,598)
7. Sherwood Holidays Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Rent and bungalow upkeep expenses	5,175,401	1,547,916	93,740	14,170,734
			Settlements	(28,491,903)	(536,038)		
			Transfer of inter company balances	9,239,839	-		
8. Lankem Developments PLC	Immediate Parent	Mr. S.D.R. Arudpragasam	Interest charge on bank guarantee	(3,200,000)	(3,200,000)	31,757,097	(800,000)
		Mr. C.P.R. Perera	Issue of shares		229,172,380		
		Mr. Anushman Rajaratnam	Transfer of inter company balances	2,400,000	(215,726,260)		
		Mr. P.M.A. Sirimane	Acquisition of shares	(244,820,450)	-		
		Mr. A.M. de S. Jayaratne (Appointed w.e.f. 08.12.2022)	Settlements	246,420,450	-		
		Mr. S.S. Poholiyadde (Appointed w.e.f. 15.12.2022)	Advances given	29,963,839	-		
		Mr. K. Mohideen (Appointed w.e.f. 15.12.2022)	Interest charged	1,793,258	-		
		Mr. K. Mohideen (Appointed w.e.f. 15.12.2022)					
9. Union Commodities (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Interest charged	3,686,815	(7,032,628)	17,078,012	(1,608,803)
		Mr. Anushman Rajaratnam	Transfer of inter company balances	-	113,229,032		
		Mr. P.M.A. Sirimane (Appointed w.e.f. 01.12.2022)	Advances given	55,000,000	-		
		Mr. A.M. de S. Jayaratne (Appointed w.e.f. 08.12.2022)	Settlements	(40,000,000)	-		
		Mr. S.S. Poholiyadde (Appointed w.e.f. 01.12.2022)					
		Mr. K. Mohideen (Appointed w.e.f. 01.12.2022)					

NOTES TO THE FINANCIAL STATEMENTS

35.3 Details of significant Related Party Disclosures are as follows; (Contd.)

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited / (Credited)		Balance as at 31st March	
				2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
10. Colombo Fort Group Services (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	IT/HR support service expenses	(3,208,443)	(2,500,125)	485,147	(2,764,850)
		Mr. Anushman Rajaratnam	Settlements	5,973,293	2,997,625		
		Mr. P.M.A. Sirimane	Advances given	485,147	-		
11. Ceylon Tea Brokers PLC	Affiliated Company	Mr. C.P.R. Perera	Broker advances received	(380,951,223)	(330,500,000)	15,119,954	(33,314,101)
			Broker advances recovered	414,265,324	341,436,347		
			Sale of tea	439,743,965	373,279,810		
			Sales proceeds received	(424,624,010)	(367,008,948)		
12. E B Creasy & Co. PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Interest charged	-	(5,841,565)	(16,697,953)	(1,699,261)
		Mr. P.M.A. Sirimane	Transfer of inter company balances	-	(6,230,037)		
		Mr. A.M. de S. Jayaratne	Issue of shares	-	69,763,120		
			Share of group expenses reimbursed	(30,000,000)	-		
			Settlements	15,001,308	-		
13. Darley Butler & Co. Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Interest charged	-	(3,373,267)		(1,009,967)
		Mr. P.M.A. Sirimane	Issue of shares	-	44,176,810		
		Mr. A.M. de S. Jayaratne	Settlements	(1,009,967)	-		
14. Consolidated Tea Plantations Ltd	Intermediate Company	Mr. S.D.R. Arudpragasam	Interest charged	33,071,805	30,626,532	6,451,376	396,439,799
		Mr. C.P.R. Perera	Advances given	6,451,376	782,341		
		Mr. Anushman Rajaratnam	Settlements	(429,511,604)	-		
		Mr. A.M. de S. Jayaratne					
		Mr. S.S. Poholyadde					
		Mr. P.M.A. Sirimane					
		(Appointed w.e.f. 01.12.2022)					

Wavely Power (Pvt) Ltd

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited (Credited)		Balance as at 31st March	
				2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
1 Lankem Ceylon PLC	Affiliated Company	Mr. S.D.R.Arudpragasam	Settlements	(271,930)		48,052,290	48,324,220
		Mr. Anushman Rajaratnam					
		Mr. P.M.A. Sirimane					
2 Colombo Fort Hotels Ltd	Affiliated Company	Mr. G.K.B. Dasanayaka					
		Mr. S.D.R.Arudpragasam	Transfer for Shares	(5,761,926)		-	5,761,926
		Mr. Anushman Rajaratnam					
3 Lankem Developments PLC	Intermediate Parent	Mr. Sanjeev Rajaratnam					
		Mr. Amrit Rajaratnam					
		Mr. S.D.R. Arudpragasam	Settlements	(2,400,000)		6,872,510	9,272,510
4 Colombo Fort Group Services (Pvt) Ltd	Affiliated Company	Mr. C.P.R. Perera					
		Mr. Anushman Rajaratnam					
		Mr. P.M.A. Sirimane					
		Mr. A.M. de S. Jayaratne					
		(Appointed w.e.f. 08.12.2022)					
		Mr. S.S. Poholiyadde					
		(Appointed w.e.f. 15.12.2022)					
Mr. K. Mohideen							
		(Appointed w.e.f. 15.12.2022)					
		Mr. S.D.R. Arudpragasam	Expenses	(68,592)		(151,347)	(82,755)
		Mr. Anushman Rajaratnam					
		Mr. P.M.A. Sirimane					

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company operations. The Company has trade and other receivables, cash and short term deposits that arrive directly from its operations. Accordingly, the Company has exposure to namely Credit Risk, Liquidity Risk and Interest Rate Risk from its use of financial instruments. This note presents information about the Company exposure to each of the above risks, the Company objectives, policies and processes for measuring and managing risk.

Credit risk

This is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arise principally from the Company receivable from customers.

Liquidity risk

Liquidity risk arises when the Company is unable to meet its financial obligations due to insufficient cash flow situations. The Company approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company reputation.

Interest rate risk

Interest rate risk is the potential for losses that may arise due to adverse movement of interest rates, mainly on floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company has not engaged in any interest rate swap agreements.

36.1 Financial Risk Management Framework

The Board of Directors has the overall responsibility for the establishment and oversight of the Company financial risk management framework which includes developing and monitoring the Company financial risk management policies. The Company financial risk management policies are established to identify, quantify and analyse the financial risks faced by the Company, to set appropriate risk limits and controls and to monitor financial risks and adherence to limits. Financial risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Audit Committee of the Company oversees how management monitors compliance with the Company financial risk management policies and procedures and reviews the adequacy of the financial risk management framework in relation to the risks faced by the Company.

36.2 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arise principally from the Company's receivable from customers and from its financing activities including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

36.2.1 Trade and Other Receivables

The Company's exposure to credit risk is influenced by the individual characteristics of each customer. The Company's credit policy is monitored at the Board level. The new customers are analysed individually for credit worthiness before Company's standard payment and delivery terms and conditions are offered. Company review includes external ratings, when available and in some cases, bank references, purchases limit etc. which also subject to under review on quarterly basis. The past experience of the Management is considered when revisions are made to terms and conditions.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The maximum exposure to credit risk for trade and other receivables of the company at the reporting date is Rs. 5.2 Mn. The Company has a minimal credit risk of its trade receivables as the repayment is guaranteed within seven days by the Tea auction systems.

As at 31 March 2023	Trade and other Receivables					Total Rs.
	Current Rs.	61 - 120 days Rs.	121 - 180 days Rs.	181 - 365 days Rs.	> 365 days Rs.	
Expected credit loss rate	-	5%	10%	20%	50%	-
Estimated total gross carrying amount at default	-	-	-	-	5,203,278	5,203,278

As at 31 March 2022	Trade and other Receivables					Total Rs.
	Current Rs.	61 - 120 days Rs.	121 - 180 days Rs.	181 - 365 days Rs.	> 365 days Rs.	
Expected credit loss rate	-	5%	10%	20%	50%	-
Estimated total gross carrying amount at default	-	-	-	-	5,203,278	5,203,278

36.2.2 Investments

Credit risks from invested balance with the financial institutions are managed by the Board of Directors. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to them. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

36.2.3 Cash and Cash Equivalents

The Company held cash and Cash Equivalents of Rs. 48.5 Mn as at 31st March 2023 (2022 – Rs. 47.8 Mn) which represents its maximum credit exposure on these assets.

36.3 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company reputation.

NOTES TO THE FINANCIAL STATEMENTS

36.3 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company reputation.

The Company does not concentrate on a single financial institution, thereby minimizing the exposure to liquidity risk through diversification of funding sources. The Company aims to fund investment activities of the individual and Company level by funding the long term investments with long term financial sources and short term investments with short term financing. Where necessary the Company consults the Treasury Department and Strategic Business Development Unit in Parent Company for scrutinizing the funding decisions.

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

As at 31st March 2023	Less than 3 Months Rs.	3 to 12 Months Rs.	2 to 5 years Rs.	>5 years Rs.	Total Rs.
Interest Bearing Loans & Borrowings	318,268,564	176,487,318	525,340,677	-	1,020,096,559
Trade and Other Payables	1,049,815,820	39,099,991	-	-	1,088,915,811
	1,368,084,384	215,587,309	525,340,677	-	2,109,012,370

As at 31st March 2022	Less than 3 Months Rs.	3 to 12 Months Rs.	2 to 5 years Rs.	>5 years Rs.	Total Rs.
Interest Bearing Loans & Borrowings	206,171,066	251,186,054	740,018,470	-	1,197,375,590
Trade and Other Payables	1,786,167,372	46,194,619	-	-	1,832,361,991
	1,992,338,438	297,380,673	740,018,470	-	3,029,737,581

36.4 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk & other price risk such as equity price risk. Financial instruments affected by market risk include loans & borrowings, deposits & derivative financial instruments.

36.4.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company has not engaged in any interest rate swap agreements.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's Profit Before Tax is affected through the impact on floating rate borrowings as follows:

As at 31st March 2022	Increase/ decrease in Interest rate	Effect on profit before tax Rs.
2023	+1%	(20,931,320)
	-1%	20,931,320
2022	+1%	(21,880,016)
	-1%	21,880,016

36.4.2 Capital Management

The Group's policy is to retain a strong capital base so as to maintain investor, creditor & market confidence and to sustain future development of the business. Capital consists of share capital, reserves, retain earning & non-controlling interest of the Group. The Board of Directors monitors the return on capital, interest covering ratio, dividend to ordinary shareholders.

The gearing ratio at the reporting date is as follows.

For the Year ended 31 March	GROUP		COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Interest Bearing Loans & Borrowing				
Current Portion	538,108,548	-	494,755,882	457,357,120
Payable After One Year	588,880,011	-	525,340,677	740,018,470
Liability to make Lease Payment				
Current Portion	2,226	-	2,226	2,058
Payable After One Year	123,686	-	123,686	125,912
Bank Overdraft				
	225,764,469	-	214,069,444	415,994,176
	1,352,878,940	-	1,234,291,915	1,613,497,736
Equity				
Equity	3,278,885,782	-	3,326,849,092	1,630,381,515
Equity & Debts	4,631,764,722	-	4,561,141,008	3,243,879,251
Gearing Ratio	29%	-	27%	50%

NOTES TO THE FINANCIAL STATEMENTS

36.5 Operational risk

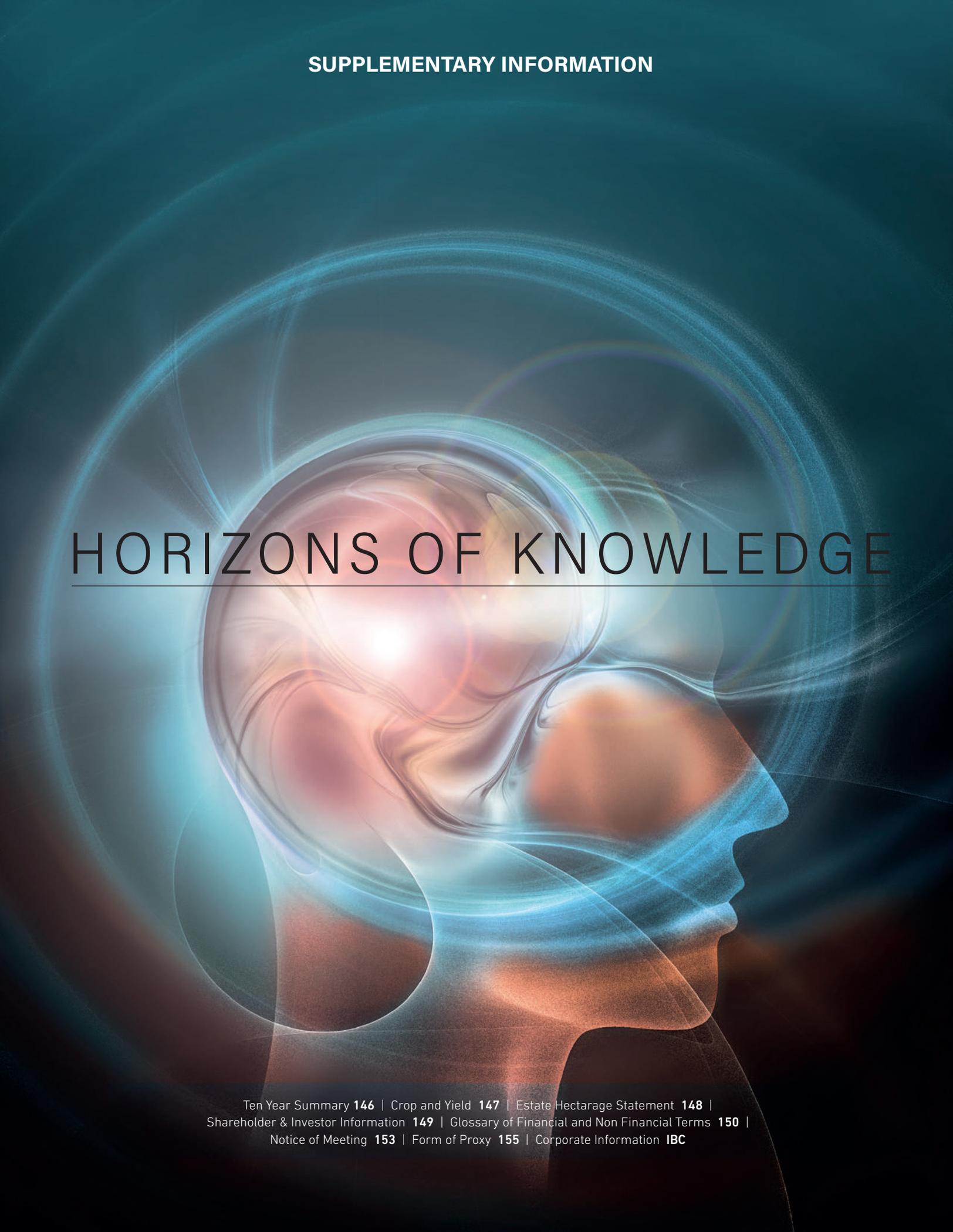
Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements 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.

SUPPLEMENTARY INFORMATION



HORIZONS OF KNOWLEDGE

Ten Year Summary **146** | Crop and Yield **147** | Estate Hectarage Statement **148** |
Shareholder & Investor Information **149** | Glossary of Financial and Non Financial Terms **150** |
Notice of Meeting **153** | Form of Proxy **155** | Corporate Information **IBC**

TEN YEAR SUMMARY

	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Trading Results										
Revenue	8,518,204	4,486,527	4,291,538	3,187,556	3,995,018	4,667,281	3,437,590	3,462,322	3,536,788	3,409,620
Gross Profit/ (Loss)	2,655,770	63,209	170,680	(1,035,462)	190,624	669,514	92,840	(75,449)	(148,841)	88,480
Gain/(Loss) on change in fair value of Biological Assets	115,821	158,117	269,956	197,795	54,865	103,801	95,632	77,257	106,579	85,193
Other Income	131,936	158,365	87,491	56,114	51,804	76,788	105,297	44,809	41,816	132,655
Operating Profit/ (Loss) before Management Fee & Interest	2,634,519	281,381	386,263	(909,570)	174,564	732,960	202,989	(62,523)	(186,297)	158,403
Share of Profit / (Loss) from an Associate	-	-	-	-	-	-	-	-	-	-
Profit/ (Loss) before Tax	2,387,156	59,907	135,430	(1,194,392)	(103,162)	541,921	27,697	(208,230)	(395,318)	(5,624)
Profit/ (Loss) after Tax	1,782,531	27,833	189,596	(1,211,934)	(102,942)	511,469	27,693	(206,965)	(394,974)	(8,312)
Other Comprehensive Income/ (Loss)	(86,063)	489,135	72,933	776,174	(83,107)	(130,142)	213,113	236,739	5,430	(42,476)
Total Comprehensive Income/ (Loss)	1,696,468	516,969	262,529	(435,761)	(186,049)	381,327	240,806	29,774	(389,543)	(50,787)
Statement of Financial Position										
Non Current Assets	5,920,523	5,361,441	5,333,865	5,166,391	4,173,817	4,043,842	3,669,023	3,420,538	3,244,369	2,978,610
Current Assets	1,892,751	1,276,903	1,348,667	734,703	908,099	1,133,539	739,403	663,967	781,811	854,837
Stated Capital	1,730,437	1,730,437	1,270,787	910,787	910,787	910,787	667,787	667,787	667,787	667,787
Reserves	1,977,795	1,913,874	1,835,818	1,667,032	731,185	674,066	570,407	491,153	416,500	310,568
Retained Profit/ (Loss)	(381,382)	(2,013,929)	(2,452,842)	(2,546,585)	(1,174,977)	(931,810)	(1,209,477)	(1,371,029)	(1,326,150)	(834,658)
Shareholders' Funds	3,326,849	1,630,382	653,763	31,234	466,995	653,044	28,717	(212,089)	(241,863)	143,697
Deferred Income	183,605	192,565	197,098	203,195	208,755	217,479	225,296	233,994	231,184	232,823
Interest Bearing Borrowings - Non current	525,341	740,018	753,168	920,224	849,869	1,118,961	567,827	552,448	504,060	232,631
Retirement Benefit Obligations	1,198,673	1,129,918	1,557,599	1,531,479	1,341,107	1,177,097	1,019,104	1,120,988	1,225,068	1,091,733
Lease Liability	124	126	128	130	143	145	146	148	149	150
Deferred Tax Liability	737,193	186,628	112,097	159,138	-	-	-	-	-	-
Current Liabilities	1,841,489	2,758,707	3,408,679	3,055,694	2,215,046	2,010,656	2,567,336	2,389,016	2,307,582	2,132,413
	7,813,274	6,638,344	6,682,533	5,901,094	5,081,916	5,177,381	4,408,426	4,084,505	4,026,180	3,833,447
Net Cash Flow										
From/ (Used in) Operating Activities	925,120	(336,731)	(92,217)	(142,796)	82,054	(7,592)	346,272	32,418	(278,271)	168,777
From/ (Used in) Investing Activities	(555,179)	(53,934)	(87,892)	(125,311)	(134,825)	(294,843)	(138,260)	(135,302)	(139,302)	(124,006)
From/ (Used in) Financing Activities	(176,881)	335,210	252,703	242,273	(108,929)	644,575	(197,901)	36,025	295,273	(116,004)
Increase/ (Decrease) in Cash & Cash Equivalents	193,060	(55,455)	72,594	(25,834)	(161,700)	342,140	10,111	(66,859)	(123,362)	(71,233)

CROP AND YIELD

Estate	Production (Kg '000)					Yield Per Ha (Kg)				
	22/23	21/22	20/21	19/20	18/19	22/23	21/22	20/21	19/20	18/19
Agras valley Region										
Albion	321	393	463	475	682	723	885	1,037	935	1,093
Balmoral	315	370	427	421	476	986	1,159	1,322	1,293	1,473
Diyagama East	291	357	399	359	408	841	1,041	1,163	1,045	1,197
Diyagama West	549	584	667	628	675	864	920	1,050	988	1,062
Glasgow	268	345	366	332	358	817	1,059	1,138	1,064	1,159
Hauteville	451	561	556	620	636	926	1,150	1,141	1,272	1,316
Holmwood	114	155	170	156	177	598	809	892	818	924
New Portmore	109	137	158	134	142	651	820	941	770	861
Sandringham	157	173	168	176	206	894	1,028	1,034	1,096	1,291
Torrington	300	231	219	256	263	763	939	947	875	1,016
Waverley	256	325	337	363	556	699	886	926	963	1,069
Sub Total	3,131	3,631	3,930	3,919	4,580	815	983	1,070	1,034	1,149
Haputale Region										
Beauvais	165	168	156	135	168	646	657	614	580	728
Dambatenne	574	624	630	483	534	1,533	1,666	1,681	1,291	1,553
Glenenore	879	901	777	533	383	973	979	931	883	871
Gonamotawa	320	346	320	220	236	854	984	937	758	953
Haputale	366	472	522	372	418	972	1,234	1,351	1,104	1,184
Kahagalla	166	204	207	167	177	653	790	899	731	633
Nayabedde	360	383	362	305	400	1,193	1,252	1,207	1,201	1,398
Pita Ratmalie	256	292	312	348	395	702	802	857	781	911
Udaveriya	28	44	43	54	57	110	170	168	291	225
Sub Total	3,114	3,434	3,329	2,617	2,768	886	992	1,011	899	979
Company Total	6,246	7,065	7,259	6,536	7,348	845	987	1,045	981	1,080

ESTATE HECTARAGE STATEMENT

Estate	Planting District	Extent (ha)			Total
		Revenue Extent	Immature Extent	Other Area	
Agras valley Region					
Albion	Nuwara Eliya	444.84	3.00	138.16	586.00
Balmoral	Nuwara Eliya	319.20	-	104.30	423.50
D/East	Nuwara Eliya	345.58	-	153.59	499.17
D/West	Nuwara Eliya	635.17	-	223.12	858.29
Glasgow	Nuwara Eliya	327.71	1.00	82.79	411.50
Hauteville	Nuwara Eliya	487.30	-	86.70	574.00
Holmwood	Nuwara Eliya	191.11	-	63.78	254.89
N/Portmore	Nuwara Eliya	167.65	-	58.74	226.39
Sandringham	Nuwara Eliya	175.48	6.00	43.22	224.70
Torrington	Nuwara Eliya	222.61	3.25	189.14	415.00
Waverley	Nuwara Eliya	366.95	2.50	75.80	445.25
Sub Total		3,683.60	15.75	1,219.34	4,918.69
Haputale Region					
Beauvais	Badulla	255.90	1.75	99.53	357.18
Dambattenne	Badulla	374.53		498.47	873.00
Glenannore	Badulla	347.98		204.07	552.05
Gonamotava	Badulla	194.22	0.75	72.03	267.00
Haputale	Badulla	382.81	2.50	556.67	941.98
Kahagalla	Badulla	254.07	3.50	143.36	400.93
Nayabedde	Badulla	302.01		196.69	498.70
Pitaratmalie	Badulla	363.90		303.88	667.78
Udaveriya	Badulla				-
Sub Total		2,732.76	8.50	2,532.49	5,273.75
Company Total		6,416.36	24.25	3,751.83	10,192.44

SHAREHOLDER & INVESTOR INFORMATION

20 Major Shareholders as at 31.03.2023

	31.03.2023		31.03.2022	
	No. of Shares	%	No. of Shares	%
1 Lankem Developments PLC	281,228,778	67.45	281,228,778	67.45
2 E.B. Creasy & Co. PLC	26,541,327	6.37	26,541,327	6.37
3 Secretary to Treasury	23,284,644	5.58	23,284,644	5.58
4 Kotagala Plantations PLC	20,756,712	4.98	20,756,712	4.98
5 Darley Butler & Company Limited	14,411,270	3.46	14,411,270	3.46
6 Corporate Managers & Secretaries (Pvt) Ltd	8,500,000	2.04	8,500,000	2.04
7 Lankem Tea & Rubber Plantations (Pvt) Ltd	7,295,345	1.75	7,295,345	1.75
8 The Colombo Fort Land & Building PLC	6,455,458	1.55	6,455,458	1.55
9 Union Commodities (Pvt) Ltd	6,336,721	1.52	10,225,609	2.45
10 C M Holdings PLC	3,888,888	0.93	-	-
11 Corporate Strategic Services (Pvt) Ltd	3,000,000	0.72	3,000,000	0.72
12 Waverley Power (Pvt) Limited	2,500,100	0.60	2,500,100	0.60
13 Lankem Ceylon PLC	1,760,204	0.42	1,760,204	0.42
14 Colombo Fort Group Services (Pvt) Ltd	1,582,452	0.38	1,582,452	0.38
15 Corporate Holdings (Pvt) Ltd	1,000,000	0.24	1,000,000	0.24
16 Oakley Investments (Pvt) Limited	1,000,000	0.24	1,000,000	0.24
17 Financial Trust Limited	713,108	0.17	713,108	0.17
18 Colombo Fort Investments PLC	250,000	0.06	250,000	0.06
19 Colombo Investment Trust PLC	250,000	0.06	250,000	0.06
20 Union Investments (Pvt) Limited	250,000	0.06	250,000	0.06
	411,005,007	98.58	411,005,007	98.58

Public Holding

The percentage of shares held by the public as at 31.03.2023 10.00%
(as at 31.03.2022 - 10.00%)

Public Shareholders

The number of Public Shareholders as at 31.03.2023 21,443
(as at 31.03.2022 - 21,443)

Stated Capital

The Stated Capital of the Company as at 31st March 2023 was Rs.1,730,436,695/- represented by 416,929,889 Ordinary Shares and One Golden Share.

GLOSSARY OF FINANCIAL AND NON FINANCIAL TERMS

FINANCIAL TERMS

Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting financial statements

Contingent Liabilities

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise

Current Ratio

Current Assets divided by Current Liabilities. A measure of liquidity

Deferred Taxation

The tax effect of temporary differences deferred to/from other periods, which would only qualify for inclusion on a tax return at a future date

Dividends

Distribution of profits to holders of equity investments in proportion to their holdings of a particular class of capital

Earnings per Share

Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period

EBITDA

Earnings before Interest, Tax, Depreciation and Amortisation

Gearing

Proportion of borrowings to capital employed

Interest Cover

Profit Before Tax plus net finance cost and goodwill amortisation divided by net finance cost. Measure of an entity's debt service ability

Net Assets per Share

Shareholders' Funds divided by the number of ordinary shares in issue. A basis of share valuation

Related parties

Parties who could control or significantly influence the financial and operating policies of the business

Segment

Constituent business units grouped in terms of similarity of operations and locations

Value Additions

The quantum of wealth generated by the activities of the Company measured as the difference between turnover and the cost of materials and services bought in

Working Capital

Capital required to finance the day-to-day operations computed as the excess of current assets over current liabilities

NON FINANCIAL TERMS

COP

Cost of producing a kilo of Tea

HACCP

Hazard Analysis Critical Control Point system. A standard for safety of foods

Immature Plantations

The extent of plantation which is not taken into the bearing and is in the process of development

ISO

International Standard Organisation

Mature Plantations

The extent of plantation from which crop is being harvested

NSA

Net Sales Average. Measures the average value of net selling price of a kilo of Tea

Seedling Tea

Tea grown from a seed

TRI

Tea Research Institute

VP Tea

Vegetatively Propagated. Tea grown from cutting of branch of a tea plant

YPH

Yield Per Hectare. The measure of average yearly output of produce from a hectare of mature plantation

NOTICE OF MEETING

Notice is hereby given that the Thirty First Annual General Meeting of Agarapatana Plantations Limited will be held on 26th September, 2023, at 11.00 a.m. and conducted as a Virtual Meeting from 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01 for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2023 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. Anushman Rajaratnam who retires in accordance with Articles 92 & 93 of the Articles of Association.
3. To re-elect as a Director Mr. P.M.A. Sirimane who retires in accordance with Article 98 of the Articles of Association.
4. To re-elect as a Director Mr. G.K.B. Dasanayaka who retires in accordance with Article 98 of the Articles of Association.
5. To re-elect as a Director Mr. M. Kowdu K. Mohideen who retires in accordance with Article 98 of the Articles of Association.
6. To reappoint Mr. C.P.R. Perera who is over seventy years of age as a Director. Special notice has been received from a Shareholder of the intention to pass a resolution which is set out below in relation to his reappointment. (see Note No. 5)
7. To reappoint Mr. S.D.R. Arudpragasam who is over seventy years of age as a Director. Special notice has been received from a Shareholder of the intention to pass a resolution which is set out below in relation to his reappointment. (see Note No. 6)
8. To reappoint Mr. A.M. de S. Jayaratne who is over seventy years of age as a Director. Special notice has been received from a Shareholder of the intention to pass a resolution which is set out below in relation to his reappointment. (see Note No. 7)
9. To authorise the Directors to determine contributions to charities.
10. To re-appoint as Auditors, Messrs. Ernst & Young and to authorise the Directors to determine their remuneration.

By Order of the Board,

CORPORATE MANAGERS & SECRETARIES (PRIVATE) LTD.

Secretaries

Colombo

1st September, 2023

NOTICE OF MEETING

Notes:

1. A member of the Company who is entitled to attend and vote may appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Private) Limited at No.8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not less than forty eight hours before the time fixed for the meeting.
3. Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to represent them and vote on their behalf. Members are advised to complete the Form of Proxy and their voting preferences on the specified resolutions to be taken up at the meeting and submit the same to the Company Secretaries in accordance with the instructions given on the reverse of the Form of Proxy.
4. Please refer the "Circular to Shareholders" dated 1st September, 2023 for further instructions relating to the Annual General Meeting and for joining the Meeting virtually.
5. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

Resolved –

"That Mr. C.P.R. Perera who is seventy nine years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. C.P.R. Perera."

6. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

Resolved –

"That Mr. S.D.R. Arudpragasam who is seventy two years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. S.D.R. Arudpragasam."

7. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

Resolved –

"That Mr. A.M. de S. Jayaratne who is eighty three years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. A.M. de S. Jayaratne."

FORM OF PROXY

I/We* of

 being a member/ members* of Agarapatana Plantations Limited, hereby appoint
 of
 whom failing

- | | |
|---------------------------------------|---------------------------|
| 1. Sri Dhaman Rajendram Arudpragasam | of Colombo or failing him |
| 2. Chrisantha Priyange Richard Perera | of Colombo or failing him |
| 3. Denham Rohan Madena | of Colombo or failing him |
| 4. Sunil Somindranath Poholiyadde | of Colombo or failing him |
| 5. Anushman Rajaratnam | of Colombo or failing him |
| 6. Parakrama Maithri Asoka Sirimane | of Colombo or failing him |
| 7. Gotabaya Kiri Bandara Dasanayaka | of Colombo or failing him |
| 8. M. Kowdu K. Mohideen | of Colombo or failing him |
| 9. Ajit Mahendra de Silva Jayaratne | of Colombo |

as my/our *proxy to represent me/us* and to vote as indicated hereunder for me/us* and on my/our* behalf at the Thirty First Annual General Meeting of the Company to be held on 26th September, 2023 at 11.00 a.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof

	For	Against
1. To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2023 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. Anushman Rajaratnam as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. P.M.A. Sirimane as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr. G.K.B. Dasanayaka as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect Mr. M. Kowdu K. Mohideen as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint Mr. C.P.R. Perera as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-appoint Mr. S.D.R. Arudpragasam as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
8. To re-appoint Mr. A.M. de S. Jayaratne as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
9. To authorise the Directors to determine contributions to charities.	<input type="checkbox"/>	<input type="checkbox"/>
10. To re-appoint as Auditors, Messrs. Ernst & Young and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of Two Thousand and Twenty Three.

.....
 Signature(s)

Note: *Please delete the inappropriate words.

1. A Proxy need not be a member of the Company.
2. If no words are struck out or there is in view of the Proxy doubt (by reason of the way in which the instructions contained in the Form of Proxy have been completed) as to the way in which the Proxy should vote, the Proxy will vote as he thinks fit.
3. Instructions as to completion are noted on the reverse hereof.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. Please write legibly, your name, address and date, and sign in the space provided.
2. The completed Form of Proxy should be received at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Pvt) Ltd at 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, not less than 48 hours before the time appointed for the holding of the meeting.
3. In the case of a Company/Corporation, this Form of Proxy shall be executed either under its Common Seal or by its Attorney or by an Officer on behalf of such Company/ Corporation duly authorised in writing.
4. In the case of Proxy signed by an Attorney, the relevant Power of Attorney must be deposited at the Registered Office of the Company's Secretaries for registration.

CORPORATE INFORMATION

Name of the Company

Agarapatana Plantations Limited

Legal Form

A Public Company with Limited Liability

Date of Incorporation

22nd June 1992

Company Registration No.

PB 899

Principle Activities

Cultivation, Manufacture and Sale of Tea

Registered Office

53 1/1, Sir Baron Jayatilaka Mawatha, Colombo 1

E-mail : info@lankemplantations.lk

Web : www.lankemplantations.lk

Directors

Mr. S.D.R. Arudpragasam - Chairman

Mr. C.P.R. Perera - Deputy Chairman

Mr. S.S. Poholiyadde

Mr. D.R. Madena - Chief Executive Officer

Mr. Anushman Rajaratnam

Mr. P.M.A. Sirimane (Appointed w.e.f. 20.09.2022)

Mr. G.K.B. Dasanayaka (Appointed w.e.f. 20.09.2022)

Mr. K. Mohideen (Appointed w.e.f. 20.09.2022)

Mr. A.M.de S. Jayaratne (Appointed w.e.f. 18.11.2022)

Senior Management

S. S. Poholiyadde - Managing Director (LT&RP) - F.I.P.M

D. R. Madena - Chief Executive Officer

K. Mohideen - Finance Director - F.C.A, F.C.M.A (UK)

J. R. Weerakoon - Director Operations - F.I.P.M, BSc Plantations Management

G. Srishankar - General Manager Manufacture

G.R.N Perera - General Manager Finance - A.C.M.A (UK)

Secretaries

Corporate Managers & Secretaries (Private) Limited

8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1.

Auditors

Ernst & Young

Chartered Accountants,

201, De Saram Place, Colombo 10

Bankers

Bank of Ceylon

Commercial Bank of Ceylon PLC

Nations Trust Bank PLC

Amana Bank PLC

Sampath Bank PLC

Hatton National Bank PLC

Designed & produced by

emagewise

Agarapatana Plantations Limited

53 1/1, Sir Baron Jayatilaka Mawatha, Colombo 1

E-mail : info@lankemplantations.lk

Web : www.lankemplantations.lk