

The Raigam logo consists of the word "Raigam" in a white, bold, sans-serif font, centered within a red horizontal oval. The background of the entire page is a dark, textured image of water splashing, with white foam and droplets visible against a blackish background.

**Raigam**

Raigam Wayamba Salterns PLC.

# Riding out the Storm

**ANNUAL REPORT  
2022/2023**



Raigam Wayamba Salterns PLC.

# Riding out the Storm

ANNUAL REPORT  
2022/2023

Creative Writing | Photography | Layout, Design

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# RIDING OUT THE STORM!

Over 2022, Sri Lanka hit rock bottom and – started digging. Such was the socioeconomic impact of the near total economic meltdown. A situation unprecedented in the annals of the country and one which resulted in societal collapse. Thousands of businesses folded up, hundreds of thousands of people found themselves unemployed, individual debt and asset selloff reached unprecedented proportions.

Most, if not all business houses in the country went into a snap-freeze, locking up fiscal and physical assets, self-asphyxiating systems to such an extent that only the merest outflow was visible from their operations. Unable to cope with the overnight loss of liquid asset values, drying up of exchange reserves and galloping inflation, the surging swell of an economic tsunami engulfed many of them.

It is at times like these that the metal of men and the resolve of organizations is tested to the utmost. Raigam Wayamba Salterns, sea based as it is, literally and metaphorically saw that great economic hurricane swirl, scream and whip around our business like an avenging demon.

Bracing ourselves against the onslaught, we rapidly recalibrated our operational modalities, our process control systems and our business model and, when the people of the country were most in need of our products, we didn't disappoint them. Serving all of their needs, we worked tirelessly to make sure that the company remained the preferred choice for salt based products across the country. In the process, we are proud to report that our turnover was the highest ever recorded, surpassing the two billion rupee mark for the first time in its history.

When the chips were down, when the die was cast, when the country was in roil, when the waves threatened to drown us out, we stood firm, we stood tall, we stood strong. We rode out against the tide. We rode the storm.

**We won.**

# CONTENTS

|  |    |   |     |
|--|----|---|-----|
| <b>Overview</b>  |    | <b>Corporate Governance</b>   |     |
| Report Rationale                                       | 5  | Stakeholder Engagement  | 55  |
| Challenge Extended, Challenge Accepted, Challenge won! | 6  | Corporate Governance  | 65  |
| Product improvement and process efficiency of salt     | 7  | Annual Report of Board of Directors   | 81  |
| About Us   | 8  | Statement of Directors' Responsibility  | 85  |
| Our Journey  | 10 | Responsibility Statement of Chairman, Chief Executive Officer and Chief Financial Officer | 86  |
| Corporate Information                                  | 12 | Report of the Audit Committee   | 87  |
| Key Performance Signs - Group                          | 14 | Report of the Remuneration Committee  | 89  |
| Financial Highlights - Group                           | 15 | Report of the Related Party Transaction Review Committee                                  | 90  |
| Key Performance Signs - Company                        | 16 | Disclosure of Related Party Transactions  | 91  |
| Financial Highlights - Company                         | 17 |   |     |
| A Brief about the Group                                | 18 | <b>Risk Management</b> 92   |     |
| Our Presence   | 20 |   |     |
| <b>Our Leadership</b>                                  |    | <b>Financial Statements</b>   |     |
| Message from the Chairman                              | 22 | Financial Calendar  | 96  |
| CEO's Review   | 24 | Independent Auditor's Report  | 98  |
| Board of Directors                                     | 28 | Statement of Financial Position   | 103 |
| Senior Management Team                                 | 34 | Statement of Profit & Loss  | 104 |
|  |    | Statement of Comprehensive Income   | 105 |
| <b>Business Model &amp; Operating Context</b>          |    | Statement of Changes in Equity  | 106 |
| Operational Highlights                                 | 35 | Statement of Cash Flows   | 107 |
| The Process  | 36 | Notes to the Financial Statements   | 108 |
| <b>Value Creation</b>                                  |    | <b>Annexes</b>  |     |
| The Creation of Value                                  | 41 | Investor Information  | 148 |
| Manufactured Capital                                   | 43 | Value Added Statement- Group  | 151 |
| Human Capital  | 44 | Value Added Statement- Company  | 152 |
| Social and Relationship Capital                        | 45 | Group Ten Year Summary  | 153 |
| Intellectual Capital                                   | 46 | Group Real Estate Portfolio   | 154 |
| Natural Capital  | 47 | Notice of Meeting   | 155 |
| Management Discussion and Analysis                     | 48 | Form of Proxy   | 156 |

# REPORT RATIONALE

This Annual Report is providing our stakeholders a holistic view of our strategy and performance during the financial year 2022/2023. Through this reporting, we aim to provide our stakeholders information that we believe is of material interest in making an informed assessment of our ability to create value over the short, medium and long-term. The Report includes material information relating to strategy, governance, performance, market risks and opportunities.

## Scope and Boundary

This Report covers the operations of **Raigam Wayamba Salterns PLC (RWS)** and its operating subsidiaries **Southern Salt Company (Pvt) Limited (SSC)** and **Raigam Wayamba Cereals (Pvt) Limited (RWC)** from April 1, 2022 to March 31, 2023.

## Standards and Principles

The annual financial statements have been prepared based on the principles and/or requirements of the Sri Lanka Accounting Standards (SLFRS/LKAS). The Report also complies with the requirements of the Companies Act No. 7 of 2007, the Listing Requirements of the Colombo Stock Exchange (CSE) and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission. The sustainability reporting also complies with the Environmental, Social and Governance (ESG) reporting guidelines published by the CSE.

## Materiality

In determining content to be included in this Report, we have considered matters that are of interest to current and prospective investors as well as other stakeholders who wish to assess our ability to deliver value. These material topics form the anchor of this Report and have been identified through numerous stakeholder engagement platforms, as discussed in this Report.

## External Assurance

A combined assurance model is used to ensure that the credibility and integrity of our reporting. External assurance on the financial statements has been provided by Messrs. Ernst and Young, Chartered Accountants. The Company's Audit Committee also monitors adequacy and effectiveness of the financial reporting and internal control systems.

## Feedback

We welcome your feedback on our Annual Report and encourage you to put forward any suggestions you may have in terms of what you would like to see in our next Report.

## Pushpa Hewamannage

Senior Manager – Finance  
Raigam Wayamba Salterns PLC  
No: 23, Walukarama Road, Colombo 03.  
Email: hewamannage@raigam.lk

# CHALLENGE EXTENDED, CHALLENGE ACCEPTED, CHALLENGE WON!

Even with the country's economy in meltdown and the worst societal collapse in history, your company posted its highest ever turnover and went past the LKR 2 billion revenue mark for the first time.

**Profit doubles with 100% growth:**



**DIVIDEND UP**

With the positive turn of your company despite the negative operational environment, the dividend for the year under review of has increased from Rs. 0.15 per share to Rs. 0.20.

Your company continued to optimize policies that prevented the importation of its primary product to increase its national footprint and position Raigam Wayamba Salterns as the leader in the sector.

**POSITIVE POLICY LEVERAGED**



**Network strengthened:**

The already formidable distribution network of your company was further fortified.

Your company does not merely sell to the mass market for domestic salt but is now capable of targeting exactly and specific industrial salt needs of many types of businesses.

**Specific markets serviced:**



# PRODUCT IMPROVEMENT AND PROCESS EFFICIENCY OF SALT:



## OPTIMIZING THE NATURAL PROCESS

Nature's salt is harvested from the sea through careful evaporation and filtered to make natural crystals under highly controlled conditions.

Research is being continued to explore possibilities of using an entirely natural process in salt manufacture.

## ALTERNATIVE PROCESSING METHODS

Salt is made using latest available technology and in it, the specs of the final product are carefully controlled in line with the requirements of various market segments.

R&D is being conducted into alternative methods to produce fine-powdered salt without damaging the chemical composition of the end product.

## PVD ENHANCEMENT

Pure Vacuum Dried (PVD) salt is the purest form of salt made from sea salt and designed for sectors who expect extra purity.

During the year under review, the company further strengthened the use of latest technology, boosting product quality and controlling cost of production.



# ABOUT US

## Vision

“To be the convenient partner in enhancing the taste and health needs of the nation”

## Mission

“To become the largest value added salt supplier in the island contributing to fulfillment of salt and iodine needs of the nation by way of extracting best resources from nature using modern technology and improved productivity while satisfying stakeholders of every facet”

## Values

- We value our customers as the most important group and ensure that all of our internal processes are customer centric and aimed at exceeding their needs and wants to the point of thrilling them.
- We value management by evidence over management by opinion in all of our decision making processes.
- We ensure that all our employees are afforded equal opportunity and equitable treatment.
- We work constantly to create the optimal work environment for our employees in line with the strongest attention to employee rights.
- We recognize that our employees are our greatest and most crucial asset.
- We recognize and value the drivers of continuous improvement of our internal processes and systems.
- We value team effort over individual goal achievement.
- We recognize and accept our social and environmental responsibilities and value non-compromised effort for the preservation and enhancement of both.



The company has the reputation of being one of the most careful and strategic in its operations. The journey therefore has been one of sobriety and quiet confidence in abilities and capabilities. Raigam Wayamba Salterns never took a cavalier approach to business – and it shows – in the path we have taken to overcome every obstacle – to weather every storm.

Wayamba Salterns (Pvt) Ltd. is launched as a commercial operation and perceiving the need to provide the country with its own salt as well as to secure the source of the raw material, Raigam Marketing Services (Pvt) Ltd, acquires a 26% stake in Puttalam Salt Ltd.

Wayamba Salterns (Pvt) Ltd. expands its raw material sources by acquiring 100% ownership of the Southern Salt Company (Pvt) Ltd, situated at Bata-atha, in the Hambantota district.

The company is converted into a public company as Raigam Wayamba Salterns Limited.

The Southern Salt Company (Pvt) Ltd. issues 682,354 shares

In a significant milestone in the history of the company, it makes an Initial Public Offering (IPO) under the theme of “Hiru Samuduru Pavathinathuru” and is listed with the Colombo Stock Exchange (CSE) as Raigam Wayamba Salterns PLC

2005

2007

2009

2010

2023

2022

2021

2020

Despite the country going into bankruptcy and society collapsing, the group utilized its strong work ethic and business acumen to post its highest ever profit and 2 billion revenue mark for the first time.

The company diversifies its product portfolio to reduce dependence on a single vertical line of offerings by entering into agri-processing.

The pandemic rages across the planet debilitating economies and bringing about near total societal collapse. The company quickly responds to these external threats by increasing efficiency, reducing fiscal risks and maximizing safety of its staff becoming a model for operating a business in the face of a global crisis

With the country in lockdown and the economy greatly vulnerable, the company was one of the few that was strong enough or reduce fringe benefits.

# THE JOURNEY

Southern Salt Company (Pvt) Ltd. issues a further five million shares in order to expand its operations

Continuing with the primary aim of the company to provide the best quality salt to the people, for the very first time in Sri Lanka, Raigam Wayamba Salterns commences the manufacture of Pure Vacuum Dried Salt (PVD) as one of its first value added salt products to the local market

Fulfilling its promise to the shareholders and the country, the company launches fully Sri Lankan manufactured PVD to the local market

In an excellent culmination of a years-long effort, Southern Salt Company (Pvt) Ltd. starts making profits

2011

2012

2014

2019

2018

2017

2016

The company expands its operations to the northern and eastern markets through its newly introduced RUSI brand

The company's continued commitment to excellence all spheres of industrial, social and environmental actionables is recognized by being awarded the National Business Excellence Gold Award for the second consecutive year.

The great national effort of the company is recognized by the National business Excellence Awards and it wins the Gold Award for its entrepreneurial contributions to Sri Lanka.

The company starts servicing the retail market with PVD in packs of 100g, 200g, 400g and 1kg

# CORPORATE INFORMATION

## Name of the Company

Raigam Wayamba Salterns PLC

## Registered Office

No. 23, Walukarama Road,  
Colombo 3

## Contact Details

Tel: 0112 753340-1, 0114 886777

Fax: 0112 753342,

E-mail: info@raigam.lk

Web: www.wayambasalterns.lk

## Company Registration Number

PV 10922 PB/PQ

## Details of Incorporation

Incorporated as a Private Limited Liability company under the Companies Act No. 17 of 1982 on 15 June 2005 in Colombo, and re-registered under the Companies Act No. 07 of 2007 on 15 January 2009, converted to a Public Company in December 2009. Later the company was listed on the Dirisavi Board of the Colombo Stock Exchange on 29 April 2010 converting into a Public Limited Company.

## Board of Directors

Dr. Ravi Liyanage

Chairman / Executive Director

Mr. Kishan Theadore

Managing Director

Mr. Ganaka Amarasinghe

Executive Director

Senior Prof. Sampath Amarathunga

Non-Executive Independent Director

Mr. Sarath Keerthirathne

Non-Executive Independent Director

Mr. Sunil Samaraweera

Non-Executive Independent Director

Mr. T. Dharmarajah

Non-Executive Independent Director

## Auditors to the Company

Messrs. Ernst & Young,

Chartered Accountants

201, De Saram Place, Colombo 10.

## Registrars to the Company

Business Intelligence (Pvt) Limited

No: 08, Tickell Road, Colombo 08.

## Secretaries to the Company

Business Intelligence (Pvt) Limited

No: 08, Tickell Road, Colombo 08.

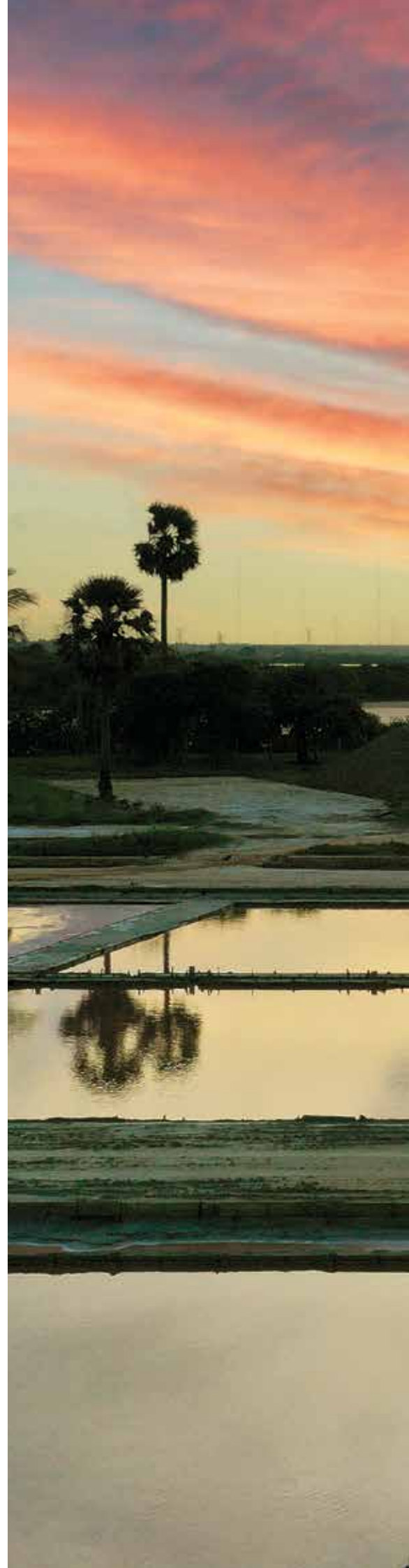
## Bankers to the Company

Sampath Bank PLC

People's Bank

Commercial Bank of Ceylon PLC

DFCC Bank PLC

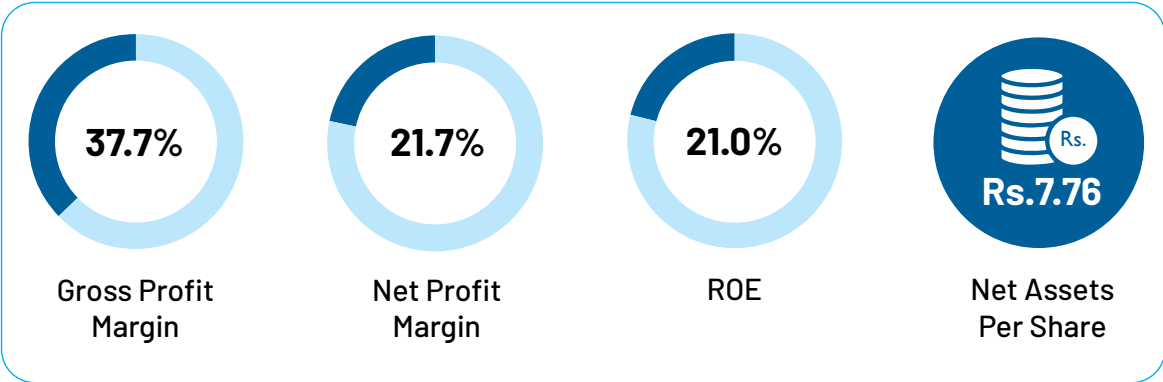




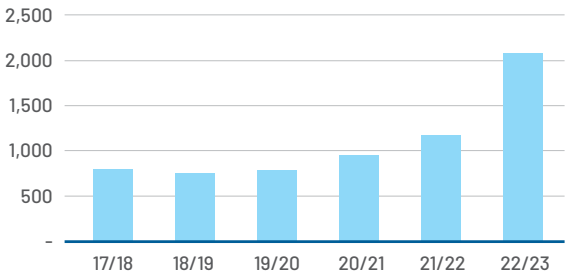
# KEY PERFORMANCE SIGNS - GROUP

|                                 | 2022 / 2023   | 2021 / 2022   | Change   | 2020 / 2021   | Change   |
|---------------------------------|---------------|---------------|----------|---------------|----------|
| <b>Operating Results</b>        | <b>Rs.000</b> | <b>Rs.000</b> | <b>%</b> | <b>Rs.000</b> | <b>%</b> |
| Turnover                        | 2,120,320     | 1,147,189     | 84.8%    | 959,681       | 19.5%    |
| Gross Profit                    | 800,125       | 423,768       | 86.0%    | 355,121       | 19.3%    |
| Profit Before Tax               | 570,121       | 277,406       | 105.6%   | 187,549       | 47.9%    |
| Profit After Tax                | 460,959       | 215,590       | 111.8%   | 149,759       | 44.0%    |
| Dividend                        | 42,331        | 28,221        | 49.5%    | 28,221        | 0.0%     |
| Retained Profit                 | 418,628       | 187,369       | 121.1%   | 121,539       | 54.2%    |
| Revenue to Government           | 319,653       | 129,276       | 150.8%   | 89,501        | 44.4%    |
| Value Addition                  | 1,060,792     | 669,239       | 59.3%    | 582,554       | 14.9%    |
| <b>Position At The Year End</b> |               |               |          |               |          |
| Shareholders' Fund              | 2,191,235     | 1,619,315     | 35.0%    | 1,428,717     | 13.3%    |
| Total Assets                    | 3,034,434     | 1,957,491     | 55.0%    | 1,719,062     | 13.9%    |
| <b>Per Share Details</b>        |               |               |          |               |          |
| Earnings Per Share - Rs.        | 1.63          | 0.76          | 112.9%   | 0.53          | 43.4%    |
| Net Assets (Year End) - Rs.     | 7.76          | 5.74          | 34.9%    | 5.06          | 13.4%    |
| <b>Ratios</b>                   |               |               |          |               |          |
| Gross Profit Ratio (GP / Sales) | 37.74%        | 36.9%         | 0.7%     | 37.00%        | -0.3%    |
| Net Profit Ratio (NP / Sales)   | 21.74%        | 18.8%         | 14.5%    | 15.60%        | 20.5%    |
| Return on Assets                | 15.19%        | 11.0%         | 36.8%    | 8.70%         | 26.4%    |
| Return on Equity                | 21.04%        | 13.3%         | 0.1%     | 10.50%        | 26.7%    |
| Current Ratio (CA / CL)         | 2.97          | 4.80          | -38.2%   | 4.80          | 0.0%     |
| Equity / Asset Ratio            | 72.21%        | 82.7%         | -12.9%   | 83.10%        | -0.5%    |
| Debt to Equity Ratio            | 38.48%        | 20.9%         | 85.7%    | 20.30%        | 3.0%     |

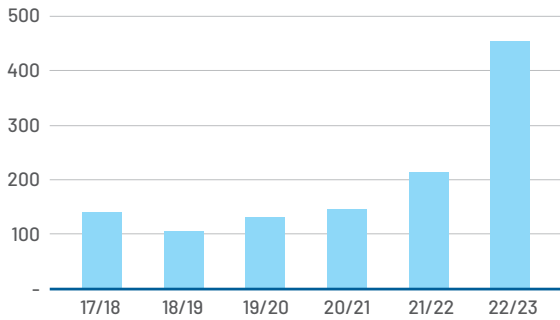
# FINANCIAL HIGHLIGHTS - GROUP



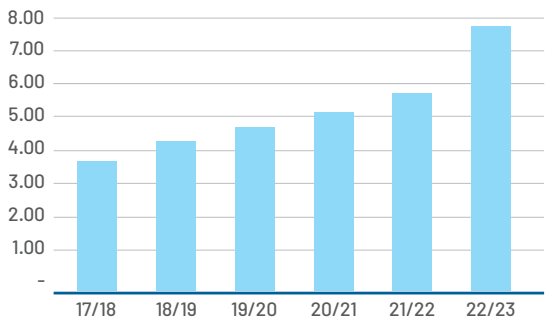
Turnover Rs. Mn



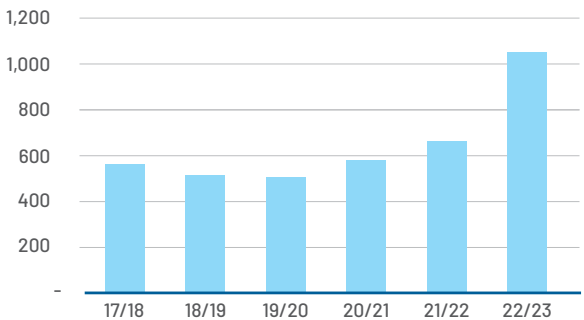
Profit After Tax Rs. Mn



Net Assets Per Share Rs.



Value Addition Rs. Mn

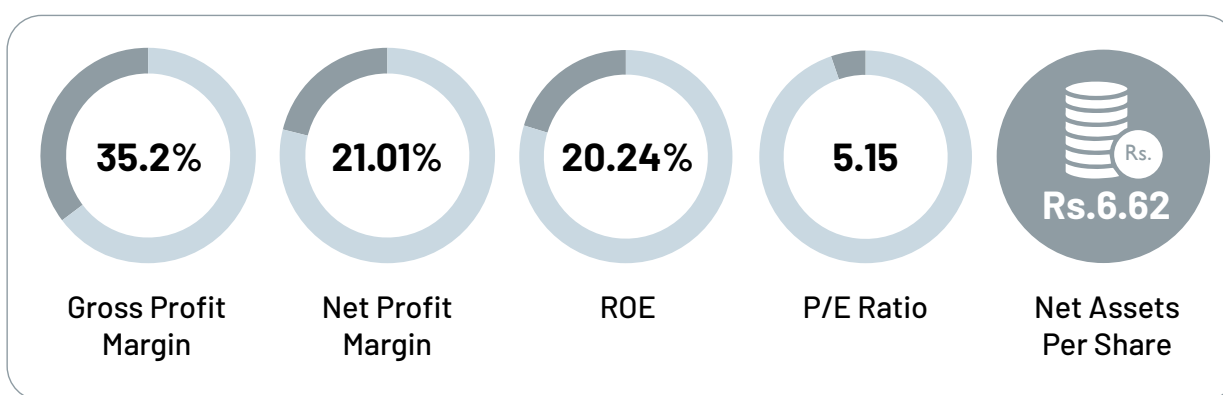




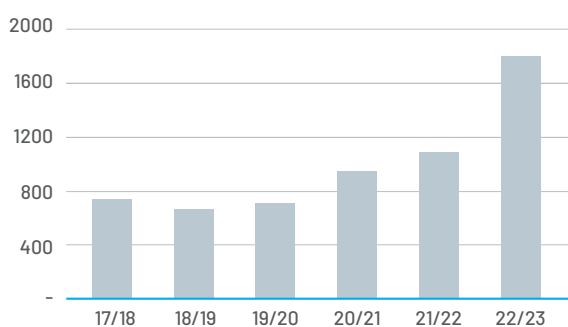
# KEY PERFORMANCE SIGNS - COMPANY

|  | 2022 / 2023   | 2021 / 2022   | Change   | 2020 / 2021   | Change   |
|--|---------------|---------------|----------|---------------|----------|
| <b>Operating Results</b>               | <b>Rs.000</b> | <b>Rs.000</b> | <b>%</b> | <b>Rs.000</b> | <b>%</b> |
| Turnover                               | 1,798,598     | 1,063,409     | 69.1%    | 924,087       | 15.1%    |
| Gross Profit                           | 633,176       | 330,694       | 91.5%    | 272,862       | 21.2%    |
| Profit Before Tax                      | 463,017       | 221,595       | 109.0%   | 136,949       | 61.8%    |
| Profit After Tax                       | 377,832       | 171,557       | 120.3%   | 108,337       | 58.4%    |
| Dividend                               | 42,331        | 28,221        | 50.0%    | 28,221        | 0.0%     |
| Retained Profit                        | 335,501       | 143,336       | 134.1%   | 80,117        | 78.9%    |
| Revenue to Government                  | 272,855       | 117,887       | 131.5%   | 84,970        | 38.7%    |
| Value Addition                         | 914,561       | 545,636       | 68.0%    | 468,670       | 16.4%    |
| <b>Position At The Year End</b>        |               |               |          |               |          |
| Shareholders' Fund                     | 1,867,087     | 1,430,317     | 30.5%    | 1,283,424     | 11.4%    |
| Total Assets                           | 2,667,869     | 1,797,631     | 48.4%    | 1,624,850     | 10.6%    |
| Market Capitalization                  | 1,947,231     | 1,298,154     | 50.0%    | 1,467,478     | -11.5%   |
| <b>Per Share Details</b>               |               |               |          |               |          |
| Earnings Per Share - Rs.               | 1.34          | 0.61          | 119.5%   | 0.38          | 60.5%    |
| Net Assets (Year End) - Rs.            | 6.62          | 5.07          | 30.5%    | 4.55          | 11.4%    |
| Dividend Per share - Rs                | 0.15          | 0.10          | 50.0%    | 0.10          | 0.0%     |
| Market Value Per Share (Year End) - Rs | 6.90          | 4.60          | 50.0%    | 5.20          | -11.5%   |
| <b>Ratios</b>                          |               |               |          |               |          |
| Gross Profit Ratio (GP / Sales)        | 35.20%        | 31.10%        | 13.2%    | 29.50%        | 5.4%     |
| Net Profit Ratio (NP / Sales)          | 21.01%        | 16.10%        | 30.5%    | 11.70%        | 37.6%    |
| Return on Assets                       | 14.16%        | 9.50%         | 49.1%    | 6.70%         | 41.8%    |
| Return on Equity                       | 20.24%        | 12.00%        | 68.7%    | 8.40%         | 42.9%    |
| Current Ratio (CA / CL)                | 2.62          | 3.70          | -29.1%   | 3.40          | 8.8%     |
| Equity / Asset Ratio                   | 69.98%        | 79.60%        | -12.1%   | 79.00%        | 0.8%     |
| Debt to Equity Ratio                   | 42.89%        | 25.70%        | 66.9%    | 26.60%        | -3.4%    |

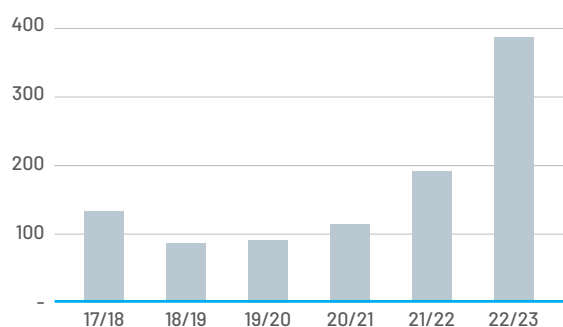
# FINANCIAL HIGHLIGHTS - COMPANY



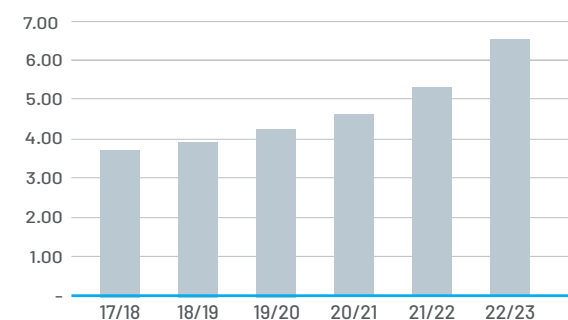
**Turnover Rs. Mn**



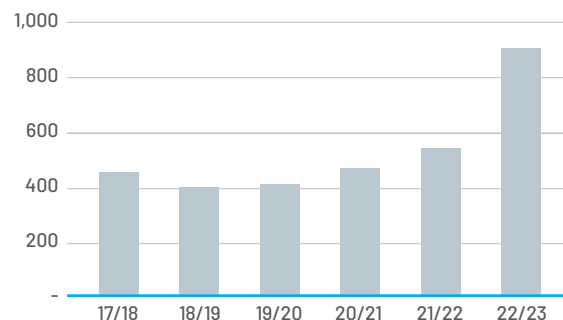
**Profit After Tax Rs. Mn**



**Net Assets Per Share Rs.**



**Value Addition Rs. Mn**



# A BRIEF ABOUT THE GROUP

## Raigam Wayamba Salterns PLC

Established in 2005, Raigam Wayamba Salterns Ltd is a B0I company engaged in the manufacture, refining, packaging and marketing of salt and salt based value added products. The trade is widely accepted to give one of the highest profit ratios in the manufacturing field compared to the investment. The company's manufacturing facilities are situated around the island, giving a unique advantage in minimizing transport costs of the finished product. Salt, being a low value commodity, has a very high cost component in transport. Having manufacturing facilities in Puttalama, Tangalle and Trincomalee (through sister company) have definitely given Wayamba Salterns an advantage over its competitors. It should also be pointed out that solar Salt manufacture is one of the very few industries where the raw material (brine) and energy source for the manufacturing process (solar power) is totally free of charge. Raigam has a unique advantage of its own having full control of vertical integration starting from raw materials to the door step of its consumers. Apparently there are no such industries existing in the world where any manufacturer/ marketer has almost total vertical control over its operation.

## Southern Salt Company (Pvt) Ltd

To supplement and complement our main stream activities and for better control over peripheral input, Southern Salt Company (Pvt) Ltd. has been established, 250 kilometers from Colombo, in to the southern part of Sri Lanka, on a parcel of land of 8 Acres for the factory situated in the Bata-atha Industrial Park and an adjoining land of 204 Acres for the salterns, will be looked to supply table salt in consumer packs to the discerning customers in the south and contiguous areas. This will enable the company to save on extra cost for transport over long distances. This plant services bulk customers as well with high quality value added salt according to their specifications.



## **Raigam Wayamba Cereals (Pvt) Ltd**

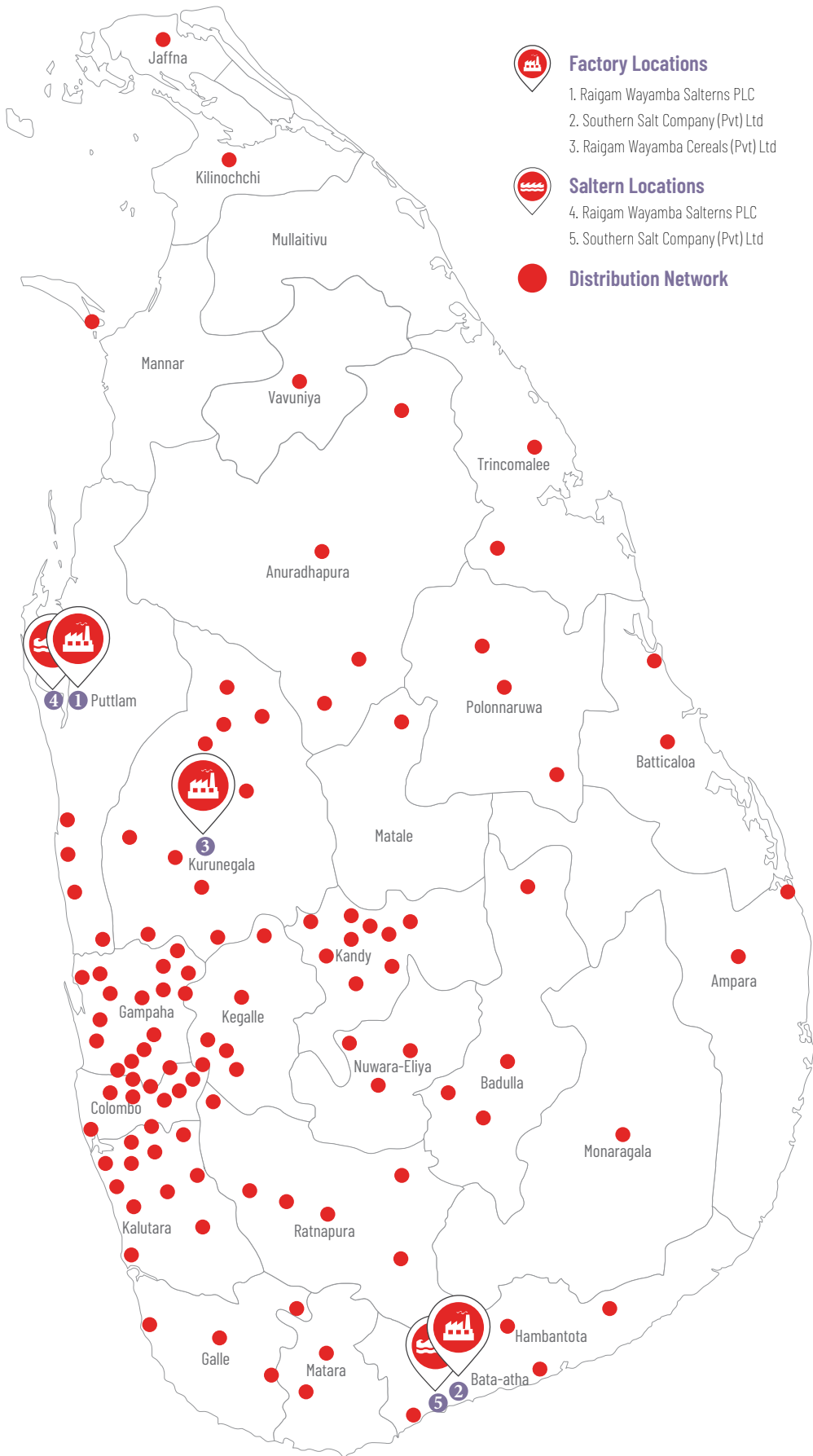
Raigam Wayamba Cereals (Pvt) Ltd. (RWC) is a diversified company under the Raigam Wayamba Salterns umbrella and was incorporated on 13th April 2021, as a fully owned subsidiary. The objective of establishing RWC is to diversify the activities of the group in to the business of processing local grains to manufacture various value added products while promoting and assisting farmers to acquire inputs in the right quality and quantity. RWC operates a factory and a storage facility at Wellawa in Kurunegala on a leased property and has implemented a cultivation program with farmers to cultivate Soya bean in the North Central Province of Sri Lanka, collected a substantial stock of grains and also commenced rice milling and trading at a primary level. The company launched a breakfast cereal in August 2022 under the brand “Nenaposhha” comprising of Corn, Soya bean, Rice and Green Gram all of which are locally grown. Despite the general market drop experienced during the later part of the year the cultivation program has been continued in the Yala season of 2023 for growing Soya bean on land exceeding 400 Acres.



An aerial photograph of a river with white water rapids. The water is turbulent and white with foam, contrasting with the green vegetation on the banks. The text "OUR PRESENCE" is overlaid in the center.

# OUR PRESENCE

Agalawatta  
 Akuressa  
 Alawwa  
 Aluthgama  
 Ambalangoda  
 Ambalanthota  
 Ampara  
 Anuradhapura  
 Aralaganwila  
 Awissawella  
 Badalgama  
 Badulla  
 Balangoda  
 Bandarawela  
 Battaramulla  
 Bataatha  
 Batticaloa  
 Biyagama  
 Borella  
 Bulnewa  
 Chilaw  
 Dambulla  
 Dankotuwa  
 Delgoda  
 Deniyaya  
 Deraniyagala  
 Digana  
 Ehaliyagoda  
 Elpitiya  
 Embilipitiya  
 Galagedara  
 Galgamuwa  
 Galle  
 Gampaha  
 Gampola  
 Hanguranketha  
 Hanwella  
 Hatton  
 Hingurakgoda  
 Homagama  
 Horana  
 Ibbagamuwa  
 Ja-Ela  
 Jaffna  
 Kadawatha  
 Kaduwela  
 Kahawatta  
 Kalmunai  
 Kalutara  
 Kamburupitiya  
 Kandana  
 Kandy  
 Kantale  
 Katugasthota  
 Katunayake  
 Kebathigollewa  
 Kegalle  
 Kekirawa  
 Kelaniya  
 Kesbewa  
 Kesellenawa  
 Kilinochchi  
 Kiribathgoda  
 Kuliypitiya  
 Kurunegala  
 Kuruwita  
 Maharagama  
 Mahawewa  
 Mahiyanganaya  
 Maho  
 Maligawaththa  
 Manikhinna  
 Mannar  
 Matale  
 Matara  
 Mathugama



|              |               |              |            |                |               |
|--------------|---------------|--------------|------------|----------------|---------------|
| Meerigama    | Nikawaratiya  | Piliyandala  | Rajagiriya | Tangalle       | Wathupitiwala |
| Minuwangoda  | Nugegoda      | Polgahawela  | Rambukkana | Thissamaharama | Welimada      |
| Monaragala   | Nuwara-Eliya  | Polonnaruwa  | Rathmalana | Trincomalee    | Wennappuwa    |
| Naranmala    | Padukka       | Polpithigama | Rathnapura | Valaichchenai  | Weyangoda     |
| Nawalapitiya | Panadura      | Pothuhera    | Reddegama  | Vavuniya       | Yakkala       |
| Negombo      | Pilimathalawa | Puttalam     | Ruwanvella | Wattala        | Yatyanthota   |



## **CHAIRMAN'S MESSAGE**

## Dear Shareholders,

Whilst taking pleasure in presenting the annual report of your company at the 18th Annual General Meeting where the year under review was the worst under record from both economic and social perspectives.

Commencing with COVID 19, Sri Lanka suffered a series of body blows over the next two years, culminating in the worst economic meltdown in the history of the island which very quickly led to a societal collapse. With the treasury empty and massive shortages in fuel and electricity created a fiscal and logistical nightmare for the business community. Yet, despite this social, economic and political turmoil, the company stood its ground, conducting its business activities with tight control of its liquid assets, increased efficiency of production and improving the efficiency of its distribution network to overall minimize its use of fuel and electricity and reduce its operational costs.

Through these efforts, I am proud to note that the company recorded its highest ever turnover in its history during the year under review.

The company continued to leverage positive policy that restricted the import of salt to consolidate and grow its market share of its salt based portfolio of products and thereby increase bottom lines. Additionally, non-operational gains from fixed deposits also contributed to a strong bottom line.

While the company diversified through the establishment of Raigam Wayamba Cereals (Pvt.) Ltd. during the previous year and introduced its first product "Nenaposh" with a view to get into horizontals, the aflatoxins issue created a temporary setback across the cereals segment affecting all players in the country. Raigam Wayamba Cereals swiftly, rectifying the and satisfying all compliance requirements. However, as a result of the impact on market, the performance of this company was less than anticipated.

While the worst of the socioeconomic problems besetting the country seems to be past, great effort needs to be expended to ensure the future stability of the company and it will continue with its strategy of previous years by optimizing its risk response regimen for both its business processes as well as its employees. In that respect, the full commissioning of the ERP during the year under review was opportune since it allowed the company to optimize efficiency and productivity across all metrics.

Your investment in the company has never been in stronger hands as has been proven in the last year and it is with pride that we note that we have increase in assets per share from LKR 5.07 to LKR 6.62 YoY.

As the value of your investment continues to grow steadily with the effort that was put in by the management and staff of the company, we are happy to note that earnings per share increased to LKR 1.34, up from LKR 0.61 in the preceding year. Therefore, in keeping with the dividend policy of the company, your Board has recommended a first and final dividend of LKR. 0.20 per share.

Over the year, the management and staff of the company stood together as a single amorphous team that worked ceaselessly and tirelessly throughout the year. It was a massive work effort in the darkest period of the country's history and one that ensured just rewards that you, our shareholders, are now enjoying.

Finally, a word of heartfelt thanks to our shareholders for the trust and confidence they continue to place on us and the board of directors who have stood by me and supported the efforts of the company to win through a very challenging year.



**Dr. Ravi Liyanage**

Chairman

31 August 2023





## **CEO'S REVIEW**

## The company weathers the storm

The worst societal period in the history of the country brought with it social, economic and political shocks of unprecedented proportions to every single citizen of the country. Galloping inflation saw asset values halved almost overnight while lack of essentials such as food, fuel and electricity, a drying up of many imported items and grave social unrest created possibly the worst environment for business in recorded history. With the country enchained by a debt bind of historic proportions, most people in the country found living day to day a challenge of such serious concern that in many cases everything else that required attention was wiped completely off their immediate futures. Against that scenario, the cost of doing business skyrocketed.

While the extent of the impact was something no one could predict, nevertheless, the company, knowing that storm clouds were brewing as far back as 12 months earlier, performed the required checks and balances, and, despite multiple types of socioeconomic headwinds, still stayed firmly on track, facing up to the challenges better than most business houses.

## Beating every prediction, your company shows record growth

Responding to nightmarish fiscal and logistical challenges that saw the country literally unable to move or work due to massive fuel and electricity shortages, nevertheless, the company recorded its highest turnover ever during the year under review.

Overall company turnover increased by a massive 69.15% YoY, up from LKR 1,063,409,359 to LKR 1,798,597,990 while the group turnover passed the LKR 2 billion mark. Your company earned a pre-tax profit of LKR 463,016,568 on that turnover as compared to the pre-tax profit of LKR 221,594,908 which is a truly significant 108.9% increase YoY. The company has continued to be vigilant despite its successes, best seen by the fact that net assets per share increased to LKR. 6.62 over LKR 5.07 YoY giving a clear indication of asset growth and overall stability. Despite economic woes and market recalcitrance, investor confidence still remained high with year-end share prices reaching a high of LKR 6.90 over LKR 4.60 YoY. Market value stood at LKR 1,947 million over LKR 1,298 million YoY.

Recognizing that Sri Lanka's woes are far from over, the company continues to make careful decisions and therefore due to gains during the year under review, it was able to increase the dividend per share to LKR 0.20 from LKR 0.15 YoY.

## The company makes optimal use of the opportunities that came its way

While the management of your company is in the safest and most capable hands, a key factor for your company's stability is the fact that its primary portfolio of products are in that rare category of products that are mandatory for everyone. That is, even though a consumer may cut down on other items that it deems to be unnecessary during times of social turmoil and economic pressure, salt and salt based products are a mandatory item for both domestic and (to some extent) commercial consumption. This has ensured that market volumes for its primary product range has remained at a constant high. Significant price hike that was implemented in line with the inflationary impact on costs has also resulted in increased revenue.

The continued restrictions on salt imports is working for your company since its portfolio is completely manufactured domestically making it the single biggest player in the salt market in Sri Lanka. Additionally, the import issues that caused so much trouble for other manufacturing businesses in the country did not impact your company in the least since all of its raw materials are from domestic sources.

## The company reduces the impact of the threats

With costs of doing business fluctuating during the year under review, it was imperative that some of those costs were either reduced or eliminated through strong business decisions related to both physical cash outlays as well as internal efficiencies. The ERP system of the company was deployed and leveraged to its fullest to reduce overall operational costs. Although the Puttalam facility going underwater in the previous year for the first time in history caused loss of brine stocks, with alternative resolution to the problem, production targets were not significantly affected.

Our team was able to rectify the aflatoxin issue which affected almost all the players in the breakfast cereal sector within a short period of time. However the negative impact on demand resulted in under performance of the subsidiary company, Raigam Wayamba Cereals (Pvt) Ltd, during the latter part of the year.

## **The mother brand's visibility and the group's fiscal strength peak in 2023**

Over the years the Raigam brand has earned itself an enviable position in the food sector of the country, garnering many accolades on its way to its present position. The reach and penetration of its diversified portfolio has provided a strong baseline reference for your company's range of salt products. With the group turnover passing the LKR 2 billion mark for the first time in its history, the strength, stability and business capability of the group has reached an all-time high. This implied strength has served to consolidate the company and push it to the forefront of the market. In addition, its capabilities to cut its costs by leveraging both internal and group synergies have ensured that it not only enjoy its present position but also has the effect of lowering the presence of small and medium scale players in the market.

## **Careful planning critical to maintaining a steady course in trying times**

Given its performance under possibly the worst of circumstances imaginable, it is with quite pride that I can state that your company is at the strongest it has ever been

in its history. However, while we are happy that our work has paid rich dividends in terms of profitability and stability, we nevertheless shall continue to exercise the utmost vigilance, adhere to the strongest ideals of due diligence and work to reduce risks in a global and local socioeconomic reality that is volatile, uncertain, complex and ambiguous. Our teams are fully cognizant of the fact that they cannot rest on gains made to date but must work even harder to ensure that there is continuance to them as we chart our way into one of the most uncertain futures of our country so that you, our valued shareholders can remain safe and confident in both your investment with us and your trust in us. As a final word, I wish to extend my gratitude to the management teams of the parent company and other sister companies of Raigam Group for their excellent support and the Chairman and my colleagues on the Board for their direction and valuable guidance to perform my role successfully.



**Kishan Rohana Theodore**

Executive Director / CEO

31 August 2023



## BOARD OF DIRECTORS



**DR. RAVI LIYANAGE**  
Chairman

Dr. Liyanage is the Founder, Chairman and Chief Executive Officer of The Kingdom of Raigam, one of the leading food, personal care and furniture manufacturing and distribution companies in Sri Lanka. He holds a B.Sc. degree in Business Administration from the University of Sri Jayawardenapura and an MBA from University of Colombo. Also, he obtained a PhD in Business Administration from Lacrosse University USA.

Dr. Liyanage, a chartered marketer by profession and holds many professional qualifications in the field of marketing and finance and is the first fellow member of Sri Lanka Institute of Marketing (SLIM).

He was honored as the FCCISL Best Entrepreneur of the Year 2005 awarding National Platinum Award and also received CIMA Pinnacle Award for Business Leader of the Year 2005/2006 and became the first ever Sri Lankan Entrepreneur who was awarded FCCISL Platinum Award for Best Entrepreneur and CIMA Pinnacle Award for Best Business Leader in a single year.

He is an academic more than a business leader, where he is a regular lecturer of many universities and professional

institutes in Sri Lanka. He served as a faculty board member of Faculty of Management, University of Sri Jayawardenapura for last 12 years.

He served as a member of the Governing council of University of Colombo, National Pay Commission of Sri Lanka, Education Reforms Commission and Mahapola Scholarship Trust Fund Board and functioned as a member of various statutory bodies including Presidential Task Force for Economic Revival and Poverty Alleviation, Salaries and Cadre Commission, Standing Committee on Accreditation and Quality Assurance (SCAQA) of the Ministry of Higher Education, National Science and Technology Commission (NASTEC), the Intellectual Property Advisory Commission (IPAC) and Monetary Policy Consultative Committee of Central Bank of Sri Lanka.

At present, he is functioning as a Governing Council Member of University of Sri Jayawardenapura and a Governing Board Member of Post Graduate institute of Management (PIM) whilst holding Directorial positions of many companies.

Further, he is the proud Producer of record breaking sinhala movie, "Kadira Divyaraja" directed by emeritus Professor Sunil Ariyaratne, which is screening successfully these days.



**MR. KISHAN ROHANA THEODORE**  
Executive Director  
Chief Executive Officer

Mr. Kishan Rohana Theodore, was one of the founders and the current Managing Director of the Raigam Group. He was appointed as a Director to the Raigam Wayamba Saltens Group with effect from March 2013 and appointed as the Managing Director & CEO with effect from June 2019. He also serves as a Director of Puttalam Salt Limited.

He is a veteran in the ICT Industry in Sri Lanka and is a pioneer in the introduction of novel ICT concepts including a mobile ICT lab, Integrated Network Solutions etc. to Sri Lanka. After completing his studies he started his own ICT business, with an affiliation in Singapore, achieving tremendous success.

Diversity of his portfolio is witnessed in his remarkable achievements in the FMCG industry that has made him the Managing Director of the Raigam Group in Sri Lanka where he plays the primary role in the marketing and sales sector of the organization. Through his full schedule in multiple business sectors, he has contributed immensely to the country as the Head of the Centre for the Non-Governmental Sector attached to the Ministry of Finance where he played a significant role during the post-tsunami period.



**MR. G.V.P. GANAKA AMARASINGHE**  
Executive Director

Mr. Ganaka Amarasinghe commenced his career at Raigam in early 1999 and served as the Managing Director of the group up to July 2019 and presently serves as the Group Senior Director. Apart from his engagement with the Raigam Group he has gained a vast experience in the salt industry as a Director of Puttalam Salt Limited for more than a decade.

He obtained his first Degree in Business Administration from the University of Sri Jayewardenepura and became a fellow member of the Institute of Chartered Accountants, Institute of Certified Management Accountants and The Association of Accounting Technicians of Sri Lanka. For decades he has held senior positions in private and public sectors, as Accountant, Financial Analyst, and Finance Manager. He has served as a member of the governing councils of The Institute of Chartered Accountants of Sri Lanka, The Association of Accounting Technicians of Sri Lanka (AAT Sri Lanka) and National Institute of Business Management (NIBM). He is also a Past President of AAT Sri Lanka.

Mr. Amarasinghe has served as a visiting lecturer of many universities, other professional and academic institutions. He has also served as a member of the Panel of Judges of National Export Awards, Presidential Awards for Travel and Tourism, CSR & Sustainability Awards conducted by Japan Sri Lanka Technical and Cultural Association (JASTECA) and Best Annual Report Awards of CA Sri Lanka for many years.

## BOARD OF DIRECTORS



**SNR. PROF. S.P.P. AMARATUNGE**  
Independent Non - Executive Director

Senior Professor Sampath Amaratunge is a visionary and builder of organizations, an astute university administrator, an academic par-excellence, a renowned business consultant and a humanist. He is the present Chairman of the University Grants Commission and has been twice appointed the Vice-Chancellor of the University of Sri Jayewardenepura, where he served as an academic for over 28 years. During his tenure at the helm of the University, he established the faculties of Technology, Engineering and Allied Health Sciences. He was also instrumental in laying the foundation stone to create the Faculty of Urban and Aquatic Bio-resources. He considered research to be the driving force of the Nation and took measures to upgrade the Research Committee to a Research Council that grew to accommodate 25 research centers. Furthermore, having identified the gap between University education and the Industry, Sr. Prof. Amaratunge founded the Invention Innovation and Venture creation Council at the University of Sri Jayewardenepura. This initiative encouraged students and staff to engage in innovations and ventures. At present, the University has nearly 50 registered companies operating under the council. During his tenure as the Vice-Chancellor, he was appointed as the Chairman of the Committee of Vice-Chancellors and Directors for the year 2019. He was also elected as a member of the Association of Commonwealth

Universities, United Kingdom as a representative of the countries under the Constituency

He served as the Dean of the Faculty of Management Studies and Commerce of the same university from 2008 to 2014. He obtained his B.A. (Hons.) in Economics from the same university and his M.A. in Economics from the University of Colombo. Further he obtained a M.Sc. in Economics of Rural Development from the Saga National University and a Ph.D. from Kogoshima National University in Japan. Senior Prof. Amaratunge has published more than 75 papers in international and national journals.

Senior Prof. Amaratunge was the recipient of the prestigious Research Excellence Award in 2002, awarded by the Kyushu Society of Rural Economics, Japan, in addition to several other local and international awards. He is considered as an expert in the field of Economics with special reference to Rural Development, whose attention is not focused solely on the university community, but additionally, he has a wide array of interests and is actively involved in the development of the country. He serves as a consultant to many reputed companies. He is also working as an Independent Director of several companies in Sri Lanka.



**MR. T. DHARMARAJAH**  
Independent Non - Executive Director

Mr. Thiagarajah Dharmarajah, is a fellow member of The Institute of Chartered Accountants of Sri Lanka, The Association of Accounting Technicians of Sri Lanka, and The Institute of Public Finance and Development Accountancy. He graduated from the University of Sri Jayewardenepura obtaining a B.Sc. Management (Sp) Degree and counts over 40 years' experience in the discipline of Finance and Accounting in the Public and Private Sectors. In addition, he holds the Higher National Diploma in Accountancy - Ceylon Technical College. Mr. Dharmarajah is well-known and respected in the field of Finance & Accountancy. He is a partner of Amerasekera and Company, a well-recognized firm of Chartered Accountants in Sri Lanka.

Mr. Dharmarajah was a member of the Governing Councils of the Institute of Chartered Accountants of Sri Lanka (CASL), the Association of Accounting Technicians of Sri Lanka (AATSL) and the University of Sri Jayewardenepura. He is also a Past President of the Association of Accounting Technicians of Sri Lanka. He has been lecturing in Finance and Accountancy for decades and acknowledged as a respected lecturer who has contributed

immensely to produce thousands of qualified Accountants in Sri Lanka. He has authored number of Accounting Books in Sinhala Medium.

He has served as a Director of DFCC Bank PLC and Central Engineering Consultancy Bureau (CECB) and LOLC Development Finance PLC. Mr. T. Dharmarajah currently serves as a member of the Board of Lanka Industrial Estates Ltd., Hapugastenne Plantations PLC & Udapussellawa Plantations PLC, Management Applications (Pvt) Limited, Renuka City Hotels PLC, Cargo Boat Development Company PLC and DHS Medical Group (Pvt) Limited.





**MR. H.A.S. SAMARAWEEERA**  
Independent Non - Executive Director

Mr. H. A. S. Samaraweera is the 39th Auditor General of Sri Lanka. He served in this position from August 2011 until his retirement in October 2014. During his long tenure in public service he held numerous top positions of the country culminating in being appointed the Auditor General in 2011. In that capacity, apart from his regular responsibilities, he was instrumental in setting up a Corporate Plan for the period from 2012 to 2016 aimed at uplifting the supreme audit institution of the country to a level on par with those of developed countries worldwide. Further he added a set of innovative accounting concepts for the preparation of financial statements of the Department in addition to the conventional appropriation accounts approach.

Mr. Samaraweera graduated from the University of Sri Jayawardenapura obtaining a B. Com (Special Degree) and is a fellow member of the Institute of Chartered Accountants of Sri Lanka and the Canadian Comprehensive Auditing Foundation (CCAF). Mr. Samaraweera served on two Parliamentary Committees namely Committee of Public Enterprise (COPE) and Public Accounts Committee (PAC). He also served as a member of the governing council of the Institute of Chartered Accountants of Sri Lanka (2011-2014).



**MR. W.M.S.V. KEERTHIRATHNE**  
Independent Non - Executive Director

Mr. W.M.S.V. Keerthirathne is a landed proprietor and a successful entrepreneur with a vast amount of experience from managing public enterprises to formulating national policy. In his career as an administrator in public enterprises he held the position of Chairman of many institutions including the Kirindiwela Multi-Purpose Cooperative Society, the Land Reform Commission, the Social Security Board of Sri Lanka, the Coconut Cultivation Board, and the Gampaha District Cooperative Rural Bank. He also served as a Director of the Cooperative Life Insurance Company Limited.

Mr. Keerthirathne commenced his successful political career as the Chairman of the Dompe Pradeshiya Sabha. Subsequently, he was elected a Provincial Council Member of the Western Province and has served as Acting Chief Minister and Chief Government Whip of the Council. Being elected as a Member of the Parliament of Sri Lanka he served the county at the national policy level as the Deputy Minister of Agriculture.

He has gained experience in the salt industry from his engagement as a Director of Puttalam Salt Limited where he held the position of Chairman for a significant period. He is currently the Chairman of Cooperative Employees Commission.



## SENIOR MANAGEMENT TEAM

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**Kishan Rohana Theadore**

Executive Director / Chief Executive Officer

**Ganaka Amarasinghe**

Executive Director

**Nevinda Jayasuriya**

Director - Finance & Human Resource (Group)

**Nalin Gangodavila**

General Manager - R & D (Group)

**Wasantha Hettiarachchi**

General Manager - Operations

**Rohana Kumara**

General Manager - Promotion (Group)

**Sagara Wickremasinghe**

General Manager - Finance

**Rohan Edirisinghe**

General Manager -  
Sales Admin and Marketing (Group)

**Lalith Pallage**

Deputy General Manager - Sales (Group)

**Dilruk Jayawardena**

Deputy General Manager -  
Operations (Wayamba Cereals)

**Ranjith Samarasekara**

Deputy General Manager -  
Human Resource (Group)

**Janika Kumara**

Assistant General Manager -  
(Southern Salt)

**Pushpa Hewamannage**

Senior Manager - Finance

**Kamani Gunathilake**

Senior Manager - MIS

**Jayantha Weerasinghe**

Internal Auditor

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# OPERATIONAL HIGHLIGHTS



The Group broke through the LKR 2 billion turnover mark for the first time in history, proving itself to be one of the strongest and most foresighted and farsighted business houses in Sri Lanka to have not only weathered the socioeconomic and political storm but also prospered despite of it.



When demand spikes due to external dependencies, the company responds admirably with its stocks ensuring no shortfall despite increased sales.



Despite the worst business and economic environment in the history the company maintained its fiscal stability.



The Soya cultivation program under cereal project continued for the second consecutive year on land exceeding 400 Acres.



The group net asset value per share increase from LKR 5.74 to LKR. 7.76



The group increase its earnings per share from LKR 0.76 to LKR 1.63.



The newly installed ERP system helps the company increase its efficiency and reduce its operational costs.

# THE PROCESS

**It has been a heady ride to bring the sea to the table.**

Breaking the shameful practice of importing salt when it is abundantly available in the blue surrounding us, Raigam Wayamba Salterns PLC recaptured national pride by becoming the key local manufacturer of salt products. With the government taking the correct decision to restrict imports, the onus was on the company to make good on the import shortfall and we did so by rapidly readjusting our production capacities and technical capabilities. While we have covered the sodium chloride requirement of the nation to a large extent, the next great horizon for the company is to commence manufacturing collateral products from its salt manufacturing process such as Epsom Salts (magnesium sulphate), Gypsum (calcium sulfate dihydrate). We take it as a personal mission to work towards their manufacture since these products are still being imported from overseas despite local availability of the primary raw materials.

## The Solar Salt Process

Solar salt is a result of evaporative crystallization of natural sea water or lagoon water under the sun. In man-made solar saltern ponds, this natural process is carried out to make solar salt commonly known as sea salt. The process is carefully controlled to get maximum purity of salt, Sodium Chloride by continuous irrigation based on availability of sunshine and the wind speed. Finally, salt crystals are separated from other minerals by harvesting while washing with saturated brine to remove any contact impurities. Harvested salt is stacked under covers for months allowing natural leach-out of unwanted chemical impurities.

**Sea Water / Lagoon Brine**



**Irrigation to Saltern**



**Crystallization**



**Evaporation in Condensers**



**Harvesting**



**Crystal Salt**



## The Process of Table Salt

Once the crystal salt is produced from the salterns, next step is to grade the crystal salt by looking at the physical & chemical parameters. Then, the process of powdering is made through hydro milling & transferred to elutriation system in order to remove soluble and insoluble impurities. Further refining of salt takes place and sent to the centrifuge for reduction of moisture ensuring the product is fluidized at fluidized bed dryer as expected. This is the process of drying done to ensure that the product is dry with free flowing nature. To make the fortification, Iodine is added as per the prevailing regulations of the country. Finally, packing of salt is made based on the market requirement.

**Iodizing**



**Centrifuging**



**Drying**



**Sieving**



**Crystal Salt**



**Pre-washing**



**Milling & Elutriation**



**Picking**



**Packing**

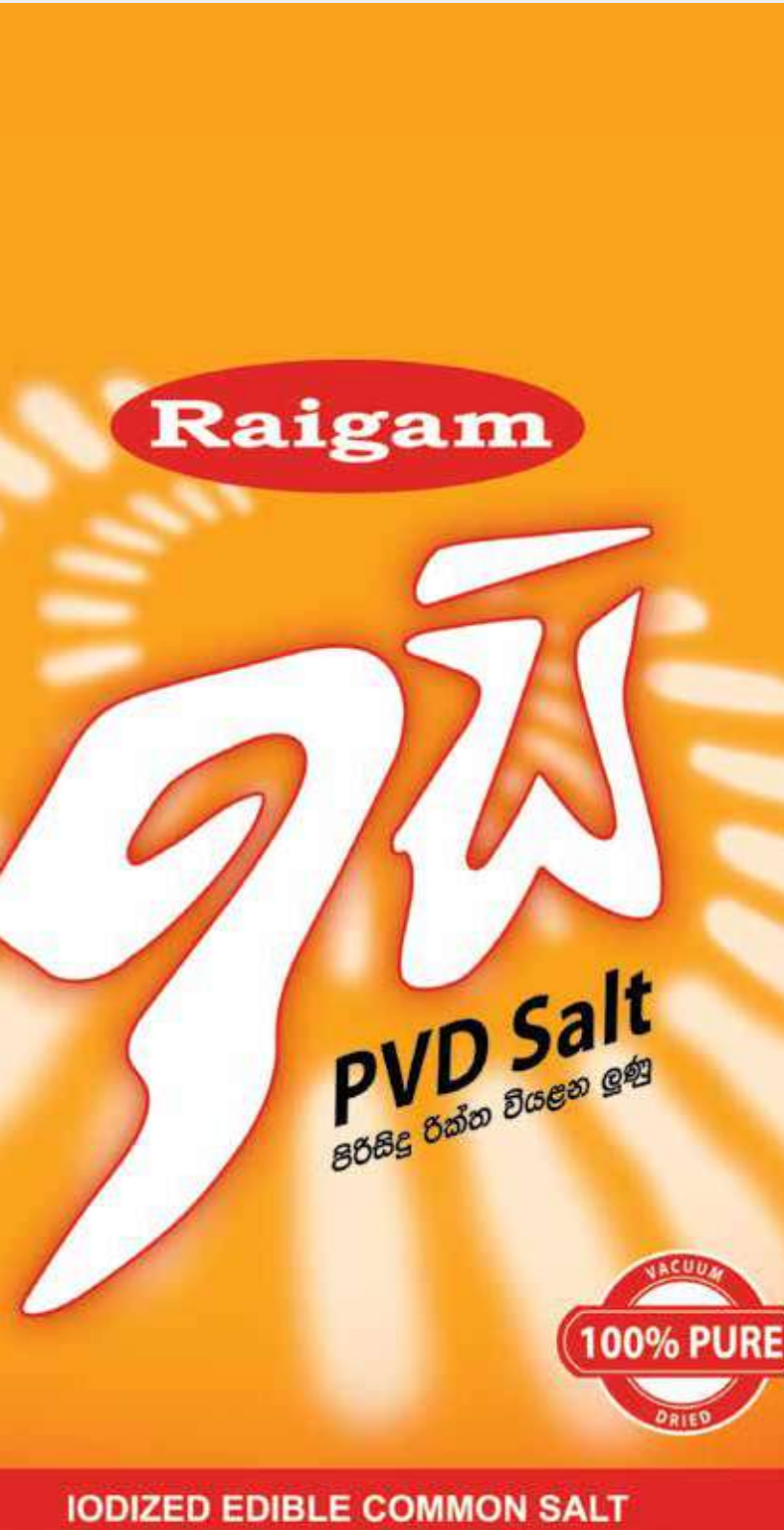


**Dispatching**





# THE PVD PROCESS



Being an island nation, Sri Lankans have fully utilized the resources of our seas to become self-sufficient in salt. However, the food industry still requires high grade (100% pure) salt which cannot be manufactured by the solar-salt process since it can never completely eradicate impurities regardless of the level of refining. In order to service the market for making pure salt, Raigam Wayamba Salterns PLC strategically invested in the machinery required for the process known as Pure Vacuum Dried (PVD) salt and thereby eliminate the importation of this product range.

The process is almost self-explanatory with brine containing 98% sodium chloride being treated for the extraction of crystalline salt through a vacuum technology. During the process, initial steps are taken to remove insoluble impurities thereby increasing the percentage of salt. The pure brine is then fed into a vacuum evaporation plant to further concentrate the brine. This is then crystalized through an enabling mechanism that allows the growth of sodium chloride and finally, the crystal salt is centrifuged and tried to make 100% pure free flowing salt powder.

The final product is subsequently customized according to the demands and dictates of the various industries that require it including the food, pharmaceutical and chemical industries. In order to cater to many types of requirement, the company uses international experts to create a product range with diverse particle sizes. These are created by changing the physical parameters of the crystallization and upgraded crystallization unit.

While the PVD market for high-end customers has been growing steadily over the past five years and with it the import volumes. However, with the ban, the country faced a dearth of the product and Raigam Wayamba Salterns, as a socially responsible organization, created a strategic plan to increase the production capacities of its PVD operations and in the process, did much to save the nation in that respect.

# THE CREATION OF VALUE

## The creation of value in a rapidly evolving global socioeconomic paradigm

During the industrial age, value was almost exclusively tied into money and the growth thereof with the rest of the elements essentially playing a supportive role only. While we are now in a transitional stage from the age of industry into the age of sustainability, the old order and mainstream business logic, while still substantially in place, is being gradually either modified or replaced through greater and greater emphasis is now being given elemental forces such as human beings, ideas, creative energy, radial and spiral product and brand identity. In line with this thinking, your company is also increasingly aligning itself with new-age thinking in order to give itself the most stable platform to push into the sustainable era.

While in general, we do place significant emphasis on the base rationale that value is created by taking inputs from capitals and transforming them through business activities, interactions and relationships to produce outputs and outcomes that aim, over the short, medium and long term, to create qualitative and quantitative improvement, growth, stability, predictability, durability for the organization, its stakeholders, society and the environment and, most importantly, ensure the elusive trust and “thrill factors” that define iconic business organizations. However, the way in which we perceive these being achieved is now gradually changing, in a world that is becoming both environmentally aware, sustainably enabled and technologically smart.

With respect to these baselines, we understand that our raw material (the sea) is a universal common and that we will leave no stone unturned to ensure its quality, its ecology, its usability for both the people of our country and the company is never compromised. Towards this, we will do even more in the future to be known as a responsible, sustainable development focused company than we have already done through our environment management, safety and social programs.

In these intrinsically interconnected efforts, we also understand that when we are networking with other businesses, partners, other suppliers, shareholders and customers, we are looking

at creating real value for them while they add value to us, increasing our mutual understanding, trust and synergies to “optimize the good” for society at large.

We also understand that our world, with heavy resource depletion is very quickly moving towards knowledge and innovation economies and in that respect, we are proud to state that your company has been in the forefront of innovation in verticals and are considered in that sense, the trend setters to the industry in Sri Lanka.

We also create value from our intangible assets, such as our brand reputation, our tacit knowledge, relationships, strategies and practices. Our actions are positioned in and around resources shared by other stakeholders such as land, lagoons, water sources and public areas and we recognize the need for transparency and accountability in our sharing of these common resources. Through our integrated reporting, we aim to share how we connect to and use these tangible and intangible assets to create and preserve the value that we create for Raigam Wayamba Salterns PLC and for others. An extent of the maturity of our integrated thinking as decision makers and employees is our ability to define both the positives and negatives of our selections.

# Value Creation Model

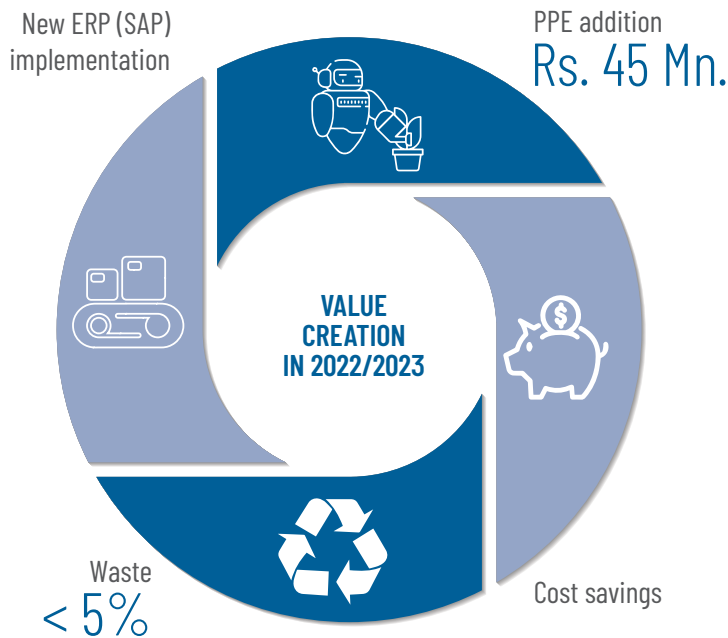
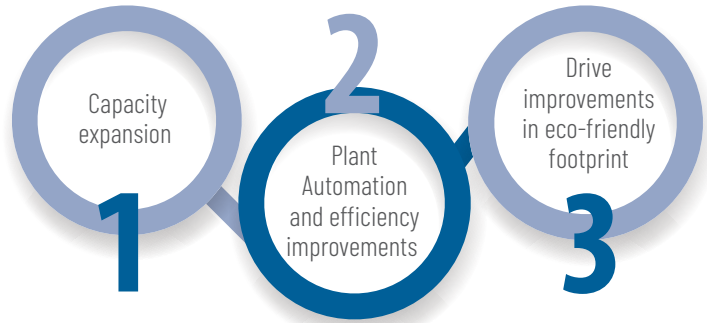


# Value Creation Through Five Capitals

## MANUFACTURED CAPITAL

"Our Manufactured Capital comprises of lands developed as salterns and state-of-art salt refinery. A saltern is a vital component of our value creation process as it enables us to consistently meet the quality and efficiency standards required to operate in an increasingly competitive atmosphere. We continue to enhance our Manufactured Capital through ongoing investments aimed at achieving manufacturing and operational excellence."

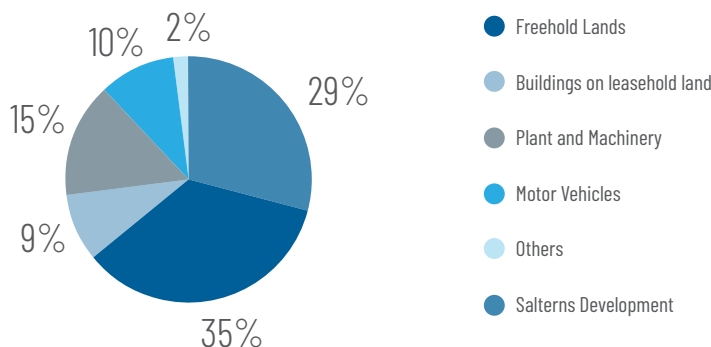
### STRATEGIC PRIMACIES



### HIGHLIGHTS OF 2022/2023

- Our manufacturing facilities include 335 acres developed as salterns and state-of-art salt refinery and automated packing facility. As at the end of March 2023, the group's property, plant and equipment amounted to Rs. 826 million contributing to 27% of total assets.
- Out of the total CAPEX during the year amounting to Rs. 45 million, Rs. 10.5 million (23%) was invested in the logistic sector while Rs. 34.5 million (77%) was invested in the manufacturing sector.
- We have initiated implementing SAP System for a smooth information for timely decision making.
- We continued to drive efforts towards reducing the environmental footprint of our operations.

### GROUP PPE STRUCTURE AS AT 31/03/2023

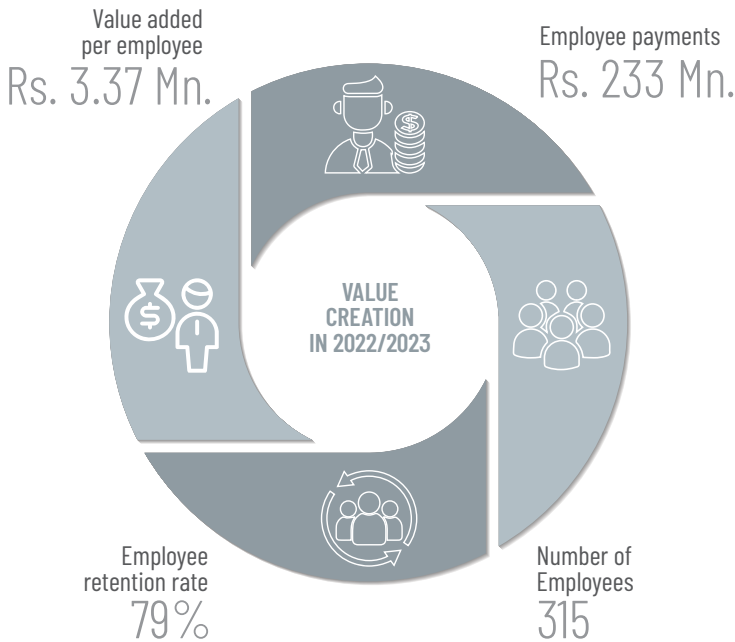


**Future focus:** Greater efficiency to generate cost savings will continue to be a focal point as we navigate a hard year. We will also drive further investments towards enhancing production capabilities and capacities, particularly in specialized categories of salt.

# HUMAN CAPITAL

"Our crew of 315 employees are the driving strength behind the Group's success. With labor scarcities affecting both the Saltern sector and refinery sector, we are devoted to building up a productive, high-performing personnel which will push us towards our strategic ambitions."

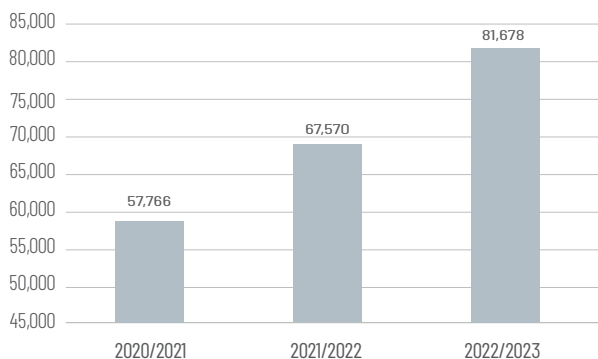
## STRATEGIC PRIMACIES



## HIGHLIGHTS OF 2022/2023

- The RWS HR policy framework and governance structures are generally aligned to that of our umbrella organization, the Raigam Group.
- Our team consists of 315 employees in the saltern sector and salt refinery sector. Saltern sector spread out across two locations in the island.
- We offer attractive benefits to employees in addition to their basic pay. As a result of that our employee retention ratio is 79%.
- The health and safety of our employees is paramount and we take every possible measure to ensure a safe environment at their workstations.

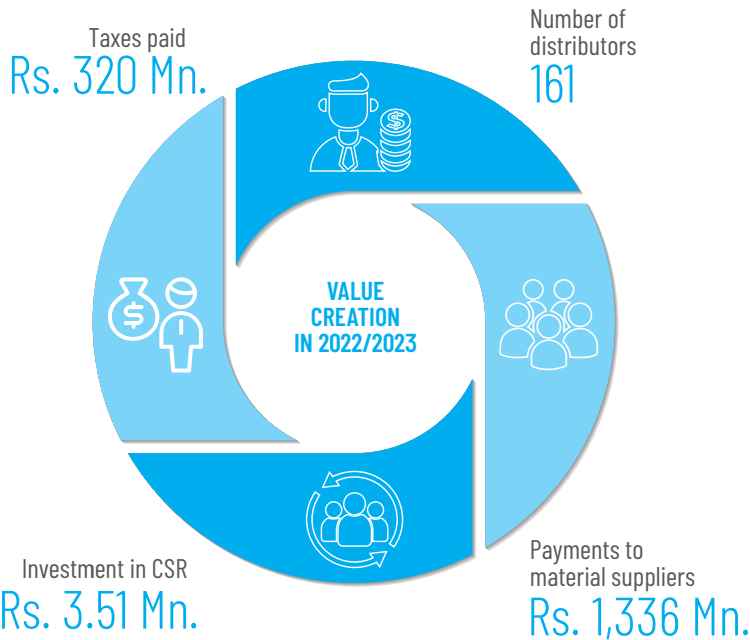
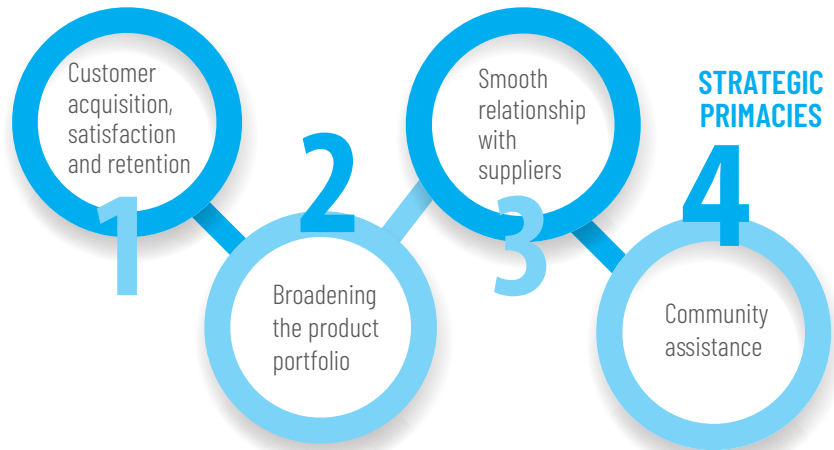
## AVERAGE SALARY PER EMPLOYEE (GROUP)



**Future focus:** We desire to create more job opportunities in the medium term as we further expand our capacity. Our people centric agenda for next year will include training and development, employee engagement and succession planning.

# SOCIAL & RELATIONSHIP CAPITAL

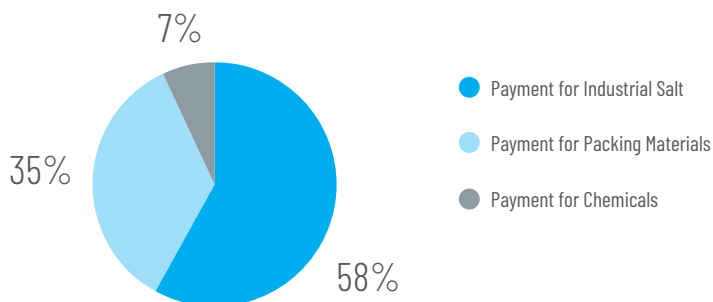
"We proceed to invest in deepening our relationships with customers, suppliers, and our communities to ensure mutual value creation through more acquisition, high satisfaction and continuous retention of customers, efficient supply chains with smooth relationships and empowered communities."



## HIGHLIGHTS OF 2022/2023

- We have continued our extended support to the community by providing employment opportunities for people residing in Puttlam and Bata-atha.
- We continued to support and develop multi-ethnic, multi-religious communities operating 3 preschools for children of low income households.
- We have timely paid Rs. 1,336 Mn for material suppliers with zero default during 2022/2023.

## CLASSIFICATION OF PAYMENTS TO MATERIAL SUPPLIERS

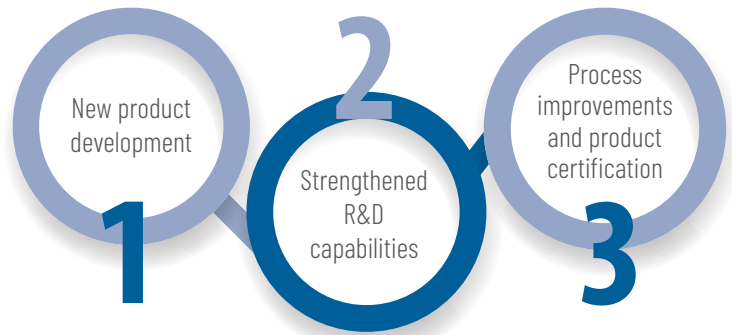


**Future focus:** We will continue to strengthen relationships with employees, customers, supply chain, communities and government while securing brand and reputation that RWS has developed and enabling environment for business by obtaining and maintaining its social license to operate.

# INTELLECTUAL CAPITAL

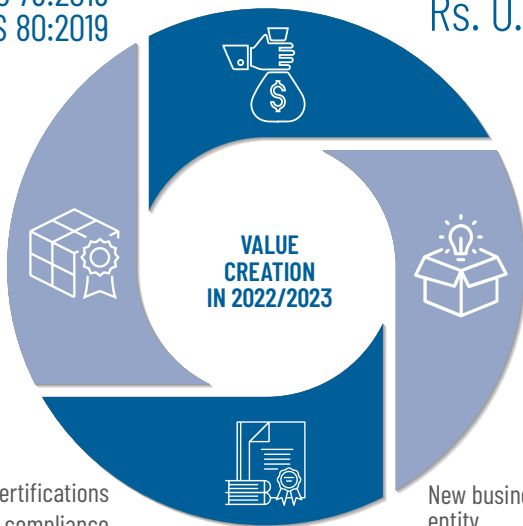
"Our intellectual capital consisting of our brands, tacit knowledge, systems, procedures and protocols continue to drive our brand value, enabling us to stand apart from our competition in terms of cost and quality."

## STRATEGIC PRIMACIES



Product certifications  
SLS 79:2019  
& SLS 80:2019

R&D Investment  
Rs. 0.2 Mn.



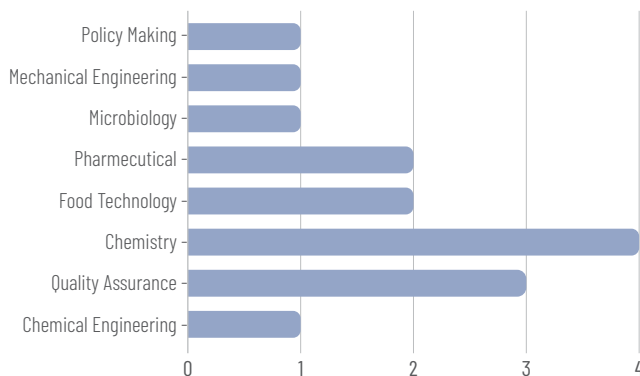
Process certifications  
constant compliance  
ISO9001:2015

New business  
entity  
01 No.

## HIGHLIGHTS OF 2022/2023

- Ongoing research and development enable us to drive continuous improvement in our processes and products.
- Our R&D team comprises of 15 highly skilled and trained professionals.
- We continue to comply with international quality certification of ISO 9001:2015, Quality management systems.
- We have completed the process of obtaining SLS 79:2019 for crystal salt and SLS 80:2019 for table salt and now our product quality is assured with SLS.

## SKILL COMPOSITION OF R & D TEAM

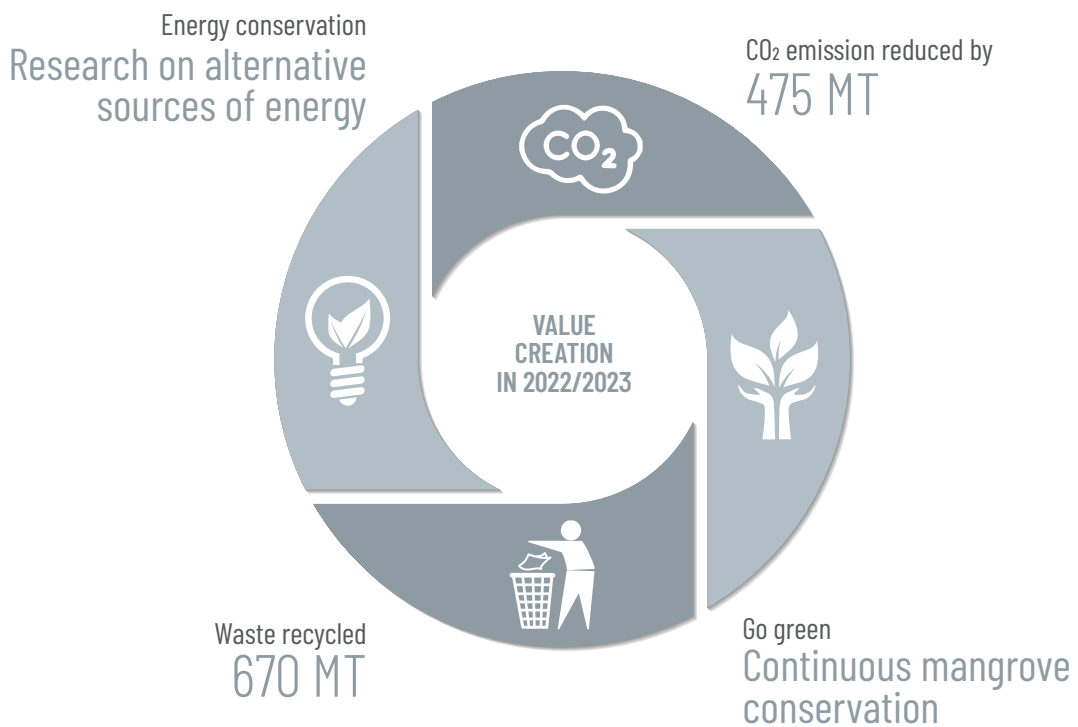
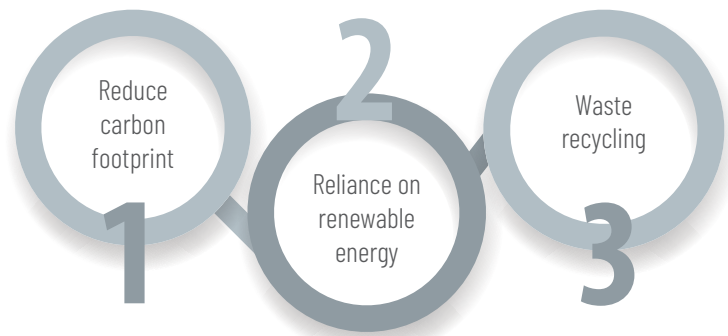


**Future focus:** We will continue to strengthen our research and development capabilities through ongoing investments in developing skills and infrastructure while product development will continue to be the focus.

# NATURAL CAPITAL

"With increasing climate changes affecting supply chains and communities, we have a responsibility towards driving responsible consumption of natural resources and minimizing the carbon footprint of our operations."

## STRATEGIC PRIMACIES



## HIGHLIGHTS OF 2022/2023

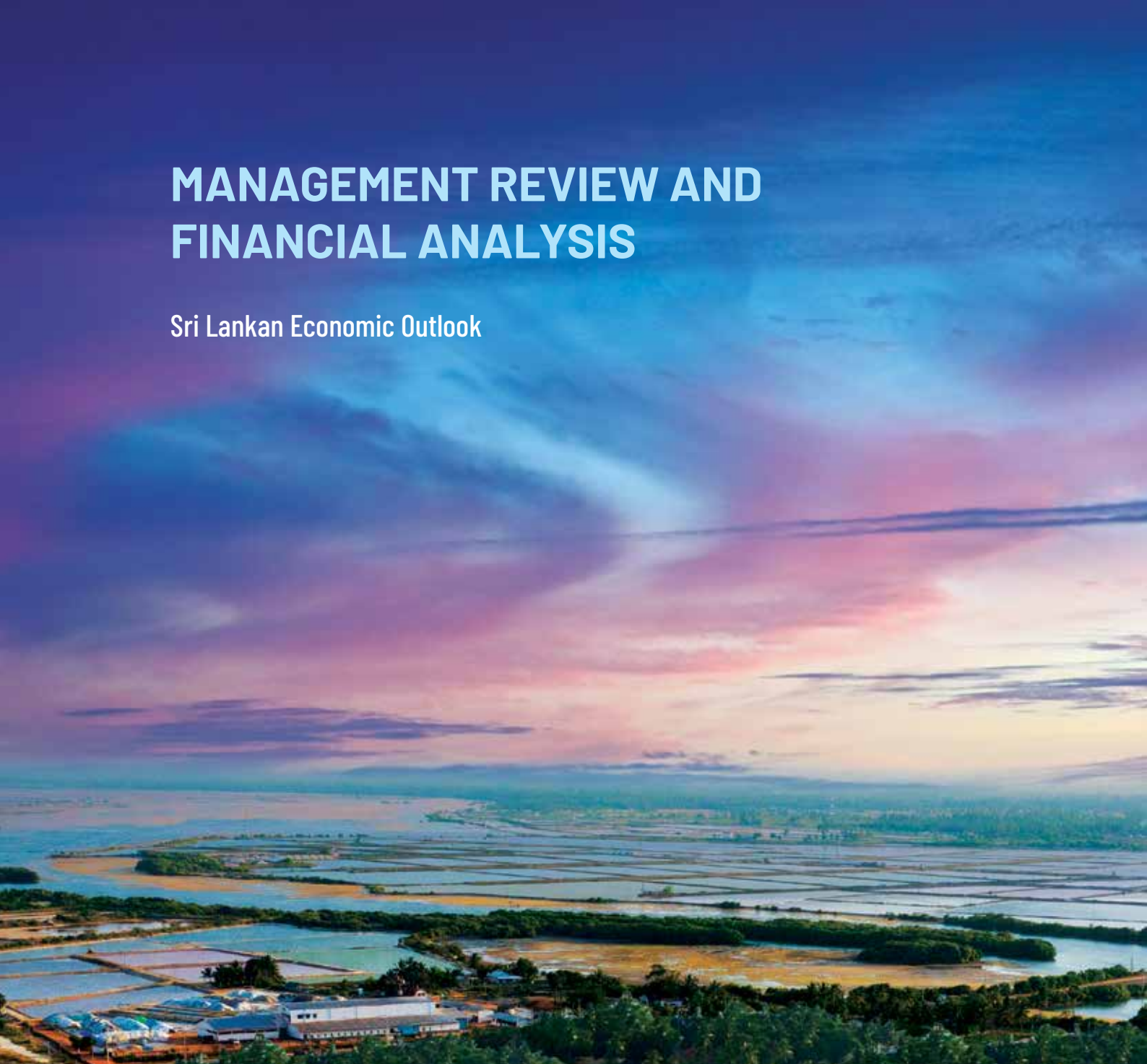
- Our environmental management framework is based on Raigam's Sustainable Business Framework.
- We expanded waste management, resulting in 670 MT being recovered during the year under review.
- With renewable energy generation, we have reduced emission CO<sub>2</sub> by 475 MT.
- Recyclable waste was removed with the assistance of approved third-party recyclers while ash from boiler is disposed in line with the regulations of the Central Environmental Authority.

**Future focus:** We will continue to focus on reducing our carbon footprint through efforts to reduce our dependency on non-renewable energy sources and by exploring process improvements aimed at reducing the carbon concentration.



# MANAGEMENT REVIEW AND FINANCIAL ANALYSIS

## Sri Lankan Economic Outlook



Sri Lanka's economy contracted by 7.8 percent in 2022. While all key sectors contracted, manufacturing and construction sectors suffered the most amid shortages of inputs and supply chain disruptions. High frequency indicators, such as purchasing managers' indices, indicate continued stress in the first quarter of 2023.

After peaking at an unprecedented 69.8 percent in September, headline inflation closed at 57.2 percent in 2022, reflecting the impact of elevated global commodity prices, monetization of fiscal deficits, currency depreciation, and food supply

constraints due to the 2021 ban on chemical fertilizers. Since January 2022, the central bank has raised policy rates by a cumulative 1,050 basis points to try curbing inflation.

Due to the economic contraction, half a million jobs were lost in industry and services and back-up lower-paying agricultural jobs could not compensate for income losses. Combined with increases in the cost of living, this economic contraction led national and urban poverty to double (to 25 percent) and triple (to 15 percent),



respectively. The crisis left 52 percent of the population in estate areas living in poverty, exacerbating spatial disparities, and led to an increase in overall inequality.

The trade deficit declined to US\$ 5.2 billion in 2022 from US\$ 8.1 billion in 2021, as exports, particularly textiles, grew faster than imports. This trade deficit reduction is estimated to have lowered the current account deficit, despite a fall in remittances (by 36 percent) and relatively low tourism receipts. Lower remittances – a source of income for 7.2 percent of the population – contributed to income losses and to the adoption of negative coping mechanisms, further increasing the risk of food insecurity and stunting.

The currency (LKR) depreciated by 78 percent against the US Dollar between March and May 2022 when it was floating. A return to a managed float, amid the ongoing foreign exchange management strategy, restricted the full year depreciation to 81 percent. However, due to low market confidence, bringing export earnings and remittances to Sri Lanka through formal channels has been challenging, despite mandatory repatriation and conversion rules. The unwinding of speculative Dollar holdings led to sharp appreciation of the LKR in early March 2023 amid sluggish import demand.

The overall fiscal deficit is estimated to have declined owing to the implementation of several new revenues measures (including a VAT rate increase from 8 to 15 percent), tightly controlled expenditure and a buildup of arrears to suppliers and contractors. Interest payments continued to absorb more than two-thirds of total revenue.

## CHALLENGES

In the last five years, growth and poverty reduction significantly decelerated due to several shocks, including COVID-19. A restrictive trade regime, weak investment climate, episodes of loose monetary policy, and an administered exchange rate contributed to external imbalances. Years of fiscal indiscipline, driven primarily by low revenue collections, led to high fiscal deficits and large gross financing needs. Combined with these pre-existing fiscal imbalances, tax cuts in 2019 contributed to a rapid build-up of debt to unsustainable levels. Sri Lanka lost access to international financial markets in 2020 after credit rating downgrades.

Without market access, official reserves dropped from US\$7.6 billion in 2019 to less than US\$500 million (excluding a currency swap equivalent to US\$ 1.4 billion with China) in December 2022. Net foreign assets in the banking system also fell to US\$ -4.8 billion in December 2022. This severe forex liquidity constraint has been felt across the economy, particularly from the second quarter of 2022, with shortages of fuel, medicine, cooking gas, and other inputs needed for economic activity. Amid depleted reserves, Sri Lanka announced an external debt service suspension in April 2022, pending debt restructuring. A foreign exchange management strategy (covering outflows with available inflows in the absence of debt servicing), implemented in the second half of 2022, somewhat stabilized the external sector.

The IMF Board approved a US\$2.9 billion-48-month Extended Fund Facility program on March 20, 2023, after securing financing assurances from official creditors to provide debt relief consistent with the IMF's debt sustainability framework. Social and sustainability indicators While the World Bank has already downgraded the country back to a Lower Middle Income Country (LMIC), it is important to recognize that as the situation stands, it is more realistic to state that it is a HIPC (Highly Indebted Poor Country) with bleak social and economic outlooks bolstering the argument for this reclassification. Under the current circumstances, it is important to recognize that citizens, increasingly disenfranchised with government fiscal policy and governance strategies have been forced to recalibrate their lives

and lifestyles and to resort to method and mechanisms that are less driven by market dynamics with trends that commenced during the pandemic such as bartering, sharing and giving, highly localized low-cost micro-markets and pico-vendor engagement becoming the norm especially in the essential foods sector. In the energy sector, citizens have rapidly switched from unaffordable and sparse fossil fuels to easily obtained biomass based energy sources for domestic purposes. These are trends that are more in line with circular economics than linear economics. While the trend is painful on the surface, Sri Lanka has a strong history of defaulting to citizen-to-citizen support that has kept most of the negatives of economic and social meltdown from spilling over into anarchy although such eventualities are certainly possible.

In terms of social indicators, Sri Lanka scores high in comparison with the world. A score of 0.782 ranks the country in the upper mid-range of the United Nations Human Development index (HDI), coming in 73rd and is close to that of most developed countries. Regionally, it perennially scores high in enrollment rates and life expectancy while it scores low in teenage pregnancies and infant mortality. It has low poverty rates and very low extreme poverty rates while a low GENI coefficient indicates better wealth distribution than many developed countries. It has consistently ranked among the top ten in giving while in the top 5 for sustainability. Despite those positives it should be noted that it ranks in the higher-bottom of the Happiness Index (110th rank in 2022), is one of the least happy among Buddhist majority countries and the second most vulnerable country in the world to climate change.

The indicators are at best mixed and at worst, significantly negative with social, economic and climate headwinds significantly impacting the stability of both the economy and society. However, Sri Lanka has tightened its belt and is looking positively at weathering the storm over the next few years with the key takeaway from the outlook being careful optimism across the business world.

## Salt Industry

Salt is a universal commodity; it plays an important role today in human survival and well-being. Medical science utilizes salt as the universal carrier for iodine in the eradication of preventable brain damage and iodine deficiency disorders. Salt is involved in regulating the water content (fluid balance) of the body. The manufacture of salt has been a naturalistic operation from the days of the ancient kings.

Similar to Agriculture Industry, performance of the Salt Industry is also subject to the behavior of weather conditions. As in paddy cultivation, harvesting of salt is also done in two seasons. The Maha season stretches from July to October and the Yala season from February to mid-April. The method of salt production has undergone changes over the years. Due to increased demand, the salt industry is now transforming from conventional methods to high-tech practices.

Sea and lagoon water is pumped through a number of reservoirs into specially prepared areas known as salt pans where it is kept until crystallization. The salt formed in the pans is then collected and transported to salt heaps. In order to make this common salt edible, it is washed, dried and sprayed with an iodine solution before packing. Table salt is prepared according to a special process.

Since Sri Lanka is surrounded by sea and it also has numerous other favorable conditions for the manufacture of Solar Salt in the coastal areas, it can be said that the Salt Industry has a more favorable position compared to other industries.

Salt is a biological necessity for human life and had been used by humans since pre-historical times. The fact that consumption of salt is necessary for the human life and the demand for Salt is increasing year to year with the development of industrial, food and beverage sectors. Due to the demographic changes, the type and choice of salt usage by the Sri Lankan consumers have been significantly converted from the traditional crystal Salt to value added Salt (Powdered Salt) in the recent past.

## Strategy and performance

Riding on a number of external dependencies as well as strong internal controls, the company exceeded all expectations during one of the darkest periods in the history of Sri Lanka by recording the highest net profit in the entire history of its operation.

While opportunities were few, the company was always ready to rapidly readjust itself to exploit them and ensure that its bottom lines remained strong regardless of a very bleak economic outlook for the country. Additionally, it clearly recognized the need to diversify its business operations and refocused some of its overall activities to move into other product options unrelated to salt such as cereals, rice, turmeric and coffee milling etc. allowing it to grow its horizontals and reduce any risks that can affect its performance if it concentrated solely on verticals.

## Marketing and brand positioning

During the year under review, some areas of marketing such as advertising were downgraded to reduce cost of sales. However, in terms of direct marketing through its distribution network and consumer touch point strategies, the company has maintained its presence as the top value added salt brand in the country.

## Human Capital

The most valuable asset in every organization is Human Capital. Thus, Human Capital becomes one of the critical success factors of the Company. Losing skilled labor is an unbearable cost to any Company. Therefore, we have implemented comprehensive and formalized policy frameworks covering all human resource aspects and clearly defined governance structures as Group's human resource strategy which is effectively implemented and that all employees are treated justly and equally. Majority of the employees are engaged in either field activities or production under extremely difficult conditions. Moreover, our HR policies also ensure that we do not engage child, forced or compulsory labor. Our HR policy encompasses compliance with all labor laws of the country and employee rights and is aimed at facilitating a merit based, non-discriminatory work environment. However, our manufacturing activities tend to be male dominated due to physical demand of the job/industry.

The Group has on board a competent team of professional and skilled employees who has driven the Group to new heights of excellence. A majority of our employee-base at all levels have an extensive knowledge and experience in salt industry. This has been a key factor in maintaining a competitive advantage in the market and in maintaining market leadership and product quality consistently. A range of benefits and incentives have been introduced to ensure their job satisfaction, personal and professional development as well as recognize their achievements. This, in turn, has benefited the Group in terms of enhanced employee productivity and their long-term commitment to the Group.

The number of employees increased to 315 from 286 YoY and can be seen in breakdown form in the following tables:

## Employee Gender Distribution Company Wise

| Category                 | Company    |           |            | Group      |           |            |
|--------------------------|------------|-----------|------------|------------|-----------|------------|
|                          | Male       | Female    | Total      | Male       | Female    | Total      |
| Top Management           | 2          | 0         | 2          | 2          | 0         | 2          |
| Managerial Level         | 10         | 0         | 10         | 12         | 0         | 12         |
| Executives               | 25         | 6         | 31         | 33         | 7         | 40         |
| Clerical and Supervisory | 36         | 3         | 39         | 42         | 4         | 46         |
| Workers/Skilled Workers  | 153        | 35        | 188        | 170        | 45        | 215        |
| <b>Total</b>             | <b>226</b> | <b>44</b> | <b>270</b> | <b>259</b> | <b>56</b> | <b>315</b> |

## Employee value and remuneration

We are a company that places high value on our employees and while complying with labor laws we exceed the compliance requirements especially for are large contingent of blue-collar workers by providing them with opportunities to advance themselves while giving back value to the company. The value per employee and the remuneration per employee are provided below.

| Description                                 | 2022/2023<br>(Rs.) | 2021/2022<br>(Rs.) |
|---|--------------------|--------------------|
| Average Remuneration per employee per month | 81,678             | 67,570             |
| Value per employee                          | 3,387,262          | 2,624,468          |

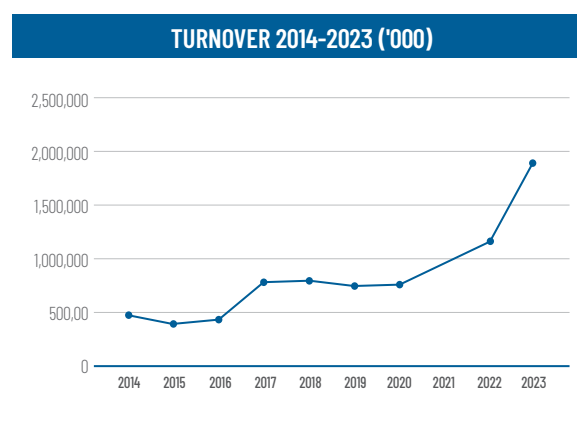
## Outsourced services

A number of outsourced employees are working in the manufacturing areas and salt harvesting areas as helpers in non-routine and non-value adding jobs. The Group has taken adequate steps to ensure the legitimate rights of such outsourced employees and monitors on a monthly basis the regulatory compliance with respect to payments by the service providers. Like other employees, they are also entitled for the Annual increment and staff welfare benefits in order to create

non-discriminatory work environment. In addition, actions have been taken to ensure that the service provider provides those benefits as agreed. In every year, this assessment is being conducted in order to carefully evaluate whether they are registered with the Labor Department and they should, on a monthly basis, furnish documentary evidence for statutory compliance in terms of EPF and ETF payments.

## Turnover

Overcoming the worst socioeconomic crisis the country has face in its history, the company posted its best financial year with a record turnover of LKR 1.799 billion, up from LKR 1.063 billion, an increase of 69.15% which is the highest percentage gain YoY in the history of the company.



## Earnings Per Share (EPS)

The Company's Earnings per Share (EPS) stood at LKR 1.34 for the financial year under review, as against LKR 0.61 recorded last year and up by a massive 119.5%, which reflects the fiscal gains made by the company during the reporting period. Strong management, process and fiscal controls will be utilized to ensure that the upward trend is maintained into the future.



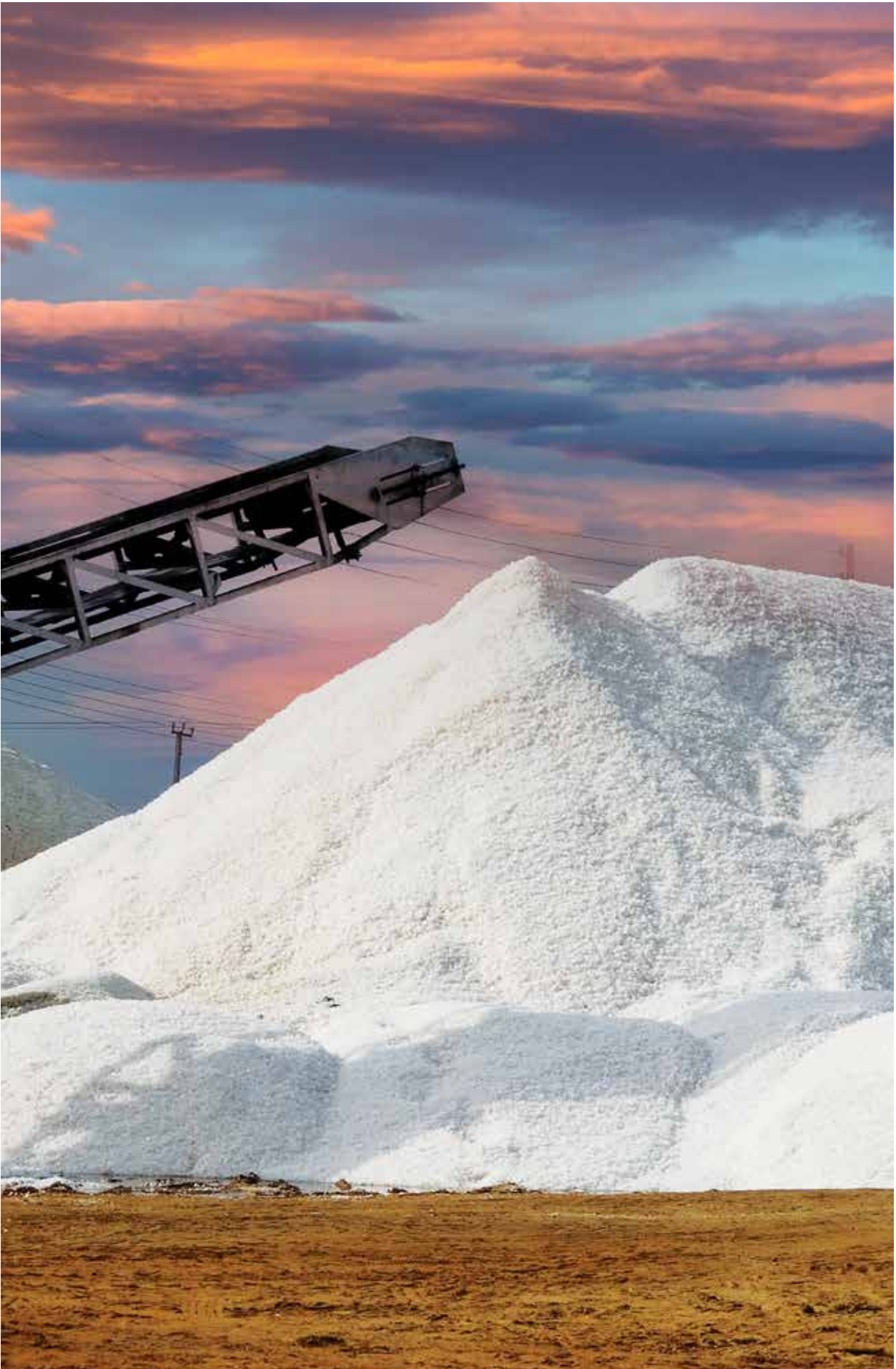
## Market Price and Dividend

Share price of the Company increased to Rs.6.90 from Rs.4.60 YoY. The group dividend policy is formulated taking into consideration the group's overall performance and growth plans as well as economic and market dynamics. Considering the increased gains YoY, the company recommend a dividend of LKR Rs. 0.20 per share.

## Financial Position

The Group's financial position is healthy, reflecting consistent asset growth, a strong equity base and low gearing levels. Total assets grew by 55.02% to LKR. 3.034 billion during the year. During the year, the Group invested LKR. 44.92 million in capital assets for the prosperity of the group. Net asset value of the Group has grown by LKR. 572 million.

The Group's liquidity position is strong, with cash and short-term deposits amounting to LKR. 923.8 million at the end-March 2023, in which LKR. 215.02 million was made during the year. The current asset value has grown up to LKR. 2,175.5 million which is a 2.97 times more than the current liability. The debts to equity ratio stood at 38.48% and 20.90% for 2022/2023 and 2021/2022 respectively. Accordingly the overall financial structure of the group reflects a strong position.



# STAKEHOLDER ENGAGEMENT



## Preamble

Raigam Wayamba Salterns PLC is a triple bottom line company and as such, its committed to a 360-degree stakeholder engagement that is aimed at mutually rewarding experiences. For us, how we are positioned to be contributing agents to our people and our planet is as important as our desire to ensure optimal profits for our shareholders and our company. From our vision all the way down to the last of our employees, the least mangrove sapling, the tiniest fish in the seas we use as

our primary raw material, the most casual of customers, the smallest of our shareholders, the newest of our suppliers are all as important as the biggest among them.

**Our vision is not for our boardroom but for every single one of our staff to commit to**

We make sure the vision is communicated to all staff, along with the goals that will bring the organizations vision to life. It empowers our staff to be more effective, and therefore we never let it become a statement that sits on a memo





*Purity assured by the process*

in a desk drawer. We get all of our people onboard with our enthusiasm for this commitment, each doing their utmost to ensure its fruition. In our effort, we are proud to note that we all speak with one voice, one heart, one mission.

Furthermore, critically, our vision, mission and values are not carved in stone and left to become either stale or irrelevant over time. Instead, we constantly review these as a key component of adjusting to changing social, economic and environmental realities and constantly attempt to mirror these in our own approaches.

**When we plan, we do it as a company, not as a board or an SMT**

Yes, it is certainly a formal consideration of our collective futures but in order to answer the questions “What do we do?”, “For whom do we do it” and “How do we excel” we require the engagement of all of our staff at every level. This is the only way in which a strategy can become actionable; a plan taken from the board to the field. Therefore, in line with our vision we have created the enabling environment to obtain the ideas and opinions of our most valued asset, our staff who are encouraged to contribute in no small measure towards driving us to achieve our vision for the company and see how all of this can have a positive impact across our spiral of influence. In these efforts, strategic challenges are identified based on a very sober gap analysis. In the year under review our priority was to sustain and increase our market share. Additionally, it is identified the mission critical fact that it requires highly competent people

at all levels to consolidate position and expand operations. In this respect the company has 270 employees whose capacities and capabilities are continuously improved through rigorous development regimes revolving around both internal and external training with regular evaluation of improvement of competency through internationally accepted, triangulated performance evaluation systems.

Next, we understand that in a competitive business environment, either minimizing or completely irradiating waste (“zero waste culture”) will be the critical edge required for market dominance. This is why special attention is paid to this most crucial aspect of process optimization in our strategic planning.

| Waste              | Responsibility                 | Review                          |
|--------------------|--------------------------------|---------------------------------|
| Packing material   | Production executive           | Daily                           |
| Machine break down | Maintenance Engineer           | Daily                           |
| Energy             | Cross Functional Team – Energy | Weekly review/ Daily inspection |
| Solid Waste        | Manager -Costing               | Monthly                         |
| Wood               | Production Supervisor          | Daily                           |
| Fuel               | Stores Manager                 | Daily                           |
| Rejection          | Section Head                   | Daily                           |



Lastly, know that in a world changing its way of doing business and committing itself to more sustainable paradigms of life, innovation and farsighted understanding of the needs of society in general and our various customer types is crucial to the long-term stability of the company and therefore, we are fully committed to our research and development. The importance of R&D is underscored by the fact that the company has an entire division dedicated to it and organized under a General Manager. This team continuously pays attention to product and process innovations. We are proud to note that as a result of R&D efforts we have launched many value-added products to the general trade and tailor-made products as industry inputs.

### **In our engagement with our customers, we are more interested in branding than in selling**

In our approach to optimize equity for our customers and win their trust, we know the importance of servicing their needs with the best quality product we can manufacture and we firmly believe that going that extra mile to optimize the quality of our product is going to be worth it in the long run even though it may cost us more to produce it. Having done that, we can do what most in the salt industry cannot – stand behind our product portfolio.

All of our branding efforts are carefully planned and carried out throughout the year with focus on the umbrella brand “Raigam” and the salt product range under “Isy”. Since our customers are part of our “people” bottom line, we are not content to merely give them a package of salt. Instead, we regularly This function

is organized under a Deputy General Manager and continuously pay attention to product and process innovations. As a result of R&D efforts we have launched many value-added products to the general trade and tailor-made products as industry inputs.

In that respect, we understand that our promotions effort is not simply radial from supplier to consumer. Rather, we know that there needs to be a 360-degree awareness among all our stakeholders and therefore we use multiple channels to touch employees, shareholders, distributors, customers, suppliers, government and community. In order to ensure our efforts are communicated and reinforced consistently within them, our marketing campaigns utilize all the channels available from magazines, prospectus, website, induction and recruitment packs, press releases, social media and our office while we create increase of trust by wisely sharing our stories with targeted stakeholders.

All of these efforts on our part have allowed us to maintain our standards and make substantive headway in product awareness with high capacity to cope with turbulent market conditions due to the confidence generated in consumers on the quality of our products.

Our product comes from nature, our heart is therefore in the conservation and regeneration of our natural resources

Ensure the conservation of the environment and, ensuring its stability, its continuity and most importantly, its ability to replenish, rejuvenate and regenerate itself is a non-negotiable mandate that we a part of the company's DNA. In its business operations it therefore places the utmost care in the use of natural resources including intake of lagoon water, firewood, waste management and soil conservation in salterns. From the environment perspective we are therefore not merely paying lip service to conservation understanding that there is more to environment resource management than pure conservation although we do that as well.

Therefore, as a responsible company, we took initiatives at the very inception to assess the environmental impact to the surrounding habitat by our operations through a comprehensive Environmental Impact Assessment (EIA) before launching our projects. Each project was justified in terms of national interest and highly focused on to the protecting environment and mitigating all environmental cost. We have a team in place to monitor environmental response mechanisms.

In the operational environment, we have taken all necessary steps and implemented every possible strategy and process to reduce the carbon footprint and to protect the environment. Some of these are as follows:

- Usage of modern technologies in the dryer to protect the heat and optimize the energy requirement.
- Salterns are fully developed on the ground without harming to the environment.
- Discharged salt water from the cleaning operation is being fully used for the PVD plant as Input without sending back to the Salt beds.
- Re-cycle operation of packing material is made partnership with re-cycling process communities in order protect the environment.
- Firewood is one of main energy source and following strategies are used to minimize the environmental impact.
  - Firewood are purchased only from license holders.
  - Mechanical controls are established to increase burners' efficiency (e.g. there is check list for regular maintenance activities such as regular tube surface

cleaning, controlling cool air and hot air at burner to maximize heat, etc.).

- At the production process, usage of heat has optimized by continues production.
- Tree replanting programs have been implemented by the company.

Additionally, we have implemented recycle mechanism for packing materials damaged and used in production in order to ensure green productivity. Furthermore, the salt manufacturing process is clearly segregated at each step from starting raw materials to final finished goods. Through consecutive brainstorming processes, the total manufacturing process is materialized and the material balance is monthly reconciled to monitor and avoid possible wastages.

Bellow mentioned one example for control over wastage analysis done by company on monthly basis.

| Description              | Kgs       | %       |
|--------------------------|-----------|---------|
| Output                   | 835,117   | 68.25%  |
| Recovered Waste - Reused | 178,391   | 14.58%  |
| Moisture and Insoluble   | 90,051    | 7.36%   |
| Unrecoverable Waste      | 119,995   | 9.81%   |
| Total Input              | 1,223,554 | 100.00% |

### Most say “Our employees are our most prized asset” – We? Prove it!

We know that knowledge is power and we want all of our employees to be so empowered. Therefore, knowledge transfer from senior workers to juniors is an on-the-job process to which the junior workers are continuously exposed. A new worker, once allocated to an operation, is given a basic training by the supervisor. However, he will gain in-depth knowledge of operation while working with the senior carder, who will continuously transfer knowledge to the new employees. This open communication and learning culture have made such action effective than in most of other companies. Departing seniors are taken to an exit interview where they freely transfer their knowledge for the benefit of the company.

As a learning organization, the Company has given priority in managing knowledge of the workforce. At recruitment, the applicant should satisfy pre-determined criteria respective to their competencies. A competency mapping is done by Deputy General Manager - Human Resource, to identify the competency gaps (if any) with the applicant. If selected, the employee shall undergo a probationary period in which he/she will be given a rigorous training in order to develop the required competency level. With strong HR capabilities within the company's Senior Management Team, our employees are given the best opportunity to further their careers through knowledge and skills enhancement.

However, knowledge alone does not create a happy employee and therefore, the company has also developed a production incentives scheme to reward those employees who exceed



expectations regardless of their standing within the company. In these activities, the schemas developed by the company are both employee centric and result centric.

Additionally, we value the health of the workers and this is assessed periodically by a registered medical practitioner. This includes annual medical check-ups for direct food handling workers and inhouse medial camps for all workers. To maintain day-to-day hygiene, disinfectants, gloves, boots are provided, and their use is daily monitored by quality control division while a first-aid room equipped with essentials medial items is maintained by each factory.

Going beyond simple compensatory frameworks, a welfare society has been created to cater to the greater social needs of the workers. All of the workers are part of this society and

through this membership they are eligible for loan schemes, supportive allowances for funerals, hospitalization allowance, retirement benefits, availability of company products at a lower rate, discounted rates for foods and tea.

In all organizations, employees do have issues from time to time. At our company, we have a very strong grievance handling process to respond to them. The process allows for most of them to be handled by the immediate supervisors with mediation by the Deputy General Manger - Human Resource. In most cases, workers can also directly access the Chairman to sort out matters. We are proud to note that workforce engagement activities have reduced the number and significance of grievance over the years. In that respect, senior leaders often meet with workers to review their grievances, complaints and welfare.

Going by our vision for an integrated and committed company, the key decisions related to policy, strategy or developments are communicated to the workers in special meetings which are held as and when required. The feedback received from employees is given consideration by Senior Leaders, even for the policy level decisions.

Finally, employee satisfaction surveys are done annually to identify opportunities to provide employees with a better workplace. This survey takes in to consideration the behavioral, work related, administration related, compensation related, and personal grievance related parameters existing within the workforce. Subsequent to each survey, the Employee Satisfaction Index (ESI) is measured based on predetermined criteria.

### **The voice of our customers is not merely acknowledged but heard and responded to**

Although on the surface, salt might seem like a commodity about which customers rarely complain, our company has gone that extra mile to ensure that the slightest dissatisfaction is seriously considered within a strong response system. Firstly, we secure the quality of our product by providing to the workforce for making non-defective products. However, if customer complaints are received for the product, the management must provide a strong explanation to the senior leaders. Such is our commitment to excellence that even with an FMCG of this nature, traceability of product is maintained to the extent that the worker who has produced the defective goods can be tracked. If claims are found to be valid, then the relevant worker's compensations will be deducted and this has ensured a customer centric approach across the company from its leaders to its least worker.

### **Our engagement with regulators is not merely for compliance**

#### **Our leaders**

As a public quoted company, the organization is fully cognizant of its responsibility to the SEC and the shareholders and valued their continued support and therefore gives highest priority to any and all needs of both. However, we wish to be known as a company that contributes to the larger issues of national policy and the salt industry. In that respect there are many touch points where our senior leaders have contributed to both as seen on page 62 - 63.

### **Involving in Standard setting process for edible salt**

Sri Lanka Standard Institution introduced standards for edible salt in Sri Lanka. In this standard setting process our company top management (CEO, GM-R&D) contributed massively to develop standards throughout the standard developing process.

### **Participate in making regulations for edible salt**

Food advisory committee of health ministry introduced new regulation (Gazette) for edible salt. When finalizing this gazette our company top management (CEO and GM-R&D) taken leading roll representing the industry by providing necessary information, industry issues and customer aspirations.



# PARTICIPATION IN PROGRAMS OF NATIONAL IMPORTANCE



**DR. RAVI LIYANAGE**  
Chairman

- Played a pioneering role to promote salt industry in Sri Lanka and made it self-sufficient by investing, making awareness, working with the authorities to impose protective fiscal barriers and product & market innovations to match the changing demand.
- Served as a member of the Faculty Board, Faculty of Management Studies and Commerce of the University of Sri Jayewardenepura and as a member of the Governing Council of the University of Colombo.
- Served as a member of the National Pay Commission, Education Reforms Commission, Mahapola Scholarship Trust Fund Board, Presidential Task Force for Economic Revival at Poverty Alleviation.
- Served as a member of the Standing Committee on Accreditation and Quality Assurance (SCAQA) of the Ministry of Higher Education, National Science and Technology Commission (NASTEC), Intellectual Property Advisory Commission (IPAC).
- Served as a member of the Monetary Policy Consultative Committee of Central Bank of Sri Lanka.
- Presently serves as a Governing Council member of the University of Sri Jayewardenepura and as a Governing Board member of Post-graduate Institute of Management (PIM).
- Contributed the local film industry by producing the popular history based movie “Kadira Divyaraja”.



**SNR.PROF. S.P.P. AMARATUNGE**  
Director

- Chairman, University Grants Commission
- Upgraded the Reserach Committee to a Research Council to accomodate 25 research centers for nationally and internationally relevant development projects.
- Founded the Invention Innovation and Venture creation Council at the University of Sri Jayewardenepura.
- Initiated the Innovate Sri Lanka Exhibition at the BMICH.
- Former Vice Chancellor of the University of Sri Jayewardenepura.
- Former Chairman of the Committee of Vice-Chancellors and Directors.
- Former member of the Association of Commonwealth Universities, United Kingdom.
- Active participation in academic development programmes of many government and private sector institutions.



**MR. T. DHARMARAJAH**  
Director

- Served as a member of the Governing Councils of The Institute of Chartered Accountants of Sri Lanka and the Association of Accounting Technicians of Sri Lanka (AAT Sri Lanka).
- Past President of AAT Sri Lanka.
- Member of the Governing Council of the University of Sri Jayewardenepura.
- Authored several books in Accounting Standards for advanced level and professional level studies.
- Served as an advisor for government and private sector organizations in adoption of International Financial Reporting Standards (IFRS).
- Serve as an Independent Boards Member of several companies including banks.



## Involving in Standard setting process for edible salt

Sri Lanka Standard Institution introduced standards for edible salt in Sri Lanka. In this standard setting process our company top management (CEO, GM-R&D) contributed massively to develop standards throughout the standard developing process.

## Participate in making regulations for edible salt

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## Our Relationship with Stakeholders at a glance

| Stakeholder                      | Interest area   | Mode of engagement   | Frequency   |
|----------------------------------|---|--|---|
| Employees                        | <ul style="list-style-type: none"> <li>Company performance</li> <li>Job security</li> <li>Benefits program</li> <li>Compensation</li> <li>Education &amp; training program</li> </ul> | <ul style="list-style-type: none"> <li>Training sessions</li> <li>Face to face communication</li> <li>Telephonic conversations</li> <li>Annual events</li> </ul>   | <ul style="list-style-type: none"> <li>Annual employee evaluation</li> <li>Training programs when required</li> <li>Monthly operational review</li> </ul>                 |
| Shareholders                     | <ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Annual Report</li> <li>Dividend</li> <li>Share price</li> <li>Press conferences and releases</li> </ul>        | <ul style="list-style-type: none"> <li>Conducting AGM as per requirements</li> <li>Annual dividend recommendations by the Board to AGM</li> <li>Conducting press conferences to inform future steps</li> </ul> | <ul style="list-style-type: none"> <li>Annual AGM</li> <li>Annual dividend</li> <li>Regular monitoring of share price</li> <li>Press conferences once required</li> </ul> |
| Distributors                     | <ul style="list-style-type: none"> <li>On time distribution</li> <li>Transport cost</li> <li>Free issue</li> <li>Distributor discounts</li> <li>Merchandising</li> </ul>              | <ul style="list-style-type: none"> <li>Field visits</li> <li>Telephonic inquiries</li> <li>Personal meetings</li> <li>Workshops</li> </ul>   | <ul style="list-style-type: none"> <li>Annual sales conference</li> <li>Ongoing road shows</li> </ul>   |
| Customers                        | <ul style="list-style-type: none"> <li>Price</li> <li>Quality</li> <li>Health</li> <li>Regulatory compliance</li> </ul>   | <ul style="list-style-type: none"> <li>Regular advertisements</li> <li>Communication through brand managers</li> <li>Direct contacts</li> <li>Market surveys</li> </ul>  | <ul style="list-style-type: none"> <li>Ongoing</li> </ul>   |
| Suppliers                        | <ul style="list-style-type: none"> <li>Cost and Quality</li> <li>Credit period</li> <li>Relationship</li> </ul>   | <ul style="list-style-type: none"> <li>One-to-one meetings</li> <li>Supplier Contracts</li> </ul>  | <ul style="list-style-type: none"> <li>Annual contract renewal</li> <li>Ongoing</li> </ul>  |
| Government and Regulatory Bodies | <ul style="list-style-type: none"> <li>Compliances</li> <li>Jobs</li> <li>Minimum investment</li> <li>Eco friendliness</li> </ul>   | <ul style="list-style-type: none"> <li>Liaising</li> <li>Direct communication</li> <li>Compliance monitoring</li> </ul>  | <ul style="list-style-type: none"> <li>Ongoing</li> </ul>   |
| Community                        | <ul style="list-style-type: none"> <li>Jobs</li> <li>Safety</li> <li>Environmental protection</li> <li>Donations</li> </ul>   | <ul style="list-style-type: none"> <li>Sponsorships</li> <li>Disaster management plan</li> <li>Public events</li> <li>CSR activities</li> </ul>  | <ul style="list-style-type: none"> <li>Ongoing</li> </ul>   |

# CORPORATE GOVERNANCE

## Overview

Raigam Wayamba Salterns PLC has adopted and practiced highest standards of Corporate Governance requirements recommended by the Code of Best Practices on Corporate Governance, Listing Rules of the Colombo Stock Exchange, and Code of Best Practices on Related Party Transactions compiled by the Securities and Exchange Commission of Sri Lanka in collaboration with the Institute of Chartered Accountants of Sri Lanka.

The Board of Directors ensures and is responsible to its shareholders, regulatory and statutory bodies and all other stakeholders of the Company to ensure that the Company is growing sustainability while establishing a strong Corporate Governance framework in order to ensure investor protection, transparency and confidence.

The Company's Corporate Governance framework is structured clearly, specifying key elements of external and internal structures, while adopting the said Corporate Governance framework into the management systems to ensure investor protection and deliver the maximum productive outcome to the shareholders' value while ensuring the sustainable development of the Company and its stakeholders.

## The Board

The Board usually meets once a month. Its principal focus is the overall strategic direction, development and control of the company. The Board as at the date of this statement consists of seven members of which four members are Non-Executive Directors and three are Executive Directors. All Non-Executive Directors are independent as defined under the Listing Rules of the Colombo Stock Exchange.

There is a Board balance and complies with the independent Directors criteria set out under Listing Rules of the Colombo Stock Exchange. Together, the Directors with their wide experience in both the public and private sectors and diverse

academic backgrounds provide a collective range of skills, expertise and experience which is vital for the successful direction of the Group. A brief profile of each Director is presented on pages 28 to 32.

## Board Attendance

During the year eleven Board Meetings have been held and the Directors' attendance is shown below.

| NAME OF THE DIRECTOR            | EXECUTIVE | NON-EXECUTIVE | INDEPENDENT | ATTENDANCE |
|---------------------------------|-----------|---------------|-------------|------------|
| Dr. Ravi Liyanage               | ●         |               |             | 11         |
| Mr. Kishan Rohana Theodore      | ●         |               |             | 11         |
| Mr. G. V. P. Ganaka Amarasinghe | ●         |               |             | 10         |
| Snr. Prof. S. P. P. Amaratunge  |           | ●             | ●           | 8          |
| Mr. H.A.S. Samaraweera          |           | ●             | ●           | 11         |
| Mr. W.M.S.V. Keerthirathne      |           | ●             | ●           | 11         |
| Mr. T. Dharmarajah              |           | ●             | ●           | 11         |

## Disclosure of Information and Compliance

Each Non-executive director annually submits a declaration of independence / non-independence. The board makes the determination annually as to the independence or non-independence of each non-executive directors based on the declaration and other information available to the board. The board states that following non-executive directors are determined to be independent.

Snr. Prof. S. P. P. Amaratunge  
Mr. H.A.S. Samaraweera  
Mr. W.M.S.V. Keerthirathne  
Mr. T. Dharmarajah

## A summary of interests of Independent Non-executive Directors are given below.

| Name of the Director          | Significant Shareholdings | Director or Employee of another entity or a Trustee | Material Business relationship | Close family member is a Director or CEO | Business Connection | Employment in the company | Continuously served for more than nine years |
|-------------------------------|---------------------------|---|--------------------------------|--|---------------------|---------------------------|--|
|                               | (A)                       | (B)   | (C)                            | (D)                                      | (E)                 | (F)                       | (G)  |
| Snr. Prof. S.P. P. Amaratunge | NO                        | NO  | NO                             | NO                                       | NO                  | NO                        | YES  |
| Mr. H.A.S. Samaraweera        | NO                        | NO  | NO                             | NO                                       | NO                  | NO                        | NO   |
| Mr. W.M.S.V. Keerthirathne    | NO                        | NO  | NO                             | NO                                       | NO                  | NO                        | NO   |
| Mr. T. Dharmarajah            | NO                        | NO  | NO                             | NO                                       | NO                  | NO                        | NO   |

### A director would not be an independent if he/she:

- A) Carrying not less than 10% of voting rights of a company.
- B) Self or close family member is a Director or employee of another company or a Trustee.
- C) Any relationship resulting in income / non cash benefits equivalent to 10% of the directors annual income.
- D) Close family member who is a Director or CEO.
- E) Relationship resulting in transaction value equivalent to 10% of the turnover of the company.
- F) Has been employed by the company during the period of two years immediately preceding appointment as a Director.
- G) Has served on the Board continuously for a period exceeding nine years.

## Independence of Directors

In accordance with Rule 7.10.3 of Colombo Stock Exchange Rules on Corporate Governance, Mr. T. Dharmarajah, Senior Professor S. P. P. Amaratunge, Mr. H.A.S. Samaraweera and Mr. W.M.S.V. Keerthirathne who are Non-Executive Directors of the Company have submitted a signed and dated declaration to the Board of their Independence.

Whereas the Board of Directors of Raigam Wayamba Salterns PLC having declared that all Directors have made a formal

declaration of all their interests on an annual basis and having noted that Senior Professor S. P. P. Amaratunge has served on the Board of the company continuously for a period exceeding nine years from the date of the first appointment, resolved as in terms of Section 7.10.3. (a). of the Listing Rule of CSE, that based on the declarations made as noted above and notwithstanding that Senior Professor S. P. P. Amaratunge has completed more than nine consecutive years as Directors, (nevertheless) the Board considers them "Independent" given their impartial approach to the deliberations of the Board.

## Statement of Compliance

As a responsible company, Raigam Wayamba Salterns PLC complies with Acts, Regulations, Codes and Best Practices announced by different governing bodies and authorities. Accordingly, the company makes all endeavors to comply with following guidelines.

- Companies Act No. 7 of 2007
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- LKAS and SLFRS
- Listing Rules of Colombo Stock Exchange
- Code of Best Practices on Corporate Governance jointly issued by The Institute chartered Accountants of Sri Lanka and Securities and Exchange Commission of Sri Lanka
- Inland Revenue Act No. 24 of 2017
- The Shop and Office Employees Act No. 15 of 1954
- Factories Ordinance No.45 of 1942
- Industrial Disputes Act No.43 of 1950
- Exchange Control Act No. 24 of 1953
- Customs Ordinance
- Quality Standards and Certifications
- Internal Polices and Codes

For easy reference of this Annual Report, our commitment to adopt Code of Best Practices on Corporate Governance and Listing Rules of Colombo Stock Exchange are sectioned into three units.

## Section 01:

Extent of compliance to the requirements of the Code of Best Practices on Corporate Governance jointly issued by The Institute of Chartered Accountants of Sri Lanka and The Securities and Exchange Commission of Sri Lanka. It reflects governance in the following eight fundamental aspects.

- A) Directors
- B) Directors' Remuneration
- C) Relations with Shareholders
- D) Accountability and Audit
- E) Institutional Investors
- F) Other Investors
- G) Internet of Things and Cyber-security
- H) Environment, Society and Governance (ESG)

## Section 02:

Extent of compliance to the requirements of The Continuing Listing Requirements Section 7.10 on Corporate Rules for Listed Companies issued by Colombo Stock Exchange. This reflects company's level of conformity to CSE's listing rules which comprise of following fundamental principles.

- Non Executive Directors
- Independent Directors
- Disclosures relative to Directors
- Remuneration Committee
- Audit Committee

## Section 03:

Extent of compliance to the requirements of The Continuing Listing Requirements Section 9 on Related Party Transactions for Listed Companies issued by Colombo Stock Exchange. This covers all the following disclosure requirements.

- Non-recurrent Related Party Transactions
- Recurrent Related Party Transactions
- Related Party Transactions Review Committee
- Disclosures by the Board and the Committee

Extent of compliance to the requirements of the Code of Best Practices on Corporate Governance jointly issued by The Institute of Chartered Accountants of Sri Lanka and The Securities and Exchange Commission of Sri Lanka.

| Corporate Governance principles  | Reference of code | Compliance | Extent of Compliance  |
|--|-------------------|------------|---|
| <b>A. Directors</b>  |                   |            |   |
| <b>A.1 The Board</b>   |                   |            |   |
| <p>The company is headed by an effective Board of Directors with years of experience in both public and private sector. The Board of Directors of the Company consists of professionals in the fields of Accounting, Management, Economics, Engineering, Marketing and business leaders. All Directors possess the skills and experience and knowledge complemented with a high sense of integrity and independent judgment. The Board gives leadership in setting the strategic direction and establishing a sound control framework for the successful functioning of the Company. The Board's composition reflects a sound balance of independence and anchors shareholder commitment. Profiles of Directors are given on pages 28 to 32.</p> |                   |            |   |
| Board meetings   | A.1.1             | Complied   | <p>The Board usually meets at monthly intervals, but also meets more frequently whenever required. The board met 11 times during the year under review. Scheduled Board meetings were arranged well in advance, and all Directors were expected to attend each meeting. Any instances of non- attendance of Board meetings was generally related to prior business, personal commitments or illness. The attendance at Board meetings held is set out on page 65</p>  |
| Board responsibilities   | A.1.2             | Complied   | <p>The Board is responsible to the shareholders for creating and delivering long-term sustainable shareholder value through the business. The Board ensures the formulation and implementation of a sound business strategy.</p> <p>The Board has put in place a corporate management team led by the Managing Director with the required skills, experience and knowledge necessary to implement the business strategy of the company.</p> <p>The Board also ensures effective systems are in place to secure integrity of information, internal controls and risk management.</p> <p>The Board ensures that the company's values and standards are set with an emphasis on adopting appropriate accounting policies and fostering compliance with financial regulation.</p> |
| Compliance with laws and access to independent professional advice   | A.1.3             | Complied   | <p>The Board collectively, and Directors individually must act in accordance with the laws as applicable to the company. The company had complied with all applicable laws and regulations during the year. A procedure has been put in place for Directors to seek independent professional advice in furtherance of their duties, at the company's expense. This will be coordinated through the company or the Board secretary when requested.</p>   |
| Company Secretary  | A.1.4             | Complied   | <p>All Directors have access to the advice and services of the company secretary as required. The company secretary keeps the Board informed of new laws and revisions, and regulations and requirements coming into effect which are relevant to them as individual Directors and collectively to the Board.</p>   |
| Independent judgment   | A.1.5             | Complied   | <p>All Directors exercise independent judgment in decisions made by the Board on issues of strategy, performance, resource allocation and the conduct of business.</p>  |
| Dedication of adequate time and effort by the Board and Board committees   | A.1.6             | Complied   | <p>All Directors of the Company dedicate adequate time and effort to fulfill their duties as Directors of the company both before and after the Board meetings, in order to ensure that the duties and responsibilities owed to the company are satisfactorily discharged.</p>  |
| Call for a resolution to be presented to the Board   | A.1.7             | Complied   | <p>One third of the Directors can call for a resolution to be presented to the Board where they feel it is in best interest of the company.</p>   |

|   |       |          |   |
|---|-------|----------|---|
| Training for new and existing Directors | A.1.8 | Complied | Both new and existing Directors of the company are provided guidelines on general aspects of directorships and industry specific matters. In this regard, the Directors have recognized the need for continuous training, expansion of knowledge and to take part in such professional development as and when they consider it necessary and which would assist them to carry out their duties as Directors. |
|---|-------|----------|---|

## A.2 Chairman and Chief Executive Officer (CEO)

There should be a clear division of responsibilities between the Chairman and Chief Executive Officer in order to ensure a balance of power and authority, in such a way that any individual has no unfettered powers of decision making.

The roles of the Chairman and Chief Executive Officer function separately in the Company. The Chairman's main responsibility is to lead, direct and manage the work of the Board in order to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Managing Director, who performs the role of the Chief Executive Officer, is responsible for the day-to-day operations of the company.

|  |     |          |  |
|--|-----|----------|--|
| Division of responsibilities of the Chairman and Managing Director (CEO) | A.2 | Complied | <p>The positions and functions of the chairman and the managing Director have been separated; the role of the Managing Director is to manage the day-to-day running of the company.</p> <p>The Board has delegated this responsibility to the managing Director and he then leads the corporate management team in making and executing operational decisions. The managing Director is also responsible for recommending strategy to the Board.</p> |
|--|-----|----------|--|

## A.3 Chairman's role

The Chairman leads and manages the Board, ensuring that it discharges its legal and regulatory responsibilities effectively and fully preserves order and facilitates the effective discharge of the Board functions. The profile of the Chairman is given on page 28

|                      |       |          |  |
|----------------------|-------|----------|--|
| Role of the Chairman | A.3.1 | Complied | <p>The Chairman is as an outstanding business leader, provides leadership to the Board, controls and preserves order at Board meeting and provides the Board with strategic direction and guidance in managing the affairs of the company.</p> <p>The chairman is also responsible for;</p> <ul style="list-style-type: none"> <li>Ensuring the new Board members are given an appropriate induction, covering terms of appointment,</li> <li>The effective participation of both executive and non-executive Directors,</li> <li>All Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company,</li> <li>A balance of power between executive and non-executive Directors is maintained,</li> <li>The views of Directors on issues under consideration are ascertained.</li> </ul> |
|----------------------|-------|----------|--|

## A.4 Financial Acumen

The Code requires that the Board comprises of members with sufficient financial acumen and knowledge in order to offer guidance on matters on finance. The Board of the Company has met the above requirement as some of the Board members are qualified Accountants having professional qualifications and are equipped with sufficient financial acumen and knowledge to offer guidance on matters of finance.

|                                |     |          |   |
|--------------------------------|-----|----------|---|
| Financial acumen and knowledge | A.4 | Complied | The Board comprises three Chartered Accountants (CA Sri Lanka). One of them serves as chairman of the Audit Committee. These Directors add substantial value and independent judgment on the decision-making of the Board on matters concerning finance and investment. |
|--------------------------------|-----|----------|---|

## A.5 Board Balance

The Code requires that a balance is maintained between the executive and non-executive Directors (NEDs) so that no individual or a small group of individual Directors are able to dominate the Board's decision-making.

The Board consists of three executive Directors and four non-executive Directors. Each of them brings to the Board, wide experience and the ability to exercise independence and judgment when taking informed decisions.

|  |        |          |  |
|--|--------|----------|--|
| Presence of non- executive Directors                               | A.5.1  | Complied | Four of the seven Directors are non-executive Directors, which is well above the minimum number prescribed by this code.   |
| Criteria to evaluate independence of non- executive Directors      | A.5.3  | Complied | Please refer page 66.  |
| Signed declaration of independence by the non- executive Directors | A.5.4  | Complied | Every non-executive Director of the company has made a written submission as to their independence against the specified criteria set out by the company, which is in line with the requirements of schedule K of the code of best Practices on corporate governance.  |
| Determination of independence of the Board                         | A.5.5  | Complied | The Board has determined the independence of Directors based on the declarations submitted by the non-executive Directors, as to their independence as a fair representation and will continue to evaluate their independence on this basis annually. No circumstances have arisen for the determination of independence by the Board, beyond the criteria set out in the Code. Independent non-executive Directors are:<br>Snr. Prof. S. P. P. Amaratunge<br>Mr. H.A.S. Samaraweera<br>Mr. W.M.S.V. Keerthirathne<br>Mr. T. Dharmarajah |
| Alternate Directors  | A.5.6  | N/A      | No alternate Directors were appointed during the year.   |
| Senior Independent Director  | A.5.7  | Complied | Mr. H.A.S. Samaraweera, who is an Independent Non-Executive Director, functioned as the Senior Independent Director. The senior independent Director has met with Non-Executive Directors twice and with the Executive Directors once during the year to discuss and communicate governance related matters.   |
| Confidential Discussions with senior independent Director          | A.5.8  | Complied | A Senior Independent Director is available for confidential discussions with other Directors who may have concerns which pertain to significant issues that are detrimental to the company.  |
| Chairman's meeting of non- executive Directors                     | A.5.9  | Complied | The Chairman meets with the non-executive Directors without the presence of Executive Directors, whenever necessary.   |
| Recording of concerns in Board minutes                             | A.5.10 | Complied | Concerns raised by the Directors which cannot be unanimously resolved during the year, if any, are recorded in the Board minutes with adequate details.  |

## A.6 Supply of information

Management should provide time-bound information in a format that is appropriate and enables the Board to discharge its duties. Financial and non-financial information is analyzed and presented to the Board to make informed and accurate decisions.

|   |       |          |  |
|---|-------|----------|--|
| Obligation of the management to provide appropriate and timely information to the Board | A.6.1 | Complied | The Board was provided with timely and appropriate information by the management by way of Board papers and proposals. The Board sought additional information as and when necessary. The Chairman also ensured all Directors were properly briefed on issues arising at Board meetings. |
| Adequate time for effective Board meetings  | A.6.2 | Complied | The minutes, agenda and papers required for board meeting are provided in advance to facilitate its effective conduct.   |

## A.7 Appointments to the Board

The code requires having a formal and transparent procedure in place for the appointment of new Directors to the Board.

|   |       |          |   |
|---|-------|----------|---|
| Nomination Committee  | A.7.1 | Complied | The Nomination Committee of the company consists of following members:<br>Dr. Ravi Liyanage – Chairman<br>Mr. G. V. P. G. Amarasinghe<br>Mr. H.A.S. Samaraweera   |
| Assessment of Board composition by the Nomination Committee                     | A.7.2 | Complied | The Nomination Committee annually assesses Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company. The findings of such assessment are taken into account when new Board appointments are considered.   |
| Disclosure of required details to shareholders on new appointments to the Board | A.7.3 | Complied | When new Directors are appointed, a brief resume of each such Director, including the nature of his expertise, the names of companies in which the Director holds directorships, memberships in Board sub-committees etc., are reported to the Colombo Stock Exchange (CSE) in addition to disclosing this information in the Annual Report. Further, any changes in the details provided by the Directors are disseminated to the CSE without delay.<br><br>During the year, no new director was appointed to the Board. |

## A.8 Re-election

The Code requires all Directors to submit themselves for re-election at regular intervals and at least once in every three years.

|   |       |          |   |
|---|-------|----------|---|
| Appointment of non-executive Directors, Chief Executive and Directors | A.8.1 | Complied | The provisions of the company's Articles require a Director appointed by the Board to hold office until the next Annual General Meeting and seek re-appointment by the shareholders at that meeting.        |
| Election of Directors by shareholders                                 | A.8.2 | Complied | The names of the Directors submitted for election or re-election, if any is accompanied by a resume to enable shareholders to make an informed decision on their election at the Annual General Meeting.    |
| Prior communication of resignation of a Director                      | A.8.3 | Complied | In the event of a Director resigning prior to his appointed term, written communication should be provided to the Board of his reasons for resignation. No directors have resigned as such during the year. |

## A.9 Appraisal of Board Performance

The Board should periodically appraise its own performance against the present targets in order to ensure that the Board responsibilities are satisfactorily discharged.

|   |             |          |   |
|---|-------------|----------|---|
| Annual performance evaluation of the Board and its committees | A.9.1 & 9.2 | Complied | The Chairman and remuneration committee evaluate the performance of the executive Directors periodically<br><br>The Board undertakes an annual self-evaluation of its own performance and of its committees. The Board evaluated its performance and effectiveness in the current year.   |
| Evaluation at re-election                                     | A. 9.3      | Complied | Board reviews the participation, contribution and engagement of each director at the re-election, if any.   |
| Disclosure on performance evaluation criteria                 | A.9.4       | Complied | Evaluation criteria with regard to Executive Directors are financial and non-financial targets set at the beginning of the year through the annual corporate plan.<br><br>Criteria relating to evaluation of Board committees are the performance against their duties referred in respective committee reports. Refer page 87 to 91. |



## A.10 Disclosure of information in respect of Directors

The following details pertaining to each Director are disclosed as follows:

|                                 |        |          |  |
|---------------------------------|--------|----------|--|
| Details in respect of Directors | A.10.1 | Complied | (a) Brief profile with expertise and experience – pages 28 to 32.<br>(b) Directors' interest in transactions and shareholding – page 82.<br>(c) Attendance to the Board meetings held during the year – page 65. |
|---------------------------------|--------|----------|--|

## A.11 Appraisal of Chief Executive Officer

The Board of Directors should annually assess the performance of the managing Director who performs the role of the Chief Executive Officer

|  |        |          |   |
|--|--------|----------|---|
| Targets for Managing Director                          | A.11.1 | Complied | Prior to the commencement of each financial year, the Board sets reasonable financial and non-financial targets which are in line with short, medium and long-term objectives of the company, achievement of which should be ensured by the Managing Director.                                    |
| Evaluation of the performance of the Managing Director | A.11.2 | Complied | The performance is evaluated by the Board at each Board meeting and the overall evaluation at the end of each fiscal year in order to ascertain whether the targets set by the Board have been achieved and if not, whether the failure to meet such targets was reasonable in the circumstances. |

## B. Directors' Remuneration

### B.1 Remuneration procedure

This principle ensures that the company has a well-established, formal and transparent procedure in place for developing an effective remuneration policy for both executive and non-executive Directors where no Director is involved in deciding his/her own remuneration in order to avoid potential conflict of interest.

|  |       |          |  |
|--|-------|----------|--|
| Establishment of a Remuneration Committee                      | B.1.1 | Complied | The committee is required to decide on the remuneration of the executive Directors and sets guidelines for the remuneration of the management staff within the company. The Chairman and Managing Director are not members of this committee. Please refer page 89 for the Remuneration Committee report.                            |
| Composition of remuneration committee                          | B.1.2 | Complied | The Remuneration Committee consists of three independent non-executive Directors and the chairman of this committee is appointed by the Board.   |
| Chairman and the members of the Remuneration Committee         | B.1.3 | Complied | The remuneration committee consists of following independent non- executive Directors:<br>Mr. T. Dharmarajah - Chairman<br>Snr. Prof. S.P.P. Amaratunge<br>Mr. W.M.S.V. Keerthirathne  |
| Determination of remuneration of the non-executive Directors   | B.1.4 | Complied | The Board as a whole determines the remuneration of the non-executive Directors including the members of the Remuneration Committee which the Board believes is in line with current market conditions.  |
| Consultation of the Chairman and access to professional advice | B.1.5 | Complied | Each committee member has the authority to seek internal and external independent professional advice on remuneration of other executive Directors and also on matters falling within its purview at the company's expense. Views of the Chairman of each committee are obtained, in addition to the views of the Managing Director. |

## B.2 The Level and Make up of Remuneration

The level of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the company successfully. A proportion of executive Directors' remuneration should be structured to link rewards to the corporate and individual performance.

|   |                |          |   |
|---|----------------|----------|---|
| Level and makeup of the remuneration packages of executive Directors. | B.2.1          | Complied | The Board is mindful of the fact that the remuneration of executive Directors should reflect the market expectations and is sufficient enough to attract, retain and motivate the executive Directors of the required competence in order to run the company.   |
| Executive Directors' remuneration                                     | B.2.2          | Complied | Executive Directors' remuneration has been designed to promote the long term success of the company.  |
| Competitiveness of levels of remuneration                             | B.2.3          | Complied | The remuneration committee ensures that the remuneration of executives of each level of management including executive Directors is competitive and in line with their performance. Surveys are conducted as and when necessary to ensure that the remuneration is competitive and in line with those of comparative companies. |
| Comparisons of remuneration with other companies in the group         | B.2.4          | Complied | The remuneration committee reviews data concerning executive pay among other companies in the group.  |
| Designing the performance-based remuneration for executive Directors  | B.2.5          | Complied | Performance-based incentives have been determined by the remuneration committee to ensure that the total earnings of the executive Directors are aligned with the achievement of objectives and budgets of the company.   |
| Executive share options   | B.2.6          | N/A      | Presently the company does not have an executive share option schemes.  |
| Designing the Performance related remuneration of executive Director  | B.2.7          | Complied | The remuneration committee follows the provisions set out in schedule E of the code as required.  |
| Early termination of executive Directors                              | B.2.8<br>B.2.9 | N/A      | Termination of executive Directors is governed by their contracts of service. No termination of executive Directors was happened during the year.   |
| Levels of remuneration of non-executive Directors                     | B.2.10         | Complied | Remuneration for Non-Executive Directors reflects the time commitment and responsibilities of their role, taking into consideration market practices  |

## B.3 Disclosure of Remuneration

The code requires the company to disclose in its Annual Report the details of the remuneration paid and the remuneration policy.

|                            |       |          |  |
|----------------------------|-------|----------|--|
| Disclosure of remuneration | B.3.1 | Complied | Please refer page 144 for the total Directors' remuneration. |
|----------------------------|-------|----------|--|

## C. Relations with Shareholders

### C.1 Constructive use of the Annual General Meeting (AGM) and conduct of General Meetings

The Code requires the Board to use the AGM which is a major event in the company's calendar to communicate with shareholders and encourage their active participation. In this regard, all shareholders of the company receive the notice of meeting within the statutory due dates.

|  |       |          |  |
|--|-------|----------|--|
| Adequate notice of the AGM to shareholders   | C.1.1 | Complied | A copy of the Annual Report including financial statements, notice of the meeting and the form of Proxy is sent to shareholders 15 working days prior to the date of the AGM, as required by the statute, in order to provide the opportunity to all the shareholders to attend the AGM. |
| Separate resolution for substantially separate issues and adoption of Annual report and Accounts | C.1.2 | Complied | The Board remains mindful of being accountable to shareholders and the need for transparency at all levels, striving to maintain its value framework in all shareholder dealings and communications.   |

|  |       |          |   |
|--|-------|----------|---|
| Use of proxy votes   | C.1.3 | Complied | The company has in place an effective mechanism to count all proxies lodged on each resolution, and the balance for and against the resolution, after it has been dealt with on a show of hands, except where a poll is called. |
| Availability of all Board subcommittee chairmen at the AGM | C.1.4 | Complied | The chairman of the company ensures the chairmen of Audit and remuneration committees are available to answer questions at the AGM if so requested by the chairman.   |
| Procedures of voting at General Meetings                   | C.1.5 | Complied | A summary of the procedures governing voting at general meeting is circulated to shareholders with every notice of the General Meeting.   |

## C.2 Communication with Shareholders

The code requires the Board to implement effective communication with shareholders.

|   |               |          |   |
|---|---------------|----------|---|
| Channel to reach all shareholders   | C.2.1         | Complied | <p>The main mode of communication between the company and the A shareholder is the Annual General Meeting. Shareholders are provided with the information prior to the AGM.</p> <p>Further, financial and other announcements are promptly submitted to CSE to publish in the CSE website.</p> <p>Comments and suggestions can be sent through lasantha@raigam.lk</p> |
| Policy methodology for communication with shareholders.                           | C.2.2         | Complied | <p>An open door policy is in place, which enables shareholders to keep in constant touch, visit and obtain information from the company secretary.</p> <p>Contact details are published in all annual and quarterly financial reporting.</p>  |
| Implementation of the policy and methodology for communication with shareholders. | C.2.3         | Complied | Please refer C.2.4 and C.2.5 for the implementation of the policy and methodology.  |
| Contact person for communication  | C.2.4 & C.2.6 | Complied | Details of contact persons are disclosed in the Annual Report. Page 5.  |
| Process to make Directors aware of major issues and concerns of shareholders      | C.2.5         | Complied | <p>The company secretary maintains a record of all correspondence received.</p> <p>All major issues and concerns of the shareholders are referred to the Board of Directors with the views of the management.</p>   |
| Response to the shareholders matters  | C.2.7         | Complied | The process for responding to shareholder matters have been formulated by the Board and disclosed. Such matters are responded at the shareholder meetings, publications at the CSE or communication by the company secretary to the shareholders.   |

## C.3 Major Transactions

Directors should disclose to shareholders all proposed corporate transactions which if entered into, would materially alter/vary the company's Net Asset base or the consolidated group's Net Asset base.

|  |       |          |  |
|--|-------|----------|--|
| Disclosure on proposed major Transaction     | C.3.1 | Complied | During the year there were no major transactions as defined by Section 185 of the companies Act no. 07 of 2007 which materially affect the net asset base of company or the group's consolidated net asset base.                                       |
| Shareholders' approval by Special Resolution | C.3.2 | Complied | During the year there were no transactions/events which require approval by way of a Special Resolution. Company complied with the disclosure requirements and approval by special resolution as required by the rules and regulations by SEC and CSE. |

## D. Accountability and Audit

### D.1 Financial and Business Reporting

The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.

|  |                 |          |   |
|--|-----------------|----------|---|
| Board's responsibility for statutory and regulatory reporting that is true and fair, balanced and understandable | D.1.1 and D.1.2 | Complied | The Board has recognized the responsibility to present regulatory and statutory reporting in a balanced and understandable manner. When preparing Quarterly and annual financial statements, the company complied with the requirements of the companies Act No. 07 of 2007 and prepared and presented them in accordance with Sri Lanka Accounting Standards and Sri Lanka Financial Reporting Standard. The company has complied with the reporting requirements prescribed by the CSE.           |
| Declaration by Chief Executive Officer and Chief Financial Officer   | D.1.3           | Complied | The Board before approving the financial statements for the period has obtained from Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the company and that the system of risk management and internal control was operating effectively. |
| Declaration by Board   | D.1.4           | Complied | Directors have made all necessary declarations.<br><br>Refer the Directors' report in Annual report pages 81 to 84.   |
| Statement of Boards and Auditor's responsibility and statement of internal control                               | D.1.5           | Complied | This is given in the 'Annual report of the Board of Directors' on pages 81 to 84 and the 'Statement of Directors' Responsibility' on page 85 and pertains to required declarations.   |
| Management Discussion and Analysis   | D.1.6           | Complied | See Management Discussion and Analyses pages 48 to 54.  |
| Summon an EGM to notify serious loss of capital  | D.1.7           | Complied | No EGM was held during the year.  |
| Disclosure of related party transactions   | D.1.8           | Complied | The Directors have instituted an effective and comprehensive system of internal control for identifying, recording and disclosing related party transactions.<br><br>All related party transactions, as defined in Sri Lanka Accounting Standard - ( LKAS 24 ) on Related Party Transactions are disclosed in Note 26 to financial statements.  |

### D.2 Risk Management and Internal Control

The Board should have a sound system of internal controls to safeguard shareholders' investments and the company's assets.

|   |       |          |  |
|---|-------|----------|--|
| Annual evaluation of the internal controls system | D.2.1 | Complied | The Board is responsible for the company's internal control and its effectiveness. Internal control is established with emphasis placed on safeguarding assets, making available accurate and timely information and imposing greater discipline on decision-making. It covers all controls, including financial, operational and compliance controls and risk management. It is important to state, however, that any system can ensure only reasonable, and not absolute, assurance that errors and irregularities are prevented or detected within a reasonable time. The company's internal audit department plays a significant role in assessing the effectiveness and successful implementation of existing controls and strengthening these and establishing new controls where necessary. Internal Audit reports are made available to the chairman and managing Director and the chairman of the Audit committee. The Board has reviewed the effectiveness of the system of financial controls for the period up to the date of signing the accounts.<br><br>There is a direct channel of communication between the head of internal audit department and the chairman of the Audit committee without the interference of any Directors or executives. |
|---|-------|----------|--|

|  |       |          |  |
|--|-------|----------|--|
| Assessment of principle risks facing the company.                                | D.2.2 | Complied | A strong assessment on risks involved in company has been carried out review the status on every meeting. Mitigating actions have been identified and continuously review the progress.<br><br>Refer pages 92 to 95 for Risk Management. |
| Need for internal audit function   | D.2.3 | Complied | The company has its own internal audit department.   |
| Review of the process and effectiveness of risk management and internal controls | D.2.4 | Complied | The Audit committee reviews internal control issues and risk management measures and evaluates the adequacy and effectiveness of the risk management and internal control systems including financial reporting.                         |
| Directors' responsibility of maintaining a sound internal control system         | D.2.5 | Complied | Please refer Statement of Directors' Responsibilities on page 85.  |

### D.3 Audit committee

The Board should have formal and transparent arrangements in selecting and applying the accounting policies, financial reporting and internal control principles and maintaining an appropriate relationship with the company's external Auditor.

|   |       |          |  |
|---|-------|----------|--|
|   |       |          | Audit committee consists of three independent non-executive Directors.   |
| Composition of The Audit Committee        | D.3.1 | Complied | Mr. H.A.S. Samaraweera - Chairman<br>Snr. Prof. S. P. P. Amaratunge<br>Mr. T. Dharmarajah<br><br>The Audit committee is required to help the company to achieve a balance between conformance and performance.   |
| Duties of The Audit Committee             | D.3.2 | Complied | The Audit Committee keeps under review the scope and results of the audit and its effectiveness, and the independence and objectivity of the auditors. Review of nature and extent of non-audit services provided by the auditors to seek balance objectivity and independence. Refer Audit committee report on page 87 for the duties.  |
| Terms of reference of The Audit Committee | D.3.3 | Complied | Terms of Reference of the Audit Committee is clearly defined in the charter of the Audit committee approved by the Board of Directors. This clearly explains the purpose of the committee, its duties and responsibilities together with the scope and functions of the committee. The Committee is required mainly to deal with the matters pertaining to statutory and regulatory compliance in financial reporting, matters with regard to the external Auditors, Internal Audit and Risk Management procedures of the company. Please refer Audit Committee report on page 87. |
| Disclosures of the Audit Committee        | D.3.4 | Complied | The names of the members of the Audit Committee are given under section D.3.1 of this code. The committee ensures that the rotation of external Audit Engagement Partner once every five years is met. The External Auditor, has provided an Independence confirmation in compliance with the "Guidelines for Appointment of Auditors of Listed Companies" issued by SEC. In order to safeguard the objectivity and independence of the external Auditor, the Audit committee reviewed the nature and scope taking account of the regulations guidelines stated in section D.3.2.  |

### D.4 Related Party Transactions Review Committee

The company should establish a procedure that it is not engaged in "Related Party Transactions" which is more favorable treatment than with third parties in the normal course of business.

|   |       |          |  |
|---|-------|----------|--|
| Adherence to LKAS 24                        | D.4.1 | Complied | Related Party transactions are defined as in LKAS 24   |
| Related party Transactions Review Committee | D.4.2 | Complied | Related Party Transactions Review Committee was established on January 1, 2016 as a requirement under Section 9 of the Colombo Stock Exchange Listing Rules, in order to monitor and regulate related party transactions in the best interest of shareholders. |

|                                       |       |          |  |
|---------------------------------------|-------|----------|--|
| Terms of references of RPTR Committee | D.4.3 | Complied | Written terms of reference of the committee are available. Please refer Related Party Transactions Review Committee Report on page 90. |
|---------------------------------------|-------|----------|--|

## D.5 Code of Business Conducted and Ethics

The company should develop a code of business conduct and ethics for Directors and members of the senior management team and must promptly disclose any waivers of the code for Directors or others.

|  |       |          |  |
|--|-------|----------|--|
| Code of business conduct and ethics                    | D.5.1 | Complied | The company has developed a code of conduct for its employees. This Code addresses conflict of interest, corporate opportunities, confidentiality of information, fair dealing, protection and proper use of the company's assets, compliance with laws and regulations and encouraging the reporting of any illegal or unethical behavior, etc. |
| Material and price sensitive information               | D.5.2 | Complied | Material and price sensitive information, if any is promptly identified and reported to the shareholders via CSE notices.  |
| Policy and disclosures on share purchases by Directors | D.5.3 | Complied | Company has a policy and process for monitoring and disclosure of shares purchased by any Director, key management personnel or any other employee involved in financial reporting. All disclosures are duly made in the CSE.  |
| Affirmative statement by the chairman                  | D.5.4 | Complied | See the 'The Chairman's Message' on page 22 for required details.  |

## D.6 Corporate Governance Disclosure

Directors of the company disclose annually the company's adherence to the code of best Practice on corporate governance issued jointly by The Institute of Chartered Accountants of Sri Lanka and The Securities and Exchange Commission of Sri Lanka.

|                                    |       |          |   |
|------------------------------------|-------|----------|---|
| Disclosure of Corporate Governance | D.6.1 | Complied | This requirement is met with the presentation of this report. |
|------------------------------------|-------|----------|---|

## E. Institutional Investors

### E.1 Shareholders' Voting

Institutional shareholders are required to make considered use of their votes and are encouraged to ensure their voting intentions are translated into practice.

|                                 |       |          |  |
|---------------------------------|-------|----------|--|
| Communication with shareholders | E.1.1 | Complied | In order to avoid conflicts of interest by nurturing mutual understanding, the Board carries out dialogue with its shareholders at general meetings in this regard, the AGM of the company plays a critical role. Voting by the shareholders is crucial in carrying a resolution at the AGM. The chairman, who plays the role of the agent, communicates the views and queries of the shareholders to the Board and the senior management, in order to ensure that the views are properly communicated to the company. |
|---------------------------------|-------|----------|--|

### E.2 Evaluation of Governance Disclosures

The code requires the company to encourage institutional investors to give due weight to all relevant factors drawn to their attention.

|                                       |       |          |  |
|---------------------------------------|-------|----------|--|
| Due weight by institutional investors | E.2.1 | Complied | The institutional investors are encouraged to give due weight to all relevant matters relating to the Board structure and composition. |
|---------------------------------------|-------|----------|--|

## F. Other Investors

### F.1 Investing/ Divesting Decisions

|                         |     |          |  |
|-------------------------|-----|----------|--|
| Seek independent advice | F.1 | Complied | Individual investors are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions. The company's website serves to provide a wide range of information on the company. |
|-------------------------|-----|----------|--|

## F.2 Shareholder Voting

|  |     |          |  |
|--|-----|----------|--|
| Encourage Voting by individual investors | F.2 | Complied | Individual shareholders are encouraged to participate in General Meetings of the company and exercise their voting rights. |
|--|-----|----------|--|

## G. Internet of Things and Cyber-security

|  |     |              |   |
|--|-----|--------------|---|
| Internal and external IT devices connected to the business model.            | G.1 | Complied     | Connection of internal and external IT devices to the organization network has been allowed with necessary access controls and firewalls to safeguard the integrity of information.         |
| Cyber information Security officer and cyber security risk management policy | G.2 | Complied     | Group's Senior Manager – MIS monitors and reviews the security requirements of the company's information system and has introduced and implemented a cyber-security risk management policy. |
| Discussions on cyber risk management   | G.3 | Complied     | This is a regular agenda item of the risk management discussion of the Board and have given due attention.  |
| Independent periodic reviews and assurance                                   | G.4 | Complied     | Periodic reviews are carried out by the external auditors and consultants and observations are submitted to the Board for review and actions.   |
| Disclosure on cyber security risk management                                 | G.5 | Not Complied | A detailed disclosure has not been made on the cyber security process in this Annual Report.  |

## H. Environment, Society and Governance (ESG)

### H.1 ESG reporting

The code requires the company to include the ESG factors in building its business model, strategy, governance and risk management framework. Company ESG activities are not governed by specific ESG Committee appointed, rather the ESG activities are overlooked by the executive Directors and ensure that effective environmental, social and governance, best practices are implemented properly.

|                                 |       |          |   |
|---------------------------------|-------|----------|---|
| Provision of information on ESG | H.1.1 | Complied | Company has included the environmental, social and governance factors in its business models and provided sufficient information on all aspects in the Annual Report.   |
| The environment                 | H.1.2 | Complied | The company adopts an integrated approach which mitigates the environmental threats and improves best practices in company's engagements to fulfill the obligation towards the environment. Such best practices are pollution prevention, sustainable resource use, and protection of environment and restoration of natural resources. |
| Social factors                  | H.1.3 | Complied | The company adopts an integrated approach to building relationship with the community in order to build a strong relationship and strives towards sustainable development.  |
| Governance                      | H.1.4 | Complied | The company establishes a governance structure to support its ability to create value and manage risks on all pertinent aspects of ESG.   |
| Board's role on ESG factors     | H.1.5 | Complied | The Board takes necessary measures to add value by providing a credible account of the company's economic, social and environmental impacts.  |

## Section 02

Extent of compliance to the requirements of The Continuing Listing Requirements Section 7.10 on Corporate Rules for Listed Companies issues by Colombo Stock Exchange.

Section 7.10 on Corporate Governance for Continuing Listing Requirements issued by Colombo Stock Exchange requires the Company to be complied with criteria set.

Following table discloses the extent of adherence, whether complied or not and reference to the annual report pertaining to each sub rule.

| Listing Rule No. | Subject Area   | Extent of Compliance   | Compliance | Reference in this Report   |
|------------------|--|--|------------|--|
| 7.10.1(a) & (b)  | Non-Executive Directors  | Four (4) of the seven (7) Directors were Non-Executive Directors as at 31 March 2023.  | Complied   | Corporate Governance   |
| 7.10.2(a)        | Independent Directors  | All four (4) Non-Executive Directors were independent as at 31 March, 2023.  | Complied   | Corporate Governance   |
| 7.10.2(b)        | Independent Directors  | All Non-Executive Directors have submitted signed and dated annual declaration of his independence/non-independence against the specified criteria.  | Complied   | Corporate Governance   |
| 7.10.3(a)        | Disclosure relating to Directors                                   | The Board has determined the independence/non-independence of each Non-Executive Director based on annual declaration and other information available and has disclosed the names of Directors determined to be independent. | Complied   | Corporate Governance   |
| 7.10.3(c)        | Disclosure relating to Directors                                   | A brief resume of each Director has been included in the Annual Report including the Director's areas of expertise.  | Complied   | Board of Directors' (profile) section in the Annual Report Page 28 to 32 |
| 7.10.5(a)        | Composition of Remuneration Committee                              | The Remuneration Committee comprised of Three (3) Independent Non-Executive Directors as at 31 March 2023. Mr. T. Dharmarajah headed the Committee with effect from 10th January 2022.                                       | Complied   | Remuneration Committee Report Page 89                                    |
| 7.10.5(b)        | Functions of Remuneration Committee                                | The Remuneration Committee recommended the remuneration of the Managing Director and the Executive Directors to the Board.   | Complied   | Remuneration Committee Report Page 89                                    |
| 7.10.5(c)        | Disclosure in the Annual Report relating to Remuneration Committee | Names of Remuneration Committee members are given in the Remuneration Committee Report and it contains the statement of remuneration policy.   | Complied   | Remuneration Committee Report Page 89                                    |
|                  |  | Aggregate remunerations paid to Executive and Non-Executive Directors are set out in this report   |            | Annual Report of Board of Directors Page 81                              |
| 7.10.6(a)        | Composition of Audit Committee                                     | The Audit Committee comprised of Three (3) Independent Non-Executive Directors as at 31 March 2023 and Mr. H.A.S. Samaraweera headed the Committee.  | Complied   | Audit Committee Report Page 87   |
| 7.10.6(b)        | Functions of the Audit Committee                                   | Audit Committee functions are stated in the Audit Committee Report   | Complied   | Audit Committee Report Pages 87  |
| 7.10.6(c)        | Disclosure in the Annual Report relating to Audit Committee        | The names of the Audit Committee members given in this Report.   | Complied   | Audit Committee Report Pages 87  |
|                  |  | The basis of determination of the independence of the Auditor is also given.   |            |  |



## Section 03

Extent of compliance to the requirements of The Continuing Listing Requirements Section 9 on Related Party Transactions for Listed Companies issues by Colombo Stock Exchange.

Section 9 of the Listing Rules – Related Party Transactions requires the company to put in place the necessary processes to identify, review, disclose and monitor Related Party Transactions.

Following table portrays the extent of compliance by Raigam Wayamba Salterns PLC with Section 9 on Related Party Transactions for Listed Companies issues by Colombo Stock Exchange.

| Listing Rule No. | Subject Area   | Extent of Compliance  | Compliance | Reference in this Report                                   |
|------------------|--|---|------------|--|
| 9.2.1            | Review of Related Party Transactions                                       | Except for transactions set out in Rule 9.5, all other Related Party Transactions were reviewed by the Related Party Transactions Review Committee.   | Complied   | Related Party Transactions Review Committee Report Page 90 |
| 9.2.2            | Composition of the Related Party Transactions Review Committee             | The RPTRC consists of following directors:<br><br>Mr. W.M.S.V. Keerthirathne - Independent Non-Executive Director - Chairman<br><br>Mr. H.A.S. Samaraweera - Independent Non-Executive Director - Member<br><br>Mr. G. V. P. G. Amarasinghe - Executive Director - Member   | Complied   | Related Party Transactions Review Committee Report Page 90 |
| 9.2.3            | Related Party Transactions Review Committee                                | The committee for Raigam Wayamba Salterns PLC was formed on 1 January 2016. The functions of the committee are stated in Related Party Transactions re-view Committee report.   | Complied   | Related Party Transactions Review Committee Report Page 90 |
| 9.2.4            | Committee Meetings   | The committee gathered 04 times during the financial year of 2021/2022  | Complied   | Related Party Transactions Review Committee Report Page 90 |
| 9.3.1            | Immediate disclosures  | Raigam Wayamba Salterns PLC has not involved in any non-recurrent related party transactions which requires immediate disclosure to the Colombo Stock Exchange.   | Complied   | Disclosure of Related Party Transactions Page 91           |
| 9.3.2 (a)        | Disclosures in the Annual Report - Non-recurrent Related Party Transaction | Company has not involved with an Non recurrent related party transactions with aggregate value exceeds 10% of the equity or 5% Total assets whichever is lower.   | Complied   | Disclosure of Related Party Transactions Page 91           |
| 9.3.2 (b)        | Disclosures in the Annual Report - Recurrent Related Party Transaction     | Company has involved in purchase/provision of goods/services and settlement for such purchase/provision which are carried out on a continuing basis in ordinary course of business of the company. Accordingly, those transactions of which aggregate value exceeds 10% of Gross Revenue of latest audited accounts have been duly disclosed. | Complied   | Disclosure of Related Party Transactions Page 91           |
| 9.3.2 (c)        | Report by the Related Party Transactions review Committee                  | Refer page 90 for the Related Party Transactions review Committee report  | Complied   | Related Party Transactions Review Committee Report Page 90 |
| 9.3.2 (d)        | An affirmative statement of compliance by Board of Directors               | The Annual Report of Board of Directors contains an affirmative statement of compliance.  | Complied   | Annual report of Board of Directors Pages 81 to 84.        |

# ANNUAL REPORT OF BOARD OF DIRECTORS

The Directors of Raigam Wayamba Salterns PLC present their report together with the Audited Financial Statements of the Company and of the Group for the year ended 31 March 2023. The details set out herein provide the pertinent information required by the Companies Act No. 7 of 2007, Listing Rules of the Colombo Stock Exchange, and Securities and Exchange Commission of Sri Lanka and are guided by recommended best Accounting Practices.

## Principal Activities

The principal activity of the Company is manufacturing and distribution of edible and industrial salt. There were no significant changes in the activities of the Company in the year under review. A review of Company performance during the year with brief comments on the financial results and prospects are contained in the CEO's Review and the Management Review 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 and Group are given on pages 103 to 107.

## Independent Auditor's Report

Independent Auditors' Report on the Financial Statements is given on pages 98 to 102.

## Accounting Policies

The accounting policies adopted by the Company and its subsidiary in the preparation of the Financial Statements are given on pages 108 to 147.

## Operational Review

### Turnover

The turnover of the Group was LKR. 2,120,319,853 (2022 - LKR. 1,147,188,556) and a composition of revenue is given in Note 03 to the Financial Statements.

### Financial Performance and Position - Group

| For the year ended 31 March, | 2023<br>LKR.  | 2022<br>LKR.  |
|------------------------------|---------------|---------------|
| Turnover                     | 2,120,319,853 | 1,147,188,556 |
| Gross Profit                 | 800,124,677   | 423,768,394   |
| Profit Before Tax            | 570,121,176   | 277,405,639   |
| Profit After Tax             | 460,959,280   | 215,590,447   |
| Total Assets                 | 3,034,434,141 | 1,957,491,032 |
| Net Assets                   | 2,191,234,500 | 1,619,315,484 |

### Property, Plant and Equipment

The total capital expenditure incurred on the acquisition of property, plant and equipment during the financial year amounted to LKR. 44,928,497 (2022 - LKR. 42,278,519). Further information relating to the movement of property, plant and equipment is given in Note 04 to the financial statements. Capital expenditure has been financed by internally generated funds.

### Stated Capital

The stated capital of the company as at 31 March 2023 was Rs. 604,414,640. Details of the Stated Capital are given in Note 11 to the Financial Statements.

## Donations

The donations made during the year by the Group amounted to LKR. 3,511,300 (2022- LKR. 1,473,811).

## Taxation

Pursuant to agreement dated 20 March 2006 entered into with Board of Investment of Sri Lanka under Section 17 of the Board of Investment Law, the Company was exempt from the business of manufacturing for a period of 8 years from year 2007. This exemption was expired on the 31 of March 2014 and for the immediately succeeding two years the Company was liable to pay income tax at the rate of 10% and from 2016/2017 onwards the Company is liable to pay at the rate of 20%.

## Major Shareholders

The details of 20 major shareholders of the Company as at 31 March 2023 have been set out under "Investor Information" in pages 148 to 150.

## Directors

The names of the Directors who held office during the year are given below. Their brief profile has been set out under the content of "Board of Directors." in pages 28 to 32.

## Names of Directors

Dr. Ravi Liyanage - Executive Director  
Mr. Kishan Rohana Theodore - Executive Director  
Mr. G.V.P. Ganaka Amarasinghe -Executive Director  
Snr. Prof. S.P.P. Amaratunge - Non Executive, Independent  
Mr. W.M.S.V. Keerthirathne - Non Executive, Independent  
Mr. H.A.S. Samaraweera - Non Executive, Independent  
Mr. T. Dharmarajah - Non Executive, Independent

The balance of the composition of the Board between executive and non-executive is well structured by having four numbers of non-executive independent directors and three numbers of executive directors.

Further, following resolutions will be tabled at the forthcoming Annual General Meeting to re-elect Mr. W.M.S.V. Keerthirathne in accordance with Section 211 of the Companies Act No 7 of 2007;

Mr. W. M. S. V. Keerthirathne who has reached to 72 years of age and for this purpose to pass the following resolution as an ordinary resolution, if thought fit.

## IT IS HEREBY RESOLVED:

"To re-appoint Mr. W. M. S. V. Keerthirathne, who has reached 72 years of age as a Director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specially declared that the age limit referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. W. M. S. V. Keerthirathne."

## Directors' Interests in Contracts with the Company

Directors' interests in contracts are disclosed in the Related Party Transactions under Note 26 to the Financial Statements.

## Directors' Interests in Shares

Directors' shareholding of the Company as at 31 March 2023 is as follows.

| Name of the Director | Number  | %     |
|----------------------|---------|-------|
| Dr. Ravi Liyanage    | 505,516 | 0.18% |

## Directors' Remuneration and Other Benefits

Executive Directors' remuneration is established within an approved framework by the Board's Remuneration Committee, to whom this task has been entrusted. The total remuneration of Executive Directors for the year ended 31 March 2023 - LKR. 4,995,000 was (2022 - LKR. 4,650,000), which includes the value of perquisites granted to them as part of their terms of service. The total remuneration of non-executive Directors for the year ended 31 March 2023 - LKR. 1,860,000 was (2022 - LKR. 1,400,000) determined according to scales of payment decided upon by the Board. The Board is satisfied that the payment of this remuneration is fair to the Company.

## Environmental Protection

The Company activities may have indirect effect on the environment. It is the policy of the Company to minimize any adverse effects as much as possible and creating awareness among staff on current global environment threats.

## Employment Policy

The Company's recruitment and employment policy is non-discriminatory. Employees' appraisals are carried out by the respective Departmental Heads annually in order to evaluate their performances and realize their potential to benefit the Company and employees.

## Issues Pertaining to Employees and Industrial Relationship

The Board of Raigam Wayamba Salterns PLC assesses all the issues with regard to employees and industrial relation which influence the performance of the Group. The Group take considerable amount of steps to ensure employees are satisfied at all the levels and their issues are addressed in order to retain talented employees. A well-structured grievance handling system is in place to manage the grievance of employees at all levels. We make sure to maintain pertinent industrial relationship with all the governmental agencies. There are no issues which affect the Company's performance to be disclosed.

## Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments have been made up to date.

## Events after the Reporting Period

Further to the Note 29, Events after the reporting period, no circumstances have arisen since the date of Statement of Financial Position, which would require adjustment or disclosure in the Financial Statements.

## Corporate Governance / Internal Controls

Adoption of good governance practices has become and essential requirement in today's corporate culture. The Company has complied with the Corporate Governance rules laid down by the Colombo Stock Exchange. The practices carried out by the Company are explained in the Corporate Governance statement on pages 65 - 80.

The Directors acknowledge their responsibility for the Group'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 only ensure reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable time period. The Board, having reviewed the system of internal controls, is satisfied with its effectiveness for the period up to the date of signing the Financial Statements.

## Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company to present a true and fair view of

the state of its affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act No 7 of 2007, Sri Lanka Accounting and the Listing Rules of the Colombo Stock Exchange.

The Statement of Directors' Responsibility for Financial Reporting is given on page 85 which forms an integral part of the Annual Report of the Board of Directors.

## Auditors

The Financial Statements for the year ended 31 March 2023 have been audited by Messrs. Ernst & Young, Chartered Accountants. In accordance with the Companies Act No. 7 of 2007, a resolution proposing re-appointment of Messrs. Ernst & Young as Auditors to the Company and authorizing the Directors of the Company to fix their remuneration will be forwarded at the Annual General Meeting.

The audit fees of Messrs. Ernst & Young for the current year LKR. 500,000 (2022 - LKR. 440,000) is paid by the Company. As far as the Directors were aware the Auditors do not have any relationship other than that of an Auditor with the Company.

## Dividend

The Board of Directors has recommended to pay a first and final dividend of LKR. 0.20 per share payable on 20 October 2023 to the shareholders of the issued ordinary shares of the Company as at close of business on 02 October 2023.

The Directors have confirmed that the company satisfied the solvency test requirement under Section 56 of the Companies Act No. 7 of 2007 for the said first & final dividend proposed. A solvency certificate by the auditors has been received in respect of the first & final dividend proposed.

## Going Concern

The Directors' after making necessary inquiries and reviews including review of the Group's budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and borrowing facilities have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements.

## Related Party Transactions

Further to the request under Section 9.3.2 (d) of the Colombo Stock Exchange Listing Rules, the Board of Directors would like to hereby declare and confirm that there had been related party transactions during the financial year 2022/2023, and all such transactions were proceeded as per provisions stipulated under Section 9 of the Colombo Stock Exchange Listing Rules with respect to Related Party Transactions.

The Related Party Transactions Review Committee met four (04) times during the financial year 2022/2023. Meetings were held on 31 May 2022, 25 August 2022, 29 November 2022 and 31 January 2023.

The Directors have disclosed the transactions that could be classified as related party transactions in terms of Sri Lanka Accounting Standard 24, Related Party Disclosures, in the Financial Statements, and accordingly given in Note 26 on page 142 of this Annual Report.

The Directors confirm that the transactions carried out with the related parties during the year ended 31 March 2023 are in line with the provision contained in Section 9 of the Listing Rules of the Colombo Stock Exchange and such transactions have been reviewed by the Related Party Transactions Review Committee of the Company and observations of the Committee have been communicated to the Board on a regular basis.

## Independence of Directors

In accordance with Rule 7.10.3 of Colombo Stock Exchange Rules on Corporate Governance ('CSECG Rules'), Senior Professor S.P.P. Amaratunge who is Non-Executive Director of the Company has submitted a signed and dated declaration to the Board of their Independence.

Whereas the Board of Directors of Raigam Wayamba Saltern PLC having noted that Senior Professor S.P.P. Amaratunge has served on the Board of the Company continuously for a period

exceeding nine years from the date of the first appointment, and having declared that all Directors have made a formal declaration of all his interests on an annual basis resolves as follows, in terms of Rule no.7.10.3 (a) of the listing rules of CSE.

**IT IS HEREBY RESOLVED** that, based on the declaration made as noted above and notwithstanding that Senior Professor S. P. P. Amaratunge has completed more than 9 consecutive years as a Director, nevertheless the Board considers them "Independent" given their expertise in salt industry, finance and governance, treasury management and compliance, and business management respectively and such directors continue to contribute effectively to the running of the company without being subjected to undue influence and have demonstrated commitment to the role

## Annual General Meeting

The Annual General Meeting will be held at 10.00 a.m. on 27 September 2023 via audio/ video (Virtual AGM) from Operational Head Office at No. 277, Raigam Mawatha, Koswatta, Kiriwattuduwa, Homagama. The Notice of Annual General Meeting is attached hereto the report.

By Order of the Board



**Dr. Ravi Liyanage**

Chairman

31 August 2023



**Kishan Rohana Theadore**

Director / CEO

31 August 2023

# STATEMENT OF DIRECTORS' RESPONSIBILITY

The responsibility of the Directors, in relation to the Financial Statements of Raigam Wayamba Salterns PLC (RWS PLC) and the Consolidated Financial Statements of the RWS PLC and its Subsidiary (Group), is set out in this Statement.

In terms of Sections 150 (1), 151, 152 and 153 (1) & (2) of the Companies Act No. 07 of 2007, the Directors of the RWS PLC are responsible for ensuring that the Group and the RWS PLC keep proper books of accounts of all transactions and prepare Financial Statements that give a true and fair view of the financial position of the RWS PLC and the Group as at end of each financial year and place them before the General Meeting. The Financial Statements comprise of the Statement of Financial Position as at March 31, 2023, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and Notes thereto.

Accordingly, the Directors confirm that the Financial Statements of the RWS PLC and the Group give a true and fair view of:

- (a) the financial position of the RWS PLC and the Group as at Reporting date;
- and
- (b) the financial performance of the RWS PLC and the Group for the financial year ended on the Reporting date.

In terms of Section 150(1)(b) and Section 152(1)(b) of the Companies Act, these Financial Statements of the RWS PLC and the Group have been certified by the RWS PLC's Group Director Finance, the Officer responsible for the preparation. In addition, the Financial Statements of the RWS PLC and the Group have been signed by two Directors of the RWS PLC on August 31, 2023 as required by Sections 150 (1)(c) and 152 (1)(c) of the Companies Act and other regulatory requirements. In terms of Section 148 (1) of the Companies Act, the Directors are also responsible for ensuring that proper accounting records which correctly record and explain the RWS PLC's transactions are maintained to facilitate proper audit of the Financial Statements. Accordingly, the Directors have taken reasonable steps to ensure that the RWS PLC and the Group maintain proper books of account and review the financial reporting system through the Board Audit Committee. The Board of Directors also approves the Interim Financial Statements prior to their release to the Colombo Stock Exchange, upon a review and recommendation by the Board Audit Committee.

The Directors confirm that these Financial Statements for the year 2022/2023, prepared and presented in this Annual Report are in agreement with

- a) appropriate accounting policies selected and applied in a consistent manner and material departures if any have been disclosed and explained.
- b) all applicable accounting standards that are relevant, have been followed.
- c) judgments and estimates made which are reasonable and prudent.

The Directors also confirm that the underlying books of accounts are in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka (ICASL) and the Securities and Exchange Commission of Sri Lanka (SEC).

The Directors also have taken reasonable measures to safeguard the assets of the RWS PLC and the Group and to prevent and detect frauds and other irregularities. In this regard, the Directors have instituted an effective and comprehensive system of internal controls comprising of internal audit function directly reporting to the Board.

The Directors are also of the view that the Company has adequate resources to continue in operation and have applied the going concern basis in preparing these financial statements.

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

By Order of the Board of Directors of Raigam Wayamba Salterns PLC,



**Mrs. C Saigado**  
Business Intelligence (Private) Limited,  
Secretaries to the Company,  
**31 August 2023**

# RESPONSIBILITY STATEMENT OF CHAIRMAN, CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

The Financial Statements of Raigam Wayamba Salterns PLC and the Consolidated Financial Statements of the Group, as at 31 March 2023, are prepared and presented in conformity with the requirements of the following:

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

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

We have also taken proper and sufficient care in installing systems of internal control and accounting records to safeguard assets and to prevent and detect fraud as well as other irregularities. These have been reviewed, evaluated and updated on an ongoing basis. Reasonable assurances that the established policies and procedures of the Company have been consistently followed were provided by periodic audits conducted by the Group's internal auditors. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounting.

The Audit Committee of the Company meets periodically with the internal auditors and the independent auditors to review

the effectiveness of audits, and to discuss auditing, internal control and financial reporting issues. The independent auditors and the internal auditors have full and free access to the Audit Committee to discuss any matter of substance.

The Financial Statements were audited by the independent external auditors, Messrs Ernst & Young, Chartered Accountants. The Audit Committee approves the audit and non-audit services provided by the External Auditor, in order to ensure that the provision of such services do not impair their independence.

We confirm that

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



**Dr. Ravi Liyanage**

Chairman

31 August 2023



**Kishan Rohana Theodore**

Chief Executive Officer

31 August 2023



**Nevinda Jayasooriya**

Director Finance

31 August 2023

# REPORT OF THE AUDIT COMMITTEE

In keeping with the Code of Best Practice on Corporate Governance and the requirements of the Securities and Exchange Commission for Public Limited Companies, Raigam Wayamba Salterns PLC has established an Audit Committee whose functions, authority and duties have been clearly identified in the Audit Committee Charter. This Charter integrates all the requirements of the Securities and Exchange Commission and Code of Best Practice on Corporate Governance.

The Role of the Audit Committee is to oversee the financial reporting systems of the Company with a view of safeguarding the interests of all the stakeholders and ensuring that it has been extended to its subsidiaries. This includes selecting and applying appropriate accounting policies for the purpose of financial reporting, ensuring sound internal control principles and its effective implementation, ensuring the integrity of Financial Statements and maintaining an appropriate independent relationship with the Company's Auditors.

## Formation and Composition of the Committee

The Audit Committee was established by the Board with a formal and transparent arrangement and the Committee comprises of three Independent Non-Executive Directors.

**Mr. H.A.S. Samaraweera (Chairman)**

**Snr. Prof. S. P. P. Amaratunge**

**Mr. T. Dharmarajah**

The Chairman of the Audit Committee is Mr. H.A.S. Samaraweera, who is an Independent Non-Executive Director, a fellow member of The Institute of Chartered Accountants of Sri Lanka with expert knowledge in Accounting and Finance.

## Duties and Responsibilities

In brief, the duties and responsibilities performed by the Audit Committee are as follows

- Recommending the appointment of external auditors of Raigam Wayamba Salterns PLC for each financial year.
- Examine any non-audit work performed by the Auditors and the fees thereon to ensure that their objectivity and independence is not impaired.
- Reviewing the scope and result of the audit and its effectiveness.
- Discussing with the External Auditors before commencement of the audit and at the conclusion of the audit, in relation to audit plan, key audit issues and their resolution, management responses and recommending to the Board and the remuneration of the auditors.
- Reviewing the extent of compliance with the laws of the country, Governmental regulations, listing rules and established policies of the Company.
- Ensuring that the company's internal controls and risk management practices are adequate to meet the requirements of the Sri Lanka Auditing Standard, and are being duly performed.



- Reviewing and discussing the business risk management processes and procedures adopted by the Group to manage and mitigate the effects of such risks and measures taken to minimize the impact of such risks.
- Monitoring the policies and practices related to risk management.
- Ensuring proper standardized updated systems for financial reporting.
- Holding of meetings with the Head of Finance to ensure proper controls and segregation of duties to minimize risks.
- Reviewing Company's quarterly unaudited and annual Audited Financial Statements and making recommendations to the Board for their approval and release.

## Meetings

The Audit Committee held four meetings during the year under review. The attendance of the committee members at these meetings were as follows.

| Name of the Director         | No of Meetings |
|------------------------------|----------------|
| Mr. H.A.S. Samaraweera       | 4/4            |
| Snr. Prof. S.P.P. Amaratunge | 3/4            |
| Mr. T. Dharmarajah           | 4/4            |

The proceedings of the Audit Committee are regularly reported to the Board of Directors. The Chairman of the Audit Committee has been empowered to convene regular meetings

with the Director Finance, sectional heads and Company's external auditors, separately and periodically as deemed necessary. The Board reviews and updates the Committee Charter annually according to the changes in business operations of the organization. The minutes of the meetings and reports from the Audit Committee are submitted to the Board of Directors.

## Appointment of External Auditors

The Audit Committee has recommended to the Board of Directors that Messrs. Ernst & Young continues as Auditors for the financial year ending 31 March 2023.

## Conclusion

The Audit Committee is satisfied that the control environment adopted in the organization provides reasonable, but not absolute assurance that the financial position of the company is satisfactory and that systems are in place to minimize the impact of identifiable risks and that the Listing Rules of the Colombo Stock Exchange have been met.



### H.A.S. Samaraweera

Chairman - Audit Committee  
31 August 2023

# REPORT OF THE REMUNERATION COMMITTEE

## Composition of the Remuneration Committee

In accordance with the Corporate Governance Guidelines, the Board has appointed the Remuneration Committee which consists of three Independent Non-executive Directors. The members are:

**Mr. T. Dharmarajah - Chairman**

**Snr. Prof. S.P.P. Amaratunge**

**Mr. W.M.S.V. Keerthirathne**

A brief profile of the members are given in pages 28 to 32.

The Committee studies and recommends the remuneration and perquisites applicable to executive directors and other Key Management personnel of the Company and makes appropriate recommendations to the Board of Directors of the Company for approval.

The Managing Director of the Company, who is responsible for the overall management of the Company, provides information to the Committee in all deliberations except in relation to those matters where the outcome has an impact on him.

## Scope of Duties

Headed by the objective of attracting and retaining high caliber individuals in a competitive environment, in line with business performance and stakeholder expectations, the Remuneration Committee shall be responsible for the following:

- To monitor and review the performance of the Managing Director, Executive Directors and other key management personnel.
  - To periodically evaluate the performance of the Managing Director, Executive Directors and other key management personnel against the set targets and goals, and determine the basis for revising remuneration, benefits and other payments of performance-based incentives.
- Setting the overall group remuneration policies after taking into consideration the current industrial norms; setting up guidelines and parameters for the compensation structure of the Managing Director, Executive Directors and other key managerial staff. To set goals and targets for the Managing Director, Executive Directors and key management personnel.

## Remuneration Policy

The remuneration policy is to attract and retain a highly qualified and experienced workforce, and reward performance accordingly against the backdrop of industry norms. These compensation packages provide compensation appropriate for the Group and are commensurate with each employee's level of expertise and contribution, bearing in mind business performance and shareholder returns.

## Disclosure

The whole committee comprises of Independent non-executive Directors and Independent Directors receive a fee for attending Board meetings and serving on sub committees. Details of Directors' emoluments are disclosed on page 82.

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**T. Dharmarajah**

Chairman - Remuneration Committee

31 August 2023

# REPORT OF THE RELATED PARTY TRANSACTION REVIEW COMMITTEE

The Related Party Transaction Review Committee (RPTRC) was constituted by the board of directors on 01st January 2016 further to the provisions contained in Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE).

## Composition of the Committee

The Committee comprised of the following members & they met 04 times during the year under review,

**Mr. W.M.S.V. Keerthirathne (Chairman)**

Independent Non-Executive Director

**Mr. H.A.S. Samaraweera**

Independent Non-Executive Director

**Mr. G. V. P. G. Amarasinghe**

Executive Director

## Purpose of the Committee

The purpose of the Committee is to assist the Board in meeting its oversight responsibilities to ensure that the interest of shareholders as a whole, are taken into account when entering into related party transactions.

The RPTRC reviews all the Related Party Transactions of the Group and where the Committee decides that the approval of the Board of Directors of the respective companies is necessary to approve a Related Party Transaction, such Board approval is obtained prior to entering into the relevant Related Party Transaction.

When reviewing a transaction, the RPTRC would decide whether the proposed transaction is carried out on an arm's length basis irrespective of whether recurrent or non-recurrent in nature.

Reviewing and approval would be either by meeting of members (subject to quorum being present) or by circulation.

In determining whether to obtain the approval of the Board of Directors for a Related Party Transaction, the RPTRC will take into account, among other factors it deems appropriate, whether the proposed RPTs pose a conflict of interest to the Directors.

The self-declarations from the Directors and Key Management Personnel are obtained for the purpose of identifying parties related to them. Further, the guidelines which senior management must follow in routing Related Party Transactions to the relevant forum, including transaction threshold values and pricing where applicable, have been documented even in

the case of once approved recurrent transactions which are of operational nature, which as per the RPT code need not be repeatedly approved if within the broad thresholds.

The RPTRC in discharging its function has introduced processes and periodic reporting by the relevant entities with a view to ensuring that:

- There is compliance with the Code;
- Shareholder interests are protected; and
- Fairness and transparency are maintained.

The Committee has criteria for designating Group Key Management Personnel (KMP). Further, processes have been introduced to obtain annual disclosures from all KMPs so designated.

The Related Party Transactions of the Company for the period 1 April 2022 to 31 March 2023 have been reviewed by the Members of the RPTRC and the comments and observations of the Committee have been communicated to the Board of Directors of the Company.

## Meetings

The committee meetings were held four times during the year under review on 31 May 2022, 25 August 2022, 29 November 2022 and 31 January 2023. The attendance of the committee members at these meetings were as follows.

| Name of the Director       | No of Meetings |
|----------------------------|----------------|
| Mr. W.M.S.V. Keerthirathne | 4/4            |
| Mr. H.A.S. Samaraweera     | 4/4            |
| Mr. G.V.P.G. Amarasinghe   | 4/4            |

## Disclosures

A detailed disclosure of all the related party transactions including Recurrent and Non Recurrent related party transactions which are required to be disclosed under section 9.3.2 of the listing rules of the Colombo Stock Exchange has been made in Page 91.

  
**W.M.S.V. Keerthirathne**

Chairman  
Related Party Transactions Review Committee  
31 August 2023

# DISCLOSURE OF RELATED PARTY TRANSACTIONS

Non-recurrent related party transactions and Recurrent related party transactions which meet the threshold criteria set out in Sections of 9.3.2 (a) and 9.3.2 (b) of Listing Rules pertaining to Related Party Transactions issued by Colombo Stock Exchange are required to be disclosed in the Annual Report.

## 01. Non-recurrent Related Party Transactions (Section 9.3.2 (a))

Raigam Wayamba Salterns PLC has not involved in any non-recurrent related party transactions which aggregate value exceeds 10% of Equity or 5% of total Assets whichever is lower, as per audited financial statements for 2022/2023.

## 02. Recurrent Related Party Transactions (Section 9.3.2 (b))

During the year under review, the Company has involved in Recurrent Related Party Transactions which are carried out on a continuing basis in ordinary course of business. Such Recurrent Related Party Transactions of which the aggregate value exceeds 10% of the gross revenue/ income are shown in the stipulated format below.

| Name of the Related Party             | Relationship                              | Nature of the Transaction                  | Year      | Aggregate value of Related Party Transactions entered into during the financial year (Rs.) | Aggregate value of Related Party Transactions as a % of Net Revenue/ Income | Terms and Conditions of the Related Party Transactions |
|---------------------------------------|---|--|-----------|--|---|--|
| Southern Salt Company (Pvt) Ltd       | Subsidiary                                | Purchase of Goods/Services                 | 2022/2023 | 231,532,401  | 13%   | Arm's length Transaction on normal commercial terms.   |
|                                       |   |  | 2021/2022 | 175,693,025  | 15%   |  |
|                                       |   | Settlements for purchase of Goods/Services | 2022/2023 | 213,847,373  | 12%   |  |
|                                       |   |  | 2021/2022 | 181,837,369  | 16%   |  |
| Raigam Eastern Salt Company (Pvt) Ltd | Subsidiary of the ultimate parent company | Purchase of Goods/Services                 | 2022/2023 | 355,669,044  | 20%   | Arm's length Transaction on normal commercial terms.   |
|                                       |   |  | 2021/2022 | 209,015,733  | 18%   |  |
|                                       |   | Settlements for purchase of Goods/Services | 2022/2023 | 179,171,572  | 10%   |  |
|                                       |   |  | 2021/2022 | 114,235,000  | 10%   |  |

# RISK MANAGEMENT

Risk management is an integral part of our business, since balancing risks against returns is a critical trade off decision we have to make every day when it comes to investment decision making. We have in place several measures to strengthen our risk management processes which are linked to our daily investment decisions. These include policies to mitigate business risks along with the upgrading of the support systems that enable easy monitoring and management risks.

We reviewed and refined our investment processes balancing rigor and consistency with responsiveness and flexibility. The aim was to lay a sound foundation to integrate our risk management activities as part and partial of our operations. The board of directors places special consideration on mitigating of those risks to possible extent.



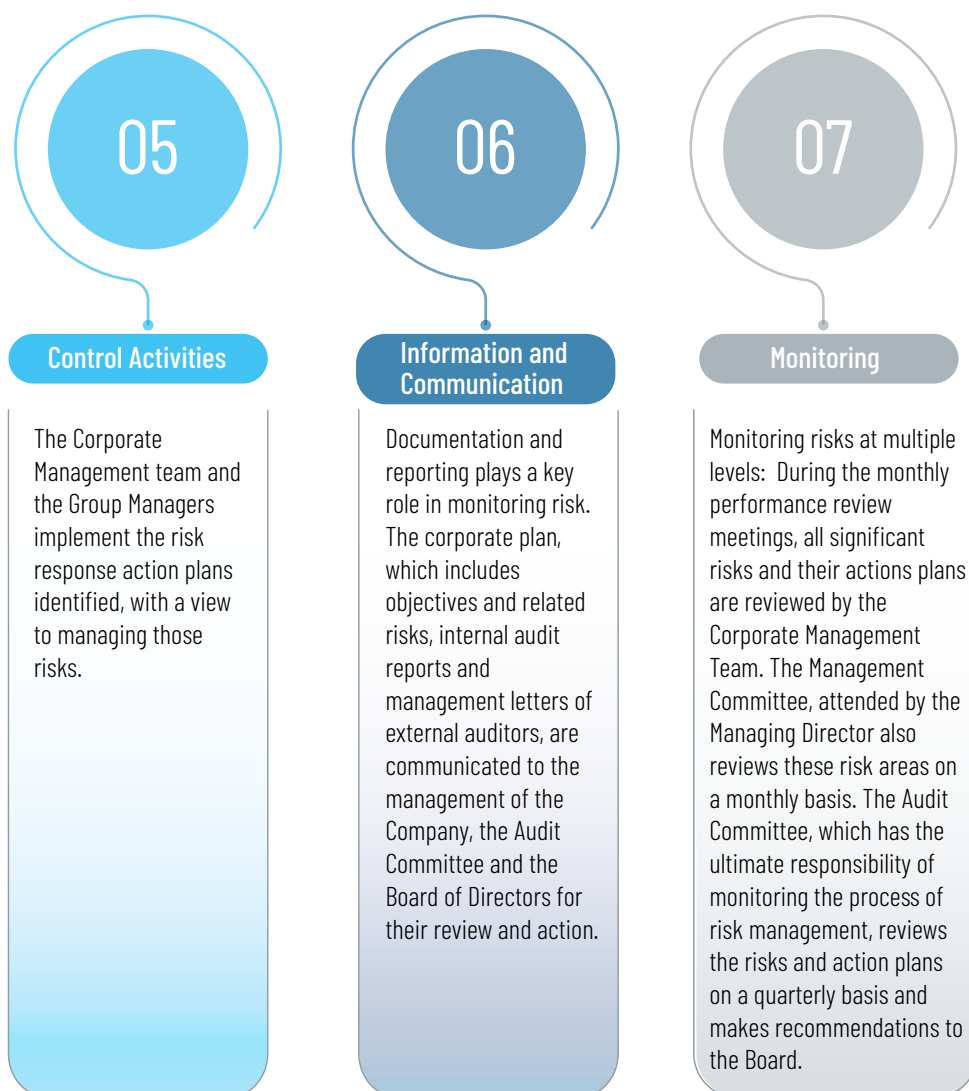
The strategies the Group adopts to manage risk depend on the type of risk and the severity of the risk, which are outlined as follows,

- Accepting the consequences of the risk and budgeting for it.
- Avoiding the possibility of the risk occurring.
- Transferring the risk to another party.
- Identifying and profiling significant risks,
- Determining Group risk appetites,
- Accepting / transferring / eliminating and sharing risks,
- Measuring performance including the benefits of risk diversification and
- Monitoring execution of the process.

## Risk Management Framework

- Raigam follows COSO and Risk Management Industry approaches as the conceptual framework of its Enterprise Risk Management. The Framework consists of

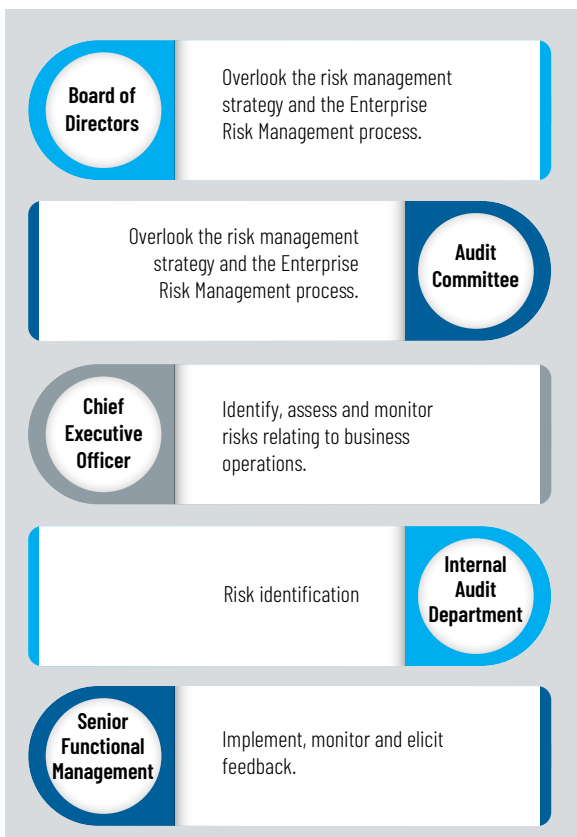
The outcome of this process will help to direct scarce resources towards business opportunities that generate maximum returns, with minimum risk. Further, this method allows assessment of risk observations to priorities risk management. below chart shows Raigam's risk management framework.



## Risk Management Structure

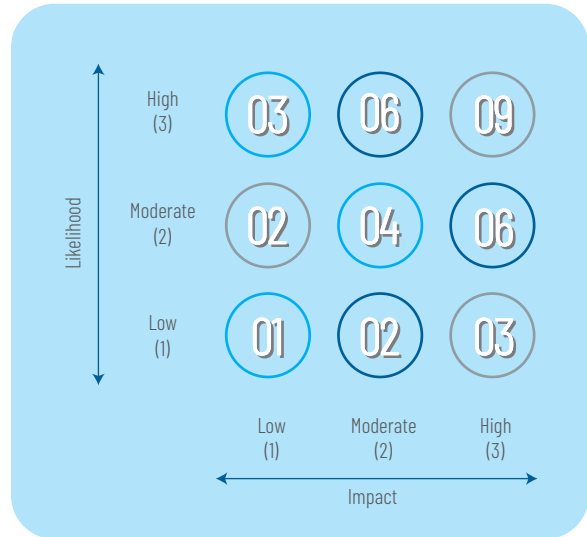
The Board has the preliminary responsibility for ensuring whether the risks are identified and appropriately managed via the Group. The Audit Committee has been delegated to review the effectiveness of the risk management process, including the systems set for identifying, assessing, managing and monitoring risks by, the Board of Directors. The internal audit department of the company also plays a major role in risk identification. The corporate management team plays the prime role in the total risk management process of identification of risks and eventually the enactment of mitigating plans and monitoring of identified risks.

The corporate management team also evaluates possible alternatives available to mitigate identified risks. Functional managers deliver valuable information and responses to the corporate management team for risk management with the aid of the employees.



## Risk Assessment

COSO Framework requires any risk to be assessed based on the likelihood and the impact. COSO risk assessment framework can be presented in following matrix. According to the matrix, top right corner risks are assessed as highest risks and such risks require prompt attention.



## Risk Categorization

| Business & Operations    | Finance               | Environment                   | Reputation       |
|--------------------------|-----------------------|-------------------------------|------------------|
| Business Risk            | Foreign Exchange Risk | Regularity and Complains Risk | Quality          |
| Project Development Risk | Interest Rate Risk    | Legal Risk                    | Customer Service |
| Technological Risk       | Credit Risk           | -                             | -                |
| Human Risk               | -                     | -                             | -                |
| Commodity Price Risk     | -                     | -                             | -                |
| Cost Overrun Risk        | -                     | -                             | -                |
| Operational Risk         | -                     | -                             | -                |

## Risk Mitigation Actions

The table below sets out the broader categories of risks, their effects, assessment of their likelihood of occurrence and impact and mitigating actions for such identified risks.

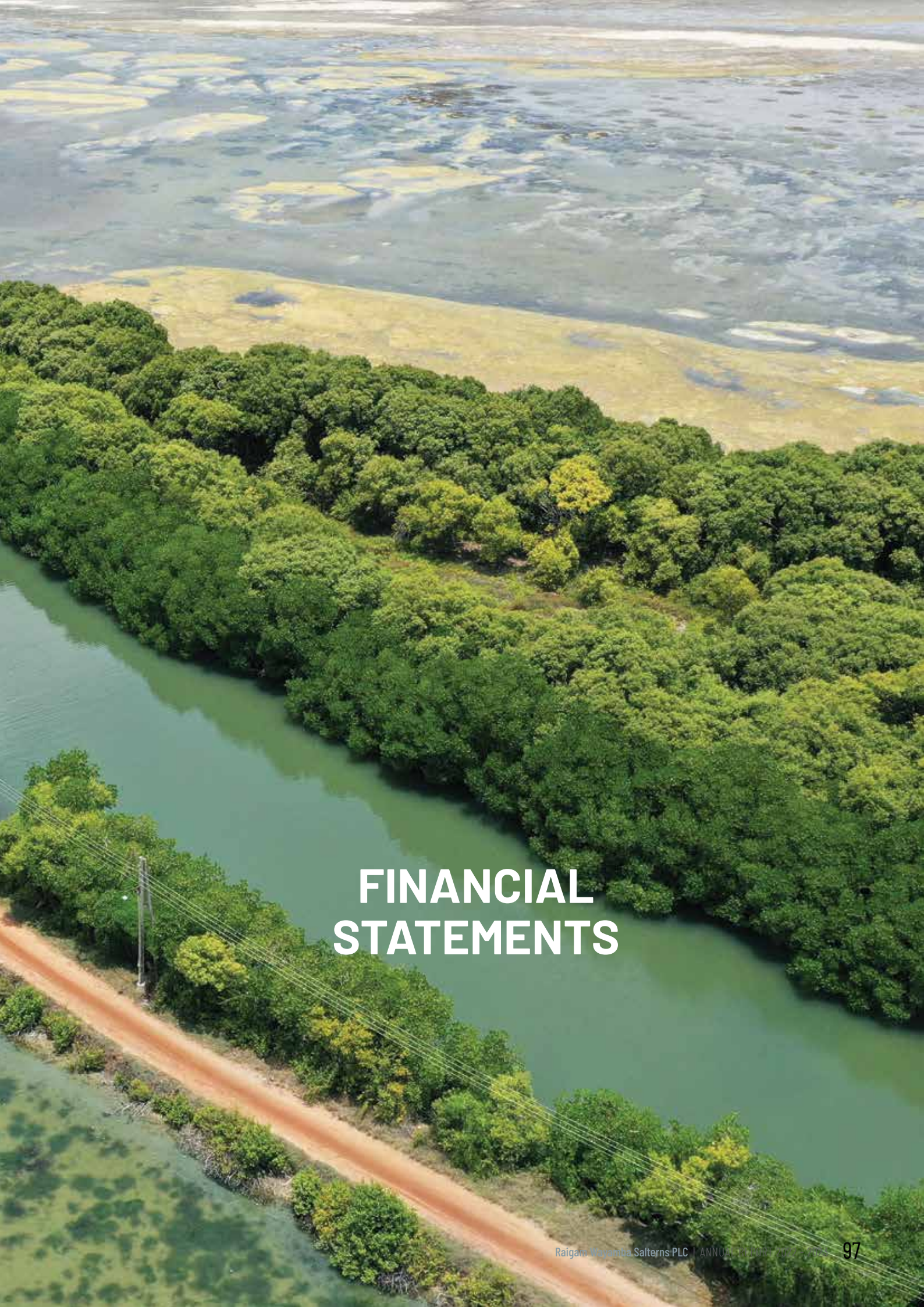
| Risk Category                  | Effect  | Likelihood | Impact   | Mitigating Actions  |
|--------------------------------|---|------------|----------|---|
| Commodity Price Risk           | Impact to profitability due to fluctuation of raw material sourcing prices from time to time, especially raw crystal salt purchasing prices depending on harvest quantities and qualities from harvesting season to season. | High       | High     | Entering into purchasing agreement with suppliers, deploying special purchasing plans on right time by purchasing division and passing the cost increases to customers.                           |
| Business Risk                  | Obsolescent of existing technology due to innovation in the industry.   | High       | High     | Backward integration, obtaining expert knowledge on forecasting and assumptions.  |
| Technological Risk             | Introduction of new regulations affecting the business adversely.   | High       | High     | Foreign consultancy, training.  |
| Regulatory And Compliance Risk | Introduction of new regulations affecting the business adversely.   | Moderate   | Moderate | Monitoring of compliance with regulatory requirements. Participate in lobbying efforts against regulations that could have a negative impact on business / industry.                              |
| Human Risk                     | Adverse impact on business competitiveness due to the inability to recruit / retain required talented staff.  | Low        | High     | Build strong employer brand.  |
| Project Development Risk       | Delays in project development due to deadlocks leading to loss of revenue E.g. Delay in granting approval by related authorities for project related matters.   | Low        | High     | Building and maintaining a good rapport with the stakeholders to minimize project development delays.   |
| Credit Risk                    | Liquidity position being negatively affected due to delays / non-payments from debtors.   | Low        | High     | Protection through legally enforceable agreements.  |
| Legal Risk                     | Non adherence to the rules and regulations set out in numerous government Acts.   | Low        | High     | Awareness of those regulations and policy level arrangement to address those risks.   |
| Quality Risk                   | Potential adverse impact on company's image due to low quality.   | Low        | High     | Conducting internal and external audits. Holding the prestigious ISO 9001 and assessing quality management system frequently.   |
| Customer Service Risk          | Risk arising from poor customer service pose a major threat to the reputation.  | Low        | High     | Having customer inquiry system with a sound technical support system.   |
| Cost Overrun Risk              | Returns from new projects being lower due to actual project cost overruns.  | Low        | Low      | Making accurate project cost estimates using expert knowledge and adopting budgetary controls on development cost.  |
| Operational Risk               | Losses due to fraud, human errors, inefficient processes, natural perils and loss of sensitive information.   | Low        | Low      | Conduct periodic internal audit reviews which report to the Audit Committee of the company. Working out a business continuity plan to ensure disaster preparedness. Appropriate insurance covers. |
| Interest Rate Risk             | Adverse impact on profitability due to interest rate fluctuations.  | Low        | Low      | Use of flexible financial sources and arrangements.   |
| Foreign Exchange Rate Risk     | Adverse impact on profitability due to exchange rate fluctuations.  | Low        | Low      | Managing foreign exchange rate exposures by applying financial risk management techniques   |





## Financial Calendar 2022/2023

|   |                   |
|---|-------------------|
| 01 <sup>st</sup> Quarter Report         | 16 August 2022    |
| 02 <sup>nd</sup> Quarter Report         | 15 November 2022  |
| 03 <sup>rd</sup> Quarter Report         | 15 February 2023  |
| 04 <sup>th</sup> Quarter Report         | 31 May 2023       |
| 18 <sup>th</sup> Annual General Meeting | 27 September 2023 |



# FINANCIAL STATEMENTS



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Chartered Accountants  
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Sri Lanka

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NYR/KKA/DRM

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RAIGAM WAYAMBA SALTERNS PLC

### Report on the Audit of the Consolidated Financial Statements

#### *Opinion*

We have audited the financial statements of Raigam Wayamba Salterns PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 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 31 March 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### *Basis for opinion*

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

#### *Key audit matters*

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga 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. R 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 Yalagala ACA ACMA

Principals: T P M Ruberu FCCA MBA (USJ-SL), G B Goudian 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

| Key audit matter   | How our audit addressed the key audit matter   |
|--|--|
| <p>Assessment of fair value of Property plant and Equipment</p> <p>As at 31 March 2023, The Group carried Property, plant and equipment (except capital work in progress) at fair value. The fair values of the Property plant and equipment were determined by an external valuer engaged by the Group.</p> <p>This was a key audit matter due to;</p> <ul style="list-style-type: none"> <li>- Materiality of the reported land, buildings and Salterns Development balances amounted to LKR 576 Mn and represented 19% of the Group's total assets as of the reporting date.</li> <li>- The degree of assumptions, judgements and estimation uncertainties associated with assessing the fair value of land and buildings.</li> </ul> <p>Key areas of significant judgments, estimates and assumptions in assessing the fair value of land, buildings and salterns development as disclosed in Note 4, include</p> <ul style="list-style-type: none"> <li>- per perch price of land</li> <li>- per square foot value of building</li> </ul> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Assessed the competency, capability and objectivity of the external valuer engaged by the Group.</li> <li>• Read the external valuer's report and understood the key estimates made and the approach taken by the valuer in assessing the fair value of each land and building.</li> <li>• Assessed the reasonableness of the significant judgements, estimates and assumptions made by the valuer such as per perch price of land and value per square foot of buildings.</li> <li>• We have also assessed the adequacy of the disclosures made in note 04 to the financial statements.</li> </ul>   |
| <p>Revenue from contracts with customers</p> <p>The Group derived its revenue of Rs. 2.1 Bn from the sales of goods as disclosed in Notes 3 to the financial statements.</p> <ul style="list-style-type: none"> <li>- The significance of the reported revenue coupled with the significant increase (85%) in revenue recorded by the Group during the year due to price increase.</li> </ul>  | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Evaluated the design of internal controls and tested the operating effectiveness of relevant key controls relating to the sale of goods. Our procedures included testing the manual controls relating to revenue.</li> <li>• Performed appropriate analytical procedures to understand and assess the reasonableness of the reported revenues.</li> <li>• Tested revenue transactions by reviewing sales orders, sales invoices, delivery notes and other relevant supporting documents.</li> <li>• Our procedures included testing revenue cut-off at the period-end date to determine whether transactions are recorded in the proper period and to the proper accounts.</li> </ul> <p>We also assessed the adequacy of the disclosures in respect of revenue in Notes 3 to the financial statements.</p> |

| Key audit matter   | How our audit addressed the key audit matter  |
|--|---|
| <p>Existence and carrying value of inventory</p> <p>As at 31 March 2023, the carrying value of inventory amounted to Rs. 481 Mn as disclosed in note 2.9.8 and 9 to the financial statements. Existence and carrying value of inventory was a key audit matter due to</p> <ul style="list-style-type: none"> <li>- Materiality of the reported amount, which represents 16% of the Group's total assets.</li> <li>- The significant increase (99%) in the inventory balance recorded by the Group as at the year end.</li> </ul> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Observing the physical inventory counts carried out by the management and reconciled the count results to the inventory listings compiled by management to support amounts reported as at the period end.</li> <li>• Understanding the process followed by the management for valuation of inventories &amp; to identify adjustments required for the measurement of inventory.</li> <li>• Testing whether inventory was stated at the lower of cost and net realizable value, by comparing cost with subsequent selling price.</li> </ul> <p>We also assessed the adequacy of disclosures made in relation to the valuation of inventories in Note 2.9.8 and 9 to the financial statements.</p> |

### ***Other information included in the Company's 2022/23 Annual Report***

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of the management and those charged with governance***

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

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

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

### ***Auditor's responsibilities for the audit of the financial statements***

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

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

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

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



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

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

### **Report on Other Legal and Regulatory Requirements**

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4184.

A handwritten signature in black ink, appearing to read 'Emmery &amp; Young'.

31 August 2023  
Colombo

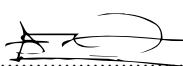
## Raigam Wayamba Salterns PLC and Its Subsidiaries

### STATEMENT OF FINANCIAL POSITION

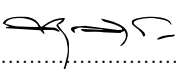
As at 31 March 2023

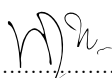
|  | Note | Group                       |                             | Company                     |                             |
|--|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  |      | 2023<br>Rs.                 | 2022<br>Rs.                 | 2023<br>Rs.                 | 2022<br>Rs.                 |
| <b>ASSETS</b>                          |      |                             |                             |                             |                             |
| <b>Non-Current Assets</b>              |      |                             |                             |                             |                             |
| Property, Plant and Equipment          | 4    | 825,850,806                 | 637,841,227                 | 637,710,675                 | 529,487,582                 |
| Intangible Assets                      | 5    | 4,392,271                   | 5,059,215                   | 2,545,483                   | 3,212,426                   |
| Right-of-Use Assets                    | 6    | 28,699,030                  | 17,293,300                  | 5,233,295                   | 5,875,795                   |
| Investments in Subsidiary              | 7    | -                           | -                           | 85,140,226                  | 85,140,226                  |
|  |      | <u>858,942,107</u>          | <u>660,193,742</u>          | <u>730,629,679</u>          | <u>623,716,029</u>          |
| <b>Current Assets</b>                  |      |                             |                             |                             |                             |
| Inventories                            | 9    | 480,634,027                 | 241,849,349                 | 129,632,248                 | 135,308,434                 |
| Trade and Other Receivables            | 10   | 771,049,756                 | 432,434,686                 | 1,051,005,740               | 471,906,231                 |
| Other Current Financial Assets         | 8    | 729,654,385                 | 514,634,975                 | 629,654,385                 | 514,634,975                 |
| Cash and Cash Equivalents              | 23   | 194,153,866                 | 108,378,280                 | 126,947,187                 | 52,065,016                  |
|  |      | <u>2,175,492,034</u>        | <u>1,297,297,290</u>        | <u>1,937,239,560</u>        | <u>1,173,914,656</u>        |
| <b>Total Assets</b>                    |      | <u><b>3,034,434,141</b></u> | <u><b>1,957,491,032</b></u> | <u><b>2,667,869,239</b></u> | <u><b>1,797,630,685</b></u> |
| <b>EQUITY AND LIABILITIES</b>          |      |                             |                             |                             |                             |
| Stated Capital                         | 11   | 604,414,640                 | 604,414,640                 | 604,414,640                 | 604,414,640                 |
| Revaluation Reserve                    | 12   | 272,611,544                 | 124,319,086                 | 197,677,167                 | 98,607,740                  |
| Retained Earnings                      |      | 1,314,208,316               | 890,581,758                 | 1,064,994,786               | 727,295,098                 |
| <b>Total Equity</b>                    |      | <u><b>2,191,234,500</b></u> | <u><b>1,619,315,484</b></u> | <u><b>1,867,086,593</b></u> | <u><b>1,430,317,478</b></u> |
| <b>Non-Current Liabilities</b>         |      |                             |                             |                             |                             |
| Defined Benefit Obligation             | 14   | 22,911,703                  | 23,848,374                  | 20,286,918                  | 20,835,336                  |
| Deferred Tax Liability                 | 15   | 65,110,688                  | 32,080,418                  | 41,217,714                  | 24,823,403                  |
| Interest Bearing Loans and Borrowings  | 13   | 22,194,248                  | 13,616,827                  | 354,603                     | 2,127,516                   |
|  |      | <u>110,216,639</u>          | <u>69,545,619</u>           | <u>61,859,235</u>           | <u>47,786,255</u>           |
| <b>Current Liabilities</b>             |      |                             |                             |                             |                             |
| Trade and Other Payables               | 16   | 611,347,521                 | 230,317,547                 | 644,558,329                 | 288,340,621                 |
| Income Tax Payable                     |      | 94,319,118                  | 26,758,820                  | 72,810,045                  | 22,788,853                  |
| Interest Bearing Loans and Borrowings. | 13   | 27,316,362                  | 11,553,562                  | 21,555,037                  | 8,397,478                   |
|  |      | <u>732,983,002</u>          | <u>268,629,929</u>          | <u>738,923,411</u>          | <u>319,526,952</u>          |
| <b>Total Equity and Liabilities</b>    |      | <u><b>3,034,434,141</b></u> | <u><b>1,957,491,032</b></u> | <u><b>2,667,869,239</b></u> | <u><b>1,797,630,685</b></u> |

These Financial Statements are in compliance with the requirements of the Companies Act No :07 of 2007

  
 .....  
 N. Jayasuriya  
 Director Finance

The Board of Directors is responsible for these financial statements. Signed for and on behalf of the Board by:

  
 .....  
 G.V.P.G. Amarasinghe  
 Director

  
 .....  
 Ravi Liyanage  
 Chairman

The accounting policies and notes on pages 108 through 147 form an integral part of the financial statements.

31 August 2023  
 Colombo



## Raigam Wayamba Salterns PLC and Its Subsidiaries

### STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2023

|  | Note | Group              |                    | Company            |                    |
|--|------|--------------------|--------------------|--------------------|--------------------|
|  |      | 2023<br>Rs.        | 2022<br>Rs.        | 2023<br>Rs.        | 2022<br>Rs.        |
| <b>Revenue from Contracts with Customers</b> | 3    | 2,120,319,853      | 1,147,188,556      | 1,798,597,990      | 1,063,409,359      |
| Cost of Sales                                |      | (1,320,195,176)    | (723,420,162)      | (1,165,422,450)    | (732,715,262)      |
| <b>Gross Profit</b>                          |      | <u>800,124,677</u> | <u>423,768,394</u> | <u>633,175,540</u> | <u>330,694,097</u> |
| Other Income                                 | 17   | 3,106,444          | 5,335,495          | 2,334,039          | 11,548,520         |
| Administrative Expenses                      |      | (132,628,713)      | (99,692,622)       | (87,653,935)       | (76,866,511)       |
| Selling and Distribution Expenses            |      | (186,199,079)      | (78,911,235)       | (163,649,558)      | (68,954,980)       |
| <b>Profit From Operating Activities</b>      |      | <u>484,403,329</u> | <u>250,500,032</u> | <u>384,206,086</u> | <u>196,421,126</u> |
| Finance Income                               | 18   | 90,679,610         | 27,900,368         | 79,526,130         | 25,451,097         |
| Finance Cost                                 | 19   | (4,961,763)        | (994,761)          | (715,648)          | (277,315)          |
| <b>Net Finance Income</b>                    |      | <u>85,717,847</u>  | <u>26,905,607</u>  | <u>78,810,482</u>  | <u>25,173,782</u>  |
| <b>Profit Before Tax</b>                     | 22   | 570,121,176        | 277,405,639        | 463,016,568        | 221,594,908        |
| Income Tax Expense                           | 15   | (109,161,896)      | (61,815,192)       | (85,184,740)       | (50,037,494)       |
| <b>Profit for the Year</b>                   |      | <u>460,959,280</u> | <u>215,590,447</u> | <u>377,831,828</u> | <u>171,557,414</u> |
| <b>Earnings Per Share</b>                    |      |                    |                    |                    |                    |
| - Basic (Rs.)                                | 20   | 1.63               | 0.76               | 1.34               | 0.61               |
| - Diluted (Rs.)                              | 20   | 1.63               | 0.76               | 1.34               | 0.61               |
| Dividend Per Share                           | 21   | 0.15               | 0.10               | 0.15               | 0.10               |

The accounting policies and notes on pages 108 through 147 form an integral part of the financial statements.

Raigam Wayamba Salterns PLC and Its Subsidiaries

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2023

|  |           | Group              |                    | Company            |                    |
|--|-----------|--------------------|--------------------|--------------------|--------------------|
|  | Note      | 2023<br>Rs.        | 2022<br>Rs.        | 2023<br>Rs.        | 2022<br>Rs.        |
| <b>Profit for the Year</b>   |           | 460,959,280        | 215,590,447        | 377,831,828        | 171,557,414        |
| <b>Other Comprehensive Income</b>  |           |                    |                    |                    |                    |
| <i>Other comprehensive income not to be reclassified to Statement of Profit or Loss in subsequent periods:</i> |           |                    |                    |                    |                    |
| Actuarial Gain /(Loss) on Defined Benefit Obligation   | 14.2      | 4,056,343          | 3,937,072          | 2,748,697          | 4,337,032          |
| Deferred Tax on Actuarial (Gain)/Loss  | 15.2      | 942,033            | (708,673)          | (549,739)          | (780,666)          |
| Gain on Revaluation of Property, Plant and Equipment   | 4.2 & 4.6 | 194,138,245        | -                  | 123,819,629        | -                  |
| Deferred Tax on Gain on Revaluation of Property, Plant and Equipment   | 15.2      | (45,845,787)       | -                  | (24,750,202)       | -                  |
| <b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>           |           | <u>153,290,834</u> | <u>3,228,399</u>   | <u>101,268,385</u> | <u>3,556,366</u>   |
| <b>Other Comprehensive Income for the Year, Net of Tax</b>   |           | <u>153,290,834</u> | <u>3,228,399</u>   | <u>101,268,385</u> | <u>3,556,366</u>   |
| <b>Total Comprehensive Income For the Year, Net of Tax</b>   |           | <u>614,250,114</u> | <u>218,818,846</u> | <u>479,100,213</u> | <u>175,113,780</u> |

The accounting policies and notes on pages 108 through 147 form an integral part of the financial statements.

## Raigam Wayamba Salterns PLC and Its Subsidiaries

### STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

| <b>Group</b>                         | <b>Stated<br/>Capital<br/>Rs.<br/>Note 11</b> | <b>Revaluation<br/>Reserve<br/>Rs.<br/>Note 12</b> | <b>Retained<br/>Earnings<br/>Rs.</b> | <b>Total<br/>Rs.</b> |
|--------------------------------------|---|--|--------------------------------------|----------------------|
| <b>Balance as at 31st March 2021</b> | 604,414,640                                   | 124,319,086  | 699,983,644                          | 1,428,717,370        |
| Profit for the Year                  | -   | -  | 215,590,447                          | 215,590,447          |
| Other Comprehensive Income           | -   | -  | 3,228,399                            | 3,228,399            |
| Total Comprehensive Income           | -   | -  | 218,818,846                          | 218,818,846          |
| Dividend paid (Rs. 0.10 per share)   | -   | -  | (28,220,732)                         | (28,220,732)         |
| <b>Balance as at 31 March 2022</b>   | 604,414,640                                   | 124,319,086  | 890,581,758                          | 1,619,315,484        |
| Profit for the Year                  | -   | -  | 460,959,280                          | 460,959,280          |
| Other Comprehensive Income           | -   | 148,292,458  | 4,998,376                            | 153,290,834          |
| Total Comprehensive Income           | -   | 148,292,458  | 465,957,656                          | 614,250,114          |
| Dividend paid (Rs. 0.15 per share)   | -   | -  | (42,331,098)                         | (42,331,098)         |
| <b>Balance as at 31 March 2023</b>   | <u>604,414,640</u>                            | <u>272,611,544</u>                                 | <u>1,314,208,316</u>                 | <u>2,191,234,500</u> |
| <b>Company</b>                       | <b>Stated<br/>Capital<br/>Rs.<br/>Note 11</b> | <b>Revaluation<br/>Reserve<br/>Rs.<br/>Note 12</b> | <b>Retained<br/>Earnings<br/>Rs.</b> | <b>Total<br/>Rs.</b> |
| <b>Balance as at 31st March 2021</b> | 604,414,640                                   | 98,607,740   | 580,402,051                          | 1,283,424,431        |
| Profit for the Year                  | -   | -  | 171,557,413                          | 171,557,413          |
| Other Comprehensive Income           | -   | -  | 3,556,366                            | 3,556,366            |
| Total Comprehensive Income           | -   | -  | 175,113,779                          | 175,113,779          |
| Dividend paid (Rs. 0.10 per share)   | -   | -  | (28,220,732)                         | (28,220,732)         |
| <b>Balance as at 31 March 2022</b>   | 604,414,640                                   | 98,607,740   | 727,295,098                          | 1,430,317,478        |
| Profit for the Year                  | -   | -  | 377,831,828                          | 377,831,828          |
| Other Comprehensive Income           | -   | 99,069,427   | 2,198,958                            | 101,268,385          |
| Total Comprehensive Income           | -   | 99,069,427   | 380,030,786                          | 479,100,213          |
| Dividend paid (Rs. 0.15 per share)   | -   | -  | (42,331,098)                         | (42,331,098)         |
| <b>Balance as at 31 March 2023</b>   | <u>604,414,640</u>                            | <u>197,677,167</u>                                 | <u>1,064,994,786</u>                 | <u>1,867,086,593</u> |

The accounting policies and notes on pages 108 through 147 form an integral part of the financial statements.

## Raigam Wayamba Salterns PLC and Its Subsidiaries

### STATEMENT OF CASH FLOWS

Year ended 31 March 2023

|   | Group         |               | Company       |               |
|---|---------------|---------------|---------------|---------------|
|   | 2023<br>Rs.   | 2022<br>Rs.   | 2023<br>Rs.   | 2022<br>Rs.   |
| <b>Cash Flows from Operating Activities</b>                     |               |               |               |               |
| Net Profit before Income Tax Expense                            | 570,121,176   | 277,405,639   | 463,016,568   | 221,594,906   |
| Adjustments for   |               |               |               |               |
| Depreciation of Property, Plant & Equipment                     | 42,283,372    | 39,792,668    | 33,502,148    | 32,658,652    |
| Depreciation of Right of Use Assets                             | 7,426,571     | 1,369,714     | 642,500       | 549,205       |
| Amortisation Intangible Assets                                  | 970,016       | 820,509       | 970,016       | -             |
| Capital WIP Write off   | 5,076,478     | -             | 4,921,943     | -             |
| Interest income   | (90,679,610)  | (30,664,002)  | (79,526,130)  | (34,427,756)  |
| Finance Costs   | 4,961,763     | 993,561       | 715,648       | 276,115       |
| Loss/(Gain) on Disposal of Property, Plant & Equipments         | 662,078       | (2,520,873)   | 662,078       | (2,493,438)   |
| Revaluation Loss  | 248,486       | -             | 68,620        | -             |
| Provision for Retirement Benefit Liability                      | 5,858,661     | 4,736,579     | 4,939,268     | 4,132,869     |
| Provision for doubtful Debtors                                  | 1,456,826     | -             | 1,456,826     | -             |
| Operating Profit before Working Capital Changes                 | 548,385,817   | 291,933,795   | 431,369,484   | 222,290,553   |
|   |               |               |               |               |
| (Increase)/Decrease in Inventories                              | (238,784,678) | (128,035,819) | 5,676,186     | (48,606,529)  |
| (Increase)/Decrease in Trade and Other Receivables              | (340,071,896) | (141,707,857) | (580,556,335) | (195,370,971) |
| Increase/ (Decrease) in Trade and Other Payables                | 381,593,831   | 69,881,986    | 356,217,714   | 49,714,981    |
| Cash Generated from Operations                                  | 351,123,075   | 92,072,105    | 212,707,049   | 28,028,035    |
|   |               |               |               |               |
| Income Tax Paid   | (54,003,667)  | (43,291,210)  | (44,069,185)  | (29,977,625)  |
| Gratuity Paid   | (2,738,989)   | (766,680)     | (2,738,989)   | (766,680)     |
| Finance Expenses Paid   | (490,160)     | (729,542)     | (448,538)     | (34,606)      |
| Net Cash from Operating Activities                              | 293,890,259   | 47,284,673    | 165,450,337   | (2,750,876)   |
| <b>Cash Flows from Investing Activities</b>                     |               |               |               |               |
| Acquisition of Property, Plant and Equipment                    | (44,079,747)  | (42,953,519)  | (25,496,253)  | (30,987,032)  |
| Acquisition of Intangible Assets                                | (303,073)     | (3,212,425)   | (303,073)     | (3,212,425)   |
| Investments in fixed deposits                                   | (215,019,409) | (121,089,126) | (115,019,409) | (121,089,126) |
| Finance Income Received   | 90,679,609    | 30,664,002    | 79,526,130    | 34,427,756    |
| Investments in Subsidiaries                                     | -             | -             | -             | (10,000,000)  |
| Disposal Proceeds from Property, Plant and Equipment            | 1,938,000     | 14,000,000    | 1,938,000     | 14,000,000    |
| Net Cash from / (used in) Investing Activities                  | (166,784,621) | (122,591,068) | (59,354,605)  | (116,860,827) |
| <b>Cash Flows from Financing Activities</b>                     |               |               |               |               |
| Payment of Dividends  | (42,331,098)  | (28,220,732)  | (42,331,098)  | (28,220,732)  |
| Lease Installments Paid   | (11,440,757)  | (2,385,670)   | (2,155,358)   | (1,975,748)   |
| Net Cash from/(used in) Financing Activities                    | (53,771,855)  | (30,606,402)  | (44,486,456)  | (30,196,480)  |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>     | 73,333,783    | (105,912,798) | 61,609,276    | (149,808,182) |
| <b>Cash and Cash Equivalents at the Beginning of the Period</b> | 99,074,188    | 204,986,986   | 45,555,786    | 195,363,968   |
| <b>Cash and Cash Equivalents at the End of the Period</b>       | 172,407,971   | 99,074,188    | 107,165,062   | 45,555,786    |

The accounting policies and notes on pages 108 through 147 form an integral part of the financial statements.

## 1. CORPORATE INFORMATION

### 1.1 Reporting Entity

Raigam Wayamba Salterns PLC is a Public Limited Liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office of the Company is located at No. 23, Walukarama Road, Colombo 03 and the principal place of business are located at No.277, Koswatte, Kiriwattuduwa; Kalpitiya Road, Palavi, Puttalam and Bata-atha Industrial Zone, Kahandamodara, Gurupokuna, Tangalle.

### 1.2 Consolidated Financial Statements

The Financial Statements for the year ended 31 March 2023, comprise “the Company” referring to Raigam Wayamba Salterns PLC as the Holding Company and “the Group” referring to the companies whose accounts have been consolidated therein.

### 1.3 Parent Entity and Ultimate Parent Entity

The Company’s parent and ultimate parent entity is Raigam Marketing Services (Private) Limited which is incorporated in Sri Lanka.

### 1.4 Date of Authorization for Issue

The consolidated financial statements of Raigam Wayamba Salterns PLC and its Subsidiaries (Collectively, the Group) for the year ended 31 March 2023 were authorized for issue in accordance with a resolution by the board of directors on 31 August 2023.

### 1.5 Principal Activities and Nature of Operations

During the year, the principal activities of the Company and Subsidiaries were manufacturing and distribution of Salt and other goods Island wide and development of salterns.

Subsidiaries are the enterprises controlled by the parent. Control exists when the parent has the power, directly or indirectly to govern the financial and operating policies of an enterprise. Subsidiaries are controlled from the date the parent obtains control until the date that control ceases. The following companies have been consolidated.

|  |   |            |
|--|---|------------|
| Raigam Wayamba Saltern PLC               | - | Parent     |
| Southern Salt Company (Private) Limited  | - | Subsidiary |
| Raigam Wayamba Cereals (Private) Limited | - | Subsidiary |

## 2. BASIS OF PREPARATION

### 2.1 Basis of Measurement

The Consolidated Financial Statements have been prepared on an accrual basis and under the historical cost convention except for Property, Plant and Equipment that have been measured at fair value and the liability for Defined Benefit Obligations are actuarially valued and recognized at the present value.

### 2.2 Statement of Compliance

The Financial Statements which comprise the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Statement of Cash Flows together with the Accounting Policies and Notes (the “Financial Statements”) have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirements of the Companies Act No. 7 of 2007.

### 2.3 Comparative Information

The accounting policies have been consistently applied by the Company and, are consistent with those used in the previous year. Previous year’s figures and phrases have been rearranged whenever necessary to conform to the current presentation.

### 2.4 Going Concern

The Directors have made an assessment of the Group’s ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

The Group has assured the availability of financial resources to continue its operations whenever necessary. Therefore, the management is in the opinion that the cash flows are sufficient to meet current liabilities for the foreseeable future.

### 2.5 Presentation and Functional Currency

The Consolidated Financial Statements are presented in Sri Lankan Rupees, the Group’s functional and presentation currency, which is the primary economic environment in which the Holding Company operates. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

### 2.6 Basis of Consolidation

The Consolidated Financial Statements of Raigam Wayamba Salterns PLC and its Subsidiaries (referred to as the ‘Group’) comprise the Financial Statements of the Group as at 31 March 2023.

Subsidiaries are disclosed in Note 7 to the Financial Statements.

Control over an investee 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.

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; and
- ▶ 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 subsidiaries begins when the Group obtains control over the subsidiaries and ceases when the Group loses control of the subsidiaries. Assets, liabilities, income and expenses of subsidiaries 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 subsidiaries.

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.

The Financial Statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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

If the Group loses control over subsidiaries, 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 the Statement of Profit or Loss. Any investment retained is recognised at fair value.

The total profits and losses for the year of the Company and of its subsidiaries included in consolidation are shown in the Consolidated Statement of Profit or Loss and Consolidated Statement of other Comprehensive Income and all assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the Consolidated Statement of Financial Position.

Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the Consolidated Statement of Profit or Loss and Statement of other Comprehensive Income and as a component of equity in the Consolidated Statement of Financial Position, separately from equity attributable to the shareholders of the parent. The Consolidated Statement of Cash Flows includes the cash flows of the Company and its Subsidiaries.

## 2.7 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted by the Group are consistent with those of the previous financial year except for the following;

### 2.7.1 Summary of new accounting policies resulting from amended standards and interpretations

The nature and effect of the changes as a result of adoption of these new accounting standards are described below. Several other amendments and interpretations apply for the first time in the year ended 31 March 2023, but do not have an impact on the Financial Statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

## 2.8 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements of the Group require the management to make judgments, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period. In the process of applying the Group's accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below.

### **Judgments**

The preparation of the financial statements of the Group require the management to make judgments, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period. In the process of applying the Group's accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below.

### **Taxes**

The Group is subject to income tax and other taxes including VAT. Significant judgment was required to determine the total provision for current, deferred and other taxes.

Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Where the final tax outcome of such matters are different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

### **Impairment of Trade Debtors**

The Group reviews its individually significant Receivables at each reporting date to assess whether an impairment loss should be recorded in the Statement of Profit or Loss. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

### **Critical Accounting Estimates and Assumptions**

The financial statements are sensitive to assumptions and estimates made in measuring certain carrying amounts represented in the statement of financial position and amounts charged to the profit or loss. These could result in a significant risk of causing material adjustments to the carrying amounts of assets and liabilities which are disclosed in the relevant notes to the financial statements.



#### ***Fair Value of Property, Plant and Equipment***

The Property, Plant and Equipment of the Group are reflected at fair value when current market prices of similar assets are available; such evidences are considered in estimating fair values of these assets. In the absence of such information the Group determines within a reasonable fair value estimates, amounts that can be attributed as fair values, with the assistance of an independent valuer.

The significant unobservable inputs to valuation are provided in Note 4.12.

#### ***Defined Benefit Obligation***

The employee benefit liability of the Group determines using actuarial valuation carried out by an independent actuarial specialist. The actuarial valuations involve making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Details of the key assumptions used in the estimates are contained in Note 14.

#### ***Goodwill Impairment***

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the assets. The value in use calculation is based on a discounted cash flow model.

The cash flows are derived from the forecast for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

#### ***Impairment of Non-Financial Assets***

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs and its value in use.

The fair value less cost of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

#### ***Incremental Borrowing rate***

The Group recognised its lease liabilities in relation to leases and liabilities that were measured at the present value of the future lease payments, after discounting based on the lessee's incremental borrowing rate as of commencement date of the lease.

## 2.9 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Group in preparing its Consolidated Financial Statements:

### 2.9.1 Foreign currencies

#### *Foreign currency transactions and balances*

The Group's consolidated financial statements are presented in Sri Lankan Rupees, which is also the parent Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss arises from this method.

#### *Transactions and balances*

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognised in other comprehensive income (OCI) or profit or loss are also recognised in OCI or profit or loss, respectively).

### 2.9.2 Business Combination and Goodwill

Business combinations are accounted for using the acquisition method of accounting. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree at the 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.

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest 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 gain is recognized 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 transferred; the gain is recognised in profit or loss.

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 operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

### 2.9.3 Revenue and Other Income Recognition

#### a) Revenue from Contracts with Customers

SLFRS 15 "Revenue from Contracts with Customers" outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within SLFRS. It establishes a new five-step model that will apply to revenue arising from contracts with customers.

Step 1: Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that create enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2: Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer that is distinct.

Step 3: Determine the transaction price: Transaction price is the amount of consideration to which the entity expects to be entitled to in exchange for transferring the promised goods and services to a customer, excluding amounts collected from third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the entity will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the entity expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

#### Sale of Goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

#### b) Finance income

Finance income comprises interest income on funds invested, gains on the remeasurement to fair value of any pre-existing interest in an acquiree that are recognised in Statement of Profit or Loss.

Interest income or expense is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the Statement of Profit or Loss.

#### c) Dividends

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

**d) Gains and losses**

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other noncurrent assets, including investments, are accounted for in the Statement of Profit or Loss, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

**e) Others**

Other income is recognized on an accrual basis.

**2.9.4 Financial Instruments**

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

**2.9.4.1 Financial Assets**

**Initial Recognition and Subsequent 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 Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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 Group commits to purchase or sell the asset.

**Subsequent Measurement**

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

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

### **Financial Assets at Amortised Cost (Debt Instruments)**

This category is the most relevant to the Group. The Group measures financial assets at amortised 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 amortised 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 Assets Designated at Fair Value Through OCI (Equity Instruments)**

Upon initial recognition, the Group 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 Group 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.

### **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. This category includes short term investments which the Group had not irrevocably elected to classify at fair value through OCI. Income from these investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

The Group's financial assets at amortised cost includes trade and other receivables and fixed deposits.

### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's Consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
- Or
- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group 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 Group 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 Group could be required to repay.

### **Impairment of Financial Assets**

#### **Trade receivables**

The Group 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 Group 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).

For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### **Impairment of Non-Financial Assets**

The following criteria are also applied in assessing impairment of specific assets:

#### **Goodwill**

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value maybe impaired:

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

#### 2.9.4.2 Financial Liabilities

##### 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.

##### Subsequent Measurement

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

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

##### Financial Liabilities at Amortised Cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

The Group's financial liabilities include trade and other payables and interest-bearing loans and borrowings including bank overdrafts.

##### 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.

#### 2.9.4.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a current enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

#### 2.9.4.4 Fair Value Measurement

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 Group.

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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and 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 Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## 2.9.5 Taxation

### a) 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.

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.

Pursuant to agreement dated 20<sup>th</sup> March 2006 entered into with Board of Investment under Section 17 of the Board of Investment Law, the Raigam Wayamba Salterns PLC is exempt from the business of manufacturing for a period of 8 years from the year of assessment year 2006/07. This exemption expires on the 2<sup>nd</sup> March 2014 and for the immediately succeeding two years the Company is liable to pay income tax at the rate of 10% and thereafter at the rate of 20% for any year of assessment.

### Deferred Taxation

Deferred income 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 income tax liabilities are recognized for all taxable temporary differences except where the deferred income tax liability 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 the taxable profit or loss.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, 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 assets and unused tax losses



can be utilised except where the deferred income 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 income 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 income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to 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 as at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in Statement of Changes in Equity and not in the Statement of profit or loss.

### 2.9.6 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a Qualifying asset is recognized in the Statement of profit or loss.

### 2.9.7 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities (i.e. three months or less from the date of acquisition) are also treated as cash equivalents.

### 2.9.8 Inventories

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The provision for obsolete and slow-moving items is based on periodical reviews performed by the Group. All inventory provisioning requires a level of judgment on how the condition of inventory is impacted by various factors

The cost incurred in bringing inventories to its present location and conditions are accounted using the following cost formulae: -

|  |   |
|--|---|
| Raw Material   | - At purchase cost on first-in first-out basis  |
| Finished Goods & Work-In-Progress  | - At the cost of direct materials, direct labor at FIFO basis and an appropriate proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing costs. |
| Engineering Stock, Firewood, Packing Material, Fuel Stocks and Other Chemicals Stock | - At purchase cost on first in first out basis  |

## 2.9.9 Property, Plant and Equipment

### Basis of recognition

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

### Basis of measurement

Property, Plant and Equipment are initially measured at cost. When significant parts of plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized 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. Subsequent to initial recognition, the property, plant and equipment are stated at fair value less accumulated depreciation and any accumulated impairment loss, which reflect market conditions at the reporting date.

When items of Property, Plant and Equipment are subsequently revalued, the entire class of such assets is revalued. Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Profit or Loss, in which case the increase is recognised in the Statement of Profit or Loss. A revaluation deficit is recognised in the Statement of Profit or Loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Last Revaluation of Property Plant & Equipment of the group was on 31.03.2023.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

### De-recognition

An item of property, plant and equipment are derecognised upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the Statement of Profit or Loss in the year the asset is derecognised.

### Depreciation

Depreciation is calculated by using a straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic life of such assets.

The estimated useful lives for the current and comparative periods are as follows:

|                        |            |
|------------------------|------------|
| Buildings              | 8-10 Years |
| PVD Plant              | 10 Years   |
| Plant and Machinery    | 6 Years    |
| Furniture and Fittings | 5 Years    |
| Factory Equipments     | 10 Years   |
| Office Equipment       | 10 Years   |
| Computer & Accessories | 4 Years    |
| Deep Well              | 20 Years   |
| Motor Vehicles         | 10 Years   |
| Salterns Development   | 20 Years   |

### **Capital Work in Progress**

Capital expenses incurred during the year which are not completed as at the date of the Statement of Financial Position are shown as Capital Work-in-Progress, Capital work in progress is stated at cost less accumulated impairment.

### **2.9.10 Leases**

#### ***Group as a lessee***

As per SLFRS 16, when the Group has determined that a contract contains a lease component and one or more additional lease components or non-lease components, the consideration in the contract is allocated to each lease component on the basis of relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. At the commencement date, the Group recognises right-of-use of an asset and a lease liability which is measured at the present value of the lease payments that are payable on that date. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. After initial recognition, the Group applies cost model for the right-of-use of an asset and depreciate the asset from commencement date to the end of the useful life of the underlying asset. Where the right does not transfer the ownership of the asset, the Group depreciates it from commencement date to the earlier of the end of the useful life of the right-of-use asset or end of the lease term. In addition, interest expense on the lease liability is recognised in the profit or loss.

### 2.9.11 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the Statement of Profit or Loss when it is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

### 2.9.12 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Group 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. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote.

Contingent assets are disclosed, where inflow of economic benefit is probable.

### 2.9.13 Defined Benefit Obligation

#### a) Defined Benefit Plan – Gratuity

Gratuity is a defined benefit plan. The Group is liable to pay gratuity in terms of the relevant statute.

The Group measures the present value of the promised retirement benefit for gratuity, which is a defined benefit plan with the advice of an independent professional actuary using the projected unit credit method (PUC) as required by LKAS No. 19, Employee Benefits.

The item is stated under Defined Benefit Obligation in the Statement of Financial Position.

### **Recognition of Actuarial Gains and Losses**

Any actuarial gains and losses arising are recognized immediately in Other Comprehensive Income. This was previously recognized in Statement of Profit or Loss. Interest expense and current service cost are recognized in the statement of profit or loss.

#### **b) Defined Contribution Plans – Employees’ Provident Fund & Employees’ Trust Fund**

All employees who are eligible for Employees’ Provident Fund Contributions and Employees’ Trust Fund Contributions are covered by relevant contribution funds in line with respective statutes and regulations. The Group contributes 12% and 3% of gross emoluments of employees to Employees’ Provident Fund and Employees’ Trust Fund respectively, which are externally funded.

### **2.9.14 Impairment of Non-Financial Assets**

The Group 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 Group estimates the asset’s recoverable amount. An asset’s recoverable amount is higher of asset’s or cash generating unit’s (CGU) fair value less costs to sell and its value in use. It 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. Where 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 to sell, recent market transactions are taken into account, if available. 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 subsidiaries or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the Statement of Profit or Loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group 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.

### **2.9.15 Expenditure recognition**

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

For the purpose of presentation of the Statement of Profit or Loss, the “function of expenses” method has been adopted, on the basis that it presents fairly the elements of the Group and Group’s performance

### 2.9.16 Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, impairment losses recognised on financial assets (other than trade receivables) that are recognised in the Statement of Profit or Loss.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

### 2.10 STANDARDS ISSUED BUT NOT YET EFFECTIVE:

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

#### **Definition of Accounting Estimates - Amendments to LKAS 8**

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.

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

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.

#### **Disclosure of Accounting Policies - Amendments to LKAS 1 and IFRS Practice Statement 2**

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.

**Classification of Liabilities as Current or Noncurrent - Amendments to LKAS 1**

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 a right to defer must exist at the end of the reporting period
- 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

Year ended 31 March 2023

## 3. REVENUE FROM CONTRACTS WITH CUSTOMERS

|                            | Group                |                      | Company              |                      |
|----------------------------|----------------------|----------------------|----------------------|----------------------|
|                            | 2023                 | 2022                 | 2023                 | 2022                 |
|                            | Rs.                  | Rs.                  | Rs.                  | Rs.                  |
| Revenue from Sale of Goods | 2,120,319,853        | 1,147,188,556        | 1,798,597,990        | 1,063,409,359        |
|                            | <u>2,120,319,853</u> | <u>1,147,188,556</u> | <u>1,798,597,990</u> | <u>1,063,409,359</u> |

The business activities of the Company are only organised as a single reportable segment, where the management of the company monitors the Revenue from whole selling as a key performance indicator.

## 4. PROPERTY, PLANT &amp; EQUIPMENT

| Group                                    | Balance<br>As at<br>01.04.2022 | Additions<br>During the<br>Year | Disposals<br>During the<br>Year | Transfers<br>In/(Out) | Revaluation        | Balance<br>As at<br>31.03.2023 |
|--|--------------------------------|---------------------------------|---------------------------------|-----------------------|--------------------|--------------------------------|
| At Valuation.                            | Rs.                            | Rs.                             | Rs.                             | Rs.                   | Rs.                | Rs.                            |
| Freehold Lands                           | 239,171,060                    | -                               | -                               | -                     | 37,965,553         | 277,136,613                    |
| Buildings on Freehold Land               | 35,572,500                     | -                               | -                               | (17,492,260)          | 23,569,760         | 41,650,000                     |
| Buildings on leasehold land              | 19,950,000                     | -                               | -                               | (7,980,000)           | 19,530,000         | 31,500,000                     |
| PVD Plant                                | 43,476,745                     | -                               | -                               | (12,683,854)          | 205,709            | 30,998,600                     |
| Plant and Machinery                      | 73,545,883                     | 26,052,731                      | (2,454,989)                     | (37,293,768)          | 25,271,543         | 85,121,400                     |
| Motor Vehicles                           | 72,067,380                     | 10,550,000                      | (2,895,000)                     | (25,746,426)          | 22,774,046         | 76,750,000                     |
| Furniture and Fittings                   | 820,293                        | 75,000                          | -                               | (417,533)             | 347,241            | 825,000                        |
| Factory Equipment                        | 2,971,473                      | 159,500                         | -                               | (845,934)             | 5,304,961          | 7,590,000                      |
| Office Equipment                         | 1,596,753                      | 236,386                         | -                               | (484,149)             | 511,010            | 1,860,000                      |
| Computers & Accessories                  | 1,875,847                      | 1,380,765                       | -                               | (1,505,669)           | 949,057            | 2,700,000                      |
| Deep Well                                | 650,000                        | 848,750                         | -                               | (172,432)             | 2,823,682          | 4,150,000                      |
| Salterns Development                     | 213,401,913                    | -                               | -                               | (42,675,724)          | 54,637,197         | 225,363,387                    |
| <b>Total Value of Depreciable Assets</b> | <u>705,099,846</u>             | <u>39,303,132</u>               | <u>(5,349,989)</u>              | <u>(147,297,748)</u>  | <u>193,889,759</u> | <u>785,645,000</u>             |

| 4.2 In the Course of Construction  | Balance<br>As at<br>01.04.2022 | Additions<br>During the<br>Year | Disposals<br>During the<br>Year | Transfers<br>In/(Out) | Revaluation        | Balance<br>As at<br>31.03.2023 |
|------------------------------------|--------------------------------|---------------------------------|---------------------------------|-----------------------|--------------------|--------------------------------|
|                                    | Rs.                            | Rs.                             | Rs.                             | Rs.                   | Rs.                | Rs.                            |
| Capital Work in Progress           | 40,505,668                     | 5,625,366                       | (5,076,478)                     | (848,750)             | -                  | 40,205,806                     |
|                                    | <u>40,505,668</u>              | <u>5,625,366</u>                | <u>(5,076,478)</u>              | <u>(848,750)</u>      | <u>-</u>           | <u>40,205,806</u>              |
| <b>Total Gross Carrying Amount</b> | <u>745,605,514</u>             | <u>44,928,497</u>               | <u>(10,426,467)</u>             | <u>(148,146,498)</u>  | <u>193,889,759</u> | <u>825,850,806</u>             |

| Group                       | Balance as at<br>01.04.2022 | Charge for the<br>year | Disposals          | Transfers In/(Out)   | Balance as at<br>31.03.2023 |
|-----------------------------|-----------------------------|------------------------|--------------------|----------------------|-----------------------------|
| At Valuation                | Rs.                         | Rs.                    | Rs.                | Rs.                  | Rs.                         |
| Buildings on Freehold Land  | 13,118,598                  | 4,373,662              | -                  | (17,492,260)         | -                           |
| Buildings on leasehold land | 5,985,000                   | 1,995,000              | -                  | (7,980,000)          | -                           |
| PVD Plant                   | 8,336,028                   | 4,347,826              | -                  | (12,683,854)         | -                           |
| Plant and Machinery         | 27,331,055                  | 11,579,003             | (1,616,290)        | (37,293,768)         | -                           |
| Motor Vehicles              | 18,887,578                  | 7,992,469              | (1,133,621)        | (25,746,426)         | -                           |
| Furniture and Fittings      | 300,028                     | 117,505                | -                  | (417,533)            | -                           |
| Factory Equipment           | 541,575                     | 304,359                | -                  | (845,934)            | -                           |
| Office Equipment            | 314,367                     | 169,782                | -                  | (484,149)            | -                           |
| Computers & Accessories     | 846,918                     | 658,751                | -                  | (1,505,669)          | -                           |
| Deep Well                   | 97,498                      | 74,935                 | -                  | (172,432)            | -                           |
| Salterns Development        | 32,005,643                  | 10,670,081             | -                  | (42,675,724)         | -                           |
| <b>Total Depreciation</b>   | <u>107,764,288</u>          | <u>42,283,372</u>      | <u>(2,749,911)</u> | <u>(147,297,748)</u> | <u>-</u>                    |

| 4.4 Net Book Values  | 2023<br>Rs         | 2022<br>Rs         |
|--|--------------------|--------------------|
| <b>At Valuation</b>  |                    |                    |
| Freehold Lands   | 277,136,613        | 239,171,060        |
| Buildings on Freehold Land                                     | 41,650,000         | 22,453,902         |
| Buildings on leasehold land                                    | 31,500,000         | 13,965,000         |
| PVD Plant  | 30,998,600         | 35,140,717         |
| Plant and Machinery  | 85,121,400         | 46,214,828         |
| Motor Vehicles   | 76,750,000         | 53,179,802         |
| Furniture and Fittings   | 825,000            | 520,264            |
| Factory Equipment  | 7,590,000          | 2,429,898          |
| Office Equipment   | 1,860,000          | 1,282,386          |
| Computers & Accessories  | 2,700,000          | 1,028,929          |
| Deep Well  | 4,150,000          | 552,502            |
| Salterns Development   | <u>225,363,387</u> | <u>181,396,270</u> |
|  | <u>785,645,000</u> | <u>597,335,559</u> |
| <b>In the Course of Construction</b>                           |                    |                    |
| Capital Work in Progress                                       | 40,205,806         | 40,505,668         |
| <b>Total carrying amounts of Property, Plant and Equipment</b> | <u>825,850,806</u> | <u>637,841,227</u> |



Raigam Wayamba Salterns PLC and Its Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

4. PROPERTY, PLANT & EQUIPMENT (Contd...)

COMPANY

| 4.5 Gross Carrying Amounts               | Balance<br>As at<br>01.04.2022<br>Rs. | Additions<br>During the<br>Year<br>Rs. | Disposals<br>During the<br>Year<br>Rs. | Transfers<br>In/(Out)<br>Rs. | Revaluation<br>Rs. | Balance<br>As at<br>31.03.2023<br>Rs. |
|--|---------------------------------------|--|--|------------------------------|--------------------|---------------------------------------|
| <b>At Valuation.</b>                     |                                       |  |  |                              |                    |                                       |
| Freehold Lands                           | 239,171,060                           | -                                      | -                                      | -                            | 37,965,553         | 277,136,613                           |
| Buildings on Freehold Land               | 35,572,500                            | -                                      | -                                      | (17,492,260)                 | 23,569,760         | 41,650,000                            |
| PVD Plant                                | 43,478,145                            | -                                      | -                                      | (12,683,854)                 | 205,709            | 31,000,000                            |
| Plant and Machinery                      | 58,562,546                            | 9,061,222                              | (2,454,989)                            | (31,111,987)                 | 16,243,208         | 50,300,000                            |
| Motor Vehicles                           | 68,217,380                            | 7,450,000                              | (2,895,000)                            | (24,665,919)                 | 20,093,539         | 68,200,000                            |
| Furniture and Fittings                   | 320,293                               | 75,000                                 | -                                      | (221,700)                    | 151,407            | 325,001                               |
| Factory Equipment                        | 1,570,630                             | 122,750                                | -                                      | (557,422)                    | 4,464,042          | 5,600,000                             |
| Office Equipment                         | 400,753                               | 75,650                                 | -                                      | (157,783)                    | (68,620)           | 250,000                               |
| Computers & Accessories                  | 1,610,347                             | 1,114,765                              | -                                      | (1,404,035)                  | 1,128,923          | 2,450,000                             |
| Deep Well                                | 650,000                               | 848,750                                | -                                      | (172,432)                    | 2,823,682          | 4,150,000                             |
| Salterns Development                     | 135,232,913                           | -                                      | -                                      | (27,043,332)                 | 17,173,806         | 125,363,386                           |
| <b>Total Value of Depreciable Assets</b> | <b>584,786,567</b>                    | <b>18,748,137</b>                      | <b>(5,349,989)</b>                     | <b>(115,510,724)</b>         | <b>123,751,009</b> | <b>606,425,000</b>                    |

| In the Course of Construction      | Balance<br>As at<br>01.04.2022<br>Rs. | Additions<br>During the<br>Year<br>Rs. | Disposals<br>During the<br>Year<br>Rs. | Transfers<br>In/(Out)<br>Rs. | Revaluation<br>Rs. | Balance<br>As at<br>31.03.2023<br>Rs. |
|------------------------------------|---------------------------------------|--|--|------------------------------|--------------------|---------------------------------------|
| Capital Work in Progress           | 29,459,502                            | 7,596,866                              | (4,921,943)                            | (848,750)                    | -                  | 31,285,675                            |
|                                    | 29,459,502                            | 7,596,866                              | (4,921,943)                            | (848,750)                    | -                  | 31,285,675                            |
| <b>Total Gross Carrying Amount</b> | <b>614,246,069</b>                    | <b>26,345,003</b>                      | <b>(10,271,932)</b>                    | <b>(116,359,474)</b>         | <b>123,751,009</b> | <b>637,710,675</b>                    |

| 4.6 Depreciation           | Balance<br>As at<br>01.04.2022<br>Rs. | Charge for<br>the year<br>Rs. | Disposals<br>During the<br>Year<br>Rs. | Transfers<br>In/(Out)<br>Rs. | Balance<br>As at<br>31.03.2023<br>Rs. |
|----------------------------|---------------------------------------|-------------------------------|--|------------------------------|---------------------------------------|
| <b>At Valuation.</b>       |                                       |                               |  |                              |                                       |
| Buildings on Freehold Land | 13,118,598                            | 4,373,662                     | -                                      | (17,492,260)                 | -                                     |
| PVD Plant                  | 8,336,028                             | 4,347,826                     | -                                      | (12,683,854)                 | -                                     |
| Plant and Machinery        | 23,068,508                            | 9,659,769                     | (1,616,290)                            | (31,111,987)                 | -                                     |
| Motor Vehicles             | 18,395,907                            | 7,403,633                     | (1,133,621)                            | (24,665,919)                 | -                                     |
| Furniture and Fittings     | 154,195                               | 67,505                        | -                                      | (221,700)                    | -                                     |
| Factory Equipment          | 396,822                               | 160,599                       | -                                      | (557,422)                    | -                                     |
| Office Equipment           | 115,230                               | 42,553                        | -                                      | (157,783)                    | -                                     |
| Computers & Accessories    | 794,000                               | 610,035                       | -                                      | (1,404,035)                  | -                                     |
| Deep Well                  | 97,498                                | 74,935                        | -                                      | (172,432)                    | -                                     |
| Salterns Development       | 20,281,701                            | 6,761,631                     | -                                      | (27,043,332)                 | -                                     |
| <b>Total Depreciation</b>  | <b>84,758,487</b>                     | <b>33,502,148</b>             | <b>(2,749,911)</b>                     | <b>(115,510,724)</b>         | <b>-</b>                              |

| 4.7 Net Book Values  | 2023<br>Rs.        | 2022<br>Rs.        |
|--|--------------------|--------------------|
| Freehold Lands   | 277,136,614        | 239,171,060        |
| Buildings on Freehold Land                                     | 41,650,000         | 22,453,902         |
| PVD Plant  | 31,000,000         | 35,142,117         |
| Plant and Machinery  | 50,300,000         | 35,494,038         |
| Motor Vehicles   | 68,200,000         | 49,821,473         |
| Furniture and Fittings   | 325,000            | 166,098            |
| Factory Equipment  | 5,600,000          | 1,173,808          |
| Office Equipment   | 250,000            | 285,523            |
| Computers & Accessories  | 2,450,000          | 816,347            |
| Deep Well  | 4,150,000          | 552,502            |
| Salterns Development   | 125,363,387        | 114,951,212        |
|  | <b>606,425,000</b> | <b>500,028,080</b> |
| <b>In the Course of Construction</b>                           |                    |                    |
| Capital Work in Progress                                       | 31,285,675         | 29,459,502         |
|  | <b>31,285,675</b>  | <b>29,459,502</b>  |
| <b>Total Carrying Amounts of Property, Plant and Equipment</b> | <b>637,710,675</b> | <b>529,487,582</b> |

## Rajgam Wayamba Salterns PLC and Its Subsidiaries

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

#### 4. PROPERTY, PLANT & EQUIPMENT (Contd...)

**4.8** During the financial year, the Group and Company acquired Property, Plant and Equipment to the aggregate value of Rs. 44,928,497/- and Rs. 26,345,003/- respectively (2022 - Group and Company Rs. 42,278,518/- and Rs. 30,312,031/- respectively). Cash payments amounting to Rs. 44,079,747/- and Rs. 25,496,253/- (2022 - Group and Company Rs 42,953,519/- and Rs 30,987,032/- respectively), were made during the year for purchase of Property, Plant and Equipment.

#### 4.9 Revaluation of Property Plant and Equipment.

Fair value of the property was determined using the Cost Method and the Market Comparable Method. The valuation have been performed by an independent valuer and are based on proprietary database of prices of transactions for properties of similar nature, location and condition. As at the date of revaluation on 31st March 2023, the fair values of the properties are based on valuations performed by Mr. D.Jayawardana, an accredited independent valuer who has valuation experience for similar properties in Sri Lanka. A gain from the revaluation of property plant and equipment of the Group amounting to Rs. 194,138,245/- in 2023 was recognised on Other Comprehensive Income for the year (Company - Rs 123,819,629/-)

**4.10** If the Properties, Plant and Equipment were measured using the cost model, the carrying amounts would be, as follows:

|                             | Cost        |     | Group       |             | Net carrying amount |     | Company    |             | Net carrying amount |            |
|-----------------------------|-------------|-----|-------------|-------------|---------------------|-----|------------|-------------|---------------------|------------|
|                             | 2023        |     | 2023        |             | 2023                |     | 2023       |             | 2023                |            |
|                             | Rs.         | Rs. | Rs.         | Rs.         | Rs.                 | Rs. | Rs.        | Rs.         | Rs.                 | Rs.        |
| Freehold Lands              | 191,741,750 |     | -           | 191,741,750 | 191,741,750         |     | -          | 191,741,750 | 191,741,750         |            |
| Buildings on Freehold Land  | 75,406,267  |     | 75,406,267  | -           | 75,406,267          |     | 75,406,267 | -           | -                   |            |
| Buildings on Leasehold Land | 10,841,297  |     | 9,528,549   | 1,312,749   | 2,396,878           |     | -          | 25,913,188  | 27,337,382          |            |
| PVD Plant                   | 53,250,570  |     | 25,913,188  | 27,337,382  | 30,837,697          |     | 53,250,570 | 163,024,156 | 163,024,156         |            |
| Plant and Machinery         | 194,087,786 |     | 176,297,391 | 17,790,395  | 11,860,980          |     | 73,805,668 | 38,902,890  | 34,902,778          |            |
| Motor Vehicles              | 81,022,668  |     | 40,911,247  | 40,111,421  | 39,984,046          |     | 1,416,817  | 1,416,817   | -                   | 19,800     |
| Furniture and Fittings      | 1,479,227   |     | 1,479,227   | -           | 51,300              |     | 3,501,813  | 2,395,772   | 1,106,041           | 1,326,464  |
| Factory Equipment           | 5,603,457   |     | 3,348,335   | 2,255,122   | 2,574,290           |     | 833,024    | 529,535     | 303,489             | 306,042    |
| Office Equipment            | 1,694,397   |     | 706,090     | 988,307     | 858,610             |     | 4,917,232  | 4,504,128   | 413,103             | 419,136    |
| Computers & Accessories     | 5,459,572   |     | 4,708,942   | 750,630     | 612,332             |     | 1,762,967  | 616,073     | 1,146,894           | 386,292    |
| Deep Well                   | 1,762,967   |     | 616,073     | 1,146,894   | 386,292             |     | 71,323,555 | 46,397,081  | 24,926,474          | 28,492,652 |
| Salterns Development        | 157,085,541 |     | 79,969,391  | 77,116,150  | 80,682,328          |     |            |             |                     |            |

**Raigam Wayamba Salterns PLC and Its Subsidiaries**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 March 2023

**4. PROPERTY, PLANT & EQUIPMENT (Contd...)**

**4.11 Revaluation of Property Plant and Equipment.**

The Group uses the revaluation model of measurement for property, plant & equipment. The Group engaged independent expert valuer to determine the fair value of its Property, Plant and Equipment.

Details of Group's Property, Plant and Equipment stated at fair value are indicated below;

| Company                     | Property  | Method of Valuation      | Value Rs.   | Valuer Details  | Effective Date of Valuation |
|-----------------------------|---|--------------------------|-------------|---|-----------------------------|
| Raigam Wayamba Salterns PLC | Land and Development at Kalpitiya Road, Palavi, Puttalam                      | Open Market Value Method | 277,136,613 | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31st March 2023             |
|                             | Land and Development at Periyatheevu, Munaikany Puladivayal, Palavi, Puttalam | Open Market Value Method | 48,669,924  | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31st March 2023             |
|                             | Land and Development at Periyatheevu Vayalkany Puladivayal, Palavi, Puttalam  | Open Market Value Method | 54,984,493  | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31st March 2023             |
|                             | Land and Development at Periyatheevu, Kany Puladivayal, Palavi, Puttalam      | Open Market Value Method | 21,708,971  | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31st March 2023             |
|                             | Building with ancillary construction at Kalpitiya Road, Palavi, Puttalam      | Open Market Value Method | 39,866,860  | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31st March 2023             |
|                             | Building at Periyatheevu Munaikany, Puladivayal, Palavi Puttalam              | Open Market Value Method | 679,291     | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31st March 2023             |
|                             | Building at Periyatheevu Vayalkany Puladivayal, Palavi Puttalam               | Open Market Value Method | 1,103,849   | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31st March 2023             |
|                             | Plant Machineries and Equipments at Kalpitiya Road, Palavi, Puttalam          | Open Market Value Method | 85,250,000  | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31st March 2023             |

|   |                          |             |   |                 |
|---|--------------------------|-------------|---|-----------------|
| Plant Machineries and Equipments at Periyatheevu Vayalkany Puladivayal, Palavi Puttalam | Open Market Value Method | 200,000     | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31st March 2023 |
| Furniture & Fittings  | Open Market Value Method | 325,000     | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31st March 2023 |
| Factory Equipment   | Open Market Value Method | 5,600,000   | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31st March 2023 |
| Office Equipment  | Open Market Value Method | 250,000     | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31st March 2023 |
| Computer & Accessories  | Open Market Value Method | 2,450,000   | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31st March 2023 |
| Motor Vehicle   | Open Market Value Method | 68,200,000  | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31st March 2023 |
| Salterns Developments   | Open Market Value Method | 100,000,000 | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31 March 2023   |
| Building with ancillary construction  | Open Market Value Method | 31,500,000  | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31 March 2023   |
| Plant and Machinery   | Open Market Value Method | 19,450,000  | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31 March 2023   |
| Furniture and Fittings  | Open Market Value Method | 500,000     | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31 March 2023   |
| Office Equipment, computers and Accessories   | Open Market Value Method | 700,000     | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31 March 2023   |
| Motor Vehicles  | Open Market Value Method | 2,700,000   | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31 March 2023   |
| Computer  | Open Market Value Method | 250,000     | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31 March 2023   |
| Plant and Machinery   | Open Market Value Method | 15,370,000  | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31 March 2023   |
| Factory Equipment   | Open Market Value Method | 1,990,000   | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31 March 2023   |
| Office Equipment, computers and Accessories   | Open Market Value Method | 203,500     | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31 March 2023   |
| Motor Vehicles  | Open Market Value Method | 5,850,000   | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31 March 2023   |
| Motor with Equipment  | Open Market Value Method | 706,500     | Mr. D. Jayawardana<br>Independent Incorporated Valuer | 31 March 2023   |

The surplus arising from the revaluation was transferred to a revaluation reserve.

## 4. PROPERTY, PLANT &amp; EQUIPMENT (Contd...)

## 4.12 Description of Significant Unobservable Inputs to Valuation

The significant assumptions used by the valuer for valuations are as follows:

| Property  | Method of Valuation and Effective date | Inputs used for measurement | Area                                  | Range/ Rs.    | Sensitivity of Fair Value to unobservable input |
|---|--|-----------------------------|---------------------------------------|---------------|---|
| <i>Raigam Wayamba Salterns PLC</i>  |  |                             |                                       |               |   |
| Land at Kalpitiya Road, Palavi  | Open Market Value Method               | Per perch rate              | Front Zone - 300 Perches              | } 277,136,613 | Positively correlated                           |
| Puttalam  | 31st March 2023                        | Per perch rate              | Balance - 600 Perches                 |               | Positively correlated                           |
|   |  | Per perch rate              | Salterns - 2,570 Perches              |               | Positively correlated                           |
| Land at Periyatheevu Munaikanv, Palavi  | Open Market Value Method               | Per perch rate              | Salterns Developed - 2749 Perches     | 48,669,924    | Positively correlated                           |
| Puttalam  | 31st March 2023                        |                             |                                       |               |   |
| Land at Periyatheevu Vavalkanv, Palavi  | Open Market Value Method               | Per perch rate              | Salterns Developed - 12,509 Perches   | 54,984,493    | Positively correlated                           |
| Puttalam  | 31st March 2023                        |                             |                                       |               |   |
| Land at Periyatheevu Kany, Puladivayal, Palavi                                  | Open Market                            | Per perch rate              | Salterns Developed - 3748 Perches     | 21,708,971    | Positively correlated                           |
| Puttalam  | 31st March 2023                        | Per perch rate              |                                       |               |   |
| Building at Kalpitiya Road, Palavi  | Open Market Value Method               | Per sqft. rate              | Main Factory Building - 21,100sq feet | } 39,866,860  | Positively correlated                           |
| Puttalam  | 31st March 2023                        | Per sqft. rate              | Security Building - 250 sq feet       |               | Positively correlated                           |
|   |  | Per sqft. rate              | Service Building - 200 sq feet        |               | Positively correlated                           |
|   |  | Per sqft. rate              | Garage & Workshop - 2,940 sq feet     |               | Positively correlated                           |
|   |  | Per sqft. rate              | Staff Quarter - 1620 sq feet          |               | Positively correlated                           |
| Building at Periyatheevu, Puladivayal, Palavi                                   | Open Market                            | Per sqft. rate              | Store House - 1,200 sq feet           | 679,291       | Positively correlated                           |
| Puttalam  | 31st March 2023                        |                             |                                       |               |   |
| Building at Periyatheevu, Vayalkany, Puladivayal, Palavi                        | Open Market Value Method               | Per sqft. rate              | Store House - 900 sq feet             | 1,103,849     | Positively correlated                           |
| Puttalam  | 31st March 2023                        |                             |                                       |               |   |
| Plant Machineries and Equipment   | Open Market Value Method               | Relative Rates              | Salt refinery plant                   | 40,000,000    | Positively correlated                           |
|   |  | Relative Rates              | Salt crystal plant                    | 27,000,000    | Positively correlated                           |
|   |  | Relative Rates              | Generator                             | 4,000,000     | Positively correlated                           |
|   |  | Relative Rates              | Weigh Bridge                          | 800,000       | Positively correlated                           |
|   |  | Relative Rates              | Lath Machine                          | 800,000       | Positively correlated                           |
|   |  | Relative Rates              | Submersible Pump                      | 4,150,000     | Positively correlated                           |
|   |  | Relative Rates              | Mill (Pin & Wet)                      | 5,000,000     | Positively correlated                           |
|   |  | Relative Rates              | Packing Machine                       | 1,000,000     | Positively correlated                           |
|   |  | Relative Rates              | Vibro Screen                          | 2,500,000     | Positively correlated                           |
|   |  |                             |                                       |               |   |
| Plant Machineries and Equipment at Periyatheevu, Vayalkany, Puladivayal, Palavi | Open Market Value Method               | Relative Rates              | Generator                             | 200,000       | Positively correlated                           |
| Puttalam  | 31st March 2023                        |                             |                                       |               |   |

## Raigam Wayamba Salterns PLC and Its Subsidiaries

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

#### 4. PROPERTY, PLANT & EQUIPMENT (Contd...)

|                        |   |                |                      |            |                       |
|------------------------|---|----------------|----------------------|------------|-----------------------|
| Furniture & Fittings   | Open Market Value Method<br>31st March 2023 | Relative Rates | Furniture            | 325,000    | Positively correlated |
| Factory Equipment.     | Open Market Value Method<br>31st March 2023 | Relative Rates | Factory Equipment.   | 5,600,000  | Positively correlated |
| Office Equipment       | Open Market<br>31st March 2023              | Relative       | Office Equipment     | 250,000    | Positively correlated |
| Computer & Accessories | Open Market Value Method<br>31st March 2023 | Relative Rates | Computer Accessories | 2,450,000  | Positively correlated |
| Motor Vehicle          | Open Market Value Method<br>31st March 2023 | Relative Rates | Motor Vehicle        | 68,200,000 | Positively correlated |

#### *Southern Saltern Company (Pvt) Ltd*

|   |   |  |   |              |  |  |
|---|---|--|---|--------------|--|--|
| Building at Gurupokunudeniya Road, Tanealle. Hambanthota              | Open Market<br>31 March 2023              | Per sqft. rate<br>Per sqft. rate<br>Per sqft. rate<br>Per sqft. rate | Main Factory Building - 9320 sq feet<br>Upstairs section -1240 sq.ft<br>Generator Room - 200 sq feet<br>Site Store and Labourer Room -700 sq feet | } 31,500,000 | Positively correlated<br>Positively correlated<br>Positively correlated<br>Positively correlated |  |
| Salterns Developments at Gurupokunudeniya Road, Tangalle, Hambanthota | Open Market Value Method<br>31 March 2023 | Relative Rates   | Salterns Developments   |              | 100,000,000  | Positively correlated  |
| Plant and Machinery   | Open Market<br>31 March 2023              | Relative Rates   | Salt plant and installation market value<br>Salt Crystal Plant & Installation<br>Generator<br>Submersible pum,water pump and deep well            |              | 12,500,000<br>4,500,000<br>400,000<br>2,050,000  | Positively correlated<br>Positively correlated<br>Positively correlated<br>Positively correlated |
| Furniture and Fittings  | Open Market<br>31 March 2023              | Relative Rates   | Furniture and Fittings  |              | 500,000  | Positively correlated  |
| Office Equipment  | Open Market<br>31 March 2023              | Relative Rates   | Office Equipment  | 700,000      | Positively correlated  |  |
| Motor Vehicles  | Open Market<br>31 March 2023              | Relative Rates   | Motor Vehicles  | 2,700,000    | Positively correlated  |  |
| Computer  | Open Market<br>31 March 2023              | Relative Rates   | Computer  | 250,000      | Positively correlated  |  |

#### *Raigam Wayamba Cereal (pvt) Ltd*

|                      |                              |                |                      |            |   |
|----------------------|------------------------------|----------------|----------------------|------------|---|
| Plant and Machinery  | Open Market<br>31 March 2023 | Relative Rates | Plant and Machinery  | 15,370,000 | Positively correlated<br>Positively correlated<br>Positively correlated |
| Factory Equipment    | Open Market<br>31 March 2023 | Relative Rates | Factory Equipment    | 1,990,000  | Positively correlated   |
| Office Equipment     | Open Market<br>31 March 2023 | Relative Rates | Office Equipment     | 203,500    | Positively correlated   |
| Motor Vehicles       | Open Market<br>31 March 2023 | Relative Rates | Motor Vehicles       | 5,850,000  | Positively correlated   |
| Motor with Equipment | Open Market<br>31 March 2023 | Relative Rates | Motor with Equipment | 706,500    | Positively correlated   |

**4. PROPERTY, PLANT & EQUIPMENT (Contd...)****4.13 Valuation Process of the Group**

On a once in two year basis, the Group usually engages an external independent and qualified valuer to determine the fair value of Property, Plant and Equipment. When significant changes in fair values are expected between two valuations that necessitates a more regular basis of valuation adopted, the Board based on its' judgment as appropriately advised by the valuer, obtains a further valuation to ensure that the carrying amount does not differ materially with the fair value at the end of the reporting period. The last revaluation was carried out with an effective date of 31 March 2023

The following table analyses the non financial inputs used to carried at fair value by valuation method. The different levels have been defined in note.

| Group                                  | Notes | Level 1     |             | Level 2     |             | Level 3     |             |
|--|-------|-------------|-------------|-------------|-------------|-------------|-------------|
|  |       | 2023<br>Rs. | 2022<br>Rs. | 2023<br>Rs. | 2022<br>Rs. | 2023<br>Rs. | 2022<br>Rs. |
| <i>Assets Measured at Fair Value</i>   |       |             |             |             |             |             |             |
| Revalued Property, Plant and Equipment | 4     | -           | -           | -           | -           | 785,645,000 | 637,841,227 |
| <b>Company</b>                         |       |             |             |             |             |             |             |
| <i>Assets Measured at Fair Value</i>   |       |             |             |             |             |             |             |
| Revalued Property, Plant and Equipment | 4     | -           | -           | -           | -           | 606,425,000 | 529,487,582 |

**4.14 Fair Value Hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

**4.15** Property, Plant and Equipment recognized above does not include fully depreciated assets at at 31 March 2022 and 31 March 2023.

**4.16 Impairment of Property, Plant and Equipment.**

The Board of Directors has assessed the potential impairment loss of property, plant and equipment as at 31 March 2023. Based on the assessment, no impairment provision is required to be made in the financial statements as at the reporting date in respect of property, plant and equipment.

**5. INTANGIBLE ASSETS**

|                              | Group            |                  | Company          |                  |
|------------------------------|------------------|------------------|------------------|------------------|
|                              | 2023<br>Rs.      | 2022<br>Rs.      | 2023<br>Rs.      | 2022<br>Rs.      |
| Goodwill (Note 5.1)          | 1,846,790        | 1,846,790        | -                | -                |
| Computer Software (Note 5.2) | 2,545,481        | 3,212,425        | 2,545,483        | 3,212,426        |
|                              | <u>4,392,271</u> | <u>5,059,214</u> | <u>2,545,483</u> | <u>3,212,426</u> |

**5.1 Goodwill**

|                                      |                  |                  |          |          |
|--------------------------------------|------------------|------------------|----------|----------|
| Balance at the beginning of the year | 1,846,790        | 1,846,790        | -        | -        |
| Balance at the end of the year       | <u>1,846,790</u> | <u>1,846,790</u> | <u>-</u> | <u>-</u> |

**5.1.1** Goodwill represents the excess of an acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition, and is carried at cost less accumulated impairment losses.

Goodwill is not amortized, but is reviewed for impairment annually and whether there is an indication that goodwill may be impaired. For the purpose of testing goodwill for impairment, goodwill is allocated to the operating entity level, which is the lowest level at which the goodwill is monitored for internal management purpose.

**5.2 Computer Software**

|                                       | Group            |                  | Company          |                  |
|---------------------------------------|------------------|------------------|------------------|------------------|
|                                       | 2023<br>Rs.      | 2022<br>Rs.      | 2023<br>Rs.      | 2022<br>Rs.      |
| <b>Cost</b>                           |                  |                  |                  |                  |
| As at the beginning of the year       | 3,554,425        | 342,000          | 3,554,426        | 342,000          |
| Additions/(Disposals) during the year | 303,072          | 3,212,425        | 303,073          | 3,212,426        |
| As at the end of the year             | <u>3,857,497</u> | <u>3,554,425</u> | <u>3,857,499</u> | <u>3,554,426</u> |
| <b>Amortization</b>                   |                  |                  |                  |                  |
| As at the beginning of the year       | 342,000          | 342,000          | 342,000          | 342,000          |
| Amortized charged during the year     | 970,016          | -                | 970,016          | -                |
| As at the end of the year             | <u>1,312,016</u> | <u>342,000</u>   | <u>1,312,016</u> | <u>342,000</u>   |
| <b>Net Book Value</b>                 |                  |                  |                  |                  |
| As at the beginning of the year       | 3,212,425        | -                | 3,212,426        | -                |
| As at the end of the year             | <u>2,545,481</u> | <u>3,212,425</u> | <u>2,545,483</u> | <u>3,212,426</u> |

Computer Software of the group represents the locally developed software and ERP system (SAP Business One) of Raigam Wayamba Salterns PLC. The group has determined the useful life of above software as five (05) Years and amortization has been made on a straight line basis in the Statement of Profit or Loss.

**6. RIGHT OF USE ASSETS**

6.1 Set out below, are the carrying amounts of the right of use assets and the movements for the period ended 31 March 2023.

|  | Group             |                   | Company          |                  |
|--|-------------------|-------------------|------------------|------------------|
|  | 2023<br>Rs.       | 2022<br>Rs.       | 2023<br>Rs.      | 2022<br>Rs.      |
| As at 1st April                                    | 17,293,300        | 12,238,014        | 5,875,795        | -                |
| Recognition of Right of use Assets as per SLFRS 16 | -                 | 6,425,000         | -                | 6,425,000        |
| Additions during the year                          | 18,832,301        | -                 | -                | -                |
| Depreciation/Amortization during the year          | (7,426,571)       | (1,369,714)       | (642,500)        | (549,205)        |
| As at 31 March                                     | <u>28,699,030</u> | <u>17,293,300</u> | <u>5,233,295</u> | <u>5,875,795</u> |

The Group does not foresee any indications of impairment of Right of Use Asset as at the reporting date.

6.2 Amounts recognised in the statement of financial position and Statement of profit or loss set out below, are the carrying amounts of the Group's right of use assets and the movements for the year ended 31 March 2023

**GROUP**

|   | Land              |                   | Motor Vehicles   |                  | Total             |                   |
|---|-------------------|-------------------|------------------|------------------|-------------------|-------------------|
|   | 2023<br>Rs.       | 2022<br>Rs.       | 2023<br>Rs.      | 2022<br>Rs.      | 2023<br>Rs.       | 2022<br>Rs.       |
| As at 1st April                                   | 11,417,505        | 12,238,014        | 5,875,795        | -                | 17,293,300        | 12,238,014        |
| Recognition of Right of use Asset as per SLFRS 16 | -                 | -                 | -                | 6,425,000        | -                 | 6,425,000         |
| Additions during the year                         | 18,832,301        | -                 | -                | -                | 18,832,301        | -                 |
| Disposals during the year                         | -                 | -                 | -                | -                | -                 | -                 |
| Depreciation/Amortization during the year         | (6,784,071)       | (820,509)         | (642,500)        | (549,205)        | (7,426,571)       | (1,369,714)       |
|   | <u>23,465,735</u> | <u>11,417,505</u> | <u>5,233,295</u> | <u>5,875,795</u> | <u>28,699,030</u> | <u>17,293,300</u> |

**6.3 COMPANY**

|   | Motor Vehicles   |                  | Total            |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2023<br>Rs.      | 2022<br>Rs.      | 2023<br>Rs.      | 2022<br>Rs.      |
| As at 1st April                                   | 5,875,795        | -                | 5,875,795        | -                |
| Recognition of Right of use Asset as per SLFRS 16 | -                | 6,425,000        | -                | 6,425,000        |
| Additions during the year                         | -                | -                | -                | -                |
| Disposals during the year                         | -                | -                | -                | -                |
| Depreciation/Amortization during the year         | (642,500)        | (549,205)        | (642,500)        | (549,205)        |
|   | <u>5,233,295</u> | <u>5,875,795</u> | <u>5,233,295</u> | <u>5,875,795</u> |

**7. INVESTMENT IN SUBSIDIARY**

|                                  | Group       |             | Company           |                   |
|----------------------------------|-------------|-------------|-------------------|-------------------|
|                                  | 2023<br>Rs. | 2022<br>Rs. | 2023<br>Rs.       | 2022<br>Rs.       |
| <b>Non - Current</b>             |             |             |                   |                   |
| Investment in Subsidiaries (7.1) | -           | -           | 85,140,226        | 85,140,226        |
|                                  | <u>-</u>    | <u>-</u>    | <u>85,140,226</u> | <u>85,140,226</u> |

**7.1 Investments in Subsidiaries**

|  | Holding % |      | 2023<br>Rs.       | 2022<br>Rs.       |
|--|-----------|------|-------------------|-------------------|
|  | 2023      | 2022 |                   |                   |
| Southern Salt Company (Pvt) Ltd  | 100%      | 100% | 75,140,226        | 75,140,226        |
| Raigam Wayamba Cereals (Pvt) Ltd   | 100%      | 100% | 10,000,000        | 10,000,000        |
| Total Gross Carrying Value of Investments in Equity Securities                 |           |      | <u>85,140,226</u> | <u>85,140,226</u> |
| <b>Total Net Carrying Value of Non-Quoted Investments in Equity Securities</b> |           |      | <u>85,140,226</u> | <u>85,140,226</u> |

7.2 The subsidiaries are companies incorporated in Sri Lanka.

**8. OTHER CURRENT FINANCIAL ASSETS**

|                                     | Group              |                    | Company            |                    |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                     | 2023<br>Rs.        | 2022<br>Rs.        | 2023<br>Rs.        | 2022<br>Rs.        |
| <b>Investment in Fixed Deposits</b> |                    |                    |                    |                    |
| <b>At Amortized cost</b>            |                    |                    |                    |                    |
| Balance as at 01 April              | 514,634,975        | 393,545,850        | 514,634,975        | 393,545,850        |
| Investments made during the year    | 215,019,410        | 121,089,125        | 115,019,410        | 121,089,125        |
| Balance as at 31 March              | <u>729,654,385</u> | <u>514,634,975</u> | <u>629,654,385</u> | <u>514,634,975</u> |



## 9. INVENTORIES

|  | Group              |                    | Company            |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | 2023<br>Rs.        | 2022<br>Rs.        | 2023<br>Rs.        | 2022<br>Rs.        |
| Raw Materials  | 271,163,255        | 84,107,036         | 9,525,735          | 1,649,903          |
| Finished Goods   | 62,986,156         | 50,624,746         | 12,184,320         | 47,026,949         |
| Packing Materials  | 97,762,399         | 84,220,435         | 79,578,787         | 74,233,989         |
| Other Chemical Stocks  | 27,009,743         | 9,500,042          | 14,523,356         | 5,267,406          |
| Engineering Stocks   | 12,617,503         | 10,595,768         | 7,159,988          | 5,074,421          |
| Fire Wood  | 5,701,911          | 1,072,583          | 5,472,111          | 915,083            |
| Fuel Stock   | 3,393,061          | 1,728,739          | 1,187,951          | 1,140,683          |
| <b>Total Inventories at lower of cost and net realizable value</b> | <b>480,634,027</b> | <b>241,849,349</b> | <b>129,632,248</b> | <b>135,308,434</b> |

## 10. TRADE AND OTHER RECEIVABLES

|  | Group              |                    | Company              |                    |
|--|--------------------|--------------------|----------------------|--------------------|
|  | 2023<br>Rs.        | 2022<br>Rs.        | 2023<br>Rs.          | 2022<br>Rs.        |
| Trade Receivables- Related Parties (10.1)  | 25,406,715         | 47,307,444         | 51,567,901           | 21,144,721         |
| Trade Receivables - Others                 | 604,023,284        | 298,365,835        | 487,368,038          | 244,400,162        |
| Less : Provision for Doubtful Debts        | (4,707,811)        | (3,250,985)        | (4,707,811)          | (3,250,985)        |
|  | 624,722,188        | 342,422,295        | 534,228,127          | 262,293,898        |
| Other Receivables - Related Parties (10.2) | 14,864,402         | -                  | 410,965,718          | 126,665,834        |
| Advances, Prepayments and Deposits         | 131,463,165        | 90,012,392         | 105,811,895          | 82,946,499         |
|  | <b>771,049,756</b> | <b>432,434,686</b> | <b>1,051,005,740</b> | <b>471,906,231</b> |

## 10.1 Trade Receivables From Related Parties

|                                       | Relationship        | Group             |                   | Company           |                   |
|---------------------------------------|---------------------|-------------------|-------------------|-------------------|-------------------|
|                                       |                     | 2023<br>Rs.       | 2022<br>Rs.       | 2023<br>Rs.       | 2022<br>Rs.       |
| Raigam Marketing Services (Pvt) Ltd   | Parent Company      | 13,123,183        | 40,930,674        | 13,123,183        | 7,700,594         |
| Dream Life Science (Pvt) Ltd          | Other Related Party | 2,784,509         | 1,980,903         | 2,784,509         | 1,980,903         |
| Southern Salt Company (Pvt) Ltd       | Subsidiary Company  | -                 | -                 | 24,700,294        | 7,067,357         |
| Raigam Wayamba Cereals (Pvt) Ltd      | Subsidiary Company  | -                 | -                 | 1,460,892         | -                 |
| Raigam Eastern Salt Company (Pvt) Ltd | Other Related Party | 9,499,023         | 4,395,867         | 9,499,023         | 4,395,867         |
|                                       |                     | <b>25,406,715</b> | <b>47,307,444</b> | <b>51,567,901</b> | <b>21,144,721</b> |

## 10.2 Other Receivables From Related Parties

|                                       | Relationship        | Group             |             | Company            |                    |
|---------------------------------------|---------------------|-------------------|-------------|--------------------|--------------------|
|                                       |                     | 2023<br>Rs.       | 2022<br>Rs. | 2023<br>Rs.        | 2022<br>Rs.        |
| Southern Salt Company (Pvt) Ltd       | Subsidiary Company  | -                 | -           | 61,098,196         | 1,665,834          |
| Raigam Wayamba Cereals (Pvt) Ltd      | Subsidiary Company  | -                 | -           | 335,003,120        | 125,000,000        |
| Sorana Chemicals (Pvt) Ltd            | Other Related Party | 2,486,844         | -           | 2,486,844          | -                  |
| Raigam Eastern Salt Company (Pvt) Ltd | Other Related Party | 12,377,558        | -           | 12,377,558         | -                  |
|                                       |                     | <b>14,864,402</b> | <b>-</b>    | <b>410,965,718</b> | <b>126,665,834</b> |

## 10.3 Terms &amp; Conditions of Related Party Balances

Terms and Conditions of the outstanding balances of related party receivables are disclosed in Note 26.4

## 11. STATED CAPITAL

|                                   | Group          |             | Company        |             |
|-----------------------------------|----------------|-------------|----------------|-------------|
|                                   | 2023<br>Number | Rs.         | 2022<br>Number | Rs.         |
| <b>Fully Paid Ordinary Shares</b> |                |             |                |             |
| As at 01 April                    | 282,207,320    | 604,414,640 | 282,207,320    | 604,414,640 |
| As at 31 March                    | 282,207,320    | 604,414,640 | 282,207,320    | 604,414,640 |

## 12. REVALUATION RESERVE

|  | Group              |                    | Company            |                   |
|--|--------------------|--------------------|--------------------|-------------------|
|  | 2023<br>Rs.        | 2022<br>Rs.        | 2023<br>Rs.        | 2022<br>Rs.       |
| Balance as at 01 April   | 124,319,086        | 124,319,086        | 98,607,739         | 98,607,739        |
| Gain on Revaluation of Property, Plant and Equipment                 | 194,138,245        | -                  | 123,819,629        | -                 |
| Deferred Tax on Gain on Revaluation of Property, Plant and Equipment | (45,845,787)       | -                  | (24,750,202)       | -                 |
| Balance as at 31 March   | <b>272,611,544</b> | <b>124,319,086</b> | <b>197,677,167</b> | <b>98,607,739</b> |

**13. INTEREST BEARING LOANS AND BORROWINGS**

| GROUP                       | Amount            | Amount            | 2023              | Amount            | Amount            | 2022              |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                             | Repayable         | Repayable         |                   | Repayable Within  | Repayable         |                   |
|                             | Within 1 Year     | After 1 Year      | Total             | 1 Year            | After 1 Year      | Total             |
|                             | Rs.               | Rs.               | Rs.               | Rs.               | Rs.               | Rs.               |
| Lease Liability (Note 13.1) | 5,570,468         | 22,194,248        | 27,764,715        | 2,249,470         | 13,616,827        | 15,866,297        |
| Bank Overdraft (Note 23.2)  | 21,745,894        | -                 | 21,745,894        | 9,304,092         | -                 | 9,304,092         |
|                             | <u>27,316,362</u> | <u>22,194,248</u> | <u>49,510,610</u> | <u>11,553,562</u> | <u>13,616,827</u> | <u>25,170,389</u> |
| COMPANY                     | Amount            | Amount            | 2023              | Amount            | Amount            | 2022              |
|                             | Repayable         | Repayable         |                   | Repayable Within  | Repayable         |                   |
|                             | Within 1 Year     | After 1 Year      | Total             | 1 Year            | After 1 Year      | Total             |
|                             | Rs.               | Rs.               | Rs.               | Rs.               | Rs.               | Rs.               |
| Lease Liability (Note 13.1) | 1,772,913         | 354,603           | 2,127,516         | 1,888,248         | 2,127,516         | 4,015,764         |
| Bank Overdraft (Note 23.2)  | 19,782,124        | -                 | 19,782,124        | 6,509,230         | -                 | 6,509,230         |
|                             | <u>21,555,037</u> | <u>354,603</u>    | <u>21,909,640</u> | <u>8,397,478</u>  | <u>2,127,516</u>  | <u>10,524,994</u> |

**13.1 Lease Liability**

|   | Group             |                   | Company          |                  |
|---|-------------------|-------------------|------------------|------------------|
|   | 2023              | 2022              | 2023             | 2022             |
|   | Rs.               | Rs.               | Rs.              | Rs.              |
| Balance as at 01 April                            | 15,866,297        | 12,260,455        | 4,015,764        | -                |
| Additions during the year                         | 18,867,572        | 5,750,000         | -                | 5,750,000        |
| Interest cost for the year                        | 4,471,603         | 670,078           | 267,110          | 241,509          |
| Repayment of Principle portion of lease liability | (6,994,756)       | (2,144,158)       | (1,913,849)      | (1,734,236)      |
| Repayment of Interest portion of lease liability  | (4,446,002)       | (670,078)         | (241,509)        | (241,509)        |
| Balance as at 31 March                            | <u>27,764,715</u> | <u>15,866,297</u> | <u>2,127,516</u> | <u>4,015,764</u> |

**14. DEFINED BENEFIT OBLIGATION****14.1 Retirement Benefit Liability**

|                                 | Group             |                   | Company           |                   |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                 | 2023              | 2022              | 2023              | 2022              |
|                                 | Rs.               | Rs.               | Rs.               | Rs.               |
| Balance as at 01 April          | 23,848,374        | 23,815,547        | 20,835,336        | 21,806,179        |
| Charge for the year (Note 14.2) | 1,802,318         | 799,507           | 2,190,571         | (204,163)         |
| Payments made during the year   | (2,738,989)       | (766,680)         | (2,738,989)       | (766,680)         |
| Balance as at 31 March          | <u>22,911,703</u> | <u>23,848,374</u> | <u>20,286,918</u> | <u>20,835,336</u> |

**14.2 Expense on Defined Benefit Plans**

|   | Group            |                  | Company          |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2023             | 2022             | 2023             | 2022             |
|   | Rs.              | Rs.              | Rs.              | Rs.              |
| Current Service Expense   | 2,231,624        | 2,104,612        | 1,918,144        | 2,497,406        |
| Interest Expense on Retirement Benefit Liability                                | <u>3,627,037</u> | <u>2,631,967</u> | <u>3,021,124</u> | <u>1,635,463</u> |
| Cost recognized in Statement of Profit or Loss                                  | 5,858,661        | 4,736,579        | 4,939,268        | 4,132,869        |
| Net Actuarial (Gain)/Loss for the year recognized in Other Comprehensive Income | (4,056,343)      | (3,937,072)      | (2,748,697)      | (4,337,032)      |
| Charge for the year   | <u>1,802,318</u> | <u>799,507</u>   | <u>2,190,571</u> | <u>(204,163)</u> |

**14.3** As at 31 March 2023 the gratuity liability was actuarially valued by Messers. Smiles Global (Private) Ltd.

**14.4** Principal assumptions used in determining the retirement benefit liability for the company are shown below.

|                      | Group           |                | Company  |          |
|----------------------|-----------------|----------------|----------|----------|
|                      | 2023            | 2022           | 2023     | 2022     |
| Staff Turnover Ratio | 11.00% - 21%    | 11.00% - 13.2% | 21.00%   | 11.00%   |
| Salary Increase Rate | 10.00%          | 9.13% - 10.08% | 10.00%   | 9.13%    |
| Discount Rate        | 20.00% - 22.00% | 9.5% - 9.89%   | 22.00%   | 9.50%    |
| Retirement Age       | 55 Years        | 55 Years       | 55 Years | 55 Years |

The principal demographic assumption underlying the valuation of the retirement age of 55 years applied constantly for both years.

**14. DEFINED BENEFIT OBLIGATION (Contd...)**

14.5 The following table demonstrates the sensitivity to a reasonable possible change in the most significant key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year 2022/23. The sensitivity of the Statement of Profit or Loss and Statement of Financial Position are the effect of the assumed changes in discount rate and salary increase rate on the profit or loss and post employment benefit liability for the year.

|   | Group             |                   | Company           |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 2023<br>Rs.       | 2022<br>Rs.       | 2023<br>Rs.       | 2022<br>Rs.       |
| <b>Projected Benefit Liability on Current Assumptions</b> | <b>22,911,703</b> | <b>23,848,374</b> | <b>20,286,918</b> | <b>20,835,336</b> |
| Value of +1% Change in Rate of Discounting Rate           | 22,360,158        | 23,183,876        | 19,864,890        | 20,225,020        |
| Value of -1% Change in Rate of Discounting Rate           | 23,485,033        | 24,568,038        | 20,732,949        | 21,495,086        |
| Value of +1% Change in Rate of Salary Increase Rate       | 23,629,014        | 24,721,262        | 20,864,310        | 21,623,729        |
| Value of -1% Change in Rate of Salary Increase Rate       | 22,215,472        | 23,015,878        | 19,733,949        | 20,095,697        |

**14.6 Distribution of Defined Benefit Obligation over future life time**

The following table demonstrates the distribution of future working lifetime of Defined Benefit Obligation (undiscounted) as at reporting date.

|  | Group             |                   | Company           |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | 2023<br>Rs.       | 2022<br>Rs.       | 2023<br>Rs.       | 2022<br>Rs.       |
| Less than or equal 1 year                    | 4,765,130         | 5,310,377         | 4,760,204         | 5,310,377         |
| Over 1 year and less than or equal 2 years   | -                 | 213,282           | -                 | 213,282           |
| Over 2 years and less than or equal 5 years  | 16,374,630        | 2,766,378         | 15,526,714        | 1,791,209         |
| Over 5 years and less than or equal 10 years | 1,771,944         | 15,558,338        | -                 | 13,520,468        |
| <b>Total</b>                                 | <b>22,911,703</b> | <b>23,848,374</b> | <b>20,286,918</b> | <b>20,835,336</b> |

**15. INCOME TAX EXPENSE**

The major components of income tax expense for the years ended 31 March are as follows :

|   | Group              |                   | Company           |                   |
|---|--------------------|-------------------|-------------------|-------------------|
|   | 2023<br>Rs.        | 2022<br>Rs.       | 2023<br>Rs.       | 2022<br>Rs.       |
| <b>Current Income Tax</b>   |                    |                   |                   |                   |
| Current Income Tax Charge (Note 15.1)                                 | 122,919,447        | 51,430,958        | 94,090,370        | 41,048,205        |
| Under/ (Over) Provision of Taxes in respect of Prior Year             | -                  | -                 | -                 | -                 |
| ESC Written Off during the year                                       | -                  | 11,504,347        | -                 | 9,752,441         |
| <b>Deferred Income Tax</b>  |                    |                   |                   |                   |
| Deferred Taxation/ (Reversal) (Note 15.2)                             | (13,757,551)       | (1,120,112)       | (8,905,630)       | (763,151)         |
| <b>Income Tax Expense Reported in the Statement of Profit or Loss</b> | <b>109,161,896</b> | <b>61,815,192</b> | <b>85,184,740</b> | <b>50,037,494</b> |

**15.1 A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows:**

|  | Group              |                   | Company           |                   |
|--|--------------------|-------------------|-------------------|-------------------|
|  | 2023<br>Rs.        | 2022<br>Rs.       | 2023<br>Rs.       | 2022<br>Rs.       |
| Accounting Profit Before Tax           | 570,121,176        | 276,854,797       | 463,016,567       | 221,684,737       |
| Aggregate Allowed Items                | (70,652,113)       | (47,292,882)      | (49,099,507)      | (39,120,737)      |
| Aggregate Disallowed Items             | 78,448,505         | 47,696,050        | 44,976,546        | 38,257,718        |
| Interest Income                        | (90,447,481)       | (27,445,441)      | (79,526,130)      | (24,996,169)      |
| Accounting Disposal (Profit)/ Loss     | 662,078            | (2,493,438)       | 662,078           | (2,493,438)       |
| Taxable Profit from Trade Income       | 488,132,165        | 247,319,089       | 380,029,554       | 193,332,112       |
| Other Income                           | 90,447,481         | 29,938,878        | 79,526,130        | 27,489,607        |
| Taxable Profit                         | 578,579,647        | 277,257,967       | 459,555,684       | 220,821,719       |
| Current Income Tax Expense             |                    |                   |                   |                   |
| @ 20%                                  | 38,002,955         | 249,344           | 38,002,955        | 249,344           |
| @ 14%                                  | 268,904            | -                 | -                 | -                 |
| @ 30%                                  | 31,908,585         | -                 | 13,992,417        | -                 |
| @ 18%                                  | 43,586,161         | 44,594,708        | 34,202,660        | 34,799,780        |
| @ 24%                                  | 9,152,842          | 6,586,906         | 7,892,338         | 5,999,081         |
|  | 122,919,447        | 51,430,958        | 94,090,370        | 41,048,205        |
| Deferred Taxation Reversal (Note 15.2) | (13,757,551)       | (1,120,112)       | (8,905,630)       | (763,151)         |
| <b>Total Income Tax Expense</b>        | <b>109,161,896</b> | <b>50,310,843</b> | <b>85,184,740</b> | <b>40,285,051</b> |

Raigam Wayamba Salterns PLC and Its Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

15. INCOME TAX (Contd...)

15.2 Deferred Tax Liability

|  | Group               |                     | Company             |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | 2023<br>Rs.         | 2022<br>Rs.         | 2023<br>Rs.         | 2022<br>Rs.         |
| Balance as at 01 April   | (32,080,419)        | (32,491,856)        | (24,823,403)        | (24,805,887)        |
| Deferred Tax reversal recognized in Statement of Profit or Loss(Note 15.3) | 13,757,551          | 1,120,112           | 8,905,630           | 763,151             |
| Deferred Tax charge recognized in Other Comprehensive Income (Note 15.3)   | (46,787,820)        | (708,673)           | (25,299,941)        | (780,666)           |
| Balance as at 31 March   | <u>(65,110,688)</u> | <u>(32,080,419)</u> | <u>(41,217,714)</u> | <u>(24,823,403)</u> |

15.3 Deferred Tax Assets, Liabilities and Income Tax relates to the followings:

| GROUP   | Statement of Financial Position |                   | Statement of Profit or Loss |                  | Other Comprehensive Income |                  |
|---|---------------------------------|-------------------|-----------------------------|------------------|----------------------------|------------------|
|   | 2023<br>Rs.                     | 2022<br>Rs.       | 2023<br>Rs.                 | 2022<br>Rs.      | 2023<br>Rs.                | 2022<br>Rs.      |
| <b>Deferred Tax Liabilities</b>                                       |                                 |                   |                             |                  |                            |                  |
| Accumulated depreciation and revaluation for tax purposes             | 18,015,022                      | 26,905,573        | (8,890,551)                 | 176,414          | -                          | -                |
| Revaluation of Property, Plant and Equipment other than Freehold Land | 30,437,304                      | 1,748,608         | -                           | -                | 28,688,695                 | -                |
| Tax Effect on Revaluation Surplus of Land                             | 25,694,367                      | 8,537,276         | -                           | -                | 17,157,091                 | -                |
| Intangible asset  | 53,383                          | -                 | 53,383                      | -                | -                          | -                |
| Right of Use Assets   | -                               | -                 | -                           | -                | -                          | -                |
|   | <u>74,200,077</u>               | <u>37,191,458</u> | <u>(8,837,167)</u>          | <u>176,414</u>   | <u>45,845,787</u>          | <u>-</u>         |
| <b>Deferred Tax Assets</b>  |                                 |                   |                             |                  |                            |                  |
| Defined Benefit Plans   | 4,843,342                       | 4,291,821         | (1,493,554)                 | 713,696          | 942,033                    | (708,673)        |
| Provision for Impairment  | 650,197                         | 1,047,332         | 397,135                     | 462,155          | -                          | -                |
| Right of Use Assets and Lease Liabilities                             | 30,284                          | (228,113)         | (258,397)                   | 80,255           | -                          | -                |
| Provision for Inventory   | 3,565,568                       | -                 | (3,565,568)                 | -                | -                          | -                |
|   | <u>9,089,390</u>                | <u>5,111,040</u>  | <u>(4,920,384)</u>          | <u>1,256,105</u> | <u>942,033</u>             | <u>(708,673)</u> |
| Deferred Income Tax (Reversal)/ Expense                               | -                               | -                 | (13,757,551)                | 1,432,517        | 46,787,820                 | (708,673)        |
| Net Deferred Tax (Asset)/Liability                                    | <u>65,110,688</u>               | <u>32,080,419</u> |                             |                  |                            |                  |
| <b>COMPANY</b>  |                                 |                   |                             |                  |                            |                  |
|   |                                 |                   |                             |                  |                            |                  |
| <b>Deferred Tax Liabilities</b>                                       |                                 |                   |                             |                  |                            |                  |
| Property, plant & equipment   | 11,628,499                      | 20,436,633        | (8,808,134)                 | (7,490)          | -                          | -                |
| Revaluation of Property, Plant and Equipment other than Freehold Land | 7,927,888                       | 334,778           | -                           | -                | 7,593,111                  | -                |
| Tax Effect on Revaluation Surplus of Land                             | 25,694,367                      | 8,537,276         | -                           | -                | 17,157,091                 | -                |
| Intangible asset  | 53,383                          | -                 | 53,383                      | -                | -                          | -                |
| Right of Use Assets and Lease Liabilities                             | 621,156                         | 312,407           | 308,749                     | 312,407          | -                          | -                |
|   | <u>45,925,294</u>               | <u>29,621,094</u> | <u>(8,446,002)</u>          | <u>304,917</u>   | <u>24,750,202</u>          | <u>-</u>         |
| <b>Deferred Tax Assets</b>  |                                 |                   |                             |                  |                            |                  |
| Defined Benefit Plans   | 4,057,384                       | 3,750,360         | (856,763)                   | 605,914          | 549,739                    | (780,666)        |
| Provision for Impairment  | 650,197                         | 1,047,332         | 397,135                     | 462,155          | -                          | -                |
|   | <u>4,707,580</u>                | <u>4,797,692</u>  | <u>(459,628)</u>            | <u>1,068,069</u> | <u>549,739</u>             | <u>(780,666)</u> |
| Deferred Income Tax (Reversal)/ Expense                               | -                               | -                 | (8,905,630)                 | (763,151)        | 25,299,941                 | (780,666)        |
| Net Deferred Tax (Asset)/Liability                                    | <u>41,217,714</u>               | <u>24,823,403</u> |                             |                  |                            |                  |

15.4 Change in Income Tax Rate

The group have used the new tax rate introduced by the Inland Revenue (Amendment) Act No. 45 of 2002 certified on 19 December 2022 , (with retrospective effect from 01 October 2022) for income and deferred taxation. Accordingly, income tax rates of 18% for manufacturing and local sale income have been used first six months and a standard rate of 30% has been used for profits of all segments for the second six months. The Company has been used 20% for manufacturing and local sale income of second six months as per agreement dated 20th March 2006 entered into with Board of Investment under Section 17 of the Board of Investment Law.

16. TRADE AND OTHER PAYABLES

|  | Group              |                    | Company            |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | 2023<br>Rs.        | 2022<br>Rs.        | 2023<br>Rs.        | 2022<br>Rs.        |
| Trade Payables - Related Parties (Note 16.1) | 393,256,220        | 163,616,853        | 458,514,234        | 239,507,618        |
| - Others                                     | 96,463,402         | 25,262,382         | 78,476,427         | 18,004,402         |
|  | <u>489,719,623</u> | <u>188,879,235</u> | <u>536,990,661</u> | <u>257,512,020</u> |
| Other Creditors- Related Parties (16.2)      | 30,000,000         | -                  | 30,000,000         | -                  |
| Sundry Creditors Including Accrued Expense   | 91,309,898         | 41,120,312         | 77,249,668         | 30,510,601         |
| Excess Fund Refundable against IPO Proceeds  | 318,000            | 318,000            | 318,000            | 318,000            |
|  | <u>611,347,521</u> | <u>230,317,547</u> | <u>644,558,329</u> | <u>288,340,621</u> |

16.1 Trade Payables to the Related Parties

| Relationship                          | Group              |                    | Company            |                    |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                       | 2023<br>Rs.        | 2022<br>Rs.        | 2023<br>Rs.        | 2022<br>Rs.        |
| Dream Life Science (Pvt) Ltd          | 61,300             | -                  | 61,300             | 61,300             |
| Raigam Marketing Services (Pvt) Ltd   | 25,201,678         | 199,500            | 25,023,614         | 199,500            |
| Southern Salt Company (Pvt) Ltd       | -                  | -                  | 101,667,233        | 83,982,205         |
| Raigam Eastern Salt Company (Pvt) Ltd | 367,972,358        | 163,396,469        | 331,741,202        | 155,243,729        |
| Venus Consolidated (Pvt) Ltd          | 20,885             | 20,885             | 20,885             | 20,885             |
|                                       | <u>393,256,220</u> | <u>163,616,853</u> | <u>458,514,234</u> | <u>239,507,618</u> |

**16. TRADE AND OTHER PAYABLES (Contd...)****16.2 Other Payables To the Related Parties**

|                                       | Relationship        | Group             |             | Company           |             |
|---------------------------------------|---------------------|-------------------|-------------|-------------------|-------------|
|                                       |                     | 2023<br>Rs.       | 2022<br>Rs. | 2023<br>Rs.       | 2022<br>Rs. |
| Raigam Eastern Salt Company (Pvt) Ltd | Other related party | 30,000,000        | -           | 30,000,000        | -           |
|                                       |                     | <u>30,000,000</u> | <u>-</u>    | <u>30,000,000</u> | <u>-</u>    |

**16.3 Terms & Conditions of Related Party Balances**

Terms and Conditions of the outstanding balances of related party payables are disclosed in Note 26.4

**17. OTHER INCOME**

|   | Group            |                  | Company          |                   |
|---|------------------|------------------|------------------|-------------------|
|   | 2023<br>Rs.      | 2022<br>Rs.      | 2023<br>Rs.      | 2022<br>Rs.       |
| Profit/ (Loss) on Disposal of Property, Plant and Equipment | (662,078)        | 2,493,438        | (662,078)        | 2,493,438         |
| Sundry Income   | 3,768,522        | 2,842,057        | 2,996,117        | 9,055,082         |
|   | <u>3,106,444</u> | <u>5,335,495</u> | <u>2,334,039</u> | <u>11,548,520</u> |

**18. FINANCE INCOME**

|   | Group             |                   | Company           |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 2023<br>Rs.       | 2022<br>Rs.       | 2023<br>Rs.       | 2022<br>Rs.       |
| Interest Income - Fixed & Saving Deposits | 90,679,610        | 27,900,368        | 79,526,130        | 25,451,096        |
|   | <u>90,679,610</u> | <u>27,900,368</u> | <u>79,526,130</u> | <u>25,451,096</u> |

**19. FINANCE COST**

|                                    | Group            |                | Company        |                |
|------------------------------------|------------------|----------------|----------------|----------------|
|                                    | 2023<br>Rs.      | 2022<br>Rs.    | 2023<br>Rs.    | 2022<br>Rs.    |
| Interest Charges on Bank Overdraft | 75,969           | 60,665         | 34,347         | 35,806         |
| Lease Interest Expense             | 4,471,603        | 934,096        | 267,110        | 241,509        |
| Interest Charges on Cash Guarantee | 414,191          | -              | 414,191        | -              |
|                                    | <u>4,961,763</u> | <u>994,761</u> | <u>715,648</u> | <u>277,315</u> |

**20. EARNINGS PER SHARE**

**20.1** Basic Earnings Per Share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events, if any, that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

**20.2** The following reflects the income and share data used in the Basic Earnings Per Share computation.

|  | Group              |                    | Company            |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | 2023<br>Rs.        | 2022<br>Rs.        | 2023<br>Rs.        | 2022<br>Rs.        |
| <b>Amount Used as the Numerator:</b>   |                    |                    |                    |                    |
| Net profit from operations attributable to equity holders for basic earnings per share | <u>460,959,281</u> | <u>215,590,447</u> | <u>377,831,827</u> | <u>171,557,413</u> |
| <b>Number of Ordinary Shares Used as Denominator:</b>                                  | <b>Number</b>      | <b>Number</b>      | <b>Number</b>      | <b>Number</b>      |
| Number of ordinary shares for basic earnings per share                                 | <u>282,207,320</u> | <u>282,207,320</u> | <u>282,207,320</u> | <u>282,207,320</u> |
| <b>Effect of dilution:</b>   |                    |                    |                    |                    |
| <b>Weighted average number of ordinary shares adjusted for the effect of dilution</b>  | <u>282,207,320</u> | <u>282,207,320</u> | <u>282,207,320</u> | <u>282,207,320</u> |
| <b>Earning Per Share</b>   |                    |                    |                    |                    |
| - Basic (Rs.)  | <u>1.63</u>        | <u>0.76</u>        | <u>1.34</u>        | <u>0.61</u>        |
| - Diluted (Rs.)  | <u>1.63</u>        | <u>0.76</u>        | <u>1.34</u>        | <u>0.61</u>        |

**21. DIVIDEND PER SHARE**

|                    | 2023<br>Rs. | 2022<br>Rs. | 2023<br>Rs. | 2022<br>Rs. |
|--------------------|-------------|-------------|-------------|-------------|
| Dividend Paid      | 42,331,098  | 28,220,732  | 42,331,098  | 28,220,732  |
| Dividend Per Share | <u>0.15</u> | <u>0.10</u> | <u>0.15</u> | <u>0.10</u> |

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

**22. PROFIT FROM CONTINUING OPERATIONS**

|   | Group       |             | Company     |             |
|---|-------------|-------------|-------------|-------------|
|   | 2023<br>Rs. | 2022<br>Rs. | 2023<br>Rs. | 2022<br>Rs. |
| <i>Included in Cost of Sales</i>                  |             |             |             |             |
| Depreciation                                      | 25,593,614  | 24,541,530  | 17,572,626  | 16,948,864  |
| Staff Costs                                       | 204,061,783 | 149,973,953 | 148,595,908 | 111,949,144 |
| - Defined Benefit Plan Expenses -Gratuity         | 2,156,869   | 2,314,407   | 2,156,869   | 2,314,407   |
| - Defined Contribution Plan Expenses - EPF & ETF  | 6,306,390   | 5,361,331   | 4,732,736   | 4,388,041   |
| <i>Included in Administrative Expenses</i>        |             |             |             |             |
| Depreciation                                      | 9,503,837   | 10,140,118  | 9,167,891   | 9,119,422   |
| Amortisation                                      | 1,735,979   | 765,964     | 970,016     | -           |
| Research & Development Expenditure                | 224,729     | 50,153      | 188,200     | 44,663      |
| Staff Costs                                       | 61,684,777  | 55,134,448  | 42,807,265  | 38,099,600  |
| - Defined Benefit Plan Expenses -Gratuity         | 3,087,082   | 2,662,048   | 2,167,689   | 1,322,518   |
| - Defined Contribution Plan Expenses - EPF & ETF  | 5,143,531   | 4,814,614   | 3,589,612   | 3,395,380   |
| Director Fees                                     | 3,255,000   | 4,025,000   | 2,100,000   | 1,925,000   |
| Audit Fee & Expenses                              | 950,000     | 1,116,948   | 500,000     | 827,933     |
| <i>Included in Selling and Distribution Costs</i> |             |             |             |             |
| Staff Costs                                       | 20,650,981  | 20,755,849  | 17,411,477  | 17,186,117  |
| - Defined Benefit Plan Expenses -Gratuity         | 495,944     | 495,944     | 495,944     | 495,944     |
| - Defined Contribution Plan Expenses - EPF & ETF  | 2,224,905   | 2,328,086   | 1,779,924   | 1,862,469   |
| Advertising and Promotional Expenses              | 49,747,124  | 16,706,922  | 45,554,542  | 16,683,922  |

**23. CASH AND CASH EQUIVALENTS IN STATEMENT OF CASH FLOWS****Components of Cash and Cash Equivalents**

|   | Group              |                   | Company            |                   |
|---|--------------------|-------------------|--------------------|-------------------|
|   | 2023<br>Rs.        | 2022<br>Rs.       | 2023<br>Rs.        | 2022<br>Rs.       |
| <b>23.1 Favourable Cash &amp; Cash Equivalent Balances</b>                        |                    |                   |                    |                   |
| Cash and Bank Balances  | 194,153,866        | 108,378,280       | 126,947,187        | 52,065,016        |
| <b>23.2 Unfavourable Cash &amp; Cash Equivalent Balances</b>                      |                    |                   |                    |                   |
| Bank Overdrafts (Note 13)   | (21,745,894)       | (9,304,092)       | (19,782,124)       | (6,509,230)       |
| <b>Total Cash and Cash Equivalents for the Purpose of Statement of Cash Flows</b> | <b>172,407,971</b> | <b>99,074,188</b> | <b>107,165,062</b> | <b>45,555,786</b> |

**24. COMMITMENTS AND CONTINGENCIES****24.1 Capital Expenditure Commitments**

There are no significant capital expenditure commitments as at reporting date other than following.

|   | Group       |             | Company     |             |
|---|-------------|-------------|-------------|-------------|
|   | 2023<br>Rs. | 2022<br>Rs. | 2023<br>Rs. | 2022<br>Rs. |
| Expected Capital Expenditure during the next financial year | 35,000,000  | 30,000,000  | 35,000,000  | 30,000,000  |
|   | 35,000,000  | 30,000,000  | 35,000,000  | 30,000,000  |

**24.2 Contingent Liabilities**

The Company does not have significant contingencies as at the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

## 25. ASSETS PLEDGED - GROUP AND COMPANY

**Group/Company**

The following assets have been pledged as security for liabilities.

| Nature of the Assets Pledged    | Facility Obtained           | Carrying Value of the |                     |                                |
|---------------------------------|-----------------------------|-----------------------|---------------------|--------------------------------|
|                                 |                             | Assets Pledged 2023   | Assets Pledged 2022 | Included Under                 |
| Land at Palavi                  | Overdraft Facility          | 239.2 Mn              | 239.2 Mn            | Property, Plant and Equipment  |
| Salterns Developments at Palavi | Loan and Overdraft Facility |                       |                     |                                |
| Fixed Deposits                  | Overdraft Facility          | 95.2 Mn               | 95.2 Mn             | Other Current Financial Assets |

## 26. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

## 26.1 Transactions with Related Entities

| 26.1.1 Transactions with Parent                     | Group               |                   | Company             |                  |
|---|---------------------|-------------------|---------------------|------------------|
|   | 2023<br>Rs.         | 2022<br>Rs.       | 2023<br>Rs.         | 2022<br>Rs.      |
| <b>Nature of transaction</b>                        |                     |                   |                     |                  |
| Balance as at 1 April                               | 40,731,174          | 11,853,833        | 7,501,094           | 11,224,690       |
| Payments made on behalf of the parent               | -                   | 28,637,548        | -                   | -                |
| Settlements for purchase goods and services         | 52,678,697          | -                 | 52,678,697          | -                |
| Purchase of goods and services                      | (75,638,634)        | (166,051)         | (75,638,634)        | (166,051)        |
| Sale of Goods and Services                          | 5,698,984           | 33,556,794        | 5,698,984           | 3,641,690        |
| Receipts for sale of Goods/Services                 | (33,335,480)        | (27,314,917)      | (530,400)           | (1,567,345)      |
| Receivable on cash receipt for sales                | 44,908,265          | 62,352,507        | 40,878,019          | 62,352,507       |
| Payable on cash receipt for sales                   | (1,011,431)         | -                 | -                   | -                |
| Settlements for Receivable/Payable on cash receipts | (46,110,069)        | (68,188,541)      | (42,488,191)        | (67,984,398)     |
| <b>Balance as at 31 March</b>                       | <b>(12,078,495)</b> | <b>40,731,174</b> | <b>(11,900,431)</b> | <b>7,501,094</b> |

| 26.2 Transactions with subsidiaries        | Group       |             | Company            |                   |
|--|-------------|-------------|--------------------|-------------------|
|  | 2023<br>Rs. | 2022<br>Rs. | 2023<br>Rs.        | 2022<br>Rs.       |
| Balance as at 1 April                      | -           | -           | 49,750,984         | (88,426,224)      |
| Fund transfers                             | -           | -           | 303,620,141        | 125,000,000       |
| Current Account Balance Settlements        | -           | -           | (50,000,000)       | -                 |
| Purchase of Goods/Services                 | -           | -           | (231,747,696)      | (175,693,025)     |
| Settlements for purchase of Goods/Services | -           | -           | 214,062,667        | 181,837,369       |
| Sales of goods and services                | -           | -           | 19,182,238         | 6,655,791         |
| Receipts for Sale of goods and services    | -           | -           | (88,409)           | -                 |
| Supply of HR services                      | -           | -           | 15,815,340         | 377,072           |
| <b>Balance as at 31 March</b>              | <b>-</b>    | <b>-</b>    | <b>320,595,266</b> | <b>49,750,984</b> |

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

## 26. RELATED PARTY DISCLOSURES (Contd...)

| 26.3 Transactions with Other related parties | Group                |                      | Company              |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 2023<br>Rs.          | 2022<br>Rs.          | 2023<br>Rs.          | 2022<br>Rs.          |
| Balance as at 1 April                        | (157,040,585)        | (62,010,213)         | (148,949,145)        | (55,315,833)         |
| Funds Received                               | (30,000,000)         | -                    | (30,000,000)         | -                    |
| Purchase of Goods/Services                   | (413,954,921)        | (205,807,073)        | (355,669,045)        | (205,807,073)        |
| Settlements for purchase of Goods/Services   | 209,379,032          | 114,306,249          | 179,171,572          | 114,306,249          |
| Expenses on behalf of the company            | 14,864,402           | -                    | 14,864,402           | -                    |
| Receivable on cash receipt for sales         | -                    | 6,116,108            | -                    | 6,116,108            |
| Payables on cash receipts for sales          | (27,571,177)         | (4,727,656)          | (27,571,177)         | (4,788,956)          |
| Settlements for                              | 29,697,927           | (4,667,020)          | 29,697,927           | (3,208,660)          |
| Sale of Goods and Services                   | 5,394,011            | 335,056              | 5,394,011            | 335,056              |
| Receipts for sale of Goods/Services          | (1,675,299)          | (586,035)            | (1,675,299)          | (586,035)            |
| <b>Balance as at 31 March</b>                | <b>(370,906,608)</b> | <b>(157,040,585)</b> | <b>(334,736,753)</b> | <b>(148,949,145)</b> |

The above transactions are included in current liabilities as amounts due to related parties and in current assets as Amounts due from related parties.

The above other related companies include following companies.

- Raigam Creations (Pvt) Ltd
- Raigam Herbal Remedies (Pvt) Ltd
- Raigam Eastern Salt Company (Pvt) Ltd
- Puttalam Salt Ltd
- Dream Life Science (Pvt) Ltd
- Raigam Distributors (Pvt) Ltd
- Raigam Solar (Pvt) Ltd

Other related parties are companies in the same Group under the common control of Raigam Marketing Services (Pvt) Ltd.

## 26.4 Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that are applicable to the External Customers. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2023, the Group/Company has not recorded any impairment of receivables relating to amounts owed by related parties (2022: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.



## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

## 26. RELATED PARTY DISCLOSURES (Contd...)

## 26.5 Transactions with Key Management Personnel

The Key Management Personnel of the company are the members of its Board of Directors.

| Key Management Personnel Compensation | Group            |                  | Company          |                  |
|---------------------------------------|------------------|------------------|------------------|------------------|
|                                       | 2023<br>Rs.      | 2022<br>Rs.      | 2023<br>Rs.      | 2022<br>Rs.      |
| Short - Term Employee Benefits        | 6,855,000        | 6,050,000        | 5,700,000        | 5,350,000        |
| Post Employment Benefits              | 450,000          | 270,000          | 450,000          | 270,000          |
|                                       | <u>7,305,000</u> | <u>6,320,000</u> | <u>6,150,000</u> | <u>5,620,000</u> |

26.6 Other than the above short term benefits there have been no transactions with entities that are controlled or significantly influenced by key management personnel or their close members of family.

## 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

## 27.1 Financial Risk Management

Risk is inherent in Group's business activities, but is managed through a process of ongoing identification, measurement, and monitoring, subject to risk limits and other controls. The Board of Directors places special consideration on the management of such risks. The Company is mainly exposed to;

- Commodity Price Risk
- Liquidity Risk
- Equity Price Risk
- Credit Risk

**Commodity Price Risk**

The entity is affected by the availability and price of certain commodities, specially raw crystal salt. Depending on the raw salt harvesting quantities and qualities the prices are decided. This risk is mitigated through passing on cost increases to the customer through the regular price adjustments and planning purchasing on right period by procurement division.

**Liquidity risk**

Liquidity risk arises from the financial liabilities of the entity and entity's subsequent ability to meet their obligation to repay their financial liabilities as and when they fall due.

Liquidity risk management involves maintaining available funding and ensuring the entity has access to an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Group aims to maintain flexibility within the funding structure through the use of bank overdrafts and short term loans.

The Group also regularly performs a comprehensive analysis of all cash inflows and outflows that relate to financial assets and liabilities.

a. Below table illustrates the maturity periods of liabilities in due.

| Group                            | Within 1 month     | 1 - 3 Months | 3 - 12 Months    | 1 - 5 years       | More than 5 years | Total              |
|----------------------------------|--------------------|--------------|------------------|-------------------|-------------------|--------------------|
|                                  | Rs.                | Rs.          | Rs.              | Rs.               | Rs.               | Repayable<br>Rs.   |
| Lease Liability (Note 13)        | -                  | -            | 5,570,468        | 14,399,681        | 7,794,566         | 27,764,715         |
| Bank Overdraft (Note 13)         | 21,745,894         | -            | -                | -                 | -                 | 21,745,894         |
| Trade & Other Payables (Note 16) | 611,347,521        | -            | -                | -                 | -                 | 611,347,521        |
| <b>Total 2023</b>                | <u>633,093,415</u> | <u>-</u>     | <u>5,570,468</u> | <u>14,399,681</u> | <u>7,794,566</u>  | <u>660,858,130</u> |
| <b>Total 2022</b>                | <u>239,626,566</u> | <u>-</u>     | <u>2,249,470</u> | <u>4,342,533</u>  | <u>9,274,295</u>  | <u>255,492,863</u> |

| Company                          | Within 1 month     | 1 - 3 Months | 3 - 12 Months    | 1 - 5 years      | More than 5 years | Total              |
|----------------------------------|--------------------|--------------|------------------|------------------|-------------------|--------------------|
|                                  | Rs.                | Rs.          | Rs.              | Rs.              | Rs.               | Repayable<br>Rs.   |
| Lease Liability (Note 13)        | -                  | -            | 1,772,913        | 354,603          | -                 | 2,127,516          |
| Bank Overdraft (Note 13)         | 19,782,124         | -            | -                | -                | -                 | 19,782,124         |
| Trade & Other Payables (Note 16) | 644,558,329        | -            | -                | -                | -                 | 644,558,329        |
| <b>Total 2023</b>                | <u>664,340,454</u> | <u>-</u>     | <u>1,772,913</u> | <u>354,603</u>   | <u>-</u>          | <u>666,467,970</u> |
| <b>Total 2022</b>                | <u>294,849,851</u> | <u>-</u>     | <u>1,888,248</u> | <u>2,127,516</u> | <u>-</u>          | <u>298,865,615</u> |

Year ended 31 March 2023

## 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

b. Trade and Other Payables have credit period less than 3 months.

c. Undrawn borrowing facilities

The Group has undrawn borrowing facilities amounting to 82.73 Mn as at 31 March 2023.

**Equity Price Risk**

The key objective of entity when managing capital is to safeguard its ability to continue as a going concern and maintain optimal returns to shareholders and benefits for other stakeholders. In addition to this with regard to investment in shares the board reviews and approves all equity investment decisions.

**Credit Risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily for trade receivables). The company minimizes credit risk towards its customers by having high level scrutiny before converting a cash customer to a credit customer. Also the company adheres to the policy of obtaining bank guarantees from distributors and adequate cash deposits from dealers. The maximum exposure will be equal to the carrying amount of these instruments.

a. The maximum exposure to credit risk at the reporting date as follows:

|                             | Group       |             | Company     |             |
|-----------------------------|-------------|-------------|-------------|-------------|
|                             | 2023<br>Rs. | 2022<br>Rs. | 2023<br>Rs. | 2022<br>Rs. |
| Trade Receivables (Note 10) | 629,429,999 | 345,673,278 | 538,935,938 | 265,544,883 |
| Other Receivables           | 14,864,402  | -           | 410,965,718 | 126,665,834 |

b. Deposits with institutions and their credit rating details are as follows:

The Group held current financial assets other than cash in a financial and related institution.

| Group                  | Instrument     | Credit Rating<br>For 2023 | Investment<br>For 2023 | Credit Rating<br>For 2022 | Investment<br>For 2022 |
|------------------------|----------------|---------------------------|------------------------|---------------------------|------------------------|
| <b>Sampath Bank</b>    | Fixed Deposits | A                         | 563,821,051            | AA-                       | 514,634,975            |
| <b>NSB Bank</b>        | Fixed Deposits | AAA                       | 102,333,333            | -                         | -                      |
| <b>DFCC Bank</b>       | Fixed Deposits | A-                        | 53,500,000             | -                         | -                      |
| <b>Commercial Bank</b> | Fixed Deposits | A                         | 10,000,000             | -                         | -                      |
| Company                | Instrument     | Credit Rating<br>For 2023 | Investment<br>For 2023 | Credit Rating<br>For 2022 | Investment<br>For 2022 |
| <b>Sampath Bank</b>    | Fixed Deposits | A                         | 463,821,051            | AA-                       | 514,634,975            |
| <b>NSB Bank</b>        | Fixed Deposits | AAA                       | 102,333,333            | -                         | -                      |
| <b>DFCC Bank</b>       | Fixed Deposits | A-                        | 53,500,000             | -                         | -                      |
| <b>Commercial Bank</b> | Fixed Deposits | A                         | 10,000,000             | -                         | -                      |

c. The aging of trade receivables, at the end of the reporting period was as follows:

| Group                          | 2023                            |                                |                               | 2022                               |                                |                               |
|--------------------------------|---------------------------------|--------------------------------|-------------------------------|------------------------------------|--------------------------------|-------------------------------|
|                                | Gross Carrying<br>Amount<br>Rs. | Impairment<br>Allowance<br>Rs. | Net Carrying<br>Amount<br>Rs. | Gross<br>Carrying<br>Amount<br>Rs. | Impairment<br>Allowance<br>Rs. | Net Carrying<br>Amount<br>Rs. |
| Neither Past Due, Nor Impaired | 343,158,165                     | -                              | 343,158,165                   | 159,457,741                        | -                              | 159,457,741                   |
| Past Due but Nor Impaired      | -                               | -                              | -                             | -                                  | -                              | -                             |
| Past due 31-180                | 194,717,998                     | -                              | 194,717,998                   | 108,591,470                        | -                              | 108,591,470                   |
| Past due 181-365               | 59,614,699                      | -                              | 59,614,698                    | 47,647,693                         | -                              | 47,647,693                    |
| Past Due More Than 365 days    | 31,939,137                      | (4,707,811)                    | 27,231,327                    | 29,976,375                         | (3,250,984)                    | 26,725,391                    |
|                                | <u>629,429,999</u>              | <u>(4,707,811)</u>             | <u>624,722,188</u>            | <u>345,673,279</u>                 | <u>(3,250,984)</u>             | <u>342,422,295</u>            |
| Company                        | 2023                            |                                |                               | 2022                               |                                |                               |
|                                | Gross Carrying<br>Amount<br>Rs. | Impairment<br>Allowance<br>Rs. | Net Carrying<br>Amount<br>Rs. | Gross<br>Carrying<br>Amount<br>Rs. | Impairment<br>Allowance<br>Rs. | Net Carrying<br>Amount<br>Rs. |
| Neither Past Due, Nor Impaired | 301,330,132                     | -                              | 301,330,132                   | 142,491,889                        | -                              | 142,491,889                   |
| Past Due but Nor Impaired      | -                               | -                              | -                             | -                                  | -                              | -                             |
| Past due 31-180                | 162,127,069                     | -                              | 162,127,069                   | 78,455,242                         | -                              | 78,455,242                    |
| Past due 181-365               | 57,787,049                      | -                              | 57,787,049                    | 22,267,080                         | -                              | 22,267,080                    |
| Past Due More Than 365 days    | 17,691,689                      | (4,707,811)                    | 12,983,878                    | 22,330,672                         | (3,250,984)                    | 19,079,688                    |
|                                | <u>538,935,938</u>              | <u>(4,707,811)</u>             | <u>534,228,127</u>            | <u>265,544,883</u>                 | <u>(3,250,984)</u>             | <u>262,293,899</u>            |

**27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)**

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

|                            | Group            |                  | Company          |                  |
|----------------------------|------------------|------------------|------------------|------------------|
|                            | 2023<br>Rs.      | 2022<br>Rs.      | 2023<br>Rs.      | 2022<br>Rs.      |
| Balance as at 01 April     | 3,250,985        | 3,250,985        | 3,250,985        | 3,250,985        |
| Recognized during the year | 1,456,826        | -                | 1,456,826        | -                |
| Balance as at 31 March     | <u>4,707,811</u> | <u>3,250,985</u> | <u>4,707,811</u> | <u>3,250,985</u> |

- d. Cash at bank of the group comprises balances in banks amounting to Rs. 190,066,774 (2022 - Rs. 99,626,181) with banks which have a fitch rating higher or equal to A (Ika)

**27.2 Capital Management**

The Board of Directors reviews the capital structure of the company on regular basis. The intention of Board of Directors is to maintain an optimum capital structure while minimizing cost of financing and safeguarding key stakeholders' interest. Capital consists of share capital, reserves, and retained earnings of the Group.

The gearing ratio at the reporting date was as follows:

|                           | Group                |                      | Company              |                      |
|---------------------------|----------------------|----------------------|----------------------|----------------------|
|                           | 2023<br>Rs.          | 2022<br>Rs.          | 2023<br>Rs.          | 2022<br>Rs.          |
| Lease Liability (Note 13) | 27,764,715           | 15,866,297           | 2,127,516            | 4,015,764            |
| Bank Overdrafts (Note 13) | 21,745,894           | 9,304,092            | 19,782,124           | 6,509,230            |
| Total Debt                | <u>49,510,610</u>    | <u>25,170,389</u>    | <u>21,909,640</u>    | <u>10,524,994</u>    |
| Equity                    | <u>2,191,234,501</u> | <u>1,619,315,484</u> | <u>1,867,086,591</u> | <u>1,430,317,477</u> |
| Equity and Debt           | <u>2,240,745,111</u> | <u>1,644,485,873</u> | <u>1,888,996,231</u> | <u>1,440,842,470</u> |
| Gearing Ratio             | <u>2.2%</u>          | <u>1.5%</u>          | <u>1.2%</u>          | <u>0.7%</u>          |

**28. FAIR VALUE MEASUREMENT**

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- A Fair value of the cash at bank and in hand, trade & other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments

Set out below is a comparison of the carrying amounts and fair values of the Company's financial instruments by classes, that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

| Group                                   |   | Carrying Amount      |                      | Fair Value           |                      |
|---|---|----------------------|----------------------|----------------------|----------------------|
|   |   | 2023<br>Rs.          | 2022<br>Rs.          | 2023<br>Rs.          | 2022<br>Rs.          |
| <b>Financial Assets</b>                 |   |                      |                      |                      |                      |
| Trade and Other Receivables (Note 10)   | A | 771,049,756          | 432,434,686          | 771,049,756          | 432,434,686          |
| Cash at Bank and in Hand (Note 23)      | A | 194,153,866          | 108,378,280          | 194,153,866          | 108,378,280          |
| Other Current Financial Assets (Note 8) | A | 729,654,385          | 514,634,975          | 729,654,385          | 514,634,975          |
| <b>Total</b>                            |   | <u>1,694,858,007</u> | <u>1,055,447,941</u> | <u>1,694,858,007</u> | <u>1,055,447,941</u> |
| <b>Financial Liabilities</b>            |   |                      |                      |                      |                      |
| Trade and Other Payables (Note 16)      | A | 489,719,623          | 188,879,235          | 489,719,623          | 188,879,235          |
| Bank Overdrafts (Note 13)               | A | 21,745,894           | 9,304,092            | 21,745,894           | 9,304,092            |
| <b>Total</b>                            |   | <u>511,465,517</u>   | <u>198,183,327</u>   | <u>511,465,517</u>   | <u>198,183,327</u>   |

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

## 28. FAIR VALUE MEASUREMENT (Contd...)

| Company                                 |   | Carrying Amount      |                      | Fair Value           |                      |
|---|---|----------------------|----------------------|----------------------|----------------------|
|   |   | 2023                 | 2022                 | 2022                 | 2022                 |
|   |   | Rs.                  | Rs.                  | Rs.                  | Rs.                  |
| <b>Financial Assets</b>                 |   |                      |                      |                      |                      |
| Trade and Other Receivables (Note 10)   | A | 1,051,005,740        | 471,906,231          | 1,051,005,740        | 471,906,231          |
| Cash at Bank and in Hand (Note 23)      | A | 126,947,187          | 52,065,016           | 126,947,187          | 52,065,016           |
| Other Current Financial Assets (Note 8) | A | 629,654,385          | 514,634,975          | 629,654,385          | 514,634,975          |
| <b>Total</b>                            |   | <b>1,807,607,312</b> | <b>1,038,606,221</b> | <b>1,807,607,312</b> | <b>1,038,606,222</b> |
| <b>Financial Liabilities</b>            |   |                      |                      |                      |                      |
| Trade and Other Payables (Note 16)      | A | 536,990,661          | 257,512,020          | 536,990,661          | 257,512,020          |
| Bank Overdrafts (Note 13)               | A | 19,782,124           | 6,509,230            | 19,782,124           | 6,509,230            |
| <b>Total</b>                            |   | <b>556,772,785</b>   | <b>264,021,250</b>   | <b>556,772,785</b>   | <b>264,021,250</b>   |

## 29. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements other than the following :

**Dividend**

On 29 August 2023, the Board proposed a first and final dividend of Rs. 0.2 per share for the year ended 31st March 2023, subject to obtaining the shareholders' approval at the Annual General Meeting.

# Investor Information

## Composition of Shareholders

The details of shareholders as at 31 March 2023 are as follows;

|                                      | 31.3.2023    |        | 31.3.2022    |        |
|--------------------------------------|--------------|--------|--------------|--------|
|                                      | No of Shares | %      | No of Shares | %      |
| <b>Major Shareholding</b>            |              |        |              |        |
| Raigam Marketing Services (Pvt) Ltd  | 101,103,660  | 35.83% | 101,103,660  | 35.83% |
| Raigam Distributors (Pvt) Ltd        | 101,103,660  | 35.83% | 101,103,660  | 35.83% |
| <b>Directors' Shareholding</b>       |              |        |              |        |
| Ravi Liyanage                        | 505,516      | 0.18%  | 505,516      | 0.18%  |
| <b>Public Shareholding</b>           |              |        |              |        |
| 3,897 Number of shareholders         | 79,494,484   | 28.17% | 79,494,484   | 28.17% |
| Float Adjusted Market Capitalization | 548,511,940  |        | 365,647,626  |        |

## Stated Capital

Stated Capital as at 31 March 2023 is represented by shares in issue as given below;

|                        | 31.3.2023   | 31.3.2022   |
|------------------------|-------------|-------------|
| Ordinary Shares (Nos.) | 282,207,320 | 282,207,320 |

## Market Value per Share

|                    | 31.3.2023 | 31.3.2022 |
|--------------------|-----------|-----------|
| Highest (Rs.)      | 8.20      | 9.70      |
| Lowest (Rs.)       | 3.00      | 4.50      |
| As at the year end | 6.90      | 4.60      |

## Trading Activities

|                                 | 31.3.2023   | 31.3.2022   |
|---------------------------------|-------------|-------------|
| No of Transactions/ No of times | 10,386      | 26,485      |
| No of shares traded Nos.        | 28,944,563  | 127,598,272 |
| Value of shares traded Rs.      | 178,533,718 | 984,385,882 |

## Investor Ratios

|                             | 31.3.2023 | 31.3.2022 |
|-----------------------------|-----------|-----------|
| Earnings per Share Rs.      | 1.34      | 0.61      |
| Dividend per Share Rs.      | 0.15      | 0.10      |
| Dividend pay out %          | 11.20     | 16.45     |
| Price Earning No. of time   | 5.15      | 7.57      |
| Earnings Yield %            | 19.4      | 13.22     |
| Net Assets per Share Rs.    | 6.62      | 5.07      |
| Debt Equity Ratio %         | 42.89     | 25.70     |
| Interest Cover No. of times | 647.99    | 800.07    |

## Twenty Largest Shareholders

|    | Name of Shareholders  | As at 31 March 2023 |        | As at 31 March 2022 |        |
|----|---|---------------------|--------|---------------------|--------|
|    |   | No. of Shares       | %      | No. of Shares       | %      |
| 1  | Raigam Distributors (Pvt) Ltd                               | 101,103,660         | 35.83% | 101,103,660         | 35.83% |
| 2  | Raigam Marketing Services (Pvt) Ltd                         | 101,103,660         | 35.83% | 101,103,660         | 35.83% |
| 3  | Employees Provident Fund                                    | 38,056,654          | 13.49% | 38,056,654          | 13.49% |
| 4  | Tranz Dominion L.L.C.                                       | 3,540,191           | 1.25%  | 3,530,191           | 1.25%  |
| 5  | People's Leasing & Finance PLC/Mr.S. Gobinath               | 2,074,002           | 0.73%  | 2,175,000           | 0.77%  |
| 6  | Seylan Bank PLC/Jayantha Dewage                             | 1,477,100           | 0.52%  | 1,477,100           | 0.52%  |
| 7  | Mr. Pooddiewela Marage Wimal Chandana Kumara                | 1,193,271           | 0.42%  | -                   | -      |
| 8  | Mr. Warnakulasooriya Ranjith Gretion Allocius Fernando      | 1,005,500           | 0.36%  | -                   | -      |
| 9  | Mr. Brian Lester Sebastian Peiris And Mr. L.B. Peiris       | 1,000,000           | 0.35%  | 1,000,000           | 0.35%  |
| 10 | Mr. Chandana Shantha Kumara Wendaruwa                       | 1,000,000           | 0.35%  | 1,000,000           | 0.35%  |
| 11 | Mr. Ravindra Raj Weerawardena                               | 730,000             | 0.26%  | 730,000             | 0.26%  |
| 12 | Merchant Bank of Sri Lanka & Finance PLC/ P.P.H. Matarage   | -                   | -      | 682,795             | 0.24%  |
| 13 | Mr. Selladurai Gobinath                                     | 700,000             | 0.25%  | -                   | -      |
| 14 | Merchant Bank of Sri Lanka & Finance PLC/ K.L.K.M Indika    | 699,390             | 0.25%  | 475,000             | 0.17%  |
| 15 | Mr. Mohammed Rikaz Mohammed Rawzdeen                        | 658,900             | 0.23%  | 680,000             | 0.24%  |
| 16 | Merchant Bank Of Sri Lanka & Finance PLC/H.M.C.B. Mawilmada | -                   | -      | 656,874             | 0.23%  |
| 17 | Merchant Bank Of Sri Lanka & Finance PLC/G.C.U. Kumara      | 624,286             | 0.22%  | 423,050             | 0.15%  |
| 18 | Mr. Ravindra Earl Rambukwella                               | 547,300             | 0.19%  | 552,300             | 0.20%  |
| 19 | Sampath Bank PLC/Mr. H.K.R. Sanjeewa                        | 543,260             | 0.19%  | 493,100             | 0.17%  |
| 20 | Mr. Hiran Arjuna Surendra Madanayake                        | 520,000             | 0.18%  | 520,000             | 0.18%  |
| 21 | Dr. Ravindranath Liyanage                                   | 505,516             | 0.18%  | 505,516             | 0.18%  |
| 22 | Mr. Suresh Hashantha Gregory Perera                         | 477,679             | 0.17%  | 477,679             | 0.17%  |
| 23 | Mr.Mahara Hettiarachchige Manjula Punnaaji Hettiarachchi    | -                   | -      | 404,799             | 0.14%  |
|    | Sub Total   | 257,560,369         | 91%    | 256,047,378         | 91%    |
|    | Balance held by 3947 shareholders (2022-3880)               | 24,646,951          | 9%     | 26,159,942          | 9%     |
|    | Total No of Shares  | 282,207,320         | 100%   | 282,207,320         | 100%   |

## Distribution of Shareholding

|                            | As at 31 March 2023  |             |                    | As at 31 March 2022  |             |                    |
|----------------------------|----------------------|-------------|--------------------|----------------------|-------------|--------------------|
|                            | No. of Share holders | %           | No. of Share       | No. of Share holders | %           | No. of Share       |
| Less than or equal to 1000 | 2,016                | 0.25%       | 698,805            | 1,953                | 0.24%       | 687,727            |
| 1,001-10,000               | 1,544                | 2.34%       | 6,600,903          | 1,529                | 2.33%       | 6,564,343          |
| 10,001-100,000             | 354                  | 3.77%       | 10,625,996         | 352                  | 3.73%       | 10,522,084         |
| 100,001-1,000,000          | 48                   | 5.22%       | 14,727,578         | 60                   | 6.02%       | 16,986,901         |
| Over 1,000,001             | 8                    | 88.43%      | 249,554,038        | 6                    | 87.68%      | 247,446,264        |
| <b>Grand Total</b>         | <b>3,970</b>         | <b>100%</b> | <b>282,207,320</b> | <b>3,900</b>         | <b>100%</b> | <b>282,207,319</b> |

### Resident and Non-Resident

|                           |              |             |                    |                 |             |                    |
|---------------------------|--------------|-------------|--------------------|-----------------|-------------|--------------------|
| Resident                  | 3,954        | 98.47%      | 277,890,486        | 3,881           | 98.31%      | 277,442,044        |
| Non-Resident              | 16           | 1.53%       | 4,316,834          | 19              | 1.69%       | 4,765,276          |
| <b>Total Shareholding</b> | <b>3,970</b> | <b>100%</b> | <b>282,207,320</b> | <b>3,900.00</b> | <b>100%</b> | <b>282,207,320</b> |

### Individuals and Institutions

|                           |              |             |                    |              |                |                    |
|---------------------------|--------------|-------------|--------------------|--------------|----------------|--------------------|
| Individuals               | 3,878        | 10.70%      | 30,184,280         | 3,793        | 9.77%          | 27,580,843         |
| Institutions              | 92           | 89.30%      | 252,023,040        | 107          | 90.23%         | 254,626,477        |
| <b>Total Shareholding</b> | <b>3,970</b> | <b>100%</b> | <b>282,207,320</b> | <b>3,900</b> | <b>100.00%</b> | <b>282,207,320</b> |

## Public Shareholdings

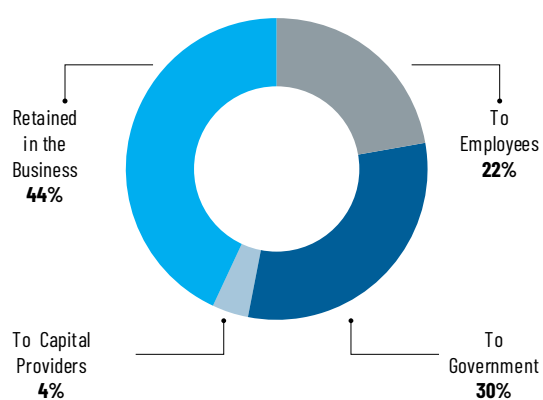
|  | As at 31 March 2023           |                     |                                     | As at 31 March 2022           |                     |                                     |
|--|-------------------------------|---------------------|-------------------------------------|-------------------------------|---------------------|-------------------------------------|
|  | Requirement by CSE            | Company Information | Compliance with CSE Rule 7.13.1 (b) | Requirement by CSE            | Company Information | Compliance with CSE Rule 7.13.1 (b) |
| Option   | 2                             | 2                   | Yes                                 | 2                             | 2                   | Yes                                 |
| "Float adjusted market capitalisation(Rs)"           | "Less than Rs. 1,000,000,000" | Rs. 548,511,940     | Yes                                 | "Less than Rs. 1,000,000,000" | Rs.365,674,626      | Yes                                 |
| "The percentage of shares held by the public"        | 10%                           | 28.17%              | Yes                                 | 10%                           | 28.17%              | Yes                                 |
| "Number of shareholders representing public holding" | 200                           | 3967                | Yes                                 | 200                           | 3897                | Yes                                 |

## VALUE ADDED STATEMENT - GROUP

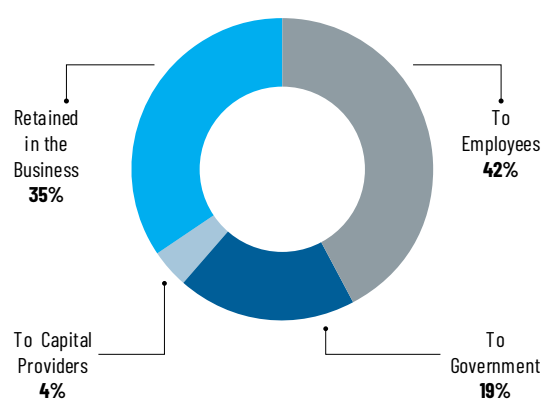
Year ended 31 March 2023

| Value Addition                         | 2022/2023  |                      | 2021/2022  |                    |
|--|------------|----------------------|------------|--------------------|
|  | %          | Rs.                  | %          | Rs.                |
| Gross Turnover                         |            | 2,302,995,961        |            | 1,238,963,640      |
| Cost of Materials & Services purchases |            | (1,335,989,815)      |            | (602,901,773)      |
| Other Income                           |            | 93,786,054           |            | 33,177,440         |
| <b>Total Value Addition</b>            |            | <b>1,060,792,200</b> |            | <b>669,239,307</b> |
| <b>Distribution of Value Addition</b>  |            |                      |            |                    |
| To Employees (as Remuneration)         | 22%        | 232,935,229          | 42%        | 282,490,168        |
| To Government                          | 30%        | 319,652,557          | 19%        | 129,275,841        |
| To Providers of Capital                | 4%         | 47,292,861           | 4%         | 29,490,407         |
| <b>Retained in the Business</b>        | <b>44%</b> | <b>460,911,554</b>   | <b>35%</b> | <b>227,982,890</b> |
| - Depreciation                         |            | 42,283,372           |            | 40,613,176         |
| - Profit Retained                      |            | 418,628,182          |            | 187,369,714        |
|  |            | 1,060,792,200        | 100%       | 669,239,307        |
| <b>Value Added per Employee</b>        |            | <b>3,367,594</b>     |            | <b>2,624,468</b>   |
| <b>Value Added as a % of Turnover</b>  |            | <b>46%</b>           |            | <b>54%</b>         |

Distribution of Value Addition - 2022 / 2023



Distribution of Value Addition - 2021 / 2022



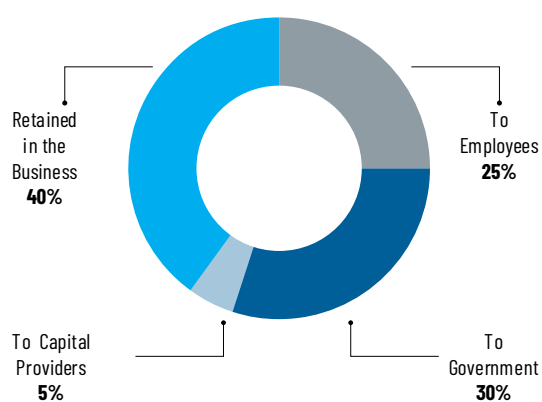


## VALUE ADDED STATEMENT - COMPANY

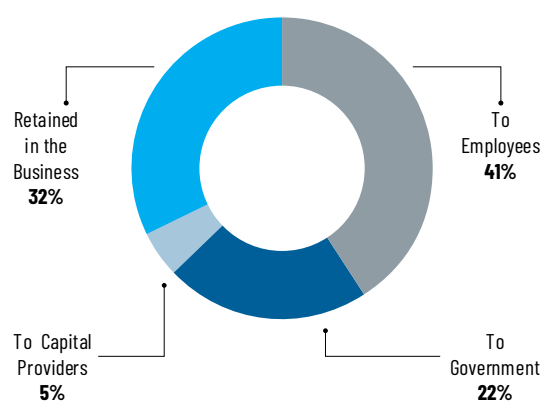
Year ended 31 March 2023

| Value Addition                         | 2022/2023  |                    | 2021/2022  |                    |
|--|------------|--------------------|------------|--------------------|
|  | %          | Rs.                | %          | Rs.                |
| Gross Turnover                         |            | 1,964,805,162      |            | 1,148,482,108      |
| Cost of Materials & Services purchases |            | (1,132,104,605)    |            | (639,787,305)      |
| Other Income                           |            | 81,860,169         |            | 36,941,194         |
| <b>Total Value Addition</b>            |            | <b>914,560,725</b> |            | <b>545,635,997</b> |
| <b>Distribution of Value Addition</b>  |            |                    |            |                    |
| To Employees (as Remuneration)         | 25%        | 229,656,551        | 41%        | 223,256,324        |
| To Government                          | 30%        | 272,854,550        | 22%        | 117,887,485        |
| To Providers of Capital                | 5%         | 43,046,746         | 5%         | 28,496,847         |
| <b>Retained in the Business</b>        | <b>40%</b> | <b>369,002,878</b> | <b>32%</b> | <b>175,995,341</b> |
| - Depreciation                         |            | 33,502,148         |            | 32,658,652         |
| - Profit Retained                      |            | 335,500,730        |            | 143,336,688        |
|  |            | 914,560,725        | 100%       | 545,635,997        |
| Value Added per Employee               |            | 3,387,262          |            | 2,393,140          |
| Value Added as a % of Turnover         |            | 47%                |            | 48%                |

Distribution of Value Addition - 2022 / 2023



Distribution of Value Addition - 2021 / 2022



## GROUP TEN YEAR SUMMARY

Year ended 31 March 2023

|                          | 2023          | 2022      | 2021    | 2020    | 2019    | 2018    | 2017    | 2016    | 2015    | 2014    |
|--------------------------|---------------|-----------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Operating Results</b> |               |           |         |         |         |         |         |         |         |         |
| Turnover                 | Rs. 2,120,320 | 1,147,189 | 959,681 | 756,991 | 744,243 | 791,506 | 778,704 | 435,166 | 380,532 | 464,076 |
| Gross Profit             | Rs. 800,125   | 423,768   | 355,121 | 277,782 | 271,865 | 292,793 | 272,713 | 147,270 | 129,287 | 162,522 |
| Earning Bt&T             | Rs. 575,083   | 278,400   | 188,958 | 145,318 | 143,828 | 187,576 | 170,581 | 59,895  | 48,399  | 64,023  |
| PBT                      | Rs. 570,121   | 277,406   | 187,549 | 142,552 | 141,720 | 185,005 | 170,026 | 58,050  | 44,067  | 48,776  |
| PAT                      | Rs. 460,959   | 215,590   | 149,759 | 114,611 | 103,865 | 148,163 | 108,660 | 45,804  | 42,387  | 45,550  |
| Retained Earnings        | Rs. 1,314,204 | 890,582   | 699,984 | 578,200 | 473,911 | 396,465 | 290,323 | 210,309 | 162,739 | 148,144 |

### Financial Position

|                        |               |           |           |           |           |           |           |         |         |         |
|------------------------|---------------|-----------|-----------|-----------|-----------|-----------|-----------|---------|---------|---------|
| Stated Capital         | Rs. 604,415   | 604,415   | 604,415   | 604,415   | 604,415   | 604,415   | 604,415   | 604,415 | 604,415 | 604,415 |
| Reserves               | Rs. 1,586,820 | 1,014,901 | 824,303   | 702,519   | 598,688   | 504,455   | 406,702   | 286,109 | 238,538 | 225,088 |
| Total Equity           | Rs. 2,191,235 | 1,619,316 | 1,428,717 | 1,306,933 | 1,203,103 | 1,108,870 | 1,011,117 | 890,524 | 842,953 | 829,502 |
| Total Debts            | Rs. 843,200   | 338,175   | 290,345   | 158,119   | 193,249   | 150,607   | 130,755   | 62,398  | 79,801  | 124,237 |
| Total Capital Employed | Rs. 3,034,434 | 1,957,491 | 1,719,062 | 1,465,052 | 1,396,352 | 1,259,477 | 1,141,872 | 952,922 | 922,754 | 953,739 |

### Assets Employed

|                          |               |           |           |         |         |         |         |         |         |         |
|--------------------------|---------------|-----------|-----------|---------|---------|---------|---------|---------|---------|---------|
| PPE - Leasehold          | Rs. 2,8,699   | 17,293    | 12,238    | 13,059  | 6,479   | 6,231   | 6,952   | -       | -       | -       |
| PPE - Freehold           | Rs. 825,851   | 637,841   | 647,682   | 633,067 | 624,151 | 613,288 | 628,058 | 615,659 | 638,366 | 617,073 |
| Other Non Current Assets | Rs. 4,392     | 5,059     | 1,847     | 1,847   | 2,897   | 3,020   | 3,143   | 17,586  | 35,404  | 45,439  |
| Total Current Assets     | Rs. 2,175,492 | 1,297,297 | 1,057,295 | 817,080 | 762,826 | 643,163 | 503,719 | 319,677 | 248,984 | 291,227 |

### Key Financial Indicators

|                              |             |       |       |       |       |       |       |       |       |       |
|------------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Equity Assets Ratio          | No of Times | 0.72  | 0.83  | 0.83  | 0.89  | 0.86  | 0.88  | 0.93  | 0.92  | 0.87  |
| Current Ratio                | No of Times | 2.97  | 4.80  | 4.76  | 8.62  | 5.56  | 6.47  | 5.78  | 3.40  | 2.42  |
| Gearing Ratio                | %           | 38%   | 21%   | 20%   | 12%   | 16%   | 13.6% | 12.9% | 8.7%  | 15.0% |
| Turnover to capital employed | No of Times | 0.70  | 0.59  | 0.56  | 0.52  | 0.53  | 0.63  | 0.68  | 0.41  | 0.49  |
| EPS                          | Rs.         | 1.63  | 0.76  | 0.53  | 0.41  | 0.37  | 0.53  | 0.16  | 0.15  | 0.16  |
| Dividend per share           | Rs.         | 0.15  | 0.10  | 0.10  | 0.05  | 0.10  | 0.15  | -     | 0.10  | -     |
| Market Price                 | Rs.         | 6.90  | 4.60  | 5.2   | 1.80  | 1.90  | 2.40  | 2.00  | 2.70  | 2.20  |
| Price Earning                | No of Times | 4.22  | 6.02  | 9.80  | 4.43  | 5.16  | 4.57  | 12.32 | 17.66 | 13.75 |
| Earning Yield                | %           | 23.67 | 16.61 | 10.21 | 22.56 | 19.37 | 21.88 | 8.12  | 5.66  | 7.27  |

## GROUP REAL ESTATE PORTFOLIO

Year ended 31 March 2023

| Owning Company                  | Location   | Land          |                |              |                    | Building        |                |                    |
|---------------------------------|--|---------------|----------------|--------------|--------------------|-----------------|----------------|--------------------|
|                                 |  | Freehold Land | Leasehold Land | Extent Acers | Value Rs.          | No. of Building | Extent Sq.feet | Net Book Value Rs. |
| Raigam Wayamba Salterns PLC     | Kalpitiya Road, Palavi Puttalam                          | √             | -              | 22           | 277,136,613        | 7               | 26,110         | 39,866,860         |
|                                 | Lot A Periyatheevu Munaikany Puladivayal Palavi Puttalam | √             | -              | 17           | 48,669,924         | 1               | 1,200          | 679,291            |
|                                 | Lot B Periyatheevu Vayalkany Puladivayal Palavi Puttalam | √             | -              | 78           | 54,984,493         | 1               | -              | 1,103,849          |
|                                 | Lot C Periyatheevu Kany Puladivayal Palavi Puttalam      | √             | -              | 23           | 21,708,971         | -               | -              | -                  |
|                                 |  |               |                |              | <b>402,500,000</b> |                 |                | <b>41,650,000</b>  |
| Southern Salt Company (Pvt) Ltd | Kunukalliya Lewaya Kahandamodara Gurupokuna Tangalle     | -             | √              | 204          | 100,000,000        | 1               | 360            | 1,050,000          |
|                                 | Bata-atha Industrial Park Bata-atha Hungama              | -             | √              | 8            | 45,350,000         | 3               | 10760          | 30,450,000         |
|                                 |  |               |                |              | <b>145,350,000</b> |                 |                | <b>31,500,000</b>  |

# Notice of Meeting

NOTICE IS HEREBY GIVEN that the 18th Annual General Meeting of Raigam Wayamba Salterns PLC will be held at the Operations Head Office No. 277, Raigam Mawatha, Koswatta, Kiriwattuduwa, Homagama on 27th September 2023 at 10.00 a.m. via Audio/Video (Virtual AGM) for the following purposes.

## Agenda

1. To receive and consider the Report of the Directors and Audited Financial Statements of the Company and the Group for the financial year ended 31 March 2023, with the Auditors' Report thereon.
2. To approve a first and final dividend of Rs. 0.20 per share to the shareholders of the Company as recommended by the Directors.
3. To re-appoint Mr. W.M.S.V. Keerthirathne, who has reached 72 years of age as a Director in terms of Section 211 of the Companies Act No. 07 of 2007. Accordingly the following resolution to be passed as an ordinary resolution for this purpose, if thought fit.

IT IS HEBY RESOLVED to re-appoint Mr. W.M.S.V. Keerthirathne, as a Director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specifically declared that the age limit referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. W.M.S.V. Keerthirathne

4. To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors for the ensuing year and to authorize the Directors to determine their remuneration.
5. To authorize the Directors to determine donations for the financial year 2023/2024 and up to the date of the next Annual General Meeting.
6. Any other business of which due notice has been given.

By order of the Board of Directors of  
Raigam Wayamba Salterns PLC



Mrs. C. Salgado  
Business Intelligence (Private) Limited  
Company Secretaries  
Colombo, August 31, 2023

### Note:

1. A member entitled to attend and vote at the above meeting is required to complete and submit a pre-registration form in order to ensure participation at the AGM of the Company. Only members of Raigam Wayamba Salterns PLC (RWSL) are entitled to take part at the AGM of RWSL.
2. A Pre-registration form is enclosed for this purpose to be completed by RWSL Shareholders only.
3. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his/her behalf. A proxy need not be a member of the Company.
4. A form of proxy is enclosed for this purpose.
5. The instruments for registration and appointing a proxy must be completed and deposited at the Company Secretaries, Business Intelligence (Pvt) Ltd, No.08, Tickell Road, Colombo 08, or e-mailed to "rwsagm2023@raigam.lk" not less than twenty four hours prior to the time appointed for holding the meeting.

# Form of Proxy

**RAIGAM WAYAMBA SALTERN PLC**

(Company Registration No PV10922PB/PQ)

Folio / NIC Number\*

I/We\*, the undersigned .....  
 ..... (NIC No.....) of .....  
 ..... being a shareholder / shareholders of

Raigam Wayamba Salterns PLC hereby appoint

- Full name of proxy - .....
- NIC of Proxy - .....
- Address of Proxy - .....
- Contact Numbers - Land ..... Mobile .....
- Email address .....

failing him

- |                                 |                 |
|---------------------------------|-----------------|
| Dr. Ravi Liyanage               | or failing him* |
| Mr. Kishan Rohana Theodore      | or failing him* |
| Mr. G. V. P. Ganaka Amarasinghe | or failing him* |
| Snr. Prof. S. P. P. Amaratunge  | or failing him* |
| Mr. T. Dharmarajah              | or failing him* |
| Mr. W. M. S. V. Keerthirathne   | or failing him* |
| Mr. H. A. S. Samaraweera        |                 |

as my/our\* Proxy to represent me/us and vote as indicated hereunder for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 10.00 a.m. on 27th September 2023 via Audio/Video (Virtual AGM) at the Operations Head Office No. 277, Raigam Mawatha, Koswatta, Kiriwattuduwa, Homagama and at any adjournment thereof and at every poll, which may be taken in consequence thereof.

Please mark your preference with "X".

|   | For                      | Against                  |
|---|--------------------------|--------------------------|
| 1. To receive and consider the Report of the Directors and Audited Financial Statements of the Company and the Group for the financial year ended 31 March 2023, with the Auditors' Report thereon. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. To approve a first & final dividend of Rs. 0.20 per share to the shareholders of the Company as recommended by the Board of Directors.   | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. To re-appoint Mr. W.M.S.V.Keerthirathne who is over seventy years of age as a Director of the Company.   | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors for the ensuing year and to authorize the Directors to determine their remuneration.                                       | <input type="checkbox"/> | <input type="checkbox"/> |

|   | For                      | Against                  |
|---|--------------------------|--------------------------|
| 5. To Authorize the Directors to determine donations for the financial year 20223/2024 and up to the date of the next Annual General Meeting. | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Any other business of which due notice has been given.   | <input type="checkbox"/> | <input type="checkbox"/> |

In witness my/our hands this ..... day of ..... Two Thousand and Twenty Three.

.....  
Signature of Shareholder

**INSTRUCTIONS AS TO COMPLETION**

1. In order to appoint a proxy, this form shall in the case of an individual be signed by the Shareholder or by his/her Attorney and in the case of a company/corporation, the form of proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
2. The full name, NIC No. and address of the Proxy holder and of the Shareholder appointing the Proxy holder should be entered legibly in the form of proxy.
3. The duly completed form of proxy must be deposited at the at the Company Secretaries , Business Intelligence (Pvt) Ltd, No. 08, Tickell Road, Colombo 08 or e-mailed to "rwsagm2023@raigam.lk" not later than 24 hours prior to the time appointed for holding of the meeting.
4. In the case of a proxy signed by an Attorney, the relevant Power-of-Attorney or a certified copy thereof should also accompany the completed form of proxy and must be deposited at the Company Secretaries , Business Intelligence (Pvt) Ltd, No. 08, Tickell Road, Colombo 08 or e-mailed to rwsagm2023@raigam.lk.





**Raigam Wayamba Salterns PLC.**

📍 No. 23, Walukarama Road, Colombo 03.

🌐 [www.wayambasalterns.lk](http://www.wayambasalterns.lk)