FIELDS OF PROMISE

Annual Report 2023/24

Kotagala Plantations PLC

CONTENTS

FIELDS OF PROMISE

As stewards of these promising fields, we have strategically aligned our operations to not only thrive in the present, but to sow the seeds for a bountiful and promising tomorrow.

By leveraging sustainable farming methods, precision agriculture, and the latest advancements in cultivation, we aim to not only meet current demands but also to cultivate a promise of sustained growth and agricultural abundance for a future where the lush fields under our care become symbols of hope, growth, and sustainable prosperity.

At the heart of our organisation lies an unwavering commitment to cultivation excellence, ensuring that our fields are truly the promise of a thriving future.

TEA

2,419.53Ha

94% of the total up-country tea extent is covered with VP.

364Ha

(15% of the total extent) is covered in mechanised harvesting

27%

Crop increase YOY

Achieved through diligent agricultural practices and effective automation initiatives

8.1Mn

Spent for factory modernisation

RUBBER

Our goal is to maximise production of Sole Crepe in Padukka factory

The rubber sector's performance was adversely affected during the year under review due to the adverse weather conditions

Enhancement of sole crepe production in Padukka Factory

Spent 20.9 Mn in the year under review

OIL PALM

Steady Profits

Despite the significant decline in prices, the Oil Palm sector demonstrated steady performance throughout the year under review.

17%+ Crop increase YOY

Oil Palm expansion has been halted due to ban on cultivation

TIMBER

In the year under review, the Company commenced timber harvesting operations, resulting an income of Rs 40 Mn from timber sales.

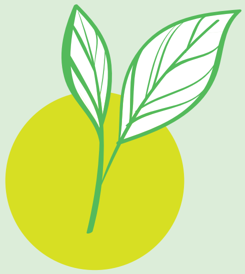
LKR 2.0Bn

Total timber value as at end March 2024

LKR 37.7Mn

Spent on maintaining its timber reserves in the year under review

INTRODUCTION



Kotagala Plantations PLC has continued with the Integrated Reporting format it adopted for the first time in the financial year 2022-23. The objective of adopting the Integrated Reporting format is to facilitate greater transparency regarding the Company's status for our shareholders, as well as other stakeholders. Therefore, we have continued to report on the utilisation of the Company's different capitals during the year, with comparative data for continuity.

This report covers the 12-month period of 1st April 2023 to 31st March 2024. Additional information pertaining to our plans for the future have been included, subject to market and macro environmental uncertainties. In general, our shareholders can be assured that the Company will continue to maintain its already mapped out strategic direction, unless faced with significant and unavoidable internal or external developments.

LKR **324Mn**

Profit before tax

MATERIAL TOPICS

The material topics identified for discussion in this report are a continuation from the previous financial year, but reflect the strategic and operational priorities specific to the year under review. The focus is on conveying to our shareholders the steps we have taken towards financial stability in the immediate short term as well as the medium term. Please refer the 'Basis of Preparation,' chapter.

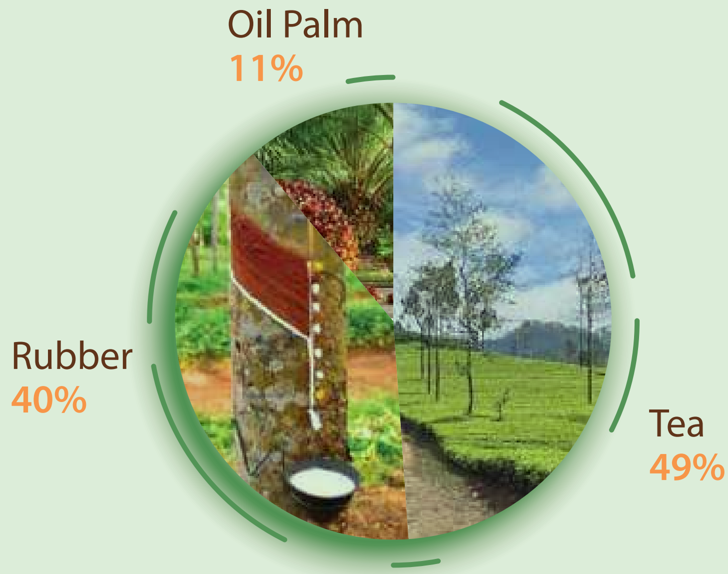
SIGNIFICANT FRAMEWORKS AND METHODS

In addition to the Integrated Reporting Framework 2021, this report uses the following standards

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

FORWARD-LOOKING STATEMENTS

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



REVENUE EXTENT

BOARD RESPONSIBILITY STATEMENT

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

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

1. Independent Auditors' Report on page 91
2. Statement of Directors' Responsibilities on page 88

For feedback on this report	
Please contact	
Designation	Director Finance
Address of company office	No.53 1/1 Sir Baron Jayatillake Mawatha, Colombo 1
Email	kowdu.mohideen@lankemplantations.lk

NAVIGATION ICONS

Transparency, accountability, and sustainability in action - our integrated report for the year.

BASIS OF PREPARATION AND PRESENTATION

REPORT SCOPE AND BOUNDARY

The scope of this integrated report is limited to Kotagala Plantations PLC and its fully owned subsidiary, Rubber & Allied Products (Colombo) Ltd, as reflected in the consolidated accounts of the Company.

Process to determine material topics

Review exercise

A review of the previous 2022-23 annual report, and current financial year, was conducted with the management team, chaired by the Managing Director, and including the Director of Finance, in order to identify the most material topics for discussion for the financial year 2023-24.

This exercise included:

- A review of the external operating environment, mainly focused on domestic macro-economic development during the 12 months under review and impact on business lines
- Climate change impacts on the Company's crops and financial performance during this period.
- Global developments, including the Ukraine-Russian war, and the Israeli-Palestine war in the Gaza Strip and Red sea - as both these regions represent large markets for Ceylon tea
- Performance of Kotagala tea, rubber and oil palm during the year
- Financial status of the Company
- Strategic progress during the year

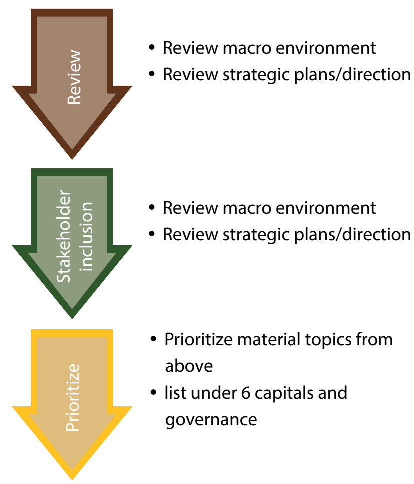
Stakeholder contributions

Topics material to kay stakeholders – mainly shareholders, employees and estate communities - were taken into consideration in identifying material topics for discussion in this report.

The Company's interactions with major stakeholder groups is described under the 'Stakeholder Engagement' section of the Social Capital Chapter of this report.

PRIORITIZATION AND SELECTION OF MATERIAL TOPICS

Topics identified as relevant for the year, were prioritized according to their importance to the Company and key stakeholders.



MATERIAL TOPICS FOR DISCLOSURE 2023-24

Despite some changes within the macro operating environment, material topics for the financial year 2023-24 did not vary significantly from the previous financial year as Kotagala Plantations has not changed its growth strategy and stakeholder requirements remained unchanged.

Operational area	Material topic	Page number
Good governance	• Improve management at all levels o Chairman's Message o MD's Review o CEO's review- Up Country • Governance system • Managing the risks • Operating environment	64
Financial Capital	• Financial results for the year • Managing company debts • Developing new revenue sources • Managing costs • Capex allocations for future growth	40
Human Capital	• Improving bottom up communications • Health and safety and welfare • Technology related training on mechanization, human resource management information system, ERP, automation	44
Manufactured Capital	• Optimizing available production resources • Managing biological assets • Continuous mechanization, digitization and automation	50
Natural Capital	• Compliance with environmental accreditation • Continued good agricultural practices • Managing climate change impacts	59
Social capital	• Ethical business accreditation • Attract youth to estates • Community goodwill towards the Company	55
Intellectual Capital	• New products • Improve existing systems and processes	54

FINANCIAL HIGHLIGHTS

		Group		Company		
Year ended 31st March		2024	2023	2024	2023	Change %
Statement of Comprehensive Income						
Revenue	Rs.000	5,054,882	5,112,171	4,978,624	5,038,854	(0.01)
Profit before tax	Rs.000	331,641	786,528	324,402	770,503	0.58
Profit/(Loss) after tax from continued operation	Rs.000	(126,927)	252,890	(134,166)	236,865	1.57
Other Comprehensive income/(Expense)	Rs.000	(87,545)	(55,981)	(87,696)	(55,818)	(0.57)
Total Comprehensive income/(expense) for the year	Rs.000	(214,472)	196,909	(221,862)	181,047	2.23
Earnings/(Loss) per share	Rs.	(0.37)	0.75	(0.39)	0.70	1.57
Statement of Financial Position						
Total assets	Rs.000	8,606,028	8,286,184	8,547,883	8,295,096	0.03
Total Liabilities	Rs.000	7,020,917	6,486,601	6,953,505	6,478,856	(0.07)
Total shareholders' funds	Rs.000	1,585,111	1,799,583	1,594,378	1,816,240	(0.12)
Net assets per share	Rs.	4.68	5.32	4.71	5.37	(0.12)
Market/shareholder information						
Total Liabilities/ Equity Ratio		4.43	3.60	4.36	3.57	(0.22)
Quick Asset Ratio		0.26	0.28	0.25	0.28	(0.10)
Interest Cover		1.82	2.92	1.82	2.88	(0.36)
Market Price (Year end)	Rs.	-	-	6.30	6.10	0.03
Market capitalisation	Rs.000	-	-	2,132,632	2,064,929	0.03

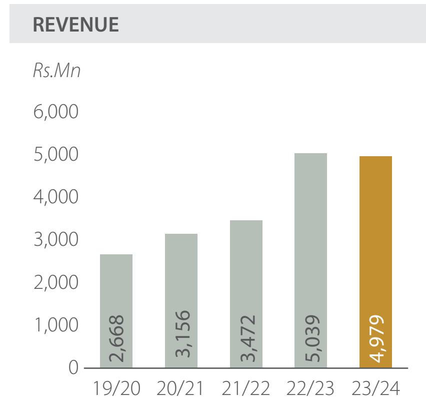
Despite only a 2% increase in Sri Lankan tea production year-over-year, the Company's tea sector achieved an impressive growth of 27% year-over-year. This exceptional accomplishment can be attributed to our diligent implementation of proper agricultural practices and effective automation initiatives, including the adoption of machine plucking as a solution to mitigate the impact of labour outmigration.

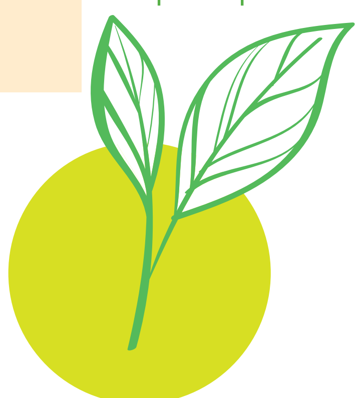
TEA CROP 2022/23	TEA CROP 2023/24	INCREASE %
2,897	3,677	27%

Rs. **5.0Bn**

Revenue

The YOY revenue increased by Rs.880Mn due to increase in crop production, although this was offset by the drop in prices. Therefore, the overall reduction in revenue is 1%.

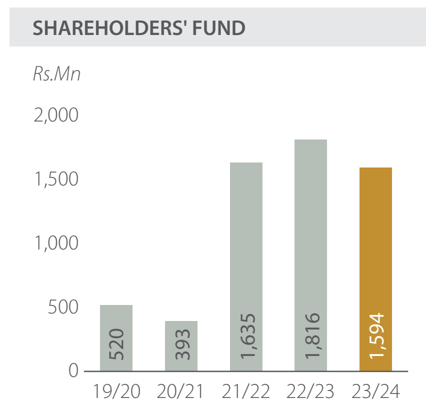




Rs. **1.6Bn**

Shareholders' Fund

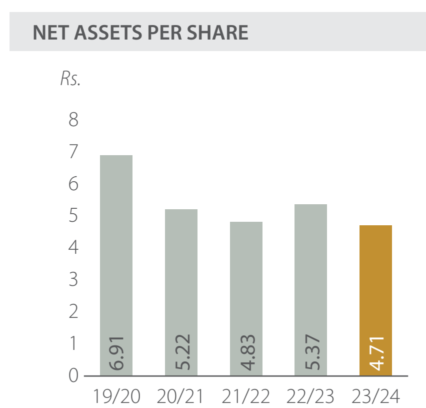
YOY decrease of 12% mainly due to deferred tax charge of Rs.458Mn



Rs. **4.71**

Net Assets per Share

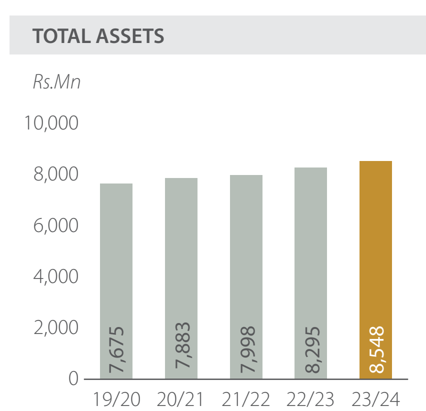
YOY decrease of 12% mainly due to deferred tax charge of Rs.458Mn



Rs. **8.5Bn**

Total Assets

YOY increase of 3%



ABOUT KOTAGALA PLANTATIONS

Vision

To be the foremost producer of high-quality tea, rubber and oil palm.

Mission

To maximise land and labour productivity and achieve excellence in the profitable management of the Company in an acceptable and socially responsible manner.

Core Values:

Integrity
Courage
Commitment

Kotagala Plantation PLC

Productivity Committees

Mechanised harvesting and Drone spraying

Sole Crepe Manufacturing

Objectives :

- To lead the way in the technical and innovative development of the Tea, Rubber & Oil Palm agri-industries.
- To provide a satisfying work experience to our employees and ensure a rewarding investment to our shareholders.
- To be a trail-blazer in the shift away from producing visually graded rubber as an agricultural commodity, to the production of a fully technically specified industrial polymer

OUR HISTORY

From Tradition to Innovation

The evolution of plucking methods in the plantation sector has led to significant improvements in working conditions and enhanced efficiency. **With the introduction of advanced plucking technology, the labour-intensive process has become easier and more streamlined.** Modernized plucking machines have replaced manual hand plucking, reducing physical strain on workers and minimizing the risk of repetitive stress injuries. **These technological advancements have not only improved the well-being of the workforce but also increased productivity, allowing for more efficient tea leaf harvesting.**

1880

1890

19th century

20th Century

OUR HISTORY

Sri Lanka's plantation industry was pioneered in the early 19th century by the British and was later continued in the hands of the corporate sector and a few Sri Lankan families, until the Industry was nationalized. Later, due to management inefficiencies, the management of the estates was privatized under 22 different Regional Plantation Companies (RPCs). Kotagala Plantations came under RPC No. 18 and George Stuarts Management Services were awarded the Management Contract for Kotagala Plantations.

At that time Kotagala Plantations consisted of 10 high grown tea properties in the Dimbulla district and 14 rubber, and tea cum rubber properties in the Kalutara district. Due to subsequent acquisitions by the government, the Company now consists of 10 high grown properties and 11 rubber and tea cum rubber, oil palm properties in the low country.

In 1996 the Management Contracts of the RPCs were converted into long term leases. RPCs that were profitable under the Management Contracts, were offered shares at par value, whilst the shares of other RPCs were awarded under a system of open bidding. Kotagala Plantations was profitable and George Steuarts Management Services bought shares at a par value of Rs.10 per share.

At the time of initial privatization of management, Kotagala Plantations' tea extent consisted of about 55% Vegetative Propagated (VP) plants with a total tea yield of about 1,550 kgs/ ha. The rubber yield was 880 kg/ha.

We take pride in being among the pioneering plantation companies to implement machine plucking on a commercial scale.

THE STORY CONTINUES

- The total extent under Vegetative Propagated (VP) plants is now in excess of 90%, with several estates 100% VP, which makes KPPLC one of the highest yielding tea companies in the island.
- Rubber was also replanted continually
- Some of the marshy lands and some lands less suited for rubber was planted with oil palm and currently covers 525.88Ha.
- The Company has throughout the years, built up a steady rubber export business and are pioneers in direct export of rubber.
- Today KPPLC, is a well-diversified agri-company with a subsidiary company – Rubber and Allied Products (Colombo) Ltd - which is involved in manufacturing centrifuged rubber.

COLONIAL BUNGALOWS OF HISTORICAL SIGNIFICANCE

Living architectural legacies from the colonial era, plantation bungalows incorporate a combination of local and colonial architectural influences. Built on elevated sites, the bungalows offer sweeping views of the surrounding tea plantations and scenic landscapes. Their spacious verandas, high ceilings, large windows, and expansive gardens exude an old-world charm.

Initially built as homes for tea estate managers and their families, many of these bungalows have been converted into boutique hotels or guest houses. The interior of a typical plantation bungalow features a blend of antique and modern furniture, vintage décor, four-poster beds, and colonial-style furniture.

Holidaying in a plantation bungalow is a unique experience of stepping into a bygone era with modern luxuries. Guided tours of the tea estates, tea plucking demonstrations, and tea tasting sessions are just a few of the activities guests can indulge in. The serene surroundings offer opportunities for leisurely walks through the tea plantations, birdwatching, or simply enjoying the breath taking views. Visitors can also learn about the tea production process and the history of the tea industry in Sri Lanka.

ROSITA BUNGALOW

Rosita bungalow, situated in the serene Dimbulla Valley of the Central Province, stands proudly at an elevation of 4,400 feet above sea level. Nestled within the renowned Stonycliff tea estate, famous for its quality Dimbulla Tea, this luxurious colonial bungalow offers a tranquil retreat amidst two acres of meticulously maintained gardens, enveloped by the lush tea estates of Kotagala Plantations PLC.

Boasting four spacious and fully furnished bedrooms, each with attached toilets and hot and cold water facilities, Rosita exudes comfort and elegance. Its sitting and morning rooms, adorned with fireplaces, provide a cozy ambiance while offering breathtaking views of the expansive garden.

Strategically located in close proximity to prominent landmarks such as Duke's Nose, Adams Peak, Nuwara Eliya, and the Great Western Mountain Range, Rosita serves as an ideal base for exploring the natural wonders of Sri Lanka.

Steeped in history, Rosita has been owned by various companies and individuals since its construction in the late 19th century. From Ceylon Tea Plantations Co. Ltd. in 1890, to Richlands Ceylon T. Estates Ltd. in 1914, the bungalow has witnessed the passage of time while preserving its colonial charm.

OUR JOURNEY

These milestones highlight our dedication, resilience, and commitment to excellence. From important innovations to significant expansions, each milestone represents a major achievement that has propelled us forward. These key moments that have defined our Company and set the stage for a promising future.

1992

Incorporated as a public quoted company on 22nd June under the Companies Act No 17 of 1982.

1993

CTC machinery was installed in Mount Vernon estate to benefit from all manufacturing types, as Kotagala already had rotor vane and leafy manufacturing factories .

Mount Vernon ventured into tourism

1995

Official listing on the Colombo Stock Exchange

2000

Pioneered direct exports of natural rubber

2001

Yulliefield ventured into tourism

2004

Stonycliff ventured into tourism

2013

LKR **360Mn**

1st Equity infusion

Dividend payment of **Rs.2.5 per share**

2014

Acquisition of Rubber & Allied Products (Colombo) Ltd, to enable centrifuged rubber manufacturing

2006
Dividend payment of
Rs.1 per share

2007
Dividend payment of
Rs.3 per share

2008
Re-registered on July 3rd, under the Companies Act No 7 of 2007
Dividend payment of
Rs.3 per share

2009
Dividend payment of
Rs.1 per share

2010
Dividend payment of
Rs.3 per share

2011
Dividend payment of
Rs.10 per share

2012
Rubber lands were converted into oil palm cultivation lands as climatic conditions are ideal for oil palm
Dividend payment of
Rs.2 per share

2017
LKR **101Mn**
2nd Equity infusion

2021
LKR **789Mn**
3rd Equity infusion

2020
Investment in latest technology for mechanised plucking

2022 -23
Improvements to governance structure by appointing a dedicated Director of Finance and separate CEOs to overlook upcountry estates and low country estates.

2023-24
Introduction of productivity Committees

OUR ESTATES, PRODUCTS, CERTIFICATIONS AND WORKFORCE

QUALITY, AND HEALTH AND SAFETY STANDARDS

All tea factories of Kotagala Plantations have obtained ISO quality standards and food safety standards to maintain internationally acceptable food safety and manufacturing standards. Quality assurance standards in factories have been established over a period of time in line with ISO and HACCP standards and continuous reviews are conducted to ensure they are maintained.

Other ethical accreditations have been obtained to confirm socially and environment friendly business operations. All our up-country tea estates are Rainforest Alliance(RA) certified and comply with a range of environmental protection requirements under the accreditation.

In addition, our tea plantations, tea factories, rubber plantations, rubber factories and oil palm plantations comply with occupational health and safety standards to protect our employees during work.

UP COUNTRY ESTATES IN THE NUWARA ELIYA DISTRICT

Estates	Extent	Products	Factory type	Factory Capacity	Certifications
MAYFIELD	537.25	Tea	Orthodox RV	14,000	RA/ISO certified
MT.VERNON	641.93	Tea	CTC	31,000	RA/ISO certified
STONYCLIFF	601.00	Tea	Orthodox RV	14,000	RA/ISO certified
YULLIEFIELD	661.00	Tea	Orthodox RV	14,000	RA/ISO certified
DERRYCLARE	296.21	Tea	No factory	N/A	
BOGAHAWATTE	243.00	Tea	Orthodox Leafy	9,000	RA/ISO certified
CHRYSTLERS FARM	188.94	Tea	Orthodox Leafy	9,000	RA/ISO certified
CRAIGIE LEA	364.00	Tea	Orthodox RV	12,000	RA/ISO certified
DRAYTON	342.87	Tea	Orthodox RV	19,200	RA/ISO certified
KELLIEWATTE	146.11	Tea	Refuse Tea		RA/ISO certified

Estates · Extent · Products · Factory type · Factory Capacity · Certifications

LOW COUNTRY ESTATE IN THE HORANA - KALUTARA DISTRICTS

PAIYAGALLA
- 467.00
- Rubber
- Pale Crepe
- 2,200

RAYIGAM
- 664.19
- Tea/ Rubber/Oil Palm
- Orthodox Leafy/Crepe
- 10000/1200
- ISO certified

SORANA
- 632.64
- Rubber/Oil Palm
- Pale Crepe
- 1,500

USKVALLEY
- 773.89
- Rubber/Oil Palm
- RSS
- 600

VOGAN
- 806.86
- Tea
- Orthodox leafy
- 8,000

ARAPOLAKANDE
- 615.52
- Rubber/Oil Palm
- Pale Crepe
- 2,000

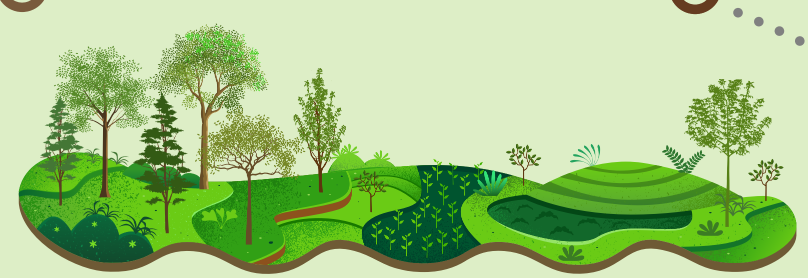
DALKEITH
- 1,192.54
- Rubber/Oil Palm
- Pale Crepe
- 4,500

EDURAGALA
- 519.47
- Tea/ Rubber
- No factory

GEEKIYANAKANDE
- 861.39
- Tea/ Rubber/ Oil Palm
- Orthodox Leafy/RSS
- 8000/2000

HEDIGALLE
- 480.22
- Tea/ Rubber/ Oil Palm
- No factory

PADUKKA
- 416.00
- Rubber
- Sole Crepe
- 2,300



Estates · Extent · Products · Factory type · Factory Capacity · Certifications

TIMBER: GROWING VALUE SUSTAINABLY

Kotagala Plantations' up country and low country estates together, have an extent of 1,124.78 Ha of commercial timber, valued at Rs.2.0 Bn. The timber plantations contribute significantly to the Company's overall asset value. The Company manages the timber plantations sustainably and responsibly, to ensure environmental benefits through forest cover, while also gaining an asset.

RUBBER & ALLIED PRODUCTS (COLOMBO) LTD

Our fully owned subsidiary Rubber & Allied Products (Colombo) Ltd was acquired in 2014-15 to expand Kotagala Plantations' production capabilities to include centrifuge natural rubber latex manufacturing. The centrifuge factory is located within the Paiyagala estate of Kotagala Plantations and provides direct employment to eight people.

OUR BUSINESS MODEL

INPUTS

INVESTING IN OUR FUTURE WITH STRATEGIC FINANCIAL PLANNING.

The Company's primary sources of financial capital are equity and debt.

Equity - Rs. 1,594 Mn
Debt - Rs. 1.960 Mn

We have a highly skilled and experienced management team, which brings together industry knowledge in all aspects of business. Employees are the driving force behind Kotagala's growth. Kotagala is an equal opportunity employer providing a safe place to work with a fair remuneration. We invest in our employees for appropriate skills to deliver on our strategic priorities, in a performance based culture.

NURTURING TALENT THROUGH CONTINUOUS LEARNING AND DEVELOPMENT

INVESTING IN INNOVATION AND TECHNOLOGY TO ENHANCE PRODUCTIVITY.

The biological assets and other tangible assets of our estates form the manufactured capital of the Company. We continually invest in our plantations and maintain our factories in good condition. We continue to add to our asset base and ensure optimum utilisation of our assets.

We actively manage the stakeholder relationships on which our business depends, including communities, regulators, suppliers , brokers and buyers. We thrive to deliver a quality product adhering to international standards (RA/ISO). We look after our communities and sustain them through various activities. We conduct our business as an ethical operator, adhering to industry best practices.

FOSTERING STRONG RELATIONSHIPS WITH COMMUNITIES THROUGH ACTIVE ENGAGEMENT.

PROTECTING AND PRESERVING OUR NATURAL RESOURCES THROUGH SUSTAINABLE PRACTICES.

Our environmental policies are aimed at conserving, protecting and enhancing the highly sensitive and climatically important natural capital within our estates. We have built effluent plants in most of our rubber estates and conduct audits under the Rainforest Alliance certification.

Our intellectual capital base is our expertise on plantation management and cultivation of tea, rubber and oil palm. Estate trademarks are another unique intellectual property adding value to Kotagala tea. Kotagala is also a pioneer in experimenting with mechanised tea plucking. We continue to focus on developing the intellectual capital of the Company through employee training and innovations. .

FOSTERING A CULTURE OF INNOVATION AND CREATIVITY THROUGH ONGOING KNOWLEDGE MANAGEMENT.

Financial Capital

Human Capital

Manufactured Capital

Social Capital

Natural Capital

Intellectual Capital

OUTCOMES

REALISING SUSTAINABLE GROWTH THROUGH SOUND FINANCIAL MANAGEMENT.

In the year under review :

- The Company generated **Rs.511Mn** cash flow from operating activities
- YOY revenue decreased slightly
- YOY decrease in PBT **58%**
- Shareholders' equity **Rs 1,594Mn**

Please refer Financial Capital chapter on pages **40 to 43**

EMPOWERING OUR WORKFORCE TO DRIVE SUSTAINABLE BUSINESS GROWTH.

In the year under review we have given employment to:

4,134 in the Kotagala region

2,227 in the Horana region

19 in our Head office.

Employee wages and benefits : **Rs.2.5Bn**

Please refer Human Capital chapter on pages **44 to 49**

DELIVERING HIGH-QUALITY PRODUCTS THROUGH EFFICIENT MANUFACTURING PROCESSES.

In the year under review we invested:

- **Rs.161.3Mn** on our immature plantations
- **Rs.61.6Mn** on property plant and equipment

We are developing our Padukka rubber factory into a state-of-the-art sole crepe facility.

Please refer Manufactured Capital chapter on pages **50 to 53**

CREATING SHARED VALUE BY CONTRIBUTING TO THE SOCIAL AND ECONOMIC DEVELOPMENT OF OUR COMMUNITIES.

In the year under review we:

- Conducted many welfare activities for our estate communities.
- Maintained productive relationships with our stakeholders.
- Strengthened the Kotagala brand and reputation through quality products

Please refer Social Capital chapter on pages **55 to 58**

ACHIEVING ENVIRONMENTAL STEWARDSHIP THROUGH RESPONSIBLE LAND USE AND BIODIVERSITY CONSERVATION.

During the year under review we:

- Passed the Rain Forest Alliance audits with minimum non conformity.
- Controlled wastage and optimised the use of limited natural resources
- Continued our environmental conservation activities
- Continued to invest in renewable energy
- Continued our circular economy initiatives

Please refer Natural Capital chapter on pages **59 to 62**

GENERATING VALUE THROUGH INTELLECTUAL PROPERTY AND INNOVATIVE SOLUTIONS THAT DRIVE BUSINESS GROWTH.

- During the current financial year we:
- Continued to develop intellectual capacity by training employees in modern technologies
- Upgraded our customised ERP system
- Extending digital connectivity deeper into the management of our estates.
- Expanded application of mechanisation in tea estates

Please refer Intellectual Capital chapter on pages **54**

HARVESTING SUCCESS

It is through conscientiousness and discretion that our leadership plants the seeds of success and it is through their dedication and conviction to reap what is sowed, that a bountiful harvest of victory is borne. In the year under review, our leaders have spearheaded innovation, calculated risks and set in motion plans that have produced great results for all stakeholders.

EXECUTIVE REVIEW

CHAIRMAN'S MESSAGE

KPPLC stayed profitable and **enhanced operations** amid market volatility.

Despite the volatility in the macroeconomic environment, **KPPLC sustained profitability** and made operational improvements to facilitate continued growth.

At the conclusion of a pivotal year for the national economy, on behalf of the Board of Directors, I am pleased to present to our shareholders the Annual Report and Audited Financial Statements of Kotagala Plantations PLC (KPPLC) for the year ended 31st March 2024.

The 12 months under review presented many challenges due to the country's weakened economy in the aftermath of the economic crisis of 2022, and ongoing adjustments of key economic indicators such as the exchange rates, interest rates and of course the rate of inflation. Therefore, it is indeed encouraging to report that KPPLC has continued its recovery and growth trajectory in spite of the odds and reported a sustained profitability. More importantly, KPPLC has retained its focus on continuous operational improvements that will contribute towards sustained value creation in the future.

For the financial year 2023-24, Kotagala Plantations recorded a net profit of Rs. 324.4Mn, while the Group reported a profit of Rs. Rs.331.6Mn. I urge our stakeholders to refer the Financial Capital chapter for details regarding KPPLC financial status as at the end of the current financial year.

GOVERNANCE AND COMPLIANCE

The KPPLC Board is fully committed towards good governance standards across all operational aspects of the Company and total compliance with all applicable laws and regulations. The Board convened regularly and reviewed the governance system against statutory requirements, and where necessary suitable improvements were implemented.

Given the prevailing uncertain conditions, the Board closely monitored market and economic developments and maintained continuous oversight of the Company's financial status and strategic progress. The three Board sub committees - for financial controls, related party transactions, and for nominations and remuneration of Board members - also met regularly and made recommendations to the Board to assist the Board in its decision making.

During the current financial year, KPPLC has met all statutory good governance requirements and has continued to comply with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Securities and Exchange Commission.

SRI LANKA'S ECONOMY

The Sri Lankan economy continued to contract in 2023, but at a lower rate than in 2022, due to a revival in the last two quarters of 2023. As per the Central Bank's Annual Economic Review 2023, the GDP growth for 2023 is estimated at negative 2.3%, which is an improvement from the negative 7.3% reported in 2022. While economic growth in the first two quarters of the year continued to contract, in the 3rd and 4th quarters of 2023, the Sri Lankan economy grew by 1.6% and 4.5%. This positive performance helped to reduce the annual contraction to negative 2.3%.

Overall, in 2023, agricultural activities grew by 2.6% against 2022, while industrial and services activities contracted by 9.2% and 0.2 %, respectively. The recovery of the agriculture sector from the 4.2% contraction of 2022 was mainly driven by availability of fertilizer, other agrochemical inputs and fuel. Rice, fruits, vegetables, and fishing were the main contributors to growth, while tea, rubber and coconut outputs contracted by 1.5%, 7.7%, and 3.6% respectively, largely due to the adverse impact of weather anomalies.

TEA MARKET

Compared to the price increase of tea in 2022, rupee tea prices slumped, from March 2023, following the appreciation of the Sri Lankan Rupee and continued to weaken in the backdrop of a volatile currency, causing tea revenues of many plantation companies to decline against the previous year.

However, at a national level, US dollar earnings from tea exports increased in 2023, reflecting higher export prices despite a decline in export volumes. The country's tea exports in 2023 declined to 241.9 million kgs, from 250.1 million kgs in 2022. Export value of tea on the other hand, increased to US$ 1,310 Mn from US$ 1,259 Mn in 2022. The main export bloc for Ceylon Tea remained the Middle East, but exports declined from 114 million kgs in 2022 to 111 million kgs. However, the value of exports increased from US$ 531 Mn to US$ 562 Mn. CIS countries are the next major export bloc for Ceylon Tea, where exports again declined from 41 million kgs to 36 million kgs in 2023, and the value of exports also declined from US$ 219 Mn to US$ 199 Mn. Exports to EU countries, which is the third largest market for Ceylon Tea, increased from 22 million kgs, to 23 million kgs, and export earnings also increased from US$ 148 Mn, to US$ 162 Mn.

KPPLC achieved a 27% increase in its tea outputs in 2023 compared to 2022, indicating the effectiveness of our crop management practices. However, the exchange rate volatility of 2023-24, caused our tea prices to decline.

With regards to the new financial year, analysts predict that global outputs would increase by 1.5% to 3%. However, in Sri Lanka, probable El Niño effects and rising input costs including labour, fertilizer prices and more stringent tax policies, could stifle tea outputs. We can also anticipate continued volatility in global tea prices due to ongoing trade restrictions on Russia and Iran, weak economic conditions in Türkiye, and the added cost of rerouting trade from the Red Sea. Therefore, we will remain focus on cost management and market opportunities to maximize tea revenues.

RUBBER

The Association of Natural Rubber Producing Countries (ANRPC) projected a decrease in global demand for natural rubber in 2023 compared to 2022. The subdued global outlook is attributed primarily to the under performance of non-ANRPC members and is linked, in

CHAIRMAN'S MESSAGE

part, to protracted geopolitical tensions, including conflicts such as those between Ukraine and Russia, as well as the Israel-Palestine conflict. The demand from non-ANRPC members is anticipated to undergo a year-on-year decrease of 11.1% in 2023, reaching 4.113 million tonnes. While the demand share among ANRPC member countries is expected to surpass 70%, mainly from China, Thailand, and India. Countries such as Malaysia and Sri Lanka are expected to see a year-on-year declines of 20% and 24%, respectively, in 2023.

In Sri Lanka the potential for rubber cultivation is declining due to external factors such as rapid urbanization in traditional rubber growing areas, which has caused steady loss of rubber lands. Increasing incidents of extreme weather is another deterrent to rubber cultivation and during the current financial year caused significant losses to rubber cultivators. The fluctuation of the rupee has also had a major impact on rubber prices, again putting rubber cultivation at a disadvantage.

During 2023, Sri Lanka's natural rubber production declined year-on-year, from 70.9 million kgs in 2022, to 64.4 million kgs. Rubber exports also declined in 2023, with total exports valued at US$ 28 million, compared to US$ 41 million in 2022, with exports to the EU declining to US$ 5.1 million in 2023 from 8.5 million in 2022.

PALM OIL

In 2023, global palm oil production was recorded as 79.46Mn MTs. which is an increase from the 78.9 million MTs of 2022. The largest producer was Indonesia that accounted for 59% of production

Fitch Ratings reported that in 2023, the Malaysian benchmark crude palm oil (CPO) spot prices averaged around USD 840 per ton(t) but is expected to decline to USD 650 per ton in 2024 due to higher supplies. The United States Department of Agriculture forecasts global production of major vegetable oils to increase by 3% in the 2023-24 marketing year (MY24), driven by growth in soybean oil and palm oil output. This follows a 5% jump in output in MY23.

At present, Sri Lanka consumes 220,000 metric tons of palm oil but only around 12% is produced locally. In 2023, the import bill associated with palm oil was approximately US$ 300 Mn that could have been saved through domestic cultivation of oil palm. However, the ban on oil palm cultivation remained in place in 2023 making Sri Lanka the only country in the world to ban oil palm while India is expanding oil palm cultivation exponentially.

The total national production of oil palm in Sri Lanka increased by 10%, from 29.7Mn kgs in 2022-23 to 32.8Mn kgs in 2023-24. We remain hopeful that the ban on oil palm cultivation will be lifted in the new financial year, enabling KPPLC to expand its existing oil palm plantations. KPPLC's low country estates are more vulnerable to incidents of extreme weather patterns, which makes these lands more suitable for oil palm cultivation. Therefore, KPPLC is prepared to expand oil palm cultivation significantly, whenever restrictions are lifted.

STRATEGIC PROGRESS

Within the prevailing environment of both global and domestic instability, KPPLC's strategy of diversification and modernization has strengthened the Company's efficiencies to contain rising costs. With its diversified portfolio of tea, rubber, oil palm and timber, KPPLC is also better equipped to maximize commodity market opportunities and protect against commodity price fluctuations. The rapid adoption of mechanized tea harvesting and factory automation, are already generating savings and can be expected to increase positive impacts on finances over the next few years. KPPLC is also making advances in its tea tourism strategy and with tourism gradually recovering, is now equipped to tap opportunities in the growing segment of tea tourism.

HUMAN RESOURCES AND CORPORATE SOCIAL RESPONSIBILITY

We firmly believe the greatest resource we have is our human resource. Therefore, we are improving the human resource management systems and procedures in our Company in order to create a more satisfying working environment for all grades of employees.

Meanwhile, as an ethical and socially responsible corporate citizen, we maintained many community welfare programmes for our estate communities, and environmental conservation programmes. Please refer the Social Capital chapter and Natural Capital chapter for more information.

APPRECIATIONS

I would like take this opportunity to remember the late Mr Alagarajah Rajaratnam for his services to the Company and the Group. Mr. Rajaratnam joined the Board of KPPLC in 1996. His contribution to the Company's growth and progress over the years is noted with much gratitude and appreciation.

He also provided steadfast guidance to The Colombo Fort Land & Building Group during difficult times. We shall always remember him for his noteworthy contribution and wise counsel.

I wish to extend my appreciation to my colleagues on the Board for their unstinted support ,advice and guidance.

I would also like to extend my appreciations for the dedicated work by all management and employees during the current financial year. As always, I am grateful to our shareholders for their confidence in the Board and myself and I also extend my gratitude to all our other stakeholders for their support. I am confident your continued support will contribute towards mutually beneficial outcomes in the new financial year.

S D R Arudpragasam
Chairman

28th August 2024

MANAGING DIRECTOR'S REVIEW

We are on course to reach our goals, **with steady progressing of** our diversified strategy.

YOY production

Tea 27%

Oil Palm 17%

I am pleased to report that KPPLC has stayed its strategic course in spite of persistent macro environmental volatility, to conclude the financial year 2023-24 on a strong financial footing, with improvements across all operational parameters.

KPPLC has done well, based on our projections where production and operational aspects are concerned. However, overall profitability declined against the previous year mainly due to the extreme fluctuation of tea prices in response to the exchange rate volatility. During the year, prices for all crops including tea, rubber and oil palm, declined on average by 21% , 11% and 22% respectively compared to the previous year, which had a direct impact on our bottom line. Nevertheless, the financial health of the Company has improved as indicated by the credit rating which improved from RD(Restricted Default) to B+. While it is not possible for the Company to dictate commodity market prices, our diversification and modernization strategy is designed towards mitigating impacts of extreme price fluctuations, and thereby mitigating the negative impacts on our P&L.

STRATEGIC PROGRESS

Due to the geographical locations of its lands that are distributed between the high and low elevations of the country, KPPLC is one of the best, geographically positioned plantation companies for crop diversification and also to mitigate extreme weather related risks, which are becoming increasingly important in the current age of climate change. KPPLC also has manufacturing infrastructure to produce a range of product types, particularly in tea and rubber, which facilitates better management of price risks, through a wider range of products. As KPPLC has tea extents both in the upcountry and the low country, we have the potential to develop our tea business much further, and particularly in the 4,000 Ha of land in the low country.

Our low country lands, where our rubber cultivations are located, are well suited for diversification into more climate-change resistant and more commercially viable crops, such as oil palm, tea and some commercial spices. KPPLC also has opportunities for hydropower and solar power generation, that will mitigate energy risks through significant cost savings.

We see very limited future potential in rubber, due to its extreme susceptibility to climate change impacts and also other socio-economic dynamics. The country's rubber lands have been shrinking dramatically not only due to cost-benefit realities but also because of rapid clearing of rubber lands for housing. While previously the entirety of KPPLC's low country lands were utilized for rubber, we have now adopted the approach of maintaining a limited extent of rubber. Instead, we plan to reallocate these lands for proven crops such as tea and oil palm, with a value added strategy for the retained extent of rubber. During the current financial year, we completed upgrading the Padukka rubber factory to increase production volumes of our globally recognized sole crepe. We are also obtaining the Forest Stewardship Certification to enhance export market access for Padukka sole crepe by positioning it as a sustainably manufactured natural rubber.

Under our tea sector development strategy, during the current financial year, we continued to expand our mechanization and automation drive, which is as important for efficiency gains as it is to manage our operating costs, particularly the cost and availability of estate labour. During the current financial year, mechanization enabled higher outputs of tea and we are gradually increasing our manufacturing capacity of CTC and orthodox tea. KPPLC's upcountry tea estates comprise 95% VP extent, which facilities higher yields, compared to traditional seedling tea. We are addressing quality concerns also through new machinery, such as installing colour sorters and upgrading and maintaining dryers.

As we are actively examining innovative technologies, we continued experimenting with drone spraying, in the upcountry and we are evaluating this technology for financial viability.

We commenced up-country timber harvesting this year which has also added to revenues. The upcountry has timber reserves valued at Rs 2Bn and we are looking to manage this extent in a more efficient manner to bring greater value to the company.

MANAGING OUR PEOPLE

The current year has been a turning point, as we made it a priority to engage with all our employees directly and closely, to better understand their needs. We set up productivity committees in each of our estates that meet once a month with the management and also Colombo-head office representatives, to address all issues pertaining to employees. We have gone to the extent of building tea rooms for our workers to have meals and rest, and we built eco-friendly toilets in the tea fields. I am happy to report positive responses to these efforts and I believe we enter the new financial year on a note of greater understanding and cooperation.

OUTLOOK AND PLANS

In the new financial year, we will continue with our crop diversification plan for the 4,000 hectares in the low country and continue our mechanization and automation plans in the upcountry. I believe our estates also offer great potential for tourism, and we anticipate sustained growth in tourism numbers in 2024-25. We are prepared to take advantage of this growth.

APPRECIATIONS

As we continue our journey of transformation, the wholehearted support I received from many parties, was vital for our success during the year. Therefore, I would like to acknowledge and extend my appreciations to all those who gave their time in different ways. The Chairman and Board of Directors have stood by me and guided us throughout the year. The management team including Channa De Costa, CEO Upcountry and their teams, have been instrumental in driving our strategy. I also acknowledge the cooperation by all management and employees for their unflagging contributions. I look forward to bigger and better things in the new financial year.

S S Poholiyadde
Managing Director
Lankem Tea & Rubber Plantations (Pvt) Lltd
Managing Agents

28th August 2024

OPERATIONS REVIEW BY THE CEO - UP COUNTRY

Kotagala Plantations' upcountry estates are dedicated tea estates extending to **3,987.22 hectares,** located in the heart of the Dimbulla tea planting district situated in the **Talawakelle /Patana sub-district**. The estates by name are: **Derryclare, Bogahawatte, Kelliewatte, Mount Vernon, CraigieLea, Stony cliff, Drayton, Mayfield, Chrystlers Farm, and Yuillefield.** Nine out of the 10 estates have a tea factory within the estate.

I am pleased to present the operations review of KPPLC upcountry estates for the financial year 2023-24, and to report consistent improvements year-on-year, across output and productivity. Although the national tea prices decreased compared to the previous year, our tea prices improved against the national average.

PERFORMANCE OF HIGH GROWN TEA

The tea crop increased by 564,943 kgs, which is 20.96% above the previous year. This growth can be attributed to timely fertilizer applications and mechanical harvesting which facilitated harvesting all available crop. The tea sales volume increased by 0.6MN Kgs. year-on-year which is a 23.1% gain compared to total western high grown sector output increase of 9.9%. The average sales price per kilo decreased from Rs. 1,255.77 in 2023 to a Rs. 988.42 in 2024.

IMPROVEMENTS TO OVERALL MANAGEMENT

The executive and management cadre were reviewed and 11 competent new managers were appointed to facilitate better oversight and management. Productivity Committees, were established in all estates that are engaged in identifying productivity obstacles and resolving these.

PRODUCTIVITY OF FIELD WORKERS

I am pleased to report that the productivity of Field Workers in terms of intake per plucker, which indicates how much tea is plucked on average by each plucker, has improved by 0.61%, to 23.03 kgs of green leaf in the current financial year, from22.89 kgs. The Revenue labour Output, which indicates the kgs of made tea produced by each revenue man day, has moved up to 4.31 from 4.13 last year, which is an increase of 4.31%.

FACTORY IMPROVEMENTS

We commenced development of the Mount Vernon factory with an investment of Rs. 60 Mn and also purchased a colour sorter for the Bogahawatte factory at Rs. 33 million.

Other major development projects include, upgrading the Dimbulla factory for processing of off grades, and converting the Kelliewatte factory to process bought leaf for orthodox leafy teas. This will increase the number of factories manufacturing orthdox leafy teas to three, which will give KPPLC a competitive advantage.

PLANS FOR THE NEW FINANCIAL YEAR

In the new financial year, the focus of the upcountry estates will be on mitigating impacts from extreme weather, improving soil conditions and expanding renewable energy utilization. Expansion of mechanized harvesting and factory modernization initiatives will continue as planned. In addition, KPPLC's upcountry region is also actively developing a range of tea tourism products.

We are planning a shade-tree planting program in tea fields to protect tea bushes from excessive heat and to also add nutrients to the Soil. A sprinkler and drip irrigation system using solar water pumps, will be set up to ensure adequate water for tea bushes even during periods of drought. To increase soil carbon content, the natural method of burying prunings and other organic matter, will be adopted in 25% of the pruning extent. We are also planning to install solar power systems in three factories, to reduce dependence on more expensive fossil fuel for tea manufacturing.

Mechanical harvesting which currently covers 15% of the revenue extent will be expanded to 25%, which will help offset the worker shortages.

A new Rotorvane production line will be installed in the tea factory in Drayton, to expand manufacturing Rotorvane tea, and hot water generators will be installed in Stonycliff and Yuilelfield Factories to improve efficiency, reduce costs, ensure quality control, and contribute to a more sustainable production process.

New trough units and a colour sorter machine will be installed in the Chrystlers Farm Factory for more accurate tea sorting and for more consistent quality of made tea. Plans for the regional repair workshop in the Dimbulla Factory premises will continue, to facilitate cost savings by providing our own servicing and repairs for vehicles, and field and factory machinery.

We are planning to upgrade the Rosita Tea House to cater to foreign and local tourists by providing a one of a kind tea experience. In addition, the Rosita and St. Andrews bungalows will be allocated to engage in tourism activities targeting high end visitors and the Mount Vernon and Stonycliff Cabanas will be developed to accommodate upper-to-mid level customers. We are also developing the concept "Stay with the Estate Manager," to provide a unique experiential tourism service for visitors on the lookout for a very special tea tourism experience.

For the welfare of our employees, the concept of Tea Harmony Centers will be extended to all Divisions of all Estates along with field washrooms. We are also planning an annual activity calendar of commemorative days and cultural events to allow all our employees to come together to celebrate cultural diversity, fostering community cohesion, educating people about history and enhancing overall wellbeing and quality of life. We will also continue to facilitate housing for our estate employees by releasing land in all estates, to build 255 new houses.

APPRECIATIONS

I would like to thank the Chairman, Managing Director and the rest of the management team for their support and guidance during the year.

Channa De Costa
Chief Executive Officer - Up Country

28th August 2024

BOARD OF DIRECTORS

Standing from left to right

M. KOWDU K. MOHIDEEN,
S.S. POHOLIYADDE,
P.M.A. SIRIMANE,
G.K.B. DASANAYAKA

Seated from left to right

C. P. R. PERERA,
S. D. R. ARUDPRAGASAM,
A. M. DE S. JAYARATNE,
ANUSHMAN RAJARATNAM *(Absent)*

S. D. R. ARUDPRAGASAM – CHAIRMAN

Non- Executive

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

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

C. P. R. PERERA - DEPUTY CHAIRMAN

Independent Non- Executive

Mr. C.P.R. Perera joined the Board of Kotagala Plantations PLC in 1996 and was appointed Deputy Chairman in May, 2013. He was appointed Deputy Chairman of The Colombo Fort Land & Building PLC (CFLB) on 1st July 2022 and also serves on the Boards of several subsidiary companies of the CFLB Group. He also holds directorships in other private and public companies. He retired as Chairman of Forbes & Walker Ltd and its subsidiary companies in June 2005 after almost 44 years of service. He is also a past Chairman of the Sri Lanka Tea Board, Sri Lanka Insurance Corporation, PERC and Bank of Ceylon.

Mr. Perera having held the Office of Chairman of Ceylon Tea Brokers PLC until 1st April 2022 continues to serve as a Non-Executive Director of the said Company. Mr. Perera has served as a Committee Member of the Ceylon Chamber of Commerce, The Planters Association of Ceylon, and on the Committee of Management of the Ceylon Planters Provident Society.

BOARD OF DIRECTORS

S. S. POHOLIYADDE

Executive Director

Mr. S.S. Poholiyadde was appointed to the Board of Kotagala Plantations PLC on 07th September 2018 and currently holds the position of Managing Director, Lankem Tea & Rubber Plantations (Pvt) Ltd. (LTRP), Managing Agents of Kotagala Plantations PLC and Agarapatana Plantations PLC.

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

He is a past Chairman of the Planters' Association of Ceylon, Former Chairman of the Colombo Rubber Traders' Association and has served as Chairman of the Plantation Services Group of the Employers Federation of Ceylon (EFC). He was also a member of the Board of Directors of the Sri Lanka Tea Board and the Rubber Research Board. He has also served as a Council Member of the Ceylon Chamber of Commerce.

Mr. Poholiyadde is a Fellow of the National Institute of Plantation Management.

A. M. DE S. JAYARATNE

Independent Non- Executive Director

Mr. A. M. de S. Jayaratne was appointed to the Board of Kotagala Plantations PLC in December 2012.

He is a former Chairman of Forbes & Walker Ltd, Colombo Stock Exchange, Ceylon Chamber of Commerce and The Finance Commission. He also served as Sri Lanka's High Commissioner in Singapore. Mr. Jayaratne is a Director of several listed and unlisted companies.

Mr. A. M. de S. Jayaratne holds a Bachelor of Science degree in Economics and is a Fellow of the Institute of Chartered Accountants of England and Wales and of Sri Lanka.

ANUSHMAN RAJARATNAM

Non- Executive Director

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

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

P. M. A. SIRIMANE

Independent Non – Executive Director

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

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

Mr. P.M.A. Sirimane is a Fellow of the Institute of Chartered Accountants of Sri Lanka and also holds a Master's in Business Administration from the University of Swinburne, Victoria, Australia.

G. K. B. DASANAYAKA

Independent Non – Executive Director

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

Mr. Dasanayaka is an Attorney-at-Law by profession. After a brief period at the unofficial Bar, he joined the Employers Federation of Ceylon (EFC) in 1979 and was Director General/CEO of the EFC from 2000 - 2006. His areas of work and expertise involved representing employers at International and National Level on Labour and related social issues, Employment Law, Employee Relations and Training & Development of Human Resources. He is an Honorary Life Member of the Chartered Institute of Personnel Management (Sri Lanka). Mr. Dasanayaka worked with the International Labour Organisation (ILO) as a Senior Professional Specialist (Employer's activity) for the South Asian Region from 2007 to 2015. Since leaving the ILO, he offers consultancy services in employment related subjects.

M. KOWDU K. MOHIDEEN

Executive Director

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

He commenced his career at M/s Ernst & Young, Sri Lanka and later moved to various Commercial Sectors both locally and overseas.

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

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

Mr. Kowdu Mohideen is a Fellow of the Institute of Chartered Accountants of Sri Lanka and The Chartered Institute of Management Accountants (UK).

REFLECTING GROWTH

In a year accented by unprecedented growth, we are inclined to reflect on those actions, decisions and dispositions that have paved the way for a stellar performance, across the board. As our performance solidifies our place in the tapestry that is the Sri Lankan economy, we examine what we did right, and trace our foray into the future.

MANAGING OUR CAPITALS

OPERATING ENVIRONMENT

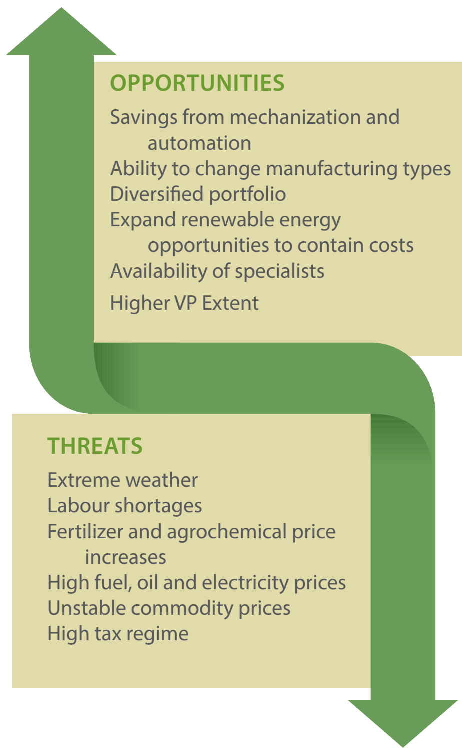
Extreme weather conditions was one of the most significant and unavoidable challenges faced by Sri Lanka's plantation sector during the year under review. The country's rubber plantations in the low country were the worst affected from the excessive rainfall, and Kotagala Plantations' overall financial performance also suffered due to this factor. On top of unpredictable weather patterns, the macro environment remained challenging due to commodity market fluctuations as well as rising costs and continued labour outmigration from estates. Within this scenario, Kotagala Plantations' diversification and modernization strategy was the most effective mechanism to manage negative outcomes, while optimizing any market opportunities.

THREATS AND OPPORTUNITIES

While macroeconomic conditions gradually improved during the year, weather conditions, that are essential for agricultural activities, became increasingly more unpredictable. Despite the gradual stabilization of key macro-indicators, these too, remained challenging for the most part, exerting pressure on the bottom line. The extremely high rate of inflation of 2022, progressively declined within 2023. However, costs continued to increase, albeit at a much lower rate than in 2022, and interest rates too, commenced a decline towards the second half of the year, but remained comparatively high. The higher costs, combined with the higher tax regime, eroded profitability as the rate of income growth did not keep pace. On a positive note, the plantation industry benefited from the availability of fertilizer and agrochemicals, which contributed towards boosting production.

While national tea outputs increased during the year, the rupee appreciation caused revenues to decline significantly against 2022. Global market prices of natural rubber and oil palm also continued to fluctuate during the year. In addition, the plantation sector was also hit by extended wet weather and labour shortages.

However, Kotagala Plantations' strength in the tea sector as a diversified producer and as a leading sole crepe manufacturer



in the country, coupled with the ongoing mechanization strategy, made it possible to overcome many challenges.

MAJOR THREATS

Extreme weather

The country experienced excessive rainfall during the year, in particular in the rubber growing regions of the low country. Rubber estates experienced rainfall of 7,192 mm during the 12 months of 2023-24, compared the normal average of 6,000 mm. The excessive number of wet days reduced the number of rubber tapping days from an average of 280 days to 194 days at KPPLC's rubber estates, causing rubber outputs to decline by 197,399 kgs against the previous financial year. This inevitably impacted overall revenues and profitability of the Company, as rubber is the second largest contributor to KPPLC revenues.

Tea estates too, suffered from excessive rain. Extended rainfall during the year interfered in the normal growth and development of tea bushes as tea bushes require adequate sunshine for photosynthesis, and also made it difficult to pluck tea leaves, while making it harder to maintain quality of tea leaves.

Labour outmigration

Between 2005 and 2024, the Company's plantation labour force reduced by 55%. This is a reflection of the entire plantation industry. Kotagala Plantations understood the repercussions of this large-scale losses of estate labour and was among the first companies to initiate mechanization in its tea estates. This quick response has helped the Company overcome operational difficulties due to labour losses to a great extent.

	31st March 2005	31st March 2023	31st March 2024	% change over the years
Total plantation workers	13,086	4,977	5,916	55%
Other employees (including management, staff and plantation executives)	748	476	464	38%

Taxes

Taxes remained high following the corporate tax increase in 2022/2023, from 14% to 30%.

	2021-22	2022-23	2023-24	% change
Income tax -Recognized in the Profit or Loss Rs.000	83,937	(533,638)	(458,568)	14%
Income Tax - Recognized in the other comprehensive income Rs.000	(30,494)	(161,335)	50,750	131%
Income tax – Total Rs.000	53,443	(694,973)	(407,818)	42%

Fertilizer prices

Import restrictions and fertilizer shortages ended in the current financial year making fertilizer available once more in adequate quantities. Between 2022 and 2023 the price of fertilizer increased by 1,214%, During the current financial year of 2023 to 2024 fertilizer prices stabilized but remained at a higher level than in 2022. This continued to maintain cost of production at a higher level.

Fuel, firewood and electricity prices

The cost of energy, which increased by 51% year-on-year in the previous financial year, moderated in the current financial year. However, energy prices remained at a higher level than in the pre-COVID era. Therefore, to address energy risk in the future, Kotagala Plantations is investing in renewable energy, including mini hydros and solar power.

Energy cost

Financial Year	2021-22	2022-23	2023-24	% change
Power Cost - Rs. Mn	71.7	108.3	172	59%

Opportunities

Kotagala Plantations' diversified manufacturing base for tea and rubber, as well as its diversified crop portfolio was the Company's biggest strength during the year. As commodity market prices fluctuated and weather conditions changed, the Company was able to maximize market opportunities by changing the production mix.

Commodity type	2021-22	2022-23	2023-24	% change
Average tea price Rs/kg	558	1,266	1,005	(21%)
Average rubber price Rs/kg	603	726	643	(11%)
Average oil palm price Rs/kg	82	106	83	(22%)

The Company has invested in mechanization and automation, as well as specialized management personnel and improvements to the ERP system for more stringent oversight of operations to improve efficiencies and make faster, more accurate internal adjustments, in response to external market conditions. We anticipate continued improvements in the production flow over the next few years that will strengthen the Company's risk management capabilities.

FINANCIAL CAPITAL

During the previous financial year, Kotagala Plantations commenced restructuring the Company's debts. Bank loans were restructured by obtaining waivers for accrued and past-due interest and through maturity extensions. Another key change initiated in 2023 was the changes to management structure with the recruitment of specialists in different fields, including a Director Finance and a Human Resource /Sustainability Manager. The administration of the low country and upcountry estates were separated and brought under two separate CEOs, to enable closer supervision and better controls, including financial controls. New reporting structures were introduced for continuous coordination. The ERP system software was upgraded for better quality of data to support management decision making.

PRIORITIES IN THE CURRENT YEAR

In May 2023, following the debt restructuring process, Fitch Ratings upgraded Kotagala Plantations' National Long-Term Rating to 'B+(lka)', from 'RD(lka)', with a Negative Outlook. Fitch has simultaneously upgraded the National Long-Term Rating of Kotagala's outstanding senior unsecured debentures to 'B+(lka)', from 'C(lka)'.

The Kotagala Plantations management is fully cognizant that financial viability is essential for overall organizational sustainability. Therefore, in the current financial year, strengthening the balance sheet was a priority, while simultaneously, allocating adequate financial resources towards capital investments, as well as human capacity development. During the financial year 2023-24, Kotagala Plantations has been prudently balancing these financial obligations in order to enhance the growth potential of the Company.

Meanwhile, the Company continued to focus on strengthening its financial standing, as well as key operational aspects. These activities were in addition to regular good agricultural practices such as replanting, fertilizing, soil improvements etc.

The Company restored to centralised payment directly to supplier bank account from Head Office, compared to the previous system of lodging funds to estate for onward cheque payment to the suppliers.

This has resulted in better cash flow management and also quicker settlement of suppliers and their increased satisfaction.

- **Funding support**

Credit facilities amounting to Rs.510 Mn were successfully raised from the banks to settle almost the entirety of the statutory dues, along with additional funds internally raised from related parties.

- **Settling historical statutory payments**

All historically outstanding statutory payments to employees were settled in full at the cost of LKR 971.6Mn. These were mainly Provident Funds and gratuity payments. By meeting these statutory obligations the Company's level of compliance has improved and employee trust in the Company has also improved, which will contribute towards employee motivation and retention.

- **Timber harvesting**

Kotagala Plantations commercial timber harvesting was deferred due to delays in government permits. This year the Company obtained approval for timber harvest, that have contributed to revenues and profitability.

- **Technology investments**

Improvements were made to the ERP system for better quality management data and daily production reports are generated to review estate operations. The existing human resource management information system, which was underutilized, is now better utilized by training staff and starting to build personnel data bases.

The Company has also introduced Drones for the foliar applications of nutrients, which has an impact on reducing labour count, effective applications, reducing wastage and limiting the opportunities for misuse.

MECHANIZATION

Mechanization and training on machine operators continued in tea estates. The mechanized plucking area was expanded to 364 hectares, approximately 15% of the total tea extent. It is planned to increase the machined extent to 30%. The company has a stock of 374 machines but 165 will be replaced.

Results from mechanization have been encouraging with substantial savings of over LKR 100 per kg of made tea on estates where the operation is well established. In addition to cost savings on labour, a hidden benefit is that available hand pluckers can be deployed more efficiently in manageable extents, thereby reducing round lengths, which leads to higher yields and better quality leaf.

With the entire extent being harvested, production volumes have also increased. Whilst the national production volume increase compared to the previous season is at 1.7%, the Company achieved an increase of approximately 20% in estate crop.

- **Factory enhancements and capacity utilization**

Capital expenditure on factories increased during the current year to improve factory cost efficiencies and to recommission the Geekiyanakanda factory for bought leaf processing.

- **Upgrading the Tea Center**

The Kotagala Tea Center in Derryclair estate was upgraded into a tourist attraction.

CHANGES TO THE FINANCIAL CAPITALS

In the current financial year, the capital structure of the Company is as follows,

Kotagala Plantations' financial capital base

Capital type - Company	2021-22	2022-23	2023-24	% change
Total equity Rs Mn	1,635	1,816	1,594	(12%)
Total debt Rs Mn	1,557	1,715	1,960	14%

Capital type - Group	2021-22	2022-23	2023-24	% change
Total equity Rs Mn	1,603	1,800	1,585	(12%)
Total debt Rs Mn	1,557	1,715	1,960	14%

Performance indicators

Company	2021-22	2022-23	2023-24	% change
Earnings per share (EPS)	0.56	0.70	(0.40)	(2.75)
Interest coverage (Times)	1.33	2.88	1.82	0.58
Return on Assets (ROA)	0.02	0.03	(0.03)	(1.96)
Return on Equity (ROE)	0.12	0.13	(0.17)	(1.77)
Gearing ratio	0.95	0.94	1.24	(0.24)
Current ratio	0.23	0.49	0.46	0.06

Group	2021-22	2022-23	2023-24	% change
Earnings per share (EPS)	0.29	0.75	(0.37)	(3.03)
Interest coverage (Times)	1.05	2.92	1.82	0.60
Return on Assets (ROA)	0.01	0.03	(0.03)	(2.02)
Return on Equity (ROE)	0.06	0.14	(0.16)	(1.87)
Gearing ratio	0.97	0.95	1.23	(0.23)
Current ratio	0.23	0.49	0.48	0.01

REVENUE

Total revenue of the Company decreased by 1% year on year, to LKR 4,978Mn.

Group revenue meanwhile, decreased by 1% to LKR 5,054 during the year

	2021-22	2022-23	2023-24	% change
Company - Revenue (Rs Mn)	3,472	5,039	4,978	(1%)
Group - Revenue (Rs Mn)	3,496	5,112	5,054	(1%)

FINANCIAL CAPITAL

SEGMENTAL REVENUE

Tea remained the largest contributor to overall revenue accounting for 80% of total revenue. Tea auction prices declined compared to the previous year due to rupee appreciation, However, Kotagala tea prices improved against the elevation average when compared to last year.

Revenue for the year, from rubber decreased as outputs declined sharply against the previous year.

The third major crop, oil palm experienced an increase in outputs by 17% although the revenue decreased by 9% mainly due to drop in prices.

Revenue source Rs. Mn	2021-22	2022-23	2023-24	% change	Contribution to total revenue 2022/23 (%)
Tea	2,389	3,800	3,985	5%	80%
Rubber	775	845	633	(25%)	13%
Oil palm	308	394	360	(9%)	7%
Total	3,472	5,039	4,978	1%	100%

GROSS PROFIT

The gross profit of the Company decreased by 51% with the gross profit margin decreasing from 26% to 13%.

Year	2021-22	2022-23	2023-24	% change
Company Gross Profit (Rs Mn)	368	1,335	655	(51%)
Group Gross Profit (Rs Mn)	376	1,353	672	(50%)

PROFIT FROM OPERATIONS

The company's gross profit decreased by 51% mainly due to drop in prices in all crops. Therefore, the Company's profit before tax declined by 58% to LKR 324Mn.

Year	2021-22	2022-23	2023-24	% change
Company- Profit before tax (Rs Mn)	104	771	324	(58%)
Group - Profit before tax(Rs Mn)	14	787	332	(58%)

TAX PAYMENT

The deferred tax charge for the year 2023/24 amounted to Rs.458Mn.

	2021-22	2022-23	2023-24	% change
Company				
Income tax -Recognized in the Profit or Loss Rs'000	83,937	(533,638)	(458,568)	14%
Income Tax- Recognized in the other comprehensive income - Rs'000	(30,494)	(161,335)	50,750	131%
Income tax – Total Rs'000	53,443	(694,973)	(407,818)	41%
Group				
Income tax -Recognized in the Profit or Loss Rs'000	83,937	(533,638)	(458,568)	14%
Income Tax- Recognised in the other comprehensive income - Rs'000 (30,494	(30,494)	(161,335)	50750	131%
Income tax – Total Rs'000	53,443	(694,973)	(407,818)	41%

PROFIT FOR THE YEAR

The Company profit after tax decreased from LKR 273Mn to a loss of LKR 134Mn

	2021-22	2022-23	2023-24	% change
Company - Profit /(loss) after tax (Rs Mn)	188	237	(134)	(157%)
Group - Profit /(loss) after tax (Rs Mn)	98	253	(127)	(150%)

FINANCIAL POSITION

Assets

Total assets of the Company increased by 3% reaching LKR 8.5Bn by the end of the year. This growth was mainly due to appreciation of timber reserves.

Cash Flow

The Company maintained strong cashflow management throughout the year with better controls while maintaining adequate liquidity and making essential capital investments.

Company	2022/23	2023/24	% change
Net Cash Inflow generated from Operating Activities (Rs Mn)	512	511	-
Net Cash Outflow used in Investing Activities (Rs Mn)	(189)	(214)	13%
Net Cash (used in)/generated from Financing Activities (Rs Mn)	223	(315)	(240%)

Group	2022/23	2023/24	% change
Net Cash Inflow generated from Operating Activities (Rs Mn)	518	503	(3%)
Net Cash Outflow used in Investing Activities (Rs Mn)	(189)	(204)	(8%)
Net Cash (used in)/generated from Financing Activities (Rs Mn)	223	(315)	(240%)

OUTLOOK AND PLANS

While the Sri Lankan economy is indicating signs of recovery, the global environment has become even more unpredictable. The ongoing conflict in the Middle East has the potential to expand which could result in lower demand and lower prices for Ceylon Tea as the Middle East is a major buyer. In 2024, the plantation industry will also commence negotiations for a new collective agreement, which could destabilize operations. A continuation of extreme/dry weather patterns are also expected in the new financial year.

Against this backdrop, Kotagala Plantations will maintain its focus on productivity gains through mechanization, cost controls and better resource utilization. As rubber cultivation is becoming increasingly unviable due to extreme weather patterns the Company plans to gradually achieve a viable product mix with 3 major crops by phasing out the unviable rubber extents. Due consideration on the expansion of Oil Palm will be given, no sooner the ban on Oil palm cultivation is lifted. The Company is also looking into opportunities to develop tourism as a new source of revenue.

HUMAN CAPITAL

Strengthening the human resource administration framework was a priority in 2023 for the sustainability of the Company and also to comply with international accreditation. Kotagala Plantations is accredited by the Rainforest Alliance and is in the process of obtaining Forrest Stewardship Council (FSC) certification and is aligning all human resource administration and welfare policies and procedures with certification requirements.

Our decision to mechanize was the correct choice as the labour outmigration continues in the estates and as the Company has correctly adopted mechanization, the Company now only needs to expand mechanization.

More often than not, the out migration of estate workers is driven by social stigma associated with estate employments and although families continue to live within estate lands and benefit from estate welfare programmes, the vast majority of estate youth are attracted to other employment opportunities .

Despite improved living standards with improved housing etc. workers still opt to move into other employment opportunities due to social status, even when they have the ability to earn more by remaining with the Company. We are in the process of modernizing the estate worker environment to retain the maximum possible number of workers as even with mechanization a minimum cadre is required for plantation operations.

Against the backdrop of an unpredictable global as well as domestic environment, the financial year 2023-24 marked a new chapter in Kotagala Plantations' human relationships. A new human resource strategy was deployed across the Company's upcountry and low country estates, emphasized by opening up clear channels of communications for mutual cooperation. The new, participatory human resource management strategy was mapped out with inputs from all levels, including management and employees, to support the Company's plans for sustainable growth.

RESTRUCTURING HUMAN RESOURCE POLICIES AND PROCEDURES

With decades of experience in plantation management, Kotagala Plantations is fully cognizant of the urgent need to change traditional systems and attitudes, and the Company has taken a proactive approach towards restructuring its human resource management approach, coupled with an aggressive mechanization plan. In fact, Lankem Plantations was one of the first plantation companies in Sri Lanka to introduce mechanized plucking in commercial scale and is working towards digitizing operations. In order to uplift the image of estate workers the Company provides technical training to enhance professionalism of employments, and also allocates proper designations.

COMPLIANCE STATEMENT

Kotagala Plantations PLC is pleased to report full compliance for the financial year 2023-24 with all applicable labour laws and regulations and all statutory payments.

Compliance with anti-child labour and forced labour regulations

Kotagala Plantations does not use any form of child labour, or forced labour in any of its activities. The Company collaborates with the National Child Protection Authority and the Labour Department to prevent child abuse and to protect the rights of children in its estates and is fully compliant with national laws and regulations preventing child labour and forced/bonded labour.

The Company commenced its HR reorganization process in 2023-24, by reviewing all human resource administration procedures and systems via a participatory approach to identify gaps, weaknesses and improvements, followed by re-evaluation of human resource management policies of the Company, to implement policy changes as required

Kotagala Plantations is an equal opportunity employer and provides equal employment, training and career growth opportunities for all employees giving prominence to gender equality. Formal, Board approved, policies and processes that comply with applicable laws and industry best practices, have been deployed with regards to all key human resource management aspects such as recruitment, termination, industrial relations, grievance management, performance assessments and training and development. These policies were reviewed and updated where necessary.

Our procedures are in line with Sri Lankan labour laws, which are also a requirement under RA certification and the documentation of policies and procedures, and uploading them to the Kotagala Plantations website, has commenced in 2023/24.

Discussions on HR Initiatives

Regular discussions were held with all levels of employees and we are in the process of improving our procedures. The strategies developed by the management are being continually improved through these discussions.

Proposed new HR initiatives

1. Training

Reputed bodies such as the Employers Federation Of Ceylon (EFC) and the National Institute of Plantation Management (NIPM) have been providing training, in addition to in house training on a more frequent basis. Further, we have recruited consultants on a permanent basis to assist the employees on certain technical matters.

2. Installing ATMs in estates

The Company is working with a vendor to issue debit cards and install ATM machines in estates to enable easy access to wages for all employees, as and when required. This is to ensure the overall improvement in household cash management of all employees. It will be beneficial to individual workers, women in particular, to access their earnings easily, which was not possible in the traditional payment method. Management is also considering more frequent payments, which we have identified as a necessity to the workers. We also believe this would reduce alcoholism and earnings being misused. Separate bank accounts have been opened and debit cards have been issued. We are trying expand this to all possible estates and have held discussions with a vendor to introduce a cash management process.

3. Creation of succession plans for the office, factory and field

Succession pipelines are already being developed for key positions in the plantations.

4. Talent acquisition from estates

Talent acquisition will be done by finding talented individuals within the estate. Once they are identified the Estate Management can obtain their services for the betterment of the estate rather than outsourcing the same. We are also trying to identify available talent within families of employees. The literacy levels of the estate community have improved and retention of the estate community is also a possibility through this process.

5. Appreciation of estate staff

Any achievement on estate related to productivity enhancement will be recognized through a letter by the estate management, as we have created a structure to identify and appreciate employee contributions.

HUMAN RESOURCES INFORMATION SYSTEM (HRIS)

An HRIs system has been introduced to better manage HR aspects and also to digitize salaries.

HUMAN RESOURCES PROFILE

Kotagala Plantations has a total human capital base of 6,380 inclusive of its executive management, clerical and other staff and estate workers.

HUMAN CAPITAL

Employees by category

Employee category	Number of employees 2022-23	Number of employees 2023-24	% change
Executives	46	48	4
Clerical, Technical & Other Staff	430	416	3
Workers	4,977	5,916	19
Total	5,453	6,380	17

New recruitments and turnover

While the employee turnover was 1,892 for the year, a total of 3,510 new employees were recruited during the year. However, the threat of a worker shortage still exists across the plantation industry, even with machine plucking.

		Recruitments		Resignations	
		2022-23	2023-24	2022-23	2023-24
Kotagala Up	Staff	17	58	16	64
	Workers	193	2,229	672	1,058
Kotagala Low	Staff	25	20	39	28
	Workers	1,163	1,199	973	741
Head Office		5	4	6	1
Total		1,403	3,510	1,706	1,892

Total employees by category, gender, age and service period for 2023-24

		Workers	Clerical, Technical & Other Staff	Executives	Total
Region Wise	Kotagala	3,885	227	22	4,134
	Horana	2,031	182	14	2,227
	Head Office	-	7	12	19
Gender Wise	Male	2,670	319	40	3,029
	Female	3,246	97	8	3,351
Age Distribution	Below 30 Years	259	38	11	308
	30 - 45 Years	2,290	198	21	2,509
	Over 45 Years	3,367	180	16	3,563
Service Distribution	Below 5 Years	2,842	194	23	3,059
	5 - 15 Years	1,240	166	11	1,417
	Over 15 Years	1,834	56	14	1,904
Total		5,916	416	48	6,380

Fostering Gender Diversity: A Closer Look at Kotagala Plantations PLC's Workforce Composition

In the Up Country region, with a total workforce of 3,889 individuals, women comprise approximately 57.4% (2,230 individuals), while males constitute the remaining 42.6% (1,659 individuals). This notable presence of female workers in the Up Country region reflects a nuanced balance within the workforce, possibly influenced by job preferences, historical contexts, and societal norms.

In the Low Country region, Kotagala Plantations employs a workforce of 2,003 individuals, with women accounting for approximately 54.3% (1,088 individuals) and males representing the remaining 45.7% (915 individuals).

MECHANIZED HARVESTING

Having introduced mechanized harvesting in a sustainable and professional manner, in June 2019, the Company has now expanded the operation to 364 hectares, approximately 15% of the total tea extent. It has plans to increase the machined extent to 30%.

Average daily earning of a machine operator exceeds Rs 2,000 during the cropping season, averaging well over Rs 1,100 over the season. Though there was initial resistance to the deployment of machines, for fear of reduced workdays for manual pluckers, such concerns have now subsided, with employees being continuously sensitized on the benefits of mechanization and the assurances that machines harvesting is being undertaken only to fill the void created by the shortage of pluckers, not with the intention of replacing hand pluckers with machines.

Female workers are increasingly engaging in using machines and are found to perform better. Every effort is being made to enhance their employment status. This is a motivational factor which could attract the younger generation back to estate employment.

INDUSTRIAL RELATIONS

The plantation companies are under the Wages Board Ordinance All employees in Kotagala Plantations' estates have freedom of association and have access to the management to communicate any concerns or requests. The Company did not experience any serious industrial disputes during the reporting period. Operational changes are communicated to all employees upon receiving approval of the corporate management. Managers are responsible for communicating such changes to their respective teams and are required to give adequate notice to employees prior to any changes being implemented.

WAGES

Wages are governed by the Wages Board Ordinance, but the staff is subjected to a staff collective agreement

In addition, wages and benefits, salaries and benefits of other employees are based primarily on the Shop and Office Employees Act of 1954, EPF Act, ETF Act and the Payment of Gratuity Act.

- The Company contributes 12% of an employees' basic salary to the Employees Provident Fund and a further 3% to the Employees Trust Fund as specified under the Act, and make provision for Gratuity Payments annually, for all employees who have been employed by the Company.

EMPLOYEE BENEFITS

At Kotagala Plantations we understand the diverse needs and challenges faced by our employees, and thus, have crafted a comprehensive suite of benefits aimed at fostering a healthy, safe, and rewarding work environment for all.

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

EDUCATIONAL SUPPORT FOR CHILDREN OF WORKERS

In addition to the above benefits the company also provides financial support for children of employees.

- The Company pays Rs 5,000 per month, for 4 years, as a scholarship to children of workers who enter local universities
- Children of workers who have passed their ordinary level exams are given training in the field, factory and office. The Company also recruits these children for estate work, based on merit, when vacancies arise.

FACILITIES FOR EMPLOYEES

Tea harvesters: Through a range of benefits including annual medical check-ups and on-field training sessions aimed at enhancing their skills and productivity, we empower our tea harvesters to thrive in their roles. Additionally, the provision of field rest rooms ensures their comfort and convenience throughout the workday, enhancing their overall job satisfaction.

We also celebrate the birthdays of our tea harvesters in the fields, fostering a sense of camaraderie and appreciation within our close-knit community.

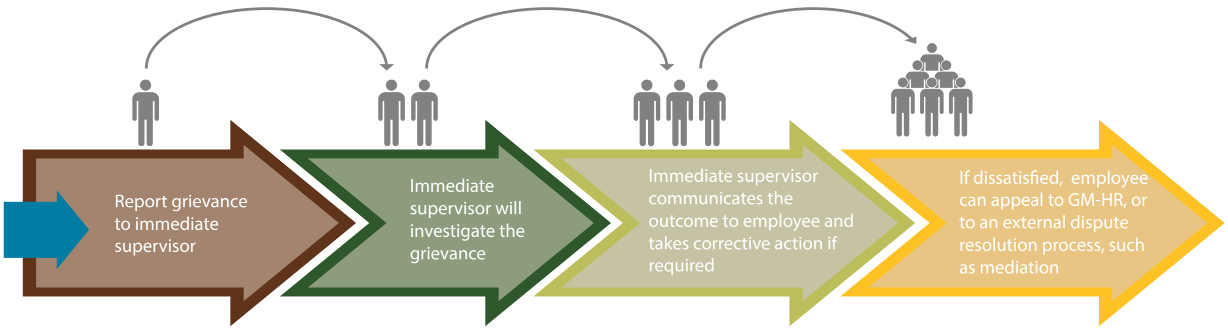
Chemical sprayers : Our chemical sprayers play a vital role in maintaining the integrity of our plantations while minimizing environmental impacts. In addition to providing essential Personal Protective Equipment (PPEs) to safeguard against chemical exposure, we have pioneered the provision of on-site bathing facilities. This thoughtful amenity allows our sprayers to cleanse themselves thoroughly after their shifts, mitigating the risk of chemical contamination to themselves and their families. Moreover, we prioritize their health by offering regular blood check-ups and ensure early detection of any potential health concerns.

Factory workers: Our factory workers receive fire drill training and the essential PPEs free of charge and equip them with the knowledge and tools necessary to navigate potential hazards with confidence.

GRIEVANCE MANAGEMENT

A grievance management system is available to all employees of Kotagala Plantations including estate workers. Employees who report a grievance will not be subject to retaliation or adverse consequences. All grievances and their resolutions are documented in a centralized system and confidentiality is maintained, except where disclosure is required by law.

HUMAN CAPITAL



- Employees can report their grievance to their immediate supervisor, verbally or in writing
- The immediate supervisor will investigate the grievance promptly and impartially, and all parties involved will be given an opportunity to provide their side of the story.
- The immediate supervisor will communicate the outcome of the investigation to the employee who reported the grievance. If appropriate, corrective action will be taken to prevent a recurrence.
- Employees who are dissatisfied with the outcome of the grievance process may have the option to appeal to the GM-HR or to an external dispute resolution process, such as mediation or arbitration.

PERFORMANCE EVALUATION, REWARDS AND RECOGNITION

Productivity committee

All estates have individual Productivity Committees.The objective of the committees is to enhance overall productivity within the organization by implementing strategic initiatives and fostering collaboration among teams and to address grievances

Continuous performance monitoring

Key human resource areas will be continually monitored to facilitate better quality of management decision making through the availability of real time employee and estate management information and to also ensure compliance with labour laws as well as international certification requirements.

- Performance Evaluation For Deputy Managers and Assistant Managers: Deputy Managers and Assistant Managers will do a quarterly Performance Evaluations presentation in respect of their Divisions, in the presence of the CEOs. During the current financial year, performance evaluations were conducted for of all employees, including managers, office staff and estate workers.
- Setting clear monthly targets: Monthly targets are being given.
- Continuous HR Audits: All HR aspects will be complied, along with legal compliance and work place safety
- Monitor estate labour availability: Reporting formats have been introduced to track estate staff vacancies(track worker availability) and monitor worker availability through bi-annual physical verification. The movements are recorded and verified bi-annually.
- Data base of personnel information: A standardized Personnel Information Format has been introduced for all planters and staff members across the estates. This ensures a comprehensive data base of personal information of employees.

Incentives

An effective incentive scheme for field staff (pluckers) has been introduced ensuring uniformity across estates, taking into account the different plucking methods of manual, use of shears and machine plucking.

OCCUPATIONAL HEALTH AND SAFETY

All health and safety systems across estates were reviewed and improvements in line with compliance requirements will be implemented. Emergency preparedness at estates will be improved.

In addition:

- TEA Harmony Centers: Tea Harmony Centers have been built in estates for estate workers to take their meals and tea. These units are constructed using eco-friendly methods and provide safe shelter for workers to take a break from work.
- Nature-Friendly rest rooms : These toilets have been set up in all estates to meet sanitation needs of estate employees, including women employees and have been constructed with eco friendly materials.
- The medical insurance scheme will be significantly upgraded for hospitalization and personal accidents.
- Personal Protective Equipment(PPE) is provided to agrochemical sprayers free of charge.
- PPEs were provided to pluckers with 70% attendance in the Kotagala Up Country region.

- There is a dedicated bathing facility for chemical sprayers
- Workers and Chemical Sprayers are provided regular, free medical check-ups

TRAINING AND DEVELOPMENT

A new training plan has been introduced, with a special focus on enhancing skills of Assistant Managers with regards to labour laws, ISO and Rain Forest Alliance certification requirements, agricultural practices and operational knowledge. Training on HRIS will also be prioritized to fast track the digitization of HR administration.

Training and development opportunities for all employee categories, including estate workers based on an annual training calendar which is structured according to skill gaps identified during performance evaluations and the Company's strategic objectives.

During the current financial year, Rs 2.4Mn was spent on training and development.

Training events during the year

	Name of the Programme	Target Group
1	Grievance Mechanism	Committee members
2	Sustainable Agriculture Practices	Executives and estate staff and all workers
3	Awareness programmes on management plan	Managers/Assistant Managers
4	Internal Inspection Practices	Managers/Assistant Managers
5	Integrated pest management Strategy	Managers/Assistant Managers
6	Self handling of agro chemical storage and transporting	Store keepers/Drivers
7	Awareness on handling of agro chemicals	Chemical Sprayers
8	Awareness on the use of PPE	Store keepers/chemical sprayers/factory workers/mechanic and electrician/fertilizer handlers
9	Workplace violence and harassments	Executives and estate staff and all workers
10	Occupational health and safety risk and hygiene	Workers
11	Emergency and first aid	All workers
12	Awareness programmes on no hunting	All staff and workers
13	Awareness programme on wild life in captivity	All staff and workers
14	Awareness programmes on waste management	All staff and workers
15	Awareness programmes on drinking portable water	All staff and workers
16	Fire drill	Factory workers and staff

EMPLOYEE ENGAGEMENT EVENTS DURING THE YEAR

Transforming Lives: Kotagala Plantations' Pioneering Workers' Housing Initiative

Kotagala Plantations, in collaboration with the Plantation Housing Development Trust (PHDT), has launched a groundbreaking housing programme, symbolizing a remarkable leap in corporate social responsibility. This initiative underscores the Company's profound appreciation for its workforce and its steadfast dedication to community upliftment.

Contributions from the Indian and Sri Lankan governments, amounting to Rs 2.8 million and Rs 400,000 per house respectively, have fortified this endeavour. Through strategic alliances with regional plantation companies, Kotagala Plantations secured 10 perches of land, per house, at no cost. Moreover, essential infrastructure facilities such as piped water and three-phase electricity further enhance the quality of life for residents, laying a solid foundation for sustainable growth.

MANUFACTURED CAPITAL

The Company has a diverse manufacturing base comprising 13 tea factories and 8 rubber factories. These manufacturing facilities are a significant competitive advantage, as Kotagala Plantations is one of the few Sri Lankan companies with the manufacturing capabilities to produce all three types of tea, which enables the Company to maximize incomes from tea. The factories are also aligned with the Company's sustainable agriculture model and all factories conform to national environmental regulations. All rubber factories are equipped with effluent treatment plants to treat and filter waste water to prevent greywater and sewage discharge into the environment.

During 2023/24 we spent Rs.223Mn on capital expenditure.

The extent of biological assets and manufactured outputs of Kotagala Plantations – tea, natural rubber and oil palm - did not change significantly during the year. However, our timber harvests started entering the local market this year, having received harvesting permits.

Together with various cost reduction measures, we continued modernizing the manufacturing processes in the field, as well as within factories, to reduce dependence on labour and to improve productivity. Capacity utilization of existing factories were increased by repurposing underutilized or non-operating factories. The Padukka sole crepe factory, which is already one of the best in the country, was further improved at a cost of LKR20 Mn, and we reopened the Geekiyanakande factory for bought leaf manufacturing.

Simultaneously, we are improving the productivity of our factories and the level of compliance with international accreditation agencies for better market access for our products. It is noteworthy that this year, all Kotagala high grown tea factories passed Rainforest Alliance audits successfully, and all tea factories passed their ISO audits with flying colours, demonstrating the high quality standards in practice.

As part of our diversification strategy, we are in the process of developing different tourism products.

OUR BIOLOGICAL ASSETS

Asset Type	Extent (Ha) 2022-23	Extent (Ha) 2023-24	% change
Tea Plantations	2,536.75	2,419.53	5
Rubber Plantations	2,557.53	2,322.74	9
Oil palm Plantations	525.88	525.88	-
Timber & Others Plantations	1,126.61	1,126.61	-

- During the current financial year, 360.51 Ha of rubber and 23.85 Ha of tea were maintained under immature.
- The Company did not replant or plant new oil palm extent due to the prevailing ban on oil palm cultivation.
- We commenced harvesting our commercial timber in 2023, and an extent of 11.49 Ha of timber was harvested in 2023-24. Another 11 Ha of commercial timber was newly planted.

Asset Type	Net Carrying value LKR 000 2021-22	Net Carrying value LKR 000 2022- 23	Net Carrying value LKR 000 2023-24	% change
Tea Plantations	934,676	906,817	881,571	(3)
Rubber Plantations	1,771,770	1,846,176	1,893,060	3%
Oil palm Plantations	415,580	387,191	358,802	(7)
Timber & Others Plantations	1,764,213	1,888,680	2,170,983	15%

INVESTMENT IN BIOLOGICAL ASSETS 2022/23 VS 2023/24

Maintenance of biological assets is essential to maintain quality and yields. Therefore Kotagala Plantations makes annual investments into replanting uneconomical tea and rubber that are beyond the prime age and also for fertilizer, soil management, water management and other good agricultural practices. While oil palm was not replanted the company invested in fertilizer and other good agricultural practices to maximize high quality yields.

Type of activity	2021-22 LKR 000	2022-23 LKR 000	2023-24 LKR 000	% Change
Good agricultural practices	346,435	500,037	558,199	12%
Fertilizer	77,251	561,404	399,284	29%
Tea replanting	2,531	4,715	10,875	130%
Rubber replanting	45,187	102,169	111,265	9%

OTHER PHYSICAL ASSETS

Factories

Tea production	No of factories	Location	Capacity / daily
Rotorvane tea factories	5	Nuwara Eliya	73,200
CTC tea factories	1	Nuwara Eliya	31,000
Orthodox tea factories	6	Nuwara Eliya/Kalutara	
Refuse tea factory	1	Kelliwatte	
Rubber factories	8	Kalutara /Horana	16,300

- During the year, the Company invested in excess of LKR 33 Mn. on factory maintenance, equipment upgrades and digitization. All tea factory dryers were modified to operate on bio fuels (Old rubber trees uprooted for replanting), instead of more expensive diesel.
- The tea factory in Kelliewate is being renovated as a refuse tea reprocessing center, utilizing refuse tea from other Kotagala tea factories, which is more environmentally sustainable than discarding tea dust.
- The Mount Vernon factory is being upgraded to increase output of CTC tea, which has many advantages.
- The Geekiyanakanda orthodox black tea factory was recommissioned to process bought leaf and commenced operations in 2023, contributing to total tea outputs for the year.
- Forest Stewardship Council (FSC): The Padukka rubber factory is being upgraded into an FSC certified facility. FSC rubber is globally recognized as environmentally friendly and ethically manufactured rubber and can therefore, enhance market opportunities for Padukka rubber in future.
- ISO 22000:2018 and 9001:2015 certification : In the current financial year, all tea factories were recertified ISO 22000:2018 and 9001:2015 successfully, demonstrating the quality standards maintained in manufacturing Kotagala Tea.
- Rain Forest Alliance : All up country tea estates continue to be Rain Forest Alliance certified.

MANUFACTURED CAPITAL

Asset Type	2021-22 value LKR 000	2022-23 value LKR 000	2023-24 value LKR 000	% Change
Manufactured products inventory	168,612	295,698	276,172	(7%)
Buildings	1,152,155	1,152,937	1,157,989	(0.4%)
Plant and Machinery	699,403	716,916	717,769	(0.11%)
Furniture & Fittings	9,798	9,798	9,798	-
Vehicles	246,056	248,106	248,106	-
Other	194,909	210,621	266,350	26%

- With tourism numbers slowly rising, Kotagala Plantations is also developing its own tourism products. The Company's Tea Center, located in Kotagala was upgraded and stocked with Kotagala specialty tea for visitors to sample. The Company is also looking into repurposing premises in upcountry and low country estates as tourism facilities.

NEW TECHNOLOGIES

Mechanizing tea estates

Mechanization in the form of machine plucking, machine pruning and shear plucking have been implemented in all Kotagala tea Estates. The company has now expanded the operation to 364 hectares, approximately 15% of the total tea extent and plans to increase the machined extent to 30%.

As at end of the current financial year, 374 machines were issued and 165 of these are now over 2 years old, fast reaching the stage of beyond economical repair, most beyond use. These machines will be replaced. The company continues to use the internationally renowned Japanese made Ochiai tea harvesters, which were procured at subsidised and competitive prices. These harvesters have been found to be more durable and efficient. So far, around Rs 56 Mn has been spent on the procurement of machines, and 54 machines remain in stock.

Use of drones

During the current financial year, Kotagala Plantations deployed drones in the high grown tea estates for foliar application of pesticides and fungicides. The use of drones will be expanded in the new financial year.

Type of activity	2022-23 value LKR 000	2023-24 value LKR 000	% Change
Mechanization initiatives	34,812	19,674	(43%)
Plant and machinery	17,513	853	(95%)
Computers and digital devises	2,744	389	(85%)

OUR PRODUCTS

Production outputs

Product	Output 2021-22 (Kg/000)	Output 2022-23 (Kg/000)	Output 2023-24 (Kg/000)	% Change
Made tea	4,139	2,897	3,675	27%
Rubber	1,284	1,167	970	(17%)
Oil palm	3,731	3,724	4,355	17%

Total manufactured tea outputs increased by 27% in the financial year 2023-24 compared to the previous financial year, with rotovane, CTC and orthodox tea production increasing from Kotagala factories. The increased bought leaf volumes added to the total tea output increase. The Company plans to develop bought leaf manufacturing in the low country in future.

Kotagala branded tea

During the current financial year, Kotagala Plantations developed its retail brand of unblended tea.

PLANS FOR THE FUTURE

Kotagala Plantations will continue to look into opportunities in tourism and renewable energy investments in the future, while expanding the existing asset base.


KOTAGALA PLANTATIONS LIMITED
LANKEM
KELLIEWATTE
ESTATE
OFFICE & MANAGERS B. LOW
TEA PROCESSING CENTRE
WELCOME


DRAYTON


MAYFIELD
MAYFIELD

INTELLECTUAL CAPITAL

With the continuous integration of modern technologies into our personnel and the existing organizational knowledge base, Kotagala Plantations' intellectual capital is continuing to grow and evolve. A key contributor during the year, was the recruitment of new management professionals and other experts. The new expertise in modernizing old systems and creating new management processes and systems, unique to Kotagala Plantations. The Company also enhanced its collective knowledge through partnerships with different institutions.

ORGANIZATIONAL KNOWLEDGE

The Company has a deep knowledge base of agriculture and agroeconomics that is now being enhanced by other technical skills through recruitment and consultancies with modern management professionals and other specialists. During the year, the Company continued to integrate modern technologies into the existing systems and process.

TRADEMARKS

The various trademarks of Kotagala estates are a key intellectual capital of the Company that differentiates its tea, while also authenticating the origin and quality of Kotagala tea.

In the current financial year, we developed a speciality single origin tea under the Rosita brand name, which will be marketed in 2024.

DIGITIZATION AND MECHANIZATION

As a key component of the Company's digitization strategy, the ERP system was improved, enabling real time and accurate data for management. The Company is also experimenting with digital weighing of green leaf, which provides for greater accuracy and digitization of field and factory operations for digitally interconnected field-to-factory processes linked up with the ERP system.

During the year, we also successfully adopted drones for agrochemical spraying at Drayton estate and we are looking into the viability of expanding this to other estates.

FUTURE PLANS

Technical training, including training in mechanized harvesting and factory automation, as well as computer literacy, will remain a focus in the future to enhance the intellectual capital of the Company.

SOCIAL CAPITAL

Kotagala Plantations invests significantly in social welfare and our commitment is justified by certifications from external bodies .

REGULATORY COMPLIANCE

During the current financial year, Kotagala Plantations fully complied with applicable laws and regulations.

BEYOND REGULATORY COMPLIANCE

The Company has gone beyond regulatory compliance by engaging in many CSR projects and raising awareness of the Company's ethical business model, which has gained importance to be competitive as well.

For almost close to a decade, Kotagala upcountry plantations have been compliant with RA standards and some of the low country estates are in the process of obtaining FSC certification, which will confirm our estates are managed as a natural forest.

QUALITY CERTIFICATIONS

ISO 22000:2018 and 9001:2015 Audits

In 2023, all Kotagala tea factories successfully concluded the ISO 22000:2018 and 9001:2015 audits, demonstrating the quality consciousness of our employees and management.

Kotagala Plantations believe that it is our obligation to be an ethical corporate citizen and we continue to uphold this belief through many engagements and initiatives towards community welfare. Our wholehearted and enduring commitment to ethical practices has been amply demonstrated through years of Corporate Social Responsibility (CSR) activities, as well as international accreditations.

ESTATE	ISO 22000: 2018	ISO 9001: 2015
01. Bogahawatte	✓	
02. Chrystlers' Farm	✓	✓
03. Craigie Lea	✓	✓
04. Drayton	✓	✓
06. Kelliewatte	✓	
07. Mount Vernon	✓	✓
08. Mayfield	✓	
09. Stonycliff	✓	
10. Yuillifield	✓	✓

ETHICAL CERTIFICATIONS

ETP, UTZ & RAINFOREST ALLIANCE CERTIFICATES		
ESTATE	FARM	SITE
01. Bogahawatte	✓	✓
02. Chrystler's Farm	✓	✓
03. Craigie Lea	✓	✓
04. Drayton	✓	✓
05. Derryclare	✓	✓
06. Kelliewatte	✓	✓
07. Mount Vernon	✓	✓
08. Mayfield	✓	✓
09. Stonycliff	✓	✓
10. Yuillifield	✓	✓

SOCIAL CAPITAL

ENGAGING WITH OUR STAKEHOLDERS

Our key stakeholders are those groups that have a significant influence on the Company's business continuity and sustainability. Therefore, we ensure all statutory communications are complied with, and we also maintain professional and friendly communications to sustain good will and long term relations. Our key stakeholders include regulators, shareholders, employees, buyers, suppliers and our parent. Our engagements during the year with key stakeholder groups are summarized below.

Stakeholder category	How we ensure meaningful engagement
Regulators	We ensured timely regulatory reporting and statutory payments. We facilitated inspection visits to our factories whenever requested.
The Management Agent: Lankem Tea and Rubber Plantations (Private) Ltd (LT&RP)	Regular meetings were conducted to update our parent regarding the Company's operations
Golden shareholder	All statutory communications were conducted on time through the Plantation Management & Monitoring Division, under the purview of the Ministry of Plantation Industries
Ultimate parent: Ultimate parent – The Colombo Fort Land & Building PLC	Regular communications were conducted through the Chairman and the Board of Directors
Other shareholders	All statutory disclosures were made on time for shareholders including: • The annual report for the financial year was made available to each shareholder • Quarterly Financial Statements were made available • Annual General Meeting was conducted on September 26 2023. Shareholders are given the opportunity to meet senior management and raise questions • All material disclosures were sent to the Colombo Stock Exchange and published on the stock exchange website, including the quarterly accounts • We also accommodate shareholder inquiries through our company secretaries • The Company website has been improved to provide more information regarding the Company to shareholders
Banks	We engaged regularly with our banking services providers for financial requirements during the year
Buyers and Brokers	• We facilitated regular estate visits for buyers and brokers • During the year we have undertaken direct exports of rubber, mainly sole crepe, to Europe.
Retail customers	Our retail customers are our mainly local buyers of Kotagala tea and direct exporters.
Employees Direct employment to 6,380 persons	During the current financial year we emphasized relationship building with all grades of employees and strengthened direct communications to enhance understanding and trust. Please refer the Human Capital chapter for details on how we engaged with our employees during the year

Stakeholder category	How we ensure meaningful engagement
Trade Unions We have 11 unions and 66% of our estate employees are union members.	We continue to maintain a close rapo with all trade unions
Resident Communities (Kotagala estates are home to a resident estate population of over 44,061)	We continued to conduct many welfare programs for estate communities and estate children including health and welfare programs as well as educational support for children. Please refer the Social Capital chapter for details.
Suppliers • Fertilizer suppliers • Overseas suppliers • Green leaf suppliers in the low country • Agrochemical Suppliers • Fuel & Electricity Suppliers • Firewood Suppliers • Packing Material Suppliers • Machinery and Spare Parts suppliers • Hardware Items Suppliers • Transporters	We continuously evaluate our suppliers and their products to ensure that the company maintains high quality while remaining competitive in terms of pricing. We also engage in regular discussions with green leaf suppliers to ensure a consistent supply throughout the year.
Certification/ Accreditation Bodies	• Our tea factories completed the ISO audits successfully. • We have a good understanding with accreditation bodies and a watershed conservation project was commenced with RA together with regular site audits carried out to ensure our compliance with the standard. We have been consistently RA certified for almost 10 years
Government and non-governmental organizations engaged in social welfare 1. Plantation Human Development Trust (PHDT), 2. World Vision Lanka 3. Berendina 4. Apedco	• We engaged with external organization through correspondence and also through meetings as and when required
Industry associations Membership in associations	We participated in negotiations with regards to industry related matters and with regards to the collective agreement.
Kotagala has membership in the following trade associations 1. The Planters Association of Ceylon 2. Colombo Tea Traders Association 3. Employers' Federation of Ceylon 4. Colombo Rubber Traders Association 5. Chamber of Commerce	

SOCIAL CAPITAL

CONSUMER ENGAGEMENT

We maintain regular communications with important parties to promote our products, based on our buyer profile. We also encourage our buyers to visit our processing facilities to experience first-hand, our quality standards and to better understand the manufacturing processes with regards to our products. Our buyers participate in our welfare activities as well, thereby contributing towards the continued welfare efforts of the Company.

In order to promote tourism and engage directly with end consumers we have already opened a tea center in Rayigam estate, and we are developing tea centres at our up country estates as well.

In the year under review we started a tea boutique in the Colombo head office, called Tea Window, and we also supply tea to the boutique at The Palms Hotel owned by a company within the group.

COMMUNITY WELFARE ACTIVITIES

Kotagala Plantations' provides a range of community welfare benefits directly through the Company and also by partnering government and non-government agencies. Some of these activities are listed below.

Investments in community welfare

Community welfare activity	2018-19 LKR Mn	2019-20 LKR Mn	2020-21 LKR Mn	2021-22 LKR Mn	2022-23 LKR Mn	2023-24 LKR Mn
Worker Housing (green gold/Indian)	93	-	68	52	420	216
Sanitation Facilities	-	-	1	1	-	-
Water Facilities	1	8	-	4	-	2
Child Care (new crèche)	1	-	11	-	19	2
Re-Roofing	-	-	-	-	-	1
Other Investment	2	26	3	6	-	-
Total	98	34	83	63	439	221

HEALTH AND WELLNESS INITIATIVES

During the year, the Company conducted a number of medical support programs to improve the health conditions of estate communities. Such interventions over many years, have contributed towards improved health standards among estate communities from infants to retirees.

The health programs conducted during the year include:

- Dengue awareness programs
- Dental clinics
- Eye clinics
- TB awareness programs
- Oral cancer program
- Provision of spectacles,
- Cataract removal surgeries
- AIDS awareness programs
- Regularized feeding for children at Child Development Centers by educating child development Officers
- Breast feeding corners were set up at Child Development Centers for mothers to feed their babies
- Refresher training programs were held for Midwives in estates

HEALTH SCREENING PROGRAM FOR UPCOUNTRY ESTATES

A health camp was organized for estate communities living in Kotagala upcountry estates. The camp provided comprehensive health screenings, including blood sugar tests, cholesterol tests, BMI (Body Mass Index), blood pressure tests and also checked for heart and lung health. A large number of estate residents, including elderly, expectant mothers and children benefited.

Health Screening Program - Drayton Estate on 24th January 2024

NATURAL CAPITAL

As a plantation company Kotagala Plantations is the guardian of a magnificent natural capital base consisting of panoramic lands, natural water ways, forests and reserves housing many valuable animals and trees in Sri Lanka's hill country and low country. These environmental assets are also vital for the Company's business operations as an agricultural producer and to generate financial returns for all stakeholders. As the legal custodian of these natural treasures, Kotagala Plantations takes painstaking measures to safeguard and conserve its natural capital base as a fundamental component of its sustainable business model.

As a plantation company our prime responsibility is to protect the environment, which we continuously do by investing funds to improve the environment, bio diversity and eco-systems, as an environmentally friendly Company. The Company made headway in expanding international accreditations, while adhering to Rainforest Alliance (RA) standards, that would enhance the Kotagala Plantations brand as an ethical and sustainable agricultural producer. The Company also responded to the unavoidable and growing threat of climate change by taking action at ground level to mitigate impacts as much as possible in order to protect the Company's future earning potential.

UTZ Certified

RAINFOREST ALLIANCE PEOPLE & NATURE

Upcountry and low country lands of Kotagala Plantations PLC

NATURAL CAPITAL

	Extent
Land	
• Total land extent	11,421.72 Ha
• Cultivated extent (includes timber reserves with 5 year harvesting plan)	6,632.18 Ha
• Conservation Areas	424.21 Ha
- Mini jungles	103.13 Ha
- River reservation	123.56 Ha
- Slope reservation	68.38 Ha
- Wetland	72.53 Ha
- Railway reservations	3.10 Ha
- Land slide prone sites	53.85 Ha
Water	
• Lakes	2
• Rivers	3
• Streams	8
• Waterfalls	4
• Natural ponds	1
• Marsh land (wetland)	68.38 ha

REGULATORY COMPLIANCE 2023/24

Kotagala Plantations PLC complied with all relevant environmental regulations, including Environmental Protection License (EPL) granted to each of our factories by the central environmental authority.

KOTAGALA PLANTATIONS' ENVIRONMENTAL POLICIES

The Company reviews its environmental policies annually to align with documentation requirements for global standards. The Company's environmental policies are:

- Policy on adopting environmentally friendly agricultural practices
- Policy on chemical use
- Policy on effluent treatment
- Policy on harvesting commercial timber
- Policy on fire prevention in open areas
- Policy on prevention of hunting, capturing, trapping and rearing of wild animals : this policy is specifically aimed at protecting the wildlife in our lands from trappers, poachers and hunters.
- Renewable energy policy
- Wildlife Policy
- Water Conservation Policy
- Environment Policy
- Waste Management Policy

KOTAGALA PLANTATIONS' ENVIRONMENTAL PROCEDURES

Formal procedures are in place with regards to environmental management. These include:

- Agriculture Procedure
- Communications Procedure
- Ethics Procedure
- Financial Procedure
- Rules & Regulations Procedure

  Marketing Procedure
- Tea nursery management Procedure
- Manufacture Procedure
- Waste Management Procedure

Investment on conservation FY 2023/24

	Conservation activity	Investment LKR Mns 2021/22	Investment LKR Mns 2022/23	Investment LKR Mns 2023/24
1.	Complying with environmental regulations	1.75	2.85	0.77
2.	Complying with additional multiple environmental protection accreditations	9.3	8	0.45
3.	Sustainable agricultural practices	346	500	558.20
4.	Waste management	1.4	1.1	7.35
5.	Conducting environmental impact assessments	3.3	3.0	12.43
	Total	361.75	514.95	579.2

Over the year, Kotagala Plantations has continually invested in protecting the natural resources under its care and this investment has continued to increase. During the 12 months of April 1 2023 to March 31 2024, Kotagala Plantations invested LKR 12mn on a range of environmental conservation practices that are discussed in this chapter.

Certifications related to environmental management

In addition to compliance with all applicable domestic regulations, Kotagala Plantations has invested in globally recognized environmental and ethical certifications. All Kotagala up country estates are RA and UTZ certified.

- Forest Stewardship Council (FSC) Certification

Kotagala Plantations is in the process of obtaining FSC for the entire production at its Padukka factory which could be confined to FSC certified latex. Padukka is a world renowned sole crepe factory.

ENVIRONMENTALLY FRIENDLY AGRICULTURAL PRACTICES

Kotagala Plantations has adopted the widespread use of environmentally friendly agricultural practices that are aimed at protecting the soil and water resources. These include:

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

CLIMATE CHANGE IMPACT

As an agricultural entity, Kotagala Plantations is significantly affected by recurrent extreme weather phenomena due to climate change. In 2023, both up country and low country estates faced negative consequences from adverse rainfall to both crops and operations. The higher number of wet days reduced the number of days available for rubber tapping.

Given the high impact of climate change, the Company is responding to this risk through adaptable agricultural practices.

RENEWABLE ENERGY

As part of its sustainability initiatives, Kotagala Plantations has been gradually adopting renewable energy in manufacturing processes. The Company has already started using briquette and sawdust for firing of tea and is evaluating the adoption of hydro power and solar panels in selected tea factories.

In 2023, the Company used uprooted rubber plants as bio fuels in upcountry tea dryers in tea factories, instead of fossil fuels. The dryers were upgraded to accommodate firewood instead of liquid fuel

ENERGY CONSERVATION INITIATIVES

The Company is switching to LED bulbs in factories, bungalows and staff quarters to reduce energy consumption. Staff and estate workers are encouraged the use LP gas in their homes instead of kerosene and electricity.

WASTE MANAGEMENT

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

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

BIODIVERSITY PROTECTION INITIATIVES

The Company is actively involved in protecting national conservation forest areas within its estates that are home to many land and aquatic animals and endemic plant species. The Company educates employees and communities about:

- Protecting mini jungles
- Preventing Hunting, Capturing, Trapping & Rearing of Wild Animals
- Demarcating and maintaining 'no chemical spray zones'

BAMBOO PLANTING PROJECT

The Company is planning to plant bamboo trees along the Devon Fall's stream running through Kotagala up country estates. The project will include the four estates of Yuilifield, Drayton, Stonycliff and Craigilea and 2,915 bamboo plants over a distance of 14.7 Kms. The bamboo will strengthen the banks of the stream and prevent erosion.

MICRO WATERSHED CONSERVATION PROJECT

Mount Vernon estate in the up country has commenced a micro watershed conservation project in collaboration with the Rainforest Alliance and the Plantation Housing Development Trust. RA will provide all necessary plants, such as Kumbuk and Mee plants and materials including concrete posts, and barbed wire. Mount Vernon estate is responsible for planting and maintenance.

NATURAL CAPITAL

The Company will continue to uphold good agricultural practices with regards to environmental management, while continually investing in environmental conservation. Such efforts include a program of reforestation, irrigating tea lands, irrigation with solar power and protecting Drayton Lake by protecting the water in the lake.

SUSTAINING EXCELLENCE

In the year under review, our sturdy establishment has served to enable continuous growth upwards and outwards. With our duties towards our communities and the environment at the forefront of our plans, we have created an environment of sustainability, reliability and predictability, that renders itself towards upward mobility.

ENTERPRISE GOVERNANCE

GOVERNANCE SYSTEM

Kotagala Plantations has a comprehensive governance framework that adheres to applicable regulations and best practices. The Board of Directors provides strategic direction and risk management, supported by specialized sub-committees. To further strengthen governance, the company has added directors with relevant expertise, created new management roles, and implemented enhanced compliance systems. These measures have improved the level of compliance and paved the way for international accreditations.

The governance framework of Kotagala Plantations' is compliant with the Colombo Stock Exchange regulations and the Companies Act No.07 of 2007, and also complies with the Code of Best Practice on Corporate Governance.

The Board of Directors is the final authority of the Company and provides oversight for the Company's strategic direction, as well as managing risks and good governance. The Board has appointed sub-committees to assist in its deliberations. The sub committees are the Audit Committee, Remuneration Committee Related Party Transactions Review Committee and the Nomination Committee.

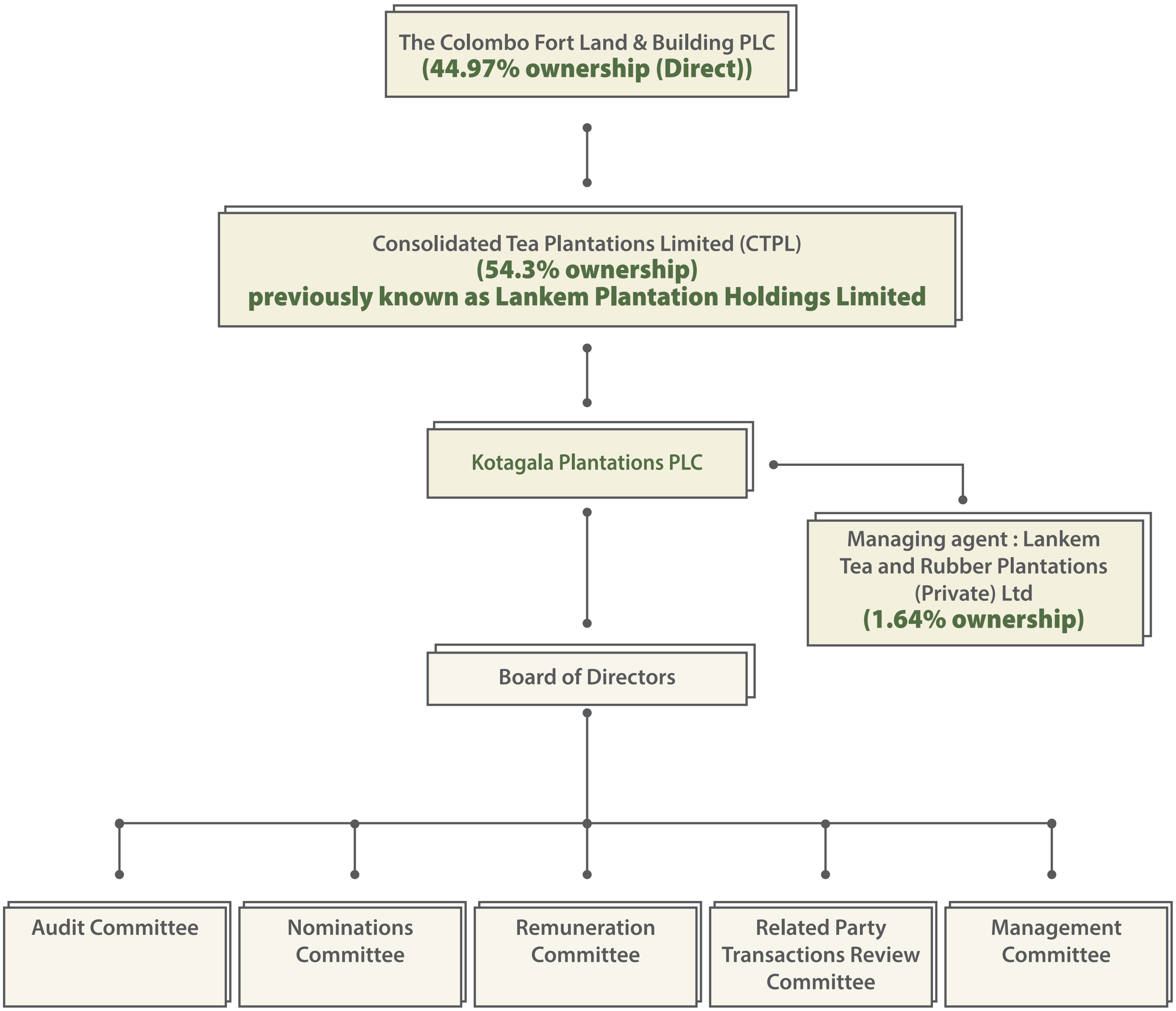
In addition a Management Committee has been established with the participation of Directors & Managers.

Kotagala Plantations' Managing Agent is Lankem Tea and Rubber Plantations (Private) Ltd. The parent of Kotagala Plantations is Consolidated Tea Plantations Limited (CTPL), previously known as Lankem Plantation Holdings Limited. The ultimate parent of Kotagala Plantations' is The Colombo Fort Land & Building PLC (CFLB).

The Kotagala Board is headed by the Chairman who is a Non-Executive Director. The powers of the Chairman and the highest executive have been separated.

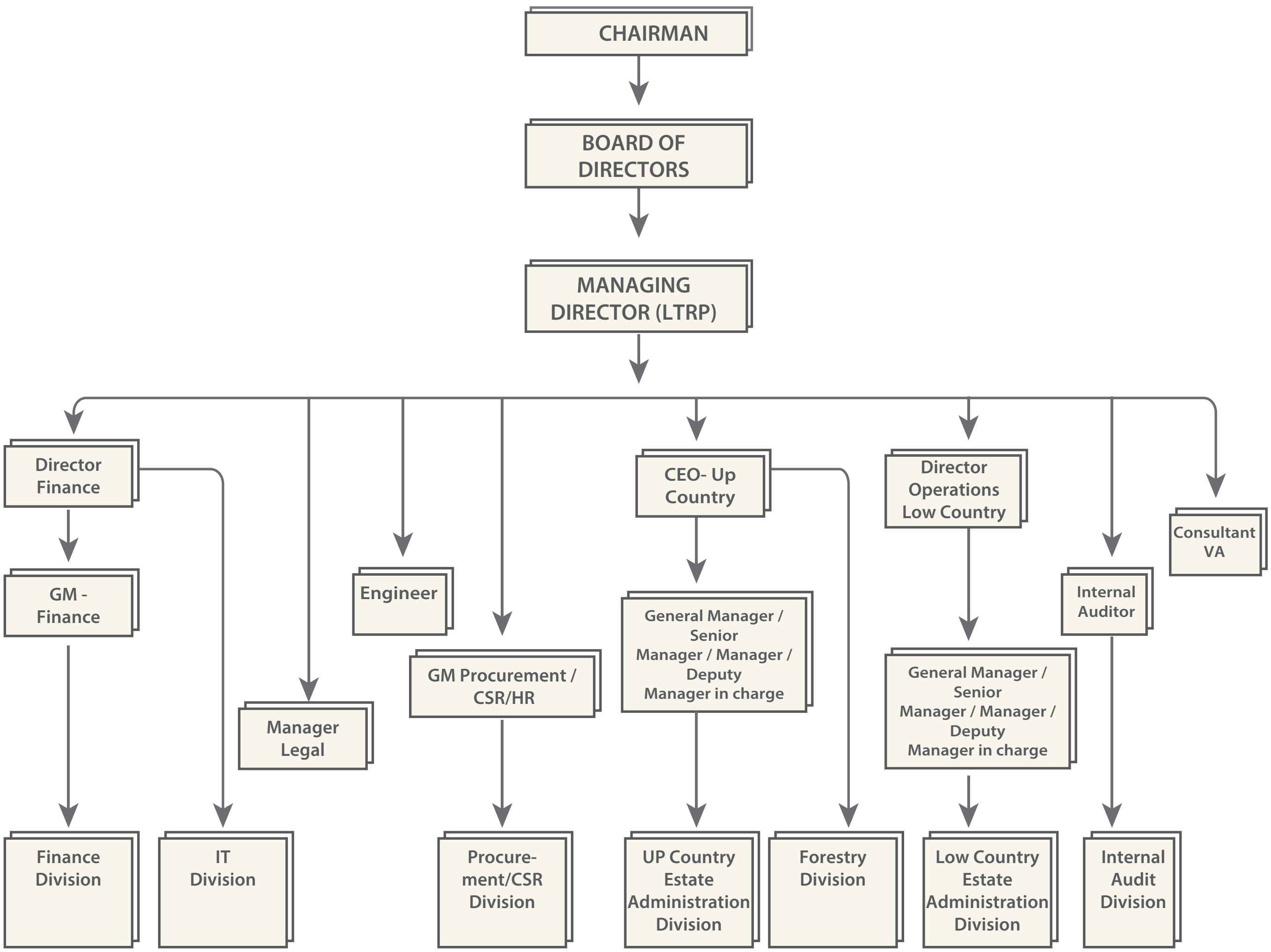
The Board capabilities are strengthened with the combination of Executive Directors, Non-Executive Directors and Independent Non- Executive Directors with diverse backgrounds. The Governance structure has been improved by introducing new management positions and recruiting experienced and qualified management personnel for professional management across functional aspects. In addition, the Company's governance processes have also been significantly strengthened by introducing layers of supervision along the organisational hierarchy and introducing reporting and monitoring systems. These measures have improved the compliance of the Company and efforts are ongoing to strengthen compliance through international accreditations.

GOVERNANCE STRUCTURE



GOVERNANCE SYSTEM

ORGANIZATION STRUCTURE OF KOTAGALA PLANTATIONS PLC



BOARD OF DIRECTORS

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

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

COMPLIANCE STATUS

The Company is in compliance with corporate governance practices recommended by The Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange. Given below is a demonstration as to how we adhere to Corporate Governance practices.

Corporate Governance Principle	Company's adherence
Directors	
Composition of the Board	As at the end of the financial year the Board consisted of two Executive Directors and six Non-Executive Directors four of whom are Independent. The Directors possess a strong balanced blend of skills, experience to offer guidance in core areas important to KPPLC. The names of the Directors who held office during the financial year are given below. Brief profiles of these Directors appear on pages 32 to 35 S.D.R. Arudpragasam - Non-Executive (Chairman) C.P.R. Perera - Independent Non- Executive (Deputy Chairman) S.S. Poholiyadde - Executive A.M. de S. Jayaratne - Independent Non-Executive Anushman Rajaratnam - Non-Executive P.M.A. Sirimane - Independent Non Executive G.K.B. Dasanayaka - Independent Non Executive K. Mohideen - Executive (Director Finance) Each Non-Executive Director has submitted a declaration of independence/non-independence for the year. The Board makes a determination annually as to the independence/non-independence of each Non-Executive Director Mr. C.P.R. Perera has served on the Board for more than nine years. He is a Director on the Boards of other Companies in which a majority of the Directors of the Company are Directors and also has significant shareholdings in another. He serves on the Board of the Ultimate Parent Company, The Colombo Fort Land and Building PLC (CFLB) and holds Directorships on certain subsidiaries of CFLB and has served on some of those subsidiaries for a period exceeding nine years. Further Mr. C.P.R. Perera is over 70 years of age. The Board however having considered the fact that Mr. C.P.R. Perera is not involved in the operational matters of the Company and having taken into consideration all other circumstances listed in the Rules pertaining to the Criteria for Defining Independence is of the opinion that Mr. C.P.R. Perera is nevertheless Independent. Mr. A.M. de S. Jayaratne is a Director of the Ultimate Parent Company, The Colombo Fort Land and Building PLC (CFLB) and serves on the Boards of several subsidiaries of CFLB. He has served on the Board of the Ultimate Parent and on several of its subsidiaries for over a period of nine years. He is a Director of certain such subsidiary companies within the CFLB Group of Companies of which a majority of the Directors serve on another and also has significant shareholdings in another. Further Mr. A.M.de S. Jayaratne is over 70 years of age. The Board however having considered the fact that Mr. A.M. de S. Jayaratne is not involved in the Operational matters of the Company and having taken into consideration all other circumstances listed in the Rules pertaining to the Criteria for Defining Independence is of the opinion that Mr. A.M. de S. Jayaratne is nevertheless Independent.

GOVERNANCE SYSTEM

Corporate Governance Principle	Company's adherence
	Mr. P.M.A. Sirimane is a Director of the Ultimate Parent Company, The Colombo Fort Land and Building PLC (CFLB) and serves on the Boards of several subsidiaries of CFLB. He has been employed by a subsidiary of the Ultimate Parent Company during the period of 3 years immediately preceding to his appointment to the Board of the Company. He has served on the Boards of several such subsidiaries for over a period of nine years. He is a Director of certain such subsidiary companies of which a majority of the Directors serve on the Board of another and is on the Boards of certain Companies within the CFLB Group which have significant shareholdings in another. The Board however having considered the fact that Mr. P.M.A. Sirimane is not involved in the Operational matters of the Company and having taken into consideration all other circumstances listed in the Rules pertaining to the criteria for defining independence is of the opinion that Mr. Sirimane is nevertheless independent. Mr. G.K.B. Dasanayaka serves on the Boards of certain subsidiaries of The Colombo Fort Land & Building PLC (CFLB) . He is a Director of certain such Subsidiary Companies of which majority of the Directors serve on the Board of another and is on the Boards of certain Companies within the CFLB Group which have significant share holdings in another. Further Mr. G.K.B. Dasanayaka is over 70 years of age. The Board however having considered the fact that Mr. G.K.B. Dasanayaka is not involved in the Operational matters of the Company and having taken into consideration all other circumstances listed in the Rules pertaining to the criteria for defining Independence is of the opinion that Mr. G.K.B. Dasanayaka is nevertheless independent.
Decision making of the Board	The Board has met on Seven occasions during the year under review. In addition to Board Meetings, matters are referred to the Board and decided by Resolutions in writing. The number of meetings of the Board and the individual attendance by members is shown below: **Name of Director** — **No. of Meetings attended** Mr. S.D.R. Arudpragasam — 7/7 Mr. C.P.R. Perera — 7/7 Mr. S.S. Poholiyadde — 7/7 Mr. Anushman Rajaratnam — 5/7 Mr. A.M.De.S. Jayaratne — 7/7 Mr. P.M.A. Sirimane — 7/7 Mr. G.K.B. Dasanayaka — 7/7 Mr. K. Mohideen — 7/7 -

Corporate Governance Principle	Company's adherence
	The Board is responsible for:- Ensuring the conduct of the Company's affairs in the best interest of its stakeholders. Identifying Strategic options implementation and monitoring their success. Appointment of the Directors, ensuring staff succession and determining remuneration of senior executives and staff in consultation with the respective Committees. Ensuring an effective internal control system. Ensuring a proactive risk management system. Ensuring compliance with highest ethical standards and legal standards. Approval of major capital investments acquisition expansions and Budgets Approval of interim and annual financial statements for publication. The Directors have made themselves aware of applicable laws ,rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions.
Chief Executive Officers	Mr. C. J. De costa- Up Country Mr. Y.U.S. Premathilake - Low Country (Resigned w.e.f.30/04/2024)
Fit & Proper Assessment	The Company's fit and proper assessment for Directors /CEO is in line with the guidelines set out in the Listing Rules and include criteria on honesty, integrity and reputation, competence and capability and financial soundness. The Chairman, Directors and CEO satisfy the fit and proper assessment criteria stipulated in the Listing Rules of the CSE.
Company Secretaries	The Company and all Directors may seek advice from Corporate Managers & Secretaries (Pvt) Ltd who are qualified to act as Secretaries as per the provisions of the Companies Act No. 7 of 2007.
Independent Judgement	The Board of Directors at all times exhibit high standards of integrity, commitment and independence of judgement.
Obtaining independent professional advice	Advice is sought from independent experts whenever the Board deems it necessary. The Directors are updated on the changes in the plantation industry as well as on the general aspects which may affect the Company's operations.
Managing Agents	The Board of Directors has delegated the management of Plantation and the task of achieving the strategic objectives set out by the Board to the managing agents, Lankem Tea & Rubber Plantations (Pvt) Ltd (LT &RP). The managing agents meets frequently and review the progress towards achieving the budgets and discuss the operational issues. The successful implementation of the Capital Expenditure programmes and focusing on the development strategies are also key priorities.
Financial Acumen	The Board comprises of five finance professionals who possess the knowledge and the competence to offer the Board the necessary guidance on matters relating to finance.
Supply of Information on a timely manner	Prior to each meeting all Directors are given a file of Board Papers which includes summarised Financial Statements, operational statistics, performance reviews, sales reports, Schedules of Capital Expenditure and a Progress Report, covering all significant issues with the comparatives of prior year and budget. This information is provided at least 7 days prior to the meeting which gives Directors adequate time for qualitative deliberation and analysis.

GOVERNANCE SYSTEM

Corporate Governance Principle	Company's adherence
Nomination Committee/ Appointments to The Board	New Directors are proposed for appointment by the Nomination Committee in consultation with the Chairman of the Company in keeping with the provisions of the Articles of Association of the Company in relation to same and in compliance with the Rules on Corporate Governance. The Board thereon approves the Appointment of Directors. The Company's Nomination Committee comprises of Mr. A.M. de S. Jayaratne - Chairman, Mr. C.P.R. Perera, Independent Non- Executive Directors and Mr. S.D.R. Arudpragasam, Non-Executive Director.
Disclosure of appointments of New Directors to the Shareholders.	The new appointments are made available to shareholders by making announcements to the Colombo Stock Exchange.
Re-election of Directors	In terms of the Articles of Association of the Company a Director appointed to the Board holds office until the next Annual General Meeting, at which he seeks re-election by the shareholders. The Articles require one-third of the Directors in office (excluding the Managing Director and the Appointed Directors) to retire by rotation at each Annual General Meeting. The Directors who retire are those who have been longest in office since their last election. Retiring Directors are eligible for re-election by the shareholders.
Relations with Shareholders	
Annual General Meeting	The Company always welcomes the active participation of the shareholders at the Annual General Meeting. Questions put up by the shareholders are answered thus promoting a healthy dialogue. The required number of days notice has been given to the shareholders in terms of the Companies Act No.7 of 2007 and the Articles of Association of the Company.
Communication with Shareholders	The Company publishes the Annual Report together with the interim reports in order to communicate information to the shareholders in a timely manner.
Major Transactions	There have been no transactions during the year under review which fall within the definition of "Major Transactions" as set out in the Companies Act.
Price Sensitive Information	Due care is exercised with respect to share price sensitive information.
Others	The Company maintains a website under the name www.lankemplantations.lk which offers any individual or corporate, information on the Company and its affairs. The Company's principal communicator with all its stakeholders are its Annual Report and Quarterly Financial Statements. The shareholders are free communicate with the Company. Whenever possible, the Company implements their suggestions.
Accountability and Audit	
Financial Reporting	The Board attaches high priority to timely publication of quarterly and annual results with comprehensive details (both financial &non-financial) going beyond statutory requirements. This enables both existing and prospective shareholders to make fair assessments on the Company's performance and future prospects. The financial statements are prepared in accordance with Sri Lanka Accounting Standards. The Company's accounting formats and procedures are in compliance with the procedures laid down by the regulatory authorities.
Disclosures	The Annual Report of the Board of Directors is on pages 81 to 83 of this report. The Statement of Directors responsibilities for the financial reporting is on page 88 and the Auditors' Report on the financial statements is on the pages 91 to 94 of this annual report.

Corporate Governance Principle	Company's adherence
Going Concern	The Board of Directors after reviewing the financial position and the cash flow of the Company are of the opinion that the Company has adequate resources to continue operations well in the foreseeable future. Therefore, the Board adopts the going concern basis in preparing Financial Statements.
Internal Control	The Directors are responsible for maintaining an effective internal control system and proactive risk management strategy. Internal controls cover both financial and operational matters and risk management to safeguard the assets of the Company. The risk management strategy of the Company is on pages 76 to 80 of this report. The Company also ensures that effective internal and external audit procedures are followed and the Board reviews the reports in order to maintain the progress of the systems and results.
Internal Audit	The Internal Audit division comprises of an Internal Audit Manager and Assistants who report directly to the Executive Directors. The Audit Committee is apprised of any pertinent matters. Internal Auditors are empowered to examine and review the financial reporting systems, internal control procedures, accounting policies and compliance with accounting standards. They also review the adequacy of systems for compliance with legal, regulatory and ethical requirement and company policies.
External Audit	The Company maintains a professional relationship with the external auditors, KPMG. This ensures their objectivity, independence and compliance with regulatory and ethical requirements.
Audit Committee	The Audit Committee Report is set out on page 85 of this Report.
Directors' Remuneration	
Remuneration Committee	The Remuneration Committee Report is set out on page 84 of this Report
Disclosure of Remuneration	Aggregate remuneration paid to Executive and Non- Executive Directors is disclosed in Note 7 to the Financial Statements.
Related Party Transactions	
Related Party Transactions Review Committee	The Related Party Transactions are disclosed in Note 31 to the Financial Statements. The Report of the Related Party Transactions Review Committee appears on page 87.
Others	
Management Committees	The Management Committee comprises of Directors, Consultants, General Managers and Deputy General Managers. Meetings are held once a month where a review in detail is carried out on the performance of each individual estate based on both financial and relevant non-financial indicators.
Compliance with Legal Requirements	The Board of Directors through the Company's Legal & Finance divisions makes every endeavour to ensure that the business complies with all laws and regulations.
Social & Environmental Matters	The Company has for many years recognised the benefits that accrue from responsible employment, environmental and community policies which are dealt with in detail in the Chairman's Review, Managing Director's - LTRP Review and CEO's Review.
Rights of Employees /Other Stakeholders	The Company identifies the rights of employees. Several employee performances enhancing mechanisms such as performance appraisals and training initiatives are in place for the career building of our employees. A series of best practices and techniques are now embedded in the business and applied intelligently within the organisation. Constant responsiveness to all stakeholder interests and an effective risk management process are critical success factors to ensure that the governance process will continue to add value in the future. The Extent to which the Corporate Governance practices are adopted in the Company is given as above in this report.

GOVERNANCE SYSTEM

DIRECTORS OTHER DIRECTORSHIPS

The details pertaining to the names of the Companies in Sri Lanka in which the Directors serve as a Director or key management personnel is given below.

Abbreviations:

C	- Chairman	GMD	- Group Managing Director
DC	- Deputy Chairman	MD	- Managing Director
EC	- Executive Chairman	JMD	- Joint Managing Director
EX	- Executive Director	CEO	- Chief Executive Officer
NE	- Non-Executive Director	D	- Director
INE	- Independent Non-Executive Director	Alt	- Alternate Director

COMPANIES	Mr. S.D.R. Arudpragasam	Mr. C.P.R. Perera	Mr. S.S. Poholiyadde	Mr. Anushman Rajaratnam	Mr. P.M.A. Sirimane	Mr. G.K.B. Dasanayake	Mr. K. Mohideen	Mr. A.M.de.S. Jayaratne
The Colombo Fort Land and Building PLC	✓ C/NE	✓ DC/INE		✓ GMD/EX	✓ INE			✓ INE
C M Holdings PLC *	✓ C/NE			✓ NE				✓ INE
York Arcade Holdings PLC *	✓ C/NE			✓ NE				✓ INE
Lankem Ceylon PLC *	✓ C/NE			✓ EX	✓ INE	✓ INE		
Lankem Developments PLC *	✓ C/NE	✓ INE	✓ NE	✓ NE	✓ INE		✓ NE	✓ INE
Agarapatana Plantations PLC *	✓ C/NE	✓ DC/INE	✓ EX	✓ NE	✓ INE	✓ INE	✓ EX	✓ INE
E.B. Creasy & Company PLC *	✓ C/MD/EX				✓ NE			✓ INE
Muller & Phipps (Ceylon) PLC *	✓ C/NE				✓ NE			
Laxapana PLC (Formerly known as Laxapana Batteries PLC) *	✓ C/NE				✓ NE			
Beruwala Resorts PLC *	✓ C/NE	✓ DC/INE		✓ NE				
Marawila Resorts PLC *	✓ C/NE	✓ DC/INE		✓ NE				
Sigiriya Village Hotels PLC *	✓ C/NE	✓ DC/INE		✓ NE				
C W Mackie PLC *	✓ NE	✓ NE		✓ NE				✓ INE
ACME Printing & Packaging PLC *	✓ NE			✓ NE	✓ INE	✓ INE		
Colombo Fort Investments PLC *	✓ C/NE			✓ NE	✓ INE			✓ INE
Colombo Investment Trust PLC *	✓ C/NE			✓ NE	✓ INE			✓ INE
Alliance Five (Private) Limited *	✓ C			✓ D	✓ D	✓ D		
American Lloyd Travels Limited *	✓ D			✓ D				
Associated Farms (Private) Limited *	✓ C							
ACME Packaging Solutions (Pvt) Limited *	✓ D			✓ D	✓ D	✓ D		
B.O.T. Hotel Services (Private) Limited *	✓ C							✓ D

COMPANIES	Mr. S.D.R. Arudpragasam		Mr. C.P.R. Perera		Mr. S.S. Poholiyadde		Mr. Anushman Rajaratnam		Mr. P.M.A. Sirimane		Mr. G.K.B. Dasanayake		Mr. K. Mohideen		Mr. A.M.de.S. Jayaratne	
C. W. M. Hotels Holdings Limited	✓	D					✓	D							✓	D
Candy Delights Limited *	✓	C/MD							✓	D					✓	D
Capital Investments Limited *	✓	D														
Capital Leasing Company Limited *	✓	C					✓	D	✓	D						
Century Equity Trust Limited	✓	D														
Ceyflex Rubber Limited *	✓	C							✓	D						
Ceylon Tapes (Private) Limited *	✓	C					✓	D	✓	D	✓	D				
Ceytape (Private) Limited *	✓	C					✓	D	✓	D	✓	D				
Colombo Fort Group Services (Pvt) Limited *	✓	D					✓	D	✓	D						
Colombo Fort Holdings Limited *	✓	D														
Colombo Fort Hotels Limited *	✓	C					✓	D								
Colombo Fort Properties (Private) Limited *							✓	D								
Colombo Fort Travels Limited *	✓	D														
Colombo Residencies (Private) Limited	✓	D														
Colonial Motors (Ceylon) Limited *	✓	DC					✓	D							✓	C
Company Holdings (Private) Limited	✓	D														
Consolidated Commercial Investments (Pvt) Ltd							✓	D								
Consolidated Holdings (Private) Limited	✓	D					✓	D								
Consolidated Tea Plantaions Limited *	✓	D	✓	D	✓	D	✓	D	✓	D			✓	D	✓	D
Corporate Systems Limited *	✓	C														
Creasy Plantation Management Limited *	✓	D														
Darley Butler & Company Limited *	✓	C/MD							✓	D					✓	D
E B Creasy Ceylon (Private) Limited *	✓	C							✓	D						
E. B. Creasy Logistics Limited *	✓	C							✓	D						
E.B. Creasy Trading Limited *	✓	D														
Far Eastern Exports (Colombo) Limited *	✓	D					✓	D								
Financial Trust Limited							✓	D								
Fortland Finance Limited	✓	C														
Galle Fort Hotel (Private) Limited *	✓	D					✓	D								
Gardian Asset Management Limited *	✓	D														
Great Eastern Resorts Ltd							✓	D								
Group Three Associate (Private) Limited *	✓	C														
Horton Plains Resorts and Spa Limited							✓	D								
Imperial Hotels Limited *	✓	C					✓	D								
J.F.Packaging Limited *	✓	C					✓	D	✓	D	✓	D				

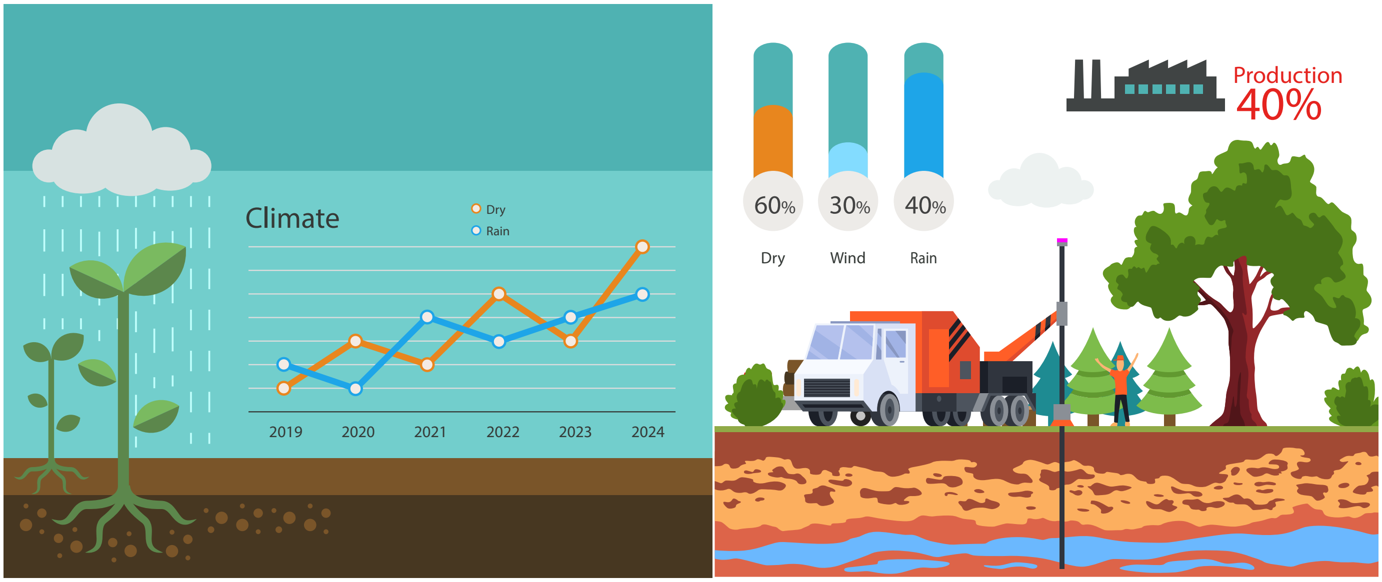
GOVERNANCE SYSTEM

COMPANIES	Mr. S.D.R. Arudpragasam	Mr. C.P.R. Perera	Mr. S.S. Poholiyadde	Mr. Anushman Rajaratnam	Mr. P.M.A. Sirimane	Mr. G.K.B. Dasanayake	Mr. K. Mohideen	Mr. A.M.de.S. Jayaratne
JF Ventures Limited *	✓ C			✓ D	✓ D	✓ D		
Kiffs (Private) Limited *	✓ C			✓ D	✓ D			
Lanka Special Steels Limited *	✓ C				✓ D			
Lankem Agrochemicals Limited *	✓ C			✓ D				
Lankem Cargo Storage Limited *	✓ D			✓ D				
Lankem Chemicals Limited *	✓ C			✓ D				
Lankem Consumer Products Limited *	✓ C			✓ D				
Lankem Exports (Private) Limited *	✓ C							
Lankem Minerals Limited *	✓ C			✓ D	✓ D	✓ D		
Lankem Paints Limited *	✓ C			✓ D				
Lankem Plantation Services Limited *	✓ D							
Lankem Research Limited *	✓ C			✓ D				
Lankem Tea & Rubber Plantations (Pvt) Limited *	✓ C	✓ D	✓ MD	✓ D	✓ D		✓ D	✓ D
Lankem Technology Services Limited *	✓ C							
Maitland & Knox (Private) Limited	✓ D			✓ D				
Mayfield Investments (Private) Limited				✓ D				
Motor Mart Ceylon (Private) Limited *	✓ D			✓ D				
Muller & Phipps (Health Care) Limited (Formerly known as Pettah Pharmacy (Pvt) Ltd) *	✓ C				✓ D			
Nature's Link Limited *	✓ C							
Nutriklim (Ceylon) Limited	✓ D							
Oakley Investments (Private) Limited	✓ D			✓ D				
Property and Investment Holdings (Private) Ltd	✓ D			✓ D				
Rubber & Allied Products (Colombo) Limited *	✓ C	✓ D	✓ D	✓ D	✓ D		✓ D	✓ D
Sherwood Holidays Limited *	✓ C							
Sigiriya Resorts Limited				✓ D				
Sunagro Farms Limited *	✓ C			✓ D				
Sunagro Lifescience Limited *	✓ C			✓ D	✓ D	✓ D		
Sunrise Resorts Limited				✓ D				
Teacom (Private) Limited *	✓ C			✓ D				
Transways (Private) Limited *				✓ D				
Tropical Beach Resorts Limited				✓ D				
Udaveriya Plantations Limited	✓ D			✓ D				
Unicom Clearing and Forwarding (Private) Ltd *	✓ C			✓ D				
Union Commodities (Private) Limited *	✓ C		✓ D	✓ D	✓ D		✓ D	✓ D

COMPANIES	Mr. S.D.R. Arudpragasam		Mr. C.P.R. Perera		Mr. S.S. Poholiyadde		Mr. Anushman Rajaratnam		Mr. P.M.A. Sirimane		Mr. G.K.B. Dasanayake		Mr. K. Mohideen		Mr. A.M.de.S. Jayaratne	
Union Commodities Exports (Pvt) Limited *	✓	C					✓	D								
Union Commodities Teas (Pvt) Limited *	✓	C					✓	D								
Union Group (Private) Limited *	✓	D					✓	D								
Union Investments (Private) Limited *	✓	D					✓	D							✓	D
Voyages Ceylan (Private) Limited *							✓	D								
Waverly Power (Private) Limited *	✓	C	✓	D	✓	D	✓	D	✓	D			✓	D	✓	D
Weligama Hills Limited	✓	D					✓	D								
York Conventions (Private) Limited *							✓	D								
York Hotel Management Services Limited *	✓	C					✓	D								
York Tours Limited *							✓	D								
Sterling Steels (Pvt) Limited (Formerly know as Bluescope Lysaght Lanka (Pvt) Ltd *	✓	C							✓	D						
Kelani Valley Canneries Limited							✓	D								
Sunquick Lanka (Pvt) Limited							✓	D								
Sunquick Lanka Properties (Pvt) Limited							✓	D								
Lanka Agro Plantations Limited							✓	D								
ACL Cables PLC															✓	D
Mireka Capital Land (Pvt) Limited															✓	D
Overseas Realty (Ceylon) PLC															✓	C
Innovest Investments (Pvt) Limited															✓	D
Insite Holdings (Pvt) Ltd			✓	D												
Insite Factories (Pvt) Ltd			✓	D												
Ceylon Tea Brokers PLC			✓	D												
Logicare (Pvt) Limited			✓	D												
Tempest P E Partners (Pvt) Limited			✓	D												
Century Equity Trust Ltd.	✓	C														

Note- The Companies marked with an * are Subsidiaries or Associates of the The Colombo Fort Land & Building Group.

RISK MANAGEMENT SYSTEM



While the risk landscape improved significantly in the financial year 2023-24, compared to the crisis conditions of 2022, the plantation sector in general was exposed to a range on ongoing risks including climate change risks and labour shortage risks, which worsened during the year, as well as commodity price risks, interest rate and exchange rate risks. Kotagala Plantations also faced with a number of financial, operational and other risks specific to the Company. Therefore, risk factors were continually monitored and risk responses were adjusted throughout the year.

Risk	Risk description	Potential impact	Response to risk	Risk rating
SOCIAL CAPITAL				
Taxation	Increased tax payments and impact of deferred tax expenses	High	Planning cash flows for future tax payments	High
Socio-political unrest	Can disrupt company operations and disrupt operations of suppliers	High	The Company possesses synergistic benefits from being in a group which includes a chemical supplier and another Company in plantation business. Healthy relationships are maintained with our suppliers In order to minimise the dependence on a single distribution channel (brokers) the Company has continued to establish its export operations	Decreasing risk
Import restrictions	Import restrictions on fertilizer and agrochemicals, impacted crop outputs, quality	High	By switching to inputs available in the market to sustain the operations	Decreasing risk

Risk	Risk description	Potential impact	Response to risk	Risk rating
Governance/compliance risk	Regulatory compliance lapses can lead to fines and penalties and loss of licenses	High	• All outstanding employee statutory payments were settled. • Monthly reporting, record keeping and monitoring with regards to statutory employee payments, was strengthened. • Monthly HR Audits have been introduced • The Company's legal division also monitors compliance with all regulatory requirements. • Compliance levels with quality assurance standards in factories are being improved.	Low
Policy and regulations	Ban on oil palm cultivation hinders revenue growth Government delays in issuing permits for harvesting timber reduces revenue	High	• Obtained permits in the current financial year to harvest timber	Medium
Energy cost	Rising fuel and electricity costs have increased operating costs	Medium	• Have commenced use of biofuels using uprooted rubber trees as alternative to more expensive liquid fuels We are considering other renewable energy options as well as alternatives for electricity	Decreasing risk
Reputational risk	The credibility of the Company may be impacted due to a range of reasons	Low	• We improved compliance with all national regulations in the current year • We comply with international accreditations • Any customer and supplier complaints are resolved immediately Employee grievances management was improved in the current year • Community health camps were conducted Other community welfare programs are ongoing	Low

RISK MANAGEMENT SYSTEM

Risk	Risk description	Potential impact	Response to risk	Risk rating
FINANCIAL CAPITAL				
Interest rate risk	This is a high risk for the Company although interest rates declined due to debt repayment obligations	High	We negotiate better terms on loans	High
Debt payments	• Repayment of loans Near term debt maturities	High	• Bank loans were restructured for longer tenures • We are negotiating for funding for impending debt payments • We are developing new revenue sources, including the manufacture of refuse tea, branded tea and tourism products to strengthen finances	Low
Foreign exchange risk	The Company may face a shortage of funds due to debt obligations	High	• We maintain tight cashflow controls • Loans and overdraft facilities are arranged with banks to meet planned cash flow commitments	Medium
NATURAL CAPITAL				
Climate change risk	Extreme weather caused rubber outputs to decline and had negative impacts on tea	High	• Over the long term, we will be diversifying out of rubber as climate change impacts will worsen • We have already adopted crop diversification to spread the risk • We plan to expand oil palm in rubber estates • The Company has the option of increasing or decreasing bought crop according to weather patterns • Prudent agriculture practices, such as rain guards for rubber trees and planting of TRI recommended clones and other agri cultural practices are used to minimise drought effects and proactive planning has helped the Company to minimise the risk of adverse weather conditions.	High
Environmental impact risks	Negative impacts on the environment can result in fines and reputational damage	Low	• The company complies with all environmental regulations and inspections The Company complies with additional environmental accreditations	Low
Pests and diseases	Rubber leaf disease caused losses to rubber plantations	Medium	We are using high quality agrochemicals to control this threat	Low

Risk	Risk description	Potential impact	Response to risk	Risk rating
MANUFACTURED CAPITAL				
Commodity market risk	Global commodity price fluctuations impact our earnings	High	• We have adopted a crop diversification strategy to better balance the risks • We are investing in international accreditations to obtain better market access for tea, rubber and timber • We have a full range of high grown and low grown tea and different types of rubber which helps optimize earnings. • We enter into forward contracts with rubber buyers to reduce price fluctuations	High
ICT risks	Loss of data and breakdown of systems due to cyber attacks	Low	• Internal controls on IT safety were reviewed • Back up systems are maintained • Contracts with established agents for licensed software were renewed	Low
Plant and equipment risk	Risk of machinery breakdowns	Low	• Insurance policies for our assets were renewed • Provision is made for assets defects and malfunctions and for obsolescence due to advancements in technology. • We buy from the best suppliers to ensure quality goods • The factories in the estates and other infrastructure are maintained regularly and upgraded when required. Factories are also upgraded under the Rainforest alliance/ ISO standards	Low

RISK MANAGEMENT SYSTEM

Risk	Risk description	Potential impact	Response to risk	Risk rating
HUMAN CAPITAL				
Operational risks	Ineffective processes can lead to low productivity and waste, and prevent achievement of strategic objectives	Medium	• The management structure has been improved • Reporting and monitoring systems are being improved • A productivity committees have been set up with CEOs and all managers • Estate vacancies are reported monthly for quick action • Training is being provided to improve efficiency and productivity and reduce wastage • Quarterly performance evaluations have been introduced for all deputy managers and assistant managers for their estates and divisions • Monthly target setting and reviewing have been improved • The ERP system was improved further for better real time data • The use of the Human Resource Information System is being improved for better administration • Solutions for problems relating to IT/ digitalization, particularly in up country estates due to signal losses, are now being reviewed with the assistance of external expertise.	Low
Industrial disputes	Industrial actions by trade unions	Low	• All outstanding statutory payments were settled • Many initiatives were introduced to engage with employees during the current financial year. Please refer the Human Capital chapter.	Low
Labour losses	Outmigration of estate labour	High	• Employee welfare facilities were improved (Please refer Human Capital chapter for greater details) • Mechanization and automation were expanded	High

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Kotagala Plantations PLC present their Report together with the Audited Financial Statements for the year ended 31st March, 2024. The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007, the Colombo Stock Exchange Listing Rules and are guided by recommended best practices.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW/FUTURE DEVELOPMENTS

The principal activities of the Company are cultivation, manufacture and sale of Tea, Rubber and cultivation and sale of Oil Palm. Chairman's message , Managing Director's review, (LT&RP) operational review of the CEO and review on financial capital describes the performance of the Company during the year with comments on financial results and future developments.

The Directors to the best of their knowledge and belief confirm that the Company and its subsidiary have not engaged in any activities that contravene laws regulations and prudential requirements and that there are no material non-compliances.

FINANCIAL STATEMENTS

The Financial Statements of the Group are given on pages 95 to 161.

AUDITORS' REPORT

The Auditors' Report on the Financial Statements is given on pages 91 to 94.

ACCOUNTING POLICIES

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 100 to 112.

INTEREST REGISTER

DIRECTORS' INTEREST IN TRANSACTIONS

The Directors have made general disclosures as provided for in Section 192 (2) of the Companies Act No. 7 of 2007. Arising from this, details of contracts in which they have an interest are disclosed in Note 31 to the Financial Statements on pages 148 to 151.

During the financial year the Company has not entered into any contracts in which the Directors have had a material interest. Neither the Directors nor their close family members have had any material business relationships with other Directors.

DIRECTORS' INTEREST IN SHARES

The Directors of the Company who have an interest in the shares of the Company have disclosed their shareholdings and any acquisitions/disposals to the Board in compliance with Section 200 of the Companies Act No. 07 of 2007.

Details pertaining to Directors direct shareholdings are set out herein.

Name of Director	No. of Shares as at 31.03. 2024	No. of Shares as at 31.03.2023
Mr. C.P.R. Perera	506,250	506,250
Mr. S.S. Poholiyadde	87,972	7972
Mr. A.M.DeS Jayaratne	50,000	50,000

DIRECTORS' REMUNERATION

The Directors' remuneration in respect of the Group for the Financial Year 2023/2024 is disclosed in Note 7 to the Financial Statements.

CORPORATE DONATIONS

No donations were made during the year.

DIRECTORATE

The names of the Directors who held office during the financial year are given below. Brief profiles of the Directors currently in office appear on pages 32 to 35.

Mr. S.D.R. Arudpragasam - Chairman

Mr. C.P.R. Perera - Deputy Chairman

Mr. S.S. Poholiyadde - Director

Mr. A.M. de S. Jayaratne - Director

Mr. Anushman Rajaratnam - Director

Mr. P.M.A. Sirimane - Director

Mr. G.K.B. Dasanayaka - Director

Mr. K. Mohideen - Director Finance

In terms of Articles 92 and 93 of the Articles of Association Mr. P.M.A. Sirimane retires by rotation and being eligible offers himself for re-election.

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

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

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

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Mr. G K B Dasanayaka who has attained the age of seventy years retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

ENTERPRISE GOVERNANCE

Adoption of good governance practices has become an essential requirement in today's corporate culture. The practices carried out by the Company are given in the Enterprise Governance Statement on pages 64 to75.

AUDITORS

The Financial Statements of the Company for the year have been audited by KPMG, Chartered Accountants, the retiring Auditors who have expressed their willingness to continue as Auditors of the Company and are recommended for reappointment. A resolution to reappoint them and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

The Auditors, KPMG was paid Rs7.4Mn (2022/2023 – Rs.6.7Mn) as audit fees and fees for audit related services by the Company. In addition they were paid Rs.0.3Mn (2022/23 – Rs.0.3 Mn) by the Company as fees for non-audit related work. As far as the Directors are aware the Auditors do not have any relationship (other than that of an Auditor) with the Company. The Auditors do not have any interests in the Company.

REVENUE

The revenue of the Group for the year was Rs.5.0Bn. (2022/23-Rs.5.1Bn) The revenue of the Company for the year was Rs.5.0Bn (2022/23 – Rs. 5.0Bn)

RESULTS

The Group made a Profit before Tax of Rs.331.6Mn (2022/23- Rs.786.5Mn)

The Company made a Profit before Tax of Rs.324.4Mn. (2022/23- Rs. 770.5Mn). The detailed results are given in the Statement of Profit or Loss and Other Comprehensive Income on page 95.

DIVIDENDS

The Board of Directors have not recommended the payment of a dividend on the Ordinary Shares of the Company for the year ended 31st March, 2024.

MANAGING AGENTS & MANAGEMENT FEE

Lankem Tea & Rubber Plantations (Pvt) Limited (LT & RP), a subsidiary of Consolidated Tea Plantations Ltd. (formerly known as Lankem Plantation Holdings Limited,) continue to manage the affairs of the Company. LT & RP did not charge Managing Agent's Fees in the year under review.

INVESTMENTS

Investments made by the Group and the Company are given in Note 15 to the Financial Statements on pages 129 to 134.

PROPERTY, PLANT & EQUIPMENT

During 2023/24 the Group invested Rs. 61.6Mn. in Property, Plant & Equipment. 2022/23-Rs.80.4Mn) Further your Directors are of the opinion that the net amounts at which land and other Property, Plant & Equipment appear in the Statement of Financial Position are not greater than their market value as at 31st March, 2024.

CAPITAL EXPENDITURE - COMPANY

The capital expenditure of the Company during the year amounted to Rs. 222.9Mn (2022/23- Rs.223.5Mn) which includes Rs. 161.3 Mn in replanting expenditure (2022/23-Rs.143.1Mn) Information relating to movements in Property, Plant & Equipment are given in Notes 13 and 14 on pages 121 to 128 to the Financial Statements.

STATED CAPITAL

The Stated Capital of the Company as at 31st March, 2024 was Rs. 1,571,362,510/- and is represented by 338,512,500 Ordinary shares. and 01 Golden Share.

RESERVES

The total reserves of the Group as at 31st March 2024 amounted to Rs.13.7Mn (31st March 2023- Rs. 228.2Mn) comprising General Reserve of Rs. 240.0 Mn. and Accumulated losses of Rs. (817.9 Mn) (31st March 2023– General Reserve- Rs. 240.0 Mn. and Retained Earnings of Rs. (572.6)Mn, Fair Value Reserve of Rs.96.2Mn (31st March 2023 – Rs. 65.5Mn) Foreign Currency translation Reserve - Rs. (11.4Mn.) Mn. (31st March, 2023- Rs. (11.5) Mn. Revaluation Reserve -Rs. 506.9Mn (31st March, 2023- Rs. 506.9 Mn.) The movements are shown in the Statement of Changes in Equity in the financial Statements.

RELATED PARTY TRANSACTIONS

During the financial year there were non-recurrent related party transaction which exceeded the respective thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules. The details are set out in Note 31 to the financial statements. The recurrent related party transactions entered into with related parties are exempt in terms of the Colombo Stock Exchange Listing Rules.

The recurrent related party transactions which exceeded the respective threshold are set out in Note 31 to the financial statements. The Company has complied with the requirements of Listing Rules on Related Party Transactions.

The Related Party Transactions presented in the financial statements are disclosed in Note 31 from pages 148 to 151.

TAXATION

Income Tax expense comprise of current and deferred tax. Income tax expense is recognised in Statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The Inland Revenue (Amendment) Act No. 45 of 2022 was certified by the speaker on 19th December 2022. As per the Amendment Act, the Company is liable to pay tax at the rate of 30% on its taxable profits (2022/23-30%). Prior to 7th July 2022, profit from the business of "Agro processing" and "investment income taxed at the rate of 14% and 24% respectively as per Inland Revenue (Amendment) Act No 10 of 2021. Profit from the business of "Agro Farming" will continued to be exempt from income tax up to 2023/24 under the Inland Revenue (Amendment) Act No.45 of 2022.".

SHARE INFORMATION

Information relating to earnings, dividends, net assets and share trading is given on pages 8, 95, 96, 118 and 168.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

No circumstances have arisen since the Reporting Period that would require adjustment other than those disclosed in Note 30 to the Financial Statements on page 147.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

Capital Commitments and Contingent Liabilities as at the Reporting date are disclosed in Notes 28 and 29 to the Financial Statements on page 147.

EMPLOYMENT POLICY

The Company's recruitment and employment policy is non-discriminatory. The occupational health and safety standards receive substantial attention. Appraisals of individual employees are carried out in order to evaluate their performance and realise their potential. This process benefits the company and the employees. The number of persons employed by the Company at the year end was 6,380 (2022/ 23 – 5,453)

There were no material issues relating to employees and industrial relations during the year ended 31st March 2024.

SHAREHOLDERS

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

STATUTORY PAYMENTS

The statutory payments due in relation to employees and the Government are being paid.

ENVIRONMENTAL PROTECTION

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

INTERNAL CONTROL

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

GOING CONCERN

As noted in the Statement of Directors' Responsibilities on page 83 the Directors have adopted the going concern basis in preparing Financial Statements.

For and on behalf of the Board,

S. S. Poholiyadde
Director

K. Mohideen
Director

By Order of the Board,

Corporate Managers & Secretaries (Private) Ltd.
Secretaries

28th August 2024

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee of the Company consists of the following members;

Mr. A.M. de S. Jayaratne	- Chairman – Independent Non- Executive Director
Mr. C.P.R. Perera	- Member – Independent Non-Executive Director
Mr. S.D.R. Arudpragasam	- Member – Non-Executive Director

The key objective of the Committee is to attract, motivate and retain qualified and experienced personnel and to ensure that the remuneration of executives at each level of management is competitive and are rewarded in a fair manner based on their performance.

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

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

The Remuneration Committee met once during the financial year and all the Members were present at that meeting.

The details on the aggregate remuneration of the Executive and Non-Executive Directors is given in Note 7 to the financial Statements.

A.M. de S. Jayaratne
Chairman
Remuneration Committee

28th August 2024

REPORT OF THE AUDIT COMMITTEE

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

COMPOSITION

The Audit Committee for the financial year ended 31st March, 2024comprised of three Independent Non-Executive Directors of Kotagala Plantations PLC.

The names of the members are set out below:

Mr. A.M. de S. Jayaratne – Chairman
(Independent Non-Executive Director - KPPLC)

Mr. C.P.R. Perera -Member
(Independent Non- Executive Director- KPPLC)

Mr. P.M.A. Sirimane
(Independent Non- Executive Director- KPPLC).

The members have varied experience and financial expertise with a high standing of integrity and business acumen to carry out their role effectively and efficiently. Two of the members are finance professionals including the Chairman.

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

ROLE OF THE AUDIT COMMITTEE

The Committee assists the Board of Directors in fulfilling its oversight responsibility to the Shareholders and other Stakeholders relating to the Company's financial statements and the financial reporting process to ensure that the financial reporting system is in adherence with the Sri Lanka Accounting Standards and other regulatory and statutory requirements. The Committee recommends the Financial Statements to the Board of Directors for its deliberation and issuance. It also reviews the adequacy of internal controls and the business risks. The Committee peruses the operational reviews and assesses the future prospects of the business operations and the fact that the going concern assumption used in the preparation of the Financial Statements is appropriate.

MEETINGS AND ATTENDANCE

The Audit Committee has met on four occasions during the financial year ended 31st March, 2024 and the attendance was as follows;

Mr. A.M. de S. Jayaratne	3/4
Mr. C.P.R. Perera	4/4
Mr. P.M.A. Sirimane	3/4

Other members of the Board and Senior Management Personnel of the Company and the Managing Agents Lankem Tea & Rubber Plantations (Private) Ltd. are invited to the meetings regularly. External Auditors were present at discussions where appropriate. The Proceedings of the Audit Committee are reported to the Board of Directors.

In addition to meetings matters are referred to the Committee and reviewed and recommended by Resolutions in writing.

TERMS OF REFERENCE

The Committee is governed by the specific terms of reference set out in the Audit Committee Charter.

The committee focuses on the following objectives in discharging its responsibilities taking into consideration the terms of reference together with the requirements of the Listing Rules of the Colombo Stock Exchange.

(a) Risk Management

(b) Efficiency of the system of internal controls

(c) Independence and objectivity of the external (statutory) Auditors

(d) Appropriateness of the principal accounting policies used

(e) Financial Statement integrity

RISK MANAGEMENT AND INTERNAL CONTROL

The Directors are responsible for maintaining an effective internal control system and proactive risk management strategy. Internal controls cover both financial and operational matters and risk management to safeguard the assets of the Company . The Risk Management strategy of the Company is on pages 76 and 80 of this Report.

COMPLIANCE

The Committee obtained representations from the senior management personnel of the Company and the Managing Agent, Lankem Tea & Rubber Plantations (Pvt) Ltd on the operations and finance of the Company including the adequacy of provisions made for possible liabilities. Further the Committee has reviewed reports tabled by the Company on the compliance status with regard to relevant financial ,secretarial and statutory requirements.

INTERNAL AUDIT

The Internal Audit division comprises of the Internal Audit Manager and Assistants who report directly to the Executive Directors. They are empowered to examine and review the financial reporting systems, internal control procedures, accounting policies and compliance with accounting standards. It also reviews the adequacy of systems for compliance with legal, regulatory and ethical requirement and company policies.

REPORT OF THE AUDIT COMMITTEE

EXTERNAL AUDIT

The Company has appointed KPMG, Chartered Accountants, as its External Auditors and the services provided by them are segregated between audit/ assurance services and other advisory services. The Committee has reviewed the progress and the conduct of the statutory audit function and discussed the audit-related issues with the Auditors. The Audit Committee has reviewed the non-audit services provided by the External Auditors to the Company to ensure that their Independence as Auditors has not been compromised.

The Audit Committee has determined that KPMG, Auditors are independent on the basis that they do not carry out any management related functions of the Company. The Audit Committee also reviews the professional fees of the External Auditors.

The Committee after evaluating the independence and performance of the External Auditors has recommended to the Board the reappointment of KPMG as Auditors for the financial year ending 31st March,2025 subject to the approval of the Shareholders at the Annual General Meeting.

CONCLUSION

The Audit Committee is satisfied that the accounting policies and operational controls provide reasonable assurance that the Company is managed in accordance with the Group policies and adequate controls are in place to safeguard the Company's Assets.

A.M. de S. Jayaratne
Chairman
Audit Committee

28th August 2024

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee (RPTRC) is entrusted with the responsibility of ensuring compliance with the rules and regulations governing Related Party Transactions for Listed Entities. It focuses on ensuring that the Stakeholders' interests are protected in all related party transactions.

COMPOSITION

The Related Party Transactions Review Committee of Kotagala Plantations PLC comprises of the following members:

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

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

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

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

MEETINGS AND ATTENDANCE

The Related Party Transactions Review Committee has met on four occasions and a Meeting had been held in each quarter during the financial year ended 31st March, 2024 and the attendance was as follows;

Mr. A.M. de S. Jayaratne- Chairman	3/4
Mr. C.P.R. Perera	4/4
Mr. P.M.A. Sirimane	3/4

In addition to these meetings certain related party transactions were referred to the Members of the RPTRC and were reviewed and recommended by Resolutions in Writing.

Other members of the Board and the Management were present at discussions where appropriate. The proceedings of the Related Party Transactions Review Committee are regularly reported to the Board of Directors.

POLICIES, PROCEDURES AND FUNCTIONS OF THE COMMITTEE

The Policies and Procedures adopted by the Related Party Transactions Review Committee when reviewing and recommending transactions are consistent with Section 9 of the Listing Rules of the Colombo Stock Exchange.

The Functions of the Committee are as follows;

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

CONCLUSION

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

The Committee is free to seek external professional advice on matters within their purview when necessary.

The Board of Directors have also declared in the Annual Report that there were non- recurrent related party transactions which exceeded the respective thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules and are disclosed in Note 31 to the Financial Statements. The Board further declares that recurrent related party transactions although exempt which exceeded the respective disclosure threshold are disclosed in Note 31 to the Financial Statements on pages 148 to 151 of the Annual Report. The Company has complied with the requirements of the Listing Rules on Related Party Transactions of the Colombo Stock Exchange.

A.M. de S. Jayaratne
Chairman
Related Party Transactions Review Committee

28th August 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibilities of the Directors in relation to the Financial Statements of the Company are detailed below. The responsibility of the Auditors' in relation to the Financial statements is set out in the Independent Auditors' Report appearing on page 91 to 94.

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

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

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

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

COMPLIANCE REPORT

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

On behalf of the Board

S. S. Poholiyadde Director	**K. Mohideen** Director

Colombo

28th August 2024

ROOTED IN STABILITY

As the year comes to an end, it remains clear that our financial position is rooted within a nutrient-rich composition of success, growth and development. We present a thorough and transparent look at the fruits of our labour, and we preserve the sanctity of fiscal responsibility within our organization.

FINANCIAL INFORMATION

FINANCIAL CALENDAR

Quarterly Financial Statements

03 Months ended 30th June 2023	14th August 2023
06 Months ended 30th September 2023	08th November 2023
09 Months ended 31st December 2023	09th February 2024
12 Months ended 31st March 2024	27th May 2024
Annual Report 2023/24	28th August 2024
31st Annual General Meeting	27th September 2024

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Kotagalala Plantations 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 31st March 2024, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information as set out on pages 95 to 161.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31st March 2024, 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 for professional Accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

01. Management assessment of the Company's ability to continue as Going concern

Risk Description	Our Response
The Company has incurred a net loss of LKR 134 Mn during the year ended 31st March 2024 (2023 - Net Profit of LKR 237 Mn) and Company has accumulated losses of LKR 776 Mn (2023 - LKR 523 Mn). As at 31st March 2024, net current liability is LKR 991 Mn (2023 - LKR 1,219 Mn). The Company has loans and borrowings of LKR 498 Mn (2023 - LKR 322 Mn) due within 12 months from 31st March 2024. However, the Directors of the Company are of the opinion that the going concern assumption is valid in preparation of financial statements, due to future growth potential of the Company. In assessing the Company's ability to continue to operate as a going concern the management prepared a cash flow forecast which required the exercise of significant management judgments. We identified the assessment of the Company's ability to continue as a going concern as a key audit matter because the assessment of going concern is dependent upon certain management assumptions and judgements, in particular in relation to future cash flow forecast and the ability of the Company to obtain external financing, which may be subject to management bias.	Our audit procedures included, • Obtaining and evaluate the appropriateness of management assessment of going concern. • Discussing the detailed cash flow forecasts prepared by management in their model. The main procedures performed on the model and areas where we challenged management were as follows: - Testing the quality of management forecasting by comparing the management forecast for prior period to actual outcomes. - Testing the appropriateness of the assumptions that had the most material impact. In challenging these assumptions, we took account of actual results, external data and market conditions. - Re-performing the management forecasts to verify the arithmetic accuracy of the calculations including those related to management's forecasts. - Performing our own sensitivity calculations to test the adequacy of the available headroom. - Agreeing the sources of liquidity and uses of funds to supporting documentation. • Assessing the adequacy of disclosures in the financial statements (Note 33) in relation to going concern.

INDEPENDENT AUDITOR'S REPORT

02. Measurement of Consumable Biological Assets

Refer to the material accounting policy in Note 3.3.6 and explanatory Note 14.1.3 to the financial statements

The Company has reported consumable biological assets carried at fair value less estimated cost to sell at harvest, amounting to LKR 2,028 Million as of 31st March 2024.

Risk Description	Our Response
The commercially cultivated timber trees on estates managed by the Company classify as consumable biological assets and are measured at each reporting date at fair value less estimated cost to sell at harvest. The valuation of consumable biological assets requires significant levels of judgments and technical expertise in selecting appropriate valuation models and assumptions. Changes in the key assumptions used such as discount rate, estimation of height/girth of trees used to arrive volume of timber and value per cubic foot used for the valuation of consumable biological assets, could have a material impact on the fair value gain or loss for the year and the carrying value of consumable biological assets as of the reporting date. Management engaged a subject matter expert who is an incorporated valuer and a member of The Institute of Valuers of Sri Lanka to perform an independent valuation of the consumable biological assets of the Company as at reporting date. We considered measurement of consumable biological assets as a key audit matter due to the magnitude of the value and significant assumptions and judgments in determining the fair value which could be subject to error or potential management bias.	Our audit procedures included, • Assessing the objectivity, independence, competence, qualifications and experience of subject matter expert engaged by the management. • Physically verification of the actual girth and height pertaining to a selected sample of trees during our estate visits, in order to ascertain the accuracy of the average girth and height used in the valuation report. • Evaluating the key assumptions and methodology used in the valuation, in particular the discount rate, average market price and expected timber content at harvest. • Verifying the mathematical accuracy of the consumable biological asset valuation. • Assessing the adequacy of the disclosures in the Financial Statements, including the description and appropriateness of the inherent degree of subjectivity and the key assumptions.

03. Recoverability of Deferred Tax Assets

Refer to the accounting policy in Note 3.4.2.1.2 and explanatory Note 25 to the financial statements

The Company has recognized deferred tax liability of LKR 1,461 Million on temporary differences which includes accumulated tax losses of LKR 500 Million as at 31st March 2024 which the Company believes recoverable.

Risk Description	Our Response
The recognition of deferred tax assets rely on the exercise of significant judgment by management in respect of assessing the sufficiency of future taxable profits and the probability of such future taxable profit being generated and future reversals of existing taxable temporary differences. The Company has considered the ability to utilize accumulated tax losses in the future based on forecasted taxable profits for a period of next five years from the reporting date. We identified the recognition of deferred tax assets as a key audit matter, because determining the recoverability of deferred tax asset involve forecasting the quantum of the future taxable profits likely to be generated by the Company to offset with accumulated unutilized tax losses as at 31st March 2024.	Our audit procedures included, • Assessing the accuracy of the forecasted future taxable profit by evaluating historical forecasting accuracy from understanding obtained during our audit, including where applicable their consistency with business plans. • Reconciling tax losses and expiry dates to tax statements. • Evaluating the adequacy of the disclosures in the financial statements in accordance with the relevant accounting standards.

04. Retirement Benefit Obligation	
Refer to the material accounting policy in Note 3.5.1 and explanatory Note 23 to the financial statements The Company has recognized retirement benefit obligation of Rs. 821 Million as at 31st March 2024.	
Risk Description	Our Response
The valuation of the Company's retirement benefit obligation requires significant judgment and estimation to be applied across numerous assumptions, including salary increases, staff turnover rate, retirement age and discount rate. Minor changes in those assumptions could have a significant effect on the financial performance and financial position of the Company. Management engaged an independent actuary to assist them in the computation of retirement benefit obligation. We considered the computation of the retirement benefit obligation to be a key audit matter due to the magnitude of the amounts recognized in the financial statements as well as estimation uncertainty involved in determining the amounts.	Our audit procedures included, • Assessing the objectivity, independence, competence, qualifications and experience of subject matter expert engaged by the management. • Testing the samples of the employees' details used in the computation to the human resource records. • Assessing the key assumptions used in the valuation, in particular the discount rate, mortality rates, and future salary increment rate. • Involving internal valuation specialist to verify the accuracy of the retirement benefit obligation. • Assessing the adequacy of the disclosures in financial statements..

OTHER INFORMATION

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

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.

INDEPENDENT AUDITOR'S REPORT

- 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 controls 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 2618.

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka

28th August 2024

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the year ended 31st March	Notes	Group 2024 Rs`000	Group 2023 Rs`000	Company 2024 Rs`000	Company 2023 Rs`000
Revenue	5	5,054,882	5,112,171	4,978,624	5,038,854
Cost of Sales		(4,382,787)	(3,759,372)	(4,323,206)	(3,703,852)
Gross Profit		672,095	1,352,799	655,418	1,335,002
Fair Value Gain on Biological Assets	14.2.1	238,554	100,471	238,554	100,471
Other Operating Income	6	163,010	79,017	164,592	80,455
Administrative Expenses		(374,798)	(371,749)	(366,274)	(365,544)
Finance Income	8	35,414	29,615	25,841	29,615
Finance Cost	8	(406,470)	(409,973)	(393,729)	(409,496)
Share of Profit / (Loss) of equity accounted investee	15.2.1 & 15.2.2	3,836	6,348	-	-
Profit before Income Tax Expense	7	331,641	786,528	324,402	770,503
Income Tax (Expense) / Reversal	9	(458,568)	(533,638)	(458,568)	(533,638)
Profit /(Loss) for the year		(126,927)	252,890	(134,166)	236,865
Other Comprehensive Income / (Expense)					
Items that will not be reclassified to profit or loss					
Actuarial Gain /(Loss) on Retirement Benefit Obligation	23.1	(169,166)	88,492	(169,166)	88,492
Tax effect on prior year revaluation gain	9.1	-	(134,787)	-	(134,787)
Tax effect on Actuarial Gain /(Loss) on Retirement Benefit Obligation	9.1	50,750	(26,548)	50,750	(26,548)
Fair value through OCI Investments - Net Change in Fair Value	15.3.1	30,720	17,025	30,720	17,025
Items that are or may be reclassified subsequently to profit or loss					
Foreign Currency Translation Gain/(loss)		151	(163)	-	-
Other Comprehensive Income / (Expense) for the Year, net of tax		(87,545)	(55,981)	(87,696)	(55,818)
Total Comprehensive Income /(Expense) for the Year		(214,472)	196,909	(221,862)	181,047
Earnings /(Loss) per Share	10	(0.37)	0.75	(0.39)	0.70

The Accounting Policies and Notes on pages 100 to 161 form an integral part of these Financial Statements

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31st March	Notes	Group 2024 Rs`000	Group 2023 Rs`000	Company 2024 Rs`000	Company 2023 Rs`000
ASSETS					
Non Current Assets					
Leasehold Right to Bare Land of JEDB/SLSPC Estates	11	934,048	632,019	934,048	632,019
Immovable Leased Assets of JEDB/SLSPC Estates (Other than Bare Land)	12	653	6,174	653	6,174
Tangible Assets (Other than Mature/Immature Plantations)	13	1,186,009	1,207,030	1,185,874	1,206,782
Biological Assets	14	5,304,417	5,028,865	5,304,417	5,028,865
Investment in Subsidiary	15.1	-	-	20,169	27,485
Investment in Associates	15.2	101,668	97,832	91,442	91,442
Fair value through OCI Investments	15.3	153,601	122,881	153,601	122,881
Total Non Current Assets		7,680,396	7,094,801	7,690,204	7,115,648
Current Assets					
Inventories	16	426,237	527,168	391,047	508,369
Trade & Other Receivables	17	371,063	420,065	348,239	400,259
Fair value gain on growing produce of bearer Biological assets	14.1.2	15,463	20,014	15,463	20,014
Amounts Due from Related Parties	18	8,493	67,624	8,493	102,122
Cash and Cash Equivalents	19	104,376	156,512	94,437	148,684
Total Current Assets		925,632	1,191,383	857,679	1,179,448
Total Assets		8,606,028	8,286,184	8,547,883	8,295,096
EQUITY AND LIABILITIES					
EQUITY					
Capital and Reserves					
Stated Capital	20	1,571,362	1,571,362	1,571,362	1,571,362
General Reserve	20.2	240,000	240,000	240,000	240,000
Foreign currency Translation Reserve	20.3	(11,389)	(11,540)	-	-
Fair value through Other Comprehensive Income Reserve	20.4	96,200	65,480	99,114	68,394
Revaluation Reserve	20.5	506,903	506,903	459,656	459,656
Accumulated Losses		(817,965)	(572,622)	(775,754)	(523,172)
Total Equity		1,585,111	1,799,583	1,594,378	1,816,240
LIABILITIES					
Non Current Liabilities					
Interest Bearing Borrowings	22.1	1,461,510	1,392,787	1,461,510	1,392,787
Retirement Benefit Obligations	23	821,260	598,546	820,752	597,732
Deferred Income	21	308,945	316,081	308,945	316,081
Net Obligation to Lessor of JEDB/SLSPC	24	1,052,318	720,953	1,052,318	720,953
Deferred Taxation	25	1,460,892	1,053,074	1,460,892	1,053,074
Total Non Current Liabilities		5,104,925	4,081,441	5,104,417	4,080,627
Current Liabilities					
Interest Bearing Borrowings	22.2	498,280	321,941	498,280	321,941
Net Obligation to Lessor of JEDB/SLSPC	24	8,606	4,878	8,606	4,878
Income tax payable		-	7,664	-	7,664
Trade & Other Payables	26	1,024,133	1,903,500	981,509	1,896,569
Amounts due to Related Parties	27	335,439	80,795	311,159	80,795
Bank Overdraft	19	49,534	86,382	49,534	86,382
Total Current Liabilities		1,915,992	2,405,160	1,849,088	2,398,229
Total Liabilities		7,020,917	6,486,601	6,953,505	6,478,856
Total Equity and Liabilities		8,606,028	8,286,184	8,547,883	8,295,096
Net Assets per Share (Rs.)		4.68	5.32	4.71	5.37

Figures in brackets indicate deductions.

I certify that the financial statements have been prepared in compliance with the requirements of the Companies Act No.7 of 2007.

The Accounting Policies and Notes on pages 100 to 161 form an integral part of these Financial Statements

G R N Perera
General Manager - Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Approved and signed for and on behalf of the Board of Directors of Kotagala Plantations PLC.

S S Poholiyadde
Director

K. Mohideen
Director

Colombo
28th August 2024

STATEMENT OF CHANGES IN EQUITY

Group	Notes	Stated Capital Rs. `000	General Reserve Rs. `000	Fair value through Other Comprehensive Income Reserves Rs. `000	Foreign currency translation Reserve Rs. `000	Revaluation Reserve Rs. `000	Accumulated Losses Rs. `000	Total Equity Rs. `000
Balance as at 1st April 2022		1,571,362	240,000	48,455	(11,377)	641,690	(887,456)	1,602,674
Total comprehensive income for the Year								
Profit for the Year		-	-	-	-	-	252,890	252,890
Other comprehensive income								
Fair value through OCI Investments - Net Change in Fair Value	15.3.1	-	-	17,025	-	-	-	17,025
Tax effect on Revaluation Gain		-	-	-	-	(134,787)	-	(134,787)
Translation differences arising on Foreign operations		-	-	-	(163)	-	-	(163)
Actuarial Gain on Retirement Benefit Obligation	23.1	-	-	-	-	-	88,492	88,492
Tax effect on Actuarial Gain on Retirement Benefit Obligation		-	-	-	-	-	(26,548)	(26,548)
Total comprehensive income/(expense) for the Year		-	-	17,025	(163)	(134,787)	314,834	196,909
Balance as at 31st March 2023		1,571,362	240,000	65,480	(11,540)	506,903	(572,622)	1,799,583
Balance as at 1st April 2023		1,571,362	240,000	65,480	(11,540)	506,903	(572,622)	1,799,583
Total comprehensive income for the Year								
Profit for the Year		-	-	-	-	-	(126,927)	(126,927)
Other comprehensive income								
Fair value through OCI Investments - Net Change in Fair Value	15.3.1	-	-	30,720	-	-	-	30,720
Translation differences arising on Foreign operations		-	-	-	151	-	-	151
Actuarial Loss on Retirement Benefit Obligation	23.1	-	-	-	-	-	(169,166)	(169,166)
Tax effect on Actuarial Loss on Retirement Benefit Obligation		-	-	-	-	-	50,750	50,750
Total comprehensive income/(expense) for the Year		-	-	30,720	151	-	(245,343)	(214,472)
Balance as at 31st March 2024		1,571,362	240,000	96,200	(11,389)	506,903	(817,965)	1,585,111

The Accounting Policies and Notes on pages 100 to 161 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY

Company	Notes	Stated Capital Rs. `000	General Reserve Rs. `000	Fair value through Other Comprehensive Income Reserves Rs. `000	Revaluation Reserve Rs. `000	Accumulated losses Rs. `000	Total Equity Rs. `000
Balance as at 1st April 2022		1,571,362	240,000	51,369	594,443	(821,981)	1,635,193
Total comprehensive income for the Year							
Profit for the Year		-	-	-	-	236,865	236,865
Other comprehensive income							
Net changes in fair value of fair value through OCI investments	15.3.1	-	-	17,025	-	-	17,025
Tax effect on prior year revaluation gain adjustment		-	-	-	(134,787)	-	(134,787)
Actuarial gain on Retirement Benefit Obligation	23.1	-	-	-	-	88,492	88,492
Tax effect on Actuarial gain on Retirement Benefit Obligation		-	-	-	-	(26,548)	(26,548)
Total comprehensive income for the Year		-	-	17,025	(134,787)	298,809	181,047
Balance as at 31st March 2023		1,571,362	240,000	68,394	459,656	(523,172)	1,816,240
Balance as at 1st April 2023		1,571,362	240,000	68,394	459,656	(523,172)	1,816,240
Total comprehensive income for the Year							
Profit for the Year		-	-	-	-	(134,166)	(134,166)
Other comprehensive income							
Net changes in fair value of fair value through OCI investments	15.3.1	-	-	30,720	-	-	30,720
Actuarial Loss on Retirement Benefit Obligation	23.1	-	-	-	-	(169,166)	(169,166)
Tax effect on Actuarial Loss on Retirement Benefit Obligation		-	-	-	-	50,750	50,750
Total comprehensive income/(expense) for the Year		-	-	30,720	-	(252,582)	(221,862)
Balance as at 31st March 2024		1,571,362	240,000	99,114	459,656	(775,754)	1,594,378

The Accounting Policies and Notes on pages100 to 161 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

For the year ended 31st March	Notes	Group 2024 Rs`000	Group 2023 Rs`000	Company 2024 Rs`000	Company 2023 Rs`000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before Income Tax Expense		331,641	786,528	324,402	770,503
Adjustments for :					
Depreciation/Amortisation	11/12/13/14	307,281	287,491	307,167	289,695
Fair Value Gain of Biological Assets	14.2.1	(238,554)	(100,471)	(238,554)	(100,471)
Profit on Disposal of Property, Plant and Equipment	6	-	(14,650)	-	(14,650)
Provision for impairment of inventories	7	14,654	2,951	14,654	2,951
Provision for impairment of other receivables	7	11,002	-	11,002	-
Interest Income	8	(18,842)	(19,862)	(9,269)	(19,862)
Interest Expense	8	404,326	397,663	391,585	397,186
Exchange (gain) / Loss	8	(14,428)	2,557	(14,428)	2,557
Reversal for impairment of amounts due from related parties	18	(4,253)	(5,331)	(2,338)	(4,659)
Provision for impairment of Investment in Subsidiaries	15.1.1	-	-	7,316	1,545
Write-off on CWIP	13	-	29,732	-	29,732
Provision for Retirement Benefit Obligation	23.1	143,480	139,037	143,078	138,934
Share of Profit of Equity Accounted Investee	15.2	(3,836)	(6,348)	-	-
Amortization of Grants	21	(14,699)	(14,406)	(14,699)	(14,406)
Operating Profit before working capital changes		917,772	1,484,891	919,916	1,479,055
(Increase)/Decrease in Inventories	16	86,277	(234,509)	102,668	(220,446)
(Increase)/Decrease in Trade & Other Receivables	17	35,019	(99,556)	41,018	(91,629)
(Increase)/Decrease in Amounts Due from Related Parties	18	66,365	(21,414)	95,967	(42,125)
Increase/(Decrease) in Trade & Other Payables	26	(449,388)	(138,189)	(485,020)	(140,894)
Increase/(Decrease) in Amounts Due to Related Parties	27	254,644	10,447	230,364	10,447
Cash Generated from Operations		910,689	1,001,670	904,913	994,408
Interest Paid		(317,604)	(372,179)	(304,863)	(371,705)
Tax paid		-	-	-	-
Gratuity Paid	23	(89,872)	(111,180)	(89,224)	(111,180)
Net Cash from/ (Used in) Operating Activities		503,213	518,311	510,826	511,523
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	8	18,842	19,862	9,269	19,862
Purchase of Property, Plant and Equipment	13	(61,633)	(80,440)	(61,633)	(80,440)
Investment in Immature Plantations	14.1.1	(161,339)	(143,054)	(161,339)	(143,054)
Proceeds from Disposal of Property, Plant & Equipment	6	-	14,650	-	14,650
Net cash used in Investing Activities		(204,130)	(188,982)	(213,703)	(188,982)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments of lease rentals	24	(514,571)	(143,749)	(514,571)	(143,749)
Proceeds from Long Term Borrowings	22.4	731,207	170,467	731,207	170,467
Grant received	21	7,563	2,355	7,563	2,355
Transferred from Overdraft	22.4	-	676,752	-	676,752
Repayments of Long Term Borrowings	22.4	(464,724)	(408,618)	(464,724)	(408,618)
Repayment of Debenture	22.3	(73,997)	(73,997)	(73,997)	(73,997)
Net Cash from/(used in) Financing Activities		(314,522)	223,210	(314,522)	223,210
Net Increase/(Decrease) in Cash and Cash Equivalents		(15,439)	552,539	(17,399)	545,751
Cash and cash equivalents at the beginning of the year		70,130	(482,572)	62,302	(483,449)
Effect of exchange rate changes		151	163	-	-
Cash and Cash Equivalents at the end of the year	19	54,842	70,130	44,903	62,302
Note A - Analysis of cash and cash equivalents					
Cash at Bank and Cash in Hand		104,376	156,512	94,437	148,684
Bank Overdraft		(49,534)	(86,382)	(49,534)	(86,382)
		54,842	70,130	44,903	62,302

The Accounting Policies and Notes on pages 100 to 161 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1. Domicile and Legal Form

Kotagala Plantations PLC is a limited liability Company incorporated and domiciled in Sri Lanka, under the Companies Act No. 17 of 1982 (reregistered under the Companies Act No. 7 of 2007) in terms of the provisions of the Conversion of Public Corporation and Government Owned Business Undertaking into Public Companies Act No. 23 of 1987. The registered office of the Company is located at No 53-1/1, Sir Baron Jayathilaka Mawatha, Colombo 01 and Plantations are situated in the planting districts of Nuwara Eliya and Kalutara.

1.2. Historical Background

The Company was formed on 22nd June 1992 under the Companies Act No. 17 of 1982 (reregistered under the Companies Act No. 7 of 2007) in terms of the provisions of the conversion of Corporations and Government Owned Business Undertakings in to Public Companies Act No. 23 of 1987, to take over the plantations which were owned and Managed by Janatha Estate Development Board (JEDB) and the Sri Lanka Estate Plantation Corporation (SLSPC) both of which owned and managed a number of plantations and estates.

1.3. Parent and Ultimate Parent Company

The Group's immediate parent undertaking is Consolidated Tea Plantations Limited (previously known as Lankem Plantation Holdings Limited) which is incorporated in Sri Lanka as a limited liability Company, and the ultimate parent of the group is The Colombo Fort Land and Building PLC.

1.4. Principal Activities and Nature of Operations

The principal activity of the Group was the cultivation, manufacture and sale of Tea, Rubber and cultivation and sale of Oil Palm.

There were no significant changes in the nature of the principal activities of the Group during the financial year under review.

1.5. Number of Employees

The number of employees at the end of the year was 6,380 (2022/23-5,456). There were no material issues pertaining to employees and industrial relations for the year ended 31st March 2024.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The financial statements of the Group comprise of Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows together with the material Accounting Policies and Notes to the Financial Statements.

The Financial Statements of the Group have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) and in compliance with the requirements of Companies Act No. 7 of 2007 and Sri Lanka Accounting and Auditing Standards Act No.15 of 1995.

Where appropriate, specific policies are explained in the succeeding notes.

2.2. Responsibilities for financial statements and approval of financial statements

The Board of Directors are responsible for preparation and presentation of these financial statements. The Group did not adopt any inappropriate accounting treatment, which is not in compliance with the requirements of the SLFRSs and LKASs, regulations governing the preparation and presentation of the financial statements.

The Directors' responsibility over financial statements for the year ended 31 March 2024 is set out in detail in the Statement of Directors' Responsibility.

The financial statements of the Group for the year ended 31st March 2024 were authorized for issue in accordance with a resolution of the Board of Directors on 28th August 2024.

2.3 Basis of Measurement

The Financial Statements have been prepared on historical cost basis except for the following material items in the Statement of Financial Position:

- Consumable Mature Biological Assets are measured at fair value less costs to sell per - (LKAS 41 - Agriculture) - Note 14.1.3
- Liability for Retirement Benefit Obligation is recognized as the present value of the defined benefit obligation based on actuarial valuation per (LKAS 19 - Employee Benefits) - Note 23
- Agriculture produce harvested from biological assets are measured at fair value per (LKAS 41 - Agriculture) - Note 14.1.2
- Fair value through OCI investments are measured at fair value per (SLFRS 09 – Financial Instruments) - Note 15.3
- Class of Buildings and land improvement under Property, Plant and Equipment is valued under Revaluation model per (LKAS 16 - Property, Plant and Equipment) - Note 13.5

2.4. Functional and Presentation Currency

Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional and presentation currency. All financial information presented in Sri Lankan Rupees has been given to the nearest thousand, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard LKAS 1 on 'Presentation of Financial Statements'.

2.5. Presentation of Financial Statements

The assets and liabilities of the Group presented in the statement of financial position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

2.6. Materiality and aggregation

Each material class of similar items are presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by LKAS 1 – "Presentation of Financial Statements" and amendments to the LKAS 1.

Financial assets and financial liabilities are offset and the net amount report in the statement of financial position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on net basis, or to realize the assets and settle the liability simultaneously. Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group and the Company. Understandability of the financial statements are not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.7. Use of Estimates and Judgements

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards (LKASs) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual experience and results may differ from these judgements and estimates.

Estimates and underlying assumption are reviewed on an ongoing basis. Revision to accounting estimates are recongnised in the period in which the estimates are revised and in any future period affected.

Information about critical estimates and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following Notes:

Note 13 – Tangible assets other than biological assets

Note 14.1.3 – Consumable biological assets

Note 14.1.2 - Produce on bearer Biological Assets

Note 3.3.8 - Impairment on non-financial assets.

Note 3.5.2/3.5.3/28/29 - Provisions for liabilities, commitments, and contingencies

Note 24 – Lease liability to SLSPC/JEDB

Note 3.5.1/23 – Retirement benefit obligations

Note 3.4.2.1.2/25 – Deferred tax assets

2.8. Measurement of fair values

A number of Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. "Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. Several of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

When measuring fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Level 1 : inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 : inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 : inputs are inputs that are not based on observable market data (unobservable inputs).

If inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Where applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

2.8.1 Fair value of non-financial assets

The fair value used by the Group in the measurement of non-financial assets is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market that is accessible by the Group for the asset or liability.

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

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

NOTES TO THE FINANCIAL STATEMENTS

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.

2.9 Changes in material accounting policies

The Company and Group adopted Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2) from 1st April 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

2.9.1. Deferred tax related to assets and liabilities arising from a single transaction

The Company and the Group have adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12) from 1st April 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g., leases. For leases, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented. The Company and Group previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Company and Group have recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of LKAS 12. There was also no impact on the opening retained earnings as at 1st April 2023 as a result of the change.

3. MATERIAL ACCOUNTING POLICIES

The Company and Group have consistently applied the accounting policies to all periods presented in these financial statements, except if mentioned otherwise. Comparative information including quantitative, narrative, and descriptive information is disclosed in respect of the previous period in the Financial Statements to enhance the understanding notes to the financial statements For the year ended 31st March 2024 of the current period's financial statements and to enhance the inter period comparability. The presentation and classification of the financial statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

3.1. Changes in Accounting Policies

The Company and the Group have consistently applied the following accounting policies to all periods presented in these financial statements.

3.1.1 Basis of Consolidation

The Financial Statements of the Company and Group comprise the Financial Statements of the Company and its Subsidiaries for the year ended 31st March 2024.

3.1.1.1 Business Combinations

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

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment

Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards). then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination, This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

3.1.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of the subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

The consolidated financial statements are prepared to a common financial year end of 31st March.

3.1.1.3 Non-Controlling Interests (NCI)

NCIs are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a Subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.1.1.4 Loss of control

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

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

3.1.1.5 Transactions eliminated on Consolidation

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.1.1.6 Investment In Associates

An Associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not have any control or joint control over those policies

At the date of acquisition, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate is recognized as goodwill. The goodwill is included within the carrying amount of the investment.

The results and assets and liabilities of associates are incorporated in the Consolidated Financial Statements using the equity method of accounting. Under the equity method, investments in associates are carried in the Consolidated Statement of Financial Position at cost and adjusted for post-acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of the investment.

The Group's share of profit or losses after tax are recognized in the consolidated income statement.
Loss of an associate in excess of the Group's interest in that associate are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3.2. Foreign Currency Translations

Transactions in foreign currencies are translated to Sri Lankan Rupees at the exchange rates prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Sri Lankan Rupees at the exchange rates at that date.

The foreign currency gain or loss on monetary items is the difference between the amortised cost in Sri Lankan Rupees at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities which are stated at historical cost denominated in foreign currencies are translated to Sri Lankan Rupees at the exchange rate at the dates of the transactions. Non-monetary assets and liabilities that are stated at fair value, denominated in foreign currencies are translated to Sri Lankan Rupees at the exchange rate that the fair value was determined. Foreign exchange differences arising on translation are recognized in Comprehensive Income.

3.3. Assets and Bases of their Valuation

Assets classified as Current Assets in the Statement of Financial Position are Cash and Bank balances and those which are

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expected to be realized in cash during, the normal operating cycle of the Company's business, or within one year from the reporting date whichever is shorter. Assets other than current assets are those which the Company intends to hold beyond a period of one year from the reporting date.

3.3.1 Financial Instruments

3.3.1.1 Recognition and Initial Measurement

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

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

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

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial Assets – Business Model Assessment

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

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

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

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

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

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

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

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

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

Additionally, for a financial asset acquired at a discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3.3.1.2 Financial liabilities

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

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

Financial assets - Subsequent measurement and gains and losses:

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3.3.1.3 Derecognition

Financial assets

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

Financial liabilities

The Group and the Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.3.1.4 Impairment – Financial assets

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 180 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market tor a security because of financial difficulties.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets.

For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group 's procedures to recovery of amounts due.

3.3.2 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 their fair value, and are used by the Group and the Company in the management of its short term commitments

Bank overdrafts are shown under current liabilities. For the purpose of Cash Flow Statement, cash and cash equivalents consist of cash in hand and deposits in Groups net of outstanding Group overdrafts. Interests paid and received are classified as operating cash flows for the purpose of presentation of Cash Flow Statement. The cash flow Statement reported is based on indirect method.

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3.3.3 Right of Use Asset

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

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

Depreciation Expenses

Depreciation expenses has been charged to income statement under other operating and administration expenses.

Lease Liabilities

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

Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option or if there is a revised in-substance fixed lease payment

Interest expenses on lease liabilities

Interest expense is calculated by using the effective interest rate method and is recognised as finance expenses in the Income Statement.

Presentation of ROU asset and lease liabilities

The Group presents right-of-use assets that do not meet the definition of investment property in separate line as Leasehold Right to Bare Land of JEDB/SLSPC Estates and Immovable Leased Assets of JEDB/SLSPC Estates (Other than Bare Land) lease liabilities within Net Obligation to Lessor of JEDB/SLSPC in the Statement of Financial Position

Short term leases and leases of low-value assets

The Group has elected not to recognize right of use assets and lease liabilities for short term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight – line basis over the lease term.

3.3.4 Property Plant and Equipment

3.3.4.1 Recognition and Measurement

The Property, Plant and Equipment except Buildings and land improvements are recorded at cost less accumulated depreciation and impairment losses.

The cost of Property, Plant and Equipment is the cost of purchase or construction together with any expenses incurred in bringing the assets to its working condition for its intended use. Expenditure incurred for the purpose of acquiring, extending or improving assets of permanent nature by means of which to carry on the businesses or to increase the earning capacity of the business has been treated as capital expenditure. The cost of property, plant and equipment is the cash price equivalent at the recognition date.

The carrying values of property plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

A revaluation of buildings and land improvements is done when there is a substantial difference between the fair value and the carrying amount of the Buildings, and is undertaken by professionally qualified valuers every 5 years.

Increases in the carrying amount on revaluation are credited to the revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same individual asset are charged against revaluation reserve directly in equity. All other decreases are expensed in profit and loss.

Subsequent Costs/ Replacement of Parts.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefit embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised.

The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

When revalued assets are disposed, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

3.3.4.2 Depreciation and Amortization

Depreciation

Provision for depreciation is calculated by using a straight-line method on the cost or valuation of all property, plant and equipment, in order to write off such amounts over the estimated useful economic life of such assets. The leased assets are depreciated over the shorter of the lease term and their useful lives.

Owned Assets	Useful Life (Years)
Buildings & Land Improvements	40
Plant & Machinery	13 1/3
CTC Machinery	20
Furniture & Fittings	10
Motor Vehicles	5
Equipment	8
Water Projects & Sanitation	20

Mature Plantations	Useful Life (Years)
Tea	33 1/3
Rubber	20
Oil Palm	20

Assets of JEDB/ SLSPC Estates	Useful Life (Years)
Bare Land	53
Buildings	25
Plant & Machinery	15
Land Development Cost	30
Water Supply Scheme	30
Mature Plantations	
Tea & Rubber	30
Others	25

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

Leased assets are depreciated over the shorter of the leased term and their useful lives. The useful life, residual values and depreciation methods of assets are reviewed, and adjusted if required, at the end of each financial year.

3.3.4.3 Leased Assets

Property, Plant and Equipment on finance leases, (which effectively transfer substantial risks and benefits incidental to ownership of the leased item) are capitalized at their cash price, and depreciated/amortized over the period the Group is expected to benefit from the use of the leased assets. The corresponding principal amount payable to the lessor is shown as a liability. The interest element of the rental obligation applicable to each financial year is charged to the Statement of Comprehensive Income over the period of the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The cost of improvements to the leased property is capitalized and depreciated over the unexpired period of the lease or the estimated useful lives of the improvements whichever is shorter.

3.3.4.3.1 Permanent Land Development Costs

Permanent land development costs are those costs incurred to make major changes to land contours to build new access roads and other major infrastructure development. Such expenditure on leasehold land has been capitalized and amortized over the remaining lease period. Permanent impairments to land development costs are charged to the Statement of Comprehensive Income in full or reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

3.3.4.3.2 Capital work-in-progress

The cost of capital work-in-progress is the cost of purchase or construction together with any related expenses thereon. Capital work-in-progress is transferred to the respective asset accounts at the time of first utilisation or at the time the asset is commissioned.

3.3.4.3.3 Limited Life Land Development Costs

(Immature and Mature Plantations)

The cost of new planting, replanting, inter-planting and crop diversification incurred between the time of field development and being ready for commercial harvesting are classified as immature plantations. Further, the general charges incurred on the

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plantation are apportioned on the labor days spent on respective replanting and new planting and capitalized on the immature areas. The remaining portion of the general charges is charged to the Statement of Comprehensive Income in the year in which it is incurred.

No depreciation is provided for immature plantation. The total expenditure incurred on perennial crops (Tea Rubber and Oil Palm) which come into bearing during the year have been transferred to mature plantations and depreciated over its useful lifetime.

No depreciation has been charged on mature plantations in the year of transfer. Permanent impairments to land development costs are charged to the Statement of Comprehensive Income in full or reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

3.3.4.3.4 Infilling Cost

Where Infilling results in an increase in the economic life of the relevant field beyond its previously assessed standard of performance, the costs are capitalized and depreciated over the useful life at rates applicable to mature plantations. Infilling costs that are not capitalized have been charged to the Statement of Comprehensive Income in the year in which they are incurred.

3.3.6 Biological Assets

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

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

Consumable biological assets include managed timber those that are to be harvested as agricultural produce or sold as biological assets.

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

The bearer biological assets are measured at cost less accumulated depreciation and accumulated Impairment losses, if any, in terms of LKAS 16- Property Plant and Equipment as per the ruling issued by the Institute of Chartered Accountants of Sri Lanka.

The managed timber is measured on initial recognition and at the end of each reporting periods at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the Impact on biological transformation of such plants to price during this period is immaterial. Timber trees are measured at fair value at date of reporting by the management or by an independent professionally qualified valuer if the board of directors determines necessary. All details of the valuation and the assumptions are given in note 14.1.3 to the financial statements.

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

The Group recognizes its agricultural produce prior to harvest separately from its bearer plants. In accordance with LKAS 41, Company recognize agricultural produce growing on bearer plants at fair value less cost to sell. Change in the fair value of such agricultural produce recognized in profit or loss at the end of each reporting period. For this purpose, quantities of harvestable agricultural produce ascertained based on harvesting cycle of each crop category by limiting to one harvesting cycle based on last day of the harvest in the immediately preceding cycle. Further 50% of the crop in that harvesting cycle considered for the valuation.

The volume of produce growing on bearer plants are measured considering the estimated crop of the last harvesting cycle of the year as follows:- Tea -three days crop (50% of 6 days cycle), Oil Palm -five days crop (50% of 10 days cycle) and Rubber - one day crop (50% of 2 days cycle). Produce that grows on mature bearer plantations are measured at fair value less cost of harvesting and transport. The fair value of the un-harvested green leaves is measured using the using the bought leaf formula recommended by the Sri Lanka Tea Board, the fair value of the un-harvested fresh fruit bunches (FFB) of Oil Palm is measured using the Bought Mill Price and the Rubber crop is fair valued using 95% of RSS 1 Price.

3.3.7 Inventories

Inventories other than produce stocks are valued at the lower of cost and estimated net realizable value, after making do allowance for obsolete and slow-moving items.

Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for cost of realisation and/or cost of conversion from their existing state to saleable condition. Cost is arrived as follows, Input Material At actual cost on FIFO basis. Growing Crop Nurseries At the cost of direct materials, direct labour, and an appropriate proportion of directly attributable overheads less provision for overgrown plants. Spares and Consumables At actual cost on FIFO basis. Produce Stocks Valued on the basis of estimated realisable price/since realised price or cost.

Nursery cost includes the cost of direct materials, direct labor and an appropriate proportion of directly attributable overheads.

3.3.8 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 the higher of an asset's or cash generating units (CGU) fair value less costs to sell and its value in use.

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, 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.

3.4 Revenue and Expenditure Recognition

3.4.1 Revenue Recognition

The Group generates revenue primarily from the sale of tea, rubber and other agricultural produce. The revenue is recorded at invoice value net of brokerage, sale expenses and other levies related to revenue. The Group recognises revenue when it transfers control over good or service to a customer.

The Group considers sale of tea, rubber and other agricultural produce as one performance obligation and recognises revenue when it transfers control to the customer.

Disaggregation of Revenue

The entity disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. The Group's revenue comprises of sale of tea, rubber and other agricultural produce and no disaggregation is required.

The following specific criteria are used for recognition of revenue:

a) In keeping with the practice in the Plantation Industry, revenue on Perennial crops are recognized in the financial period of harvesting. Revenue is recorded at invoice value net of brokerage, sale expenses and other levies related to revenue.

b) Gains or losses of a revenue nature have been accounted for in the Statement of Profit or Loss.

c) Interest income is recognised on accrual basis.

d) Other income is recognised on accrual basis.

3.4.2 Expenditure Recognition

a) All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in state of efficiency has been charged to the Statement of Comprehensive Income in arriving at the profit/(loss) for the year.

b) For the purpose of presentation of Statement of Comprehensive Income, the Directors are of the opinion that function of expenses method presents fairly the elements of the enterprise's performance and, hence such presentation method is adopted.

3.4.2.1 Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

The Group has determined that interest and penalties related to income taxes including uncertain tax treatments do not meet the definition of income tax and therefore accounted for them under LKAS 37 provisions, contingent liabilities, and contingent assets.

3.4.2.1.1 Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017. Relevant details are disclosed in note 9 to the Financial Statements.

3.4.2.1.2 Deferred Tax

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

Deferred tax assets and liabilities are recognised for all temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits 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 credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each Reporting date and reduced to the extent that it

NOTES TO THE FINANCIAL STATEMENTS

is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the Reporting date. Income tax relating to items recognized directly in equity is recognised in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.4.2.2 Borrowing Cost

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the specific asset. Borrowing Costs that are not capitalised are recognised as expenses in the period in which they are incurred and charged to the Statement of Comprehensive Income. Borrowing costs incurred in respect of loans that are utilised for field development activities have been capitalized as a part of the cost of the relevant Immature Plantation. The capitalisation will cease when the crops are ready for commercial harvest. The amount so capitalised and the capitalisation rates are disclosed in the notes to the financial statements.

3.4.2.3 Earnings/ (Loss) Per Share (EPS)

The Group presents Basic Earnings / (Loss) per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

3.5 Liabilities and Provision

3.5.1 Retirement Benefits to Employees

3.5.1.1 Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Retiring Gratuity

The Retirement Benefit Plan adopted is as required under the Payment of Gratuity Act No. 12 of 1983. This item is grouped under Retirement Benefit Obligation in the Statement of Financial Position.

Provision for Gratuity on the employees of the Group is on an actuarial basis using the Projected Unit Credit Method (PUC Method) as recommended by Sri Lanka Accounting Standard 16 (Revised 2006), "Employee Benefits" which became effective from the financial year commencing after 1st July 2007. The Company continues to use actuarial method under Sri Lanka Accounting Standard 19, "Employee Benefits" effective from the financial year commencing on 1st January 2012.

A provision is recognized in the Statement of Financial Position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

The Group adopted LKAS 19 "Employee Benefits"(Revised in 2013) with effect from 1st January 2013 in accordance with the transitional provisions in the standard and changed its basis for determining the income or expense related to defined benefit plans;

The Group recognizes all the re-measurements of the net defined benefit liability in other comprehensive income. Re measurements of the net defined benefit liability comprise an actuarial gain or loss.

The liability is not externally funded. However according to the Payment of Gratuity Act No. 12 of 1983, the liability for payment to an employee arises only after the completion of 5 years continued services.

The Board of Directors of the Group confirm that, only the following number of permanent employees are entitled for retiring gratuity as at 31st March 2024 as per the provisions set out in the Payment of Gratuity Act No. 12 of 1983.

Description	Nos
Staff	464
Workers	5,916
Total	6,380

Defined Contribution Plans – EPF, ESPS, CPPS, ETF

All employees who are eligible for defined Provident Fund Contributions (EPF, ESPS and CPPS) and Employees Trust Fund Contributions are covered by relevant contributory funds in line with respective statutes.

3.5.2 Provisions

A provision is recognised in the Consolidated Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.5.3 Capital Commitments and Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by occurrence or non-occurrence uncertain future events not wholly within the control of the Group or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not accounted in the Statement of Financial Position but are disclosed unless they are remote.

Capital commitments and contingent liabilities of the Group are disclosed in the respective Notes to the Financial Statements.

3.5.4 Non-derivative Financial Liabilities

3.5.4.1 Classification, Subsequent measurement and Gain and Losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for- trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.5.4.2 Derecognition

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

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.5.4.3 Other Liabilities

Other Liabilities are stated at their cost

3.5.5 Deferred Income

Grants and subsidies are credited to the Statement of Comprehensive Income over the periods necessary to match them with the related costs, which they are intended to be compensated on a systematic basis. Grants related to Property, Plant and Equipment, including non-monetary grants at fair value is deferred in the Statement of Financial Statement and credited to the Statement of Comprehensive Income over the useful life of the related assets. Grants related to income are recognised in the Statement of Comprehensive Income in the period in which it is receivable.

3.6 Segmental reporting

A Segment is a distinguishable component of the Group that is engaged in providing services, which is subject to different risks and rewards.

The Group's core business is manufacturing and sale of Tea and this line of business accounts for the entire operation of the Group.

The Group's business is located in different geographical locations where the risks and rewards related to each segment could be identified. Revenue and expenses directly attributable to each segment are allocated intact to the respective segments. Revenue and expenses not directly attributable to a segment are allocated on the basis of their resource utilisation wherever possible.

Assets and Liabilities directly attributable to each segment are allocated intact to the respective segments. Assets and Liabilities, which are not directly attributable to a segment, are allocated on a reasonable basis whenever possible.

3.7 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "indirect method". Interest paid is classified as operating cash flows, interest and dividends received and government grants received are classified as investing cash flows while dividends paid is classified as financing cash flows for the purpose of presenting the Statement of Cash Flows.

3.8 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether or not a price is being charged. A detailed Related Party Transaction analysis is presented in Note 31.

3.9 Comparative Information

The presentation and classification of the financial statement of the previous year have been amended, where relevant for the better presentation and to be comparable with those of the current year and to be inline with the Group presentation

NOTES TO THE FINANCIAL STATEMENTS

The Company reclassified certain period fitures in the statement of profit or loss as described below.

Group

Financial Statement Captions	Amount prior to reclassification (Rs.000)	Reclassification (Rs.000)	Reclassified Amount (Rs.000)
Revenue	5,019,404	92,767	5,112,171
Cost of sales	(3,737,858)	(21,514)	(3,759,372)
Other income	150,270	(71,253)	79,017

Company

Financial Statement Captions	Amount prior to reclassification (Rs.000)	Reclassification (Rs.000)	Reclassified Amount (Rs.000)
Revenue	4,946,087	92,767	5,038,854
Cost of sales	(3,682,338)	(21,514)	(3,703,852)
Other income	151,708	(71,253)	80,455

3.10 Events Occurring After the Reporting Period

Events after the reporting period are those events, favourable and unfavourable, occurring between the end of the reporting period and the date when the Financial Statements are authorised for issue. The materiality of the events occurring after the reporting period is considered and appropriate adjustments or disclosures are made in the Financial Statements, where necessary.

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

A number of new accounting standards are effective for annual periods beginning after and earlier application is permitted. However, the Group has not early adopted the following new or amended accounting standards in preparing these consolidated statements.

- Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to LKAS 1)

  The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1st January 2024.

- Suppliers Finance Arrangements (Amendments to LKAS 7 and SLFRS 7)

  The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the affects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments apply for annual periods beginning on or after 1st January 2024.

- Other Accounting Standards

  The following new and amended accounting standards are not expected to have a significant impact on the Group's consolidated financial statements.

  - Lease Liability in a Sales and Leaseback (Amendments to SLFRS 16)
  - Lack of Exchangeability (Amendments to LKAS 21)

The following new and amended accounting standards are not expected to have a significant impact on the financial statements.

- Lease Liability in a Sale and Leaseback (Amendments to SLFRS 16)

- Lack of Exchangeability (Amendments to LKAS 21)

- SLFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information

- SLFRS S2 - Climate Related Disclosures

For the year ended 31st March	Group 2024 Rs`000	Group 2023 Rs`000	Company 2024 Rs`000	Company 2023 Rs`000
5 REVENUE				
Revenue from Contracts with customers				
Tea	3,985,528	3,800,205	3,985,528	3,800,205
Rubber	708,924	917,846	632,666	844,529
Oil Palm	360,430	394,120	360,430	394,120
	5,054,882	5,112,171	4,978,624	5,038,854

5.1 Performance Obligations

Type of product	Nature and timing of satisfaction of performance obligation	Revenue recognition under SLFRS 15
Tea (Auctioned Sales)	The Company is selling made tea to customers through brokers at the Colombo Tea Auction.	Revenue from tea is recognised at the time of confirmation of sale at the auction.
Other agricultural produce	The Company is selling Tea (local sales), rubber latex and Oil Palm to customers at the plantation.	Revenue from sale of other crops is recognised at the point in time when the control of the goods has been transferred to the customer, generally at the Estates.

5.2 Segmental analysis of Principal crops

5.2.1 Operating segments - Group

A segment is a distinguishable component of the Group that is engaged either in providing product or services (business segments), or in providing products or services within a particular economic environment (geographical segments), which is subject to risks and rewards that are different from those of other segments. Segment information is presented in respect of the Group's business. There are no distinguishable components to be identified as geographical segments for the Group. The business segments are reported based on the Group management and reporting structure.

The following summary describes the operations of each reportable segment.

Reportable segments	Operations
Tea	Cultivation, Manufacture and sale of tea
Rubber	Cultivation, Manufacture and sale of rubber
Oil Palm	Cultivation, and sale of oil palm

NOTES TO THE FINANCIAL STATEMENTS

		Tea		Rubber		Oil Palm		Total	
	For the year ended 31st March	**2024 Rs. `000**	2023 Rs. `000	**2024 Rs. `000**	2023 Rs. `000	**2024 Rs. `000**	2023 Rs. `000	**2024 Rs. `000**	2023 Rs. `000
a)	**Segmental Result**								
	Revenue	3,985,528	3,800,205	708,924	917,846	360,430	394,120	5,054,882	5,112,171
	Less: Cost of Sales	(3,278,359)	(2,684,542)	(932,501)	(918,833)	(171,927)	(155,997)	(4,382,787)	(3,759,372)
	Gross Profit	707,169	1,115,663	(223,577)	(987)	188,503	238,123	672,095	1,352,799
	Less: Unallocated Expenses	-	-	-	-	-	-	(745,854)	(752,107)
	Add: Other Income and fair value gain on biological assets	-	-	-	-	-	-	401,565	179,488
	Share of Loss from Associate Companies	-	-	-	-	-	-	3,836	6,348
	Profit before Income Tax Expenses	-	-	-	-	-	-	331,642	786,528
	Income Tax (Expenses) /reversal	-	-	-	-	-	-	(458,568)	(533,638)
	Profit /(Loss) for the year	-	-	-	-	-	-	(126,927)	252,890
	Other Comprehensive Income / (Expense)	-	-	-	-	-	-	(87,545)	(55,981)
	Total comprehensive income / (expense) for the year	-	-	-	-	-	-	(214,472)	196,909
b)	**Segmental Assets**								
	Non current assets	1,943,061	3,555,652	2,935,128	2,807,640	358,802	387,193	5,236,991	6,750,485
	Current assets	428,622	498,984	179,381	423,222	5,304	5,791	613,307	927,997
		2,371,683	4,054,636	3,114,509	3,230,862	364,106	392,984	5,850,298	7,678,482
	Unallocated							2,755,730	607,702
	Total Assets							8,606,028	8,286,184
c)	**Segmental Liabilities**								
	Non current liabilities	648,663	500,733	441,940	385,059	-	-	1,090,603	885,792
	Current liabilities	487,286	1,160,891	190,393	392,473	1,474	1,099	679,153	1,554,463
		1,135,949	1,661,624	632,333	777,532	1,474	1,099	1,769,756	2,440,255
	Unallocated							5,251,161	4,046,346
	Total Liabilities							7,020,917	6,486,601
d)	**Segmental Capital Expenditure**								
	Capital Expenditure	44,019	47,328	139,424	120,639	-	-	183,443	167,967
	Unallocated		-		-	-	-	39,528	55,527
	Total Capital Expenditure	44,019	47,328	139,424	120,639	-	-	222,971	223,494
e)	**Segmental Depreciation / amortisation**								
	Depreciation / amortisation	111,443	108,811	160,042	151,609	28,387	28,389	299,872	286,606
	Unallocated		-		-		-	7,409	886
	Total Depreciation/ amortisation	111,443	108,811	160,042	151,609	28,387	28,389	307,281	287,491

5.2.2 Operating segments - Company

Segmental analysis of Principal crops

		Tea		Rubber		Oil Palm		Total	
	For the year ended 31st March	2024 Rs.`000	2023 Rs.`000	2024 Rs.`000	2023 Rs.`000	2024 Rs.`000	2023 Rs.`000	2024 Rs.`000	2023 Rs.`000
a)	**Segmental Result**								
	Revenue	3,985,528	3,800,205	632,666	844,529	360,430	394,120	4,978,624	5,038,854
	Less: Cost of Sales	(3,278,359)	(2,684,542)	(872,920)	(863,313)	(171,927)	(155,997)	(4,323,206)	(3,703,852)
	Gross Profit	707,169	1,115,663	(240,254)	(18,784)	188,503	238,123	655,418	1,335,002
	Less: Unallocated Expenses							(734,162)	(745,425)
	Add: Other Income and fair value gain on biological assets							403,146	180,926
	Profit before Income Tax Expenses							324,402	770,503
	Income Tax Expenses							(458,568)	(533,638)
	Profit /(Loss) for the year							(134,166)	236,865
	Other Comprehensive Income / (Expense)							(87,696)	(55,818)
	Total comprehensive income / (expense) for the year							(221,862)	181,047
b)	**Segmental Assets**								
	Non current assets	1,943,061	3,555,652	2,935,128	2,807,640	358,802	387,193	5,236,991	6,750,485
	Current assets	428,622	498,984	179,382	410,946	5,304	5,791	613,308	915,721
		2,371,683	4,054,636	3,114,510	3,218,586	364,106	392,984	5,850,299	7,666,206
	Unallocated							2,697,584	628,890
	Total Assets							8,547,883	8,295,096
c)	**Segmental Liabilities**								
	Non current liabilities	648,663	500,703	441,940	385,059	-	-	1,090,603	885,762
	Current liabilities	487,286	1,160,891	190,393	384,722	1,474	1,099	679,153	1,546,712
		1,135,949	1,661,594	632,333	769,781	1,474	1,099	1,769,756	2,432,474
	Unallocated							5,183,749	4,046,352
	Total Liabilities							6,953,505	6,478,826
d)	**Segmental Capital Expenditure**								
	Capital Expenditure	44,019	47,328	139,424	120,639	-	28,526	183,443	167,967
	Unallocated							39,528	55,527
	Total Capital Expenditure	44,019	47,328	139,424	120,639	-	28,526	222,971	223,494
e)	**Segmental Depreciation**								
	Depreciation / amortisation	111,443	108,811	159,930	151,609	28,387	28,389	299,760	288,809
	Unallocated							7,407	886
	Total Depreciation	111,443	108,811	159,930	151,609	28,387	28,389	307,167	289,695

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March	Group		Company	
	2024	2023	**2024**	2023
	Rs`000	Rs`000	**Rs`000**	Rs`000
6. NET OTHER OPERATING INCOME				
Amortization of Capital Grants	14,699	14,406	14,699	14,406
Profit on Disposal of Property, Plant and Equipment	-	14,650	-	14,650
Sale of Rubber and Other Trees	112,739	5,286	112,739	5,286
Rent Income	10,048	11,984	11,630	13,422
Write back of other payables	-	20,048	-	20,048
Sundry Income	25,524	12,643	25,524	12,643
	163,010	79,017	164,592	80,455

For the year ended 31st March	Group		Company	
	2024	2023	**2024**	2023
	Rs`000	Rs`000	**Rs`000**	Rs`000
7. PROFIT/ (LOSS) BEFORE INCOME TAX				
Is stated after charging all expenses including the following;				
Directors' Emoluments	17,977	34,750	17,819	34,750
Auditor's Remuneration - Statutory Audit fees - KPMG	7,425	6,750	7,425	6,750
- Statutory Audit fees - Non KPMG	300	1,058	-	-
- Non Audit Related Services	275	300	275	300
Provision for impairment in investment in subsidiaries	-	-	7,316	1,545
Provision for impairment on other receivables	11,002	-	11,002	-
Reversal for impairment on amounts due from related parties	(4,253)	(5,331)	(2,338)	(4,659)
Provision for Impairment of inventoires	14,654	2,951	14,654	2,951
Write off of CWIP	-	29,732	-	29,732
Depreciation/Amortization;				
- Leasehold rights to Bare Land	40,068	28,405	40,068	28,405
- Immovable Leased Assets	5,521	8,017	5,521	8,017
- Tangible Property, Plant and Equipment	82,654	77,661	82,540	79,865
- Mature Plantations	179,038	173,408	179,038	173,408
Personnel Cost Includes;				
- Salaries and Wages	2,093,715	1,948,878	2,089,669	1,943,900
- Defined Benefit Plan Cost - Retiring Gratuity	143,420	139,037	143,078	138,934
- Defined Contribution Plans - EPF, ETF,CPPS and ESPS	261,378	120,182	260,850	119,668

For the year ended 31st March	Group		Company	
	2024	2023	2024	2023
	Rs`000	Rs`000	Rs`000	Rs`000
8. NET FINANCING COSTS				
Finance Income				
Interest Income	18,842	19,862	9,269	19,862
Exchange Gain	16,572	9,753	16,572	9,753
	35,414	29,615	25,841	29,615
Finance Cost on				
Bank Overdraft	(10,797)	(79,515)	(10,797)	(79,515)
Net Obligation to Lessor	(139,013)	(102,358)	(139,013)	(102,358)
Debentures	(17,138)	(20,656)	(17,138)	(20,656)
Bank Loans	(108,035)	(142,058)	(108,035)	(142,058)
Broker Advances	(75,748)	(48,491)	(75,506)	(48,014)
Related Company Loans	(46,235)	-	(33,736)	-
Exchange Loss	(2,144)	(12,310)	(2,144)	(12,310)
Other interest	(7,360)	(4,585)	(7,360)	(4,585)
	(406,470)	(409,973)	(393,729)	(409,496)
Net finance cost	(371,056)	(380,358)	(367,888)	(379,881)

9. INCOME TAX EXPENSE

9.1 Current Taxation

For the year ended 31st March	Group		Company	
	2024	2023	2024	2023
	Rs`000	Rs`000	Rs`000	Rs`000
Recognized in the Profit or Loss				
Income tax on Profits for the Year (Note 9.2)	-	-	-	-
Prior year under/(Over) Provision	-	-	-	-
Tax paid on Assessment	-	-	-	-
Provision for Deferred Taxation (Note 25)	458,568	533,638	458,568	533,638
	458,568	533,638	458,568	533,638
Recognized in the Other Comprehensive Income				
Provision /(Reversal) for Deferred Taxation	(50,750)	161,335	(50,750)	161,335
	(50,750)	161,335	(50,750)	161,335

In accordance with the provisions of the Inland Revenue (Amendment) Act No. 45 of 2022, the Company has calculated its profits from both the “Agro-processing” and “Investment income” for the year ended on 31st March 2024, applying the standard tax rate of 30%.

For the year ended 31st March 2023, The Inland Revenue (Amendment) Act No. 45 of 2022 was certified by the speaker on 19th December 2022. As per the Amendment Act, the Company is liable to pay tax at the rate of 30% on its taxable profits prior to 7th July 2022, profit from the business of “Agro processing” and “investment income taxed at the rate of 14% and 24% respectively as per Inland Revenue (Amendment) Act No 10 of 2021. Profit from the business of “Agro Farming” will continued to be exempt from income tax upto 2023/24 under the Inland Revenue (Amendment) Act No.45 of 2022.”

NOTES TO THE FINANCIAL STATEMENTS

	For the year ended 31st March	Group		Company	
		2024	2023	2024	2023
		Rs`000	Rs`000	Rs`000	Rs`000
9.2	**Reconciliation between accounting profit and Income tax**				
	Accounting Profit before Income Tax Expense	331,641	786,528	324,402	770,503
	Deduct: Other sources of Income	(283,158)	(122,095)	(283,158)	(122,095)
	Add: Aggregate disallowable expenses	837,796	544,190	845,035	560,215
	Deduct: Aggregate allowable expenses	(885,233)	(530,089)	(885,233)	(530,089)
	Exempt (profit)/loss from agro farming	52,916	(527,056)	52,916	(527,056)
	Taxable profit/(loss) from the business	53,962	151,478	53,962	151,478
	Other sources of taxable Income	20,898	33,284	20,898	33,284
	Total statutory income/(expense)	74,860	184,762	74,860	184,762
	Tax losses claimed during the year (Note 9.3)	(74,860)	(184,762)	(74,860)	(184,762)
	Total Taxable Income	-	-	-	-
	Income Tax at the rate of 14%	-	-	-	-
	Income Tax at the rate of 24%	-	-	-	-
	Income Tax at the rate of 30%	-	-	-	-
	Current Income Tax Expense	-	-	-	-

	For the year ended 31st March	Group		Company	
		2024	2023	2024	2023
		Rs`000	Rs`000	Rs`000	Rs`000
9.3	**Accumulated Tax Losses**				
	Tax Losses Brought Forward	3,410,174	3,706,577	3,409,406	3,705,809
	Adjustment in respect of prior years	186,321	(111,641)	186,321	(111,641)
	Tax losses claimed during the year	(74,860)	(184,762)	(74,860)	(184,762)
	Tax Losses Carried Forward	3,521,635	3,410,174	3,520,867	3,409,406

10. EARNINGS /(LOSS) PER SHARE

10.1 Basic Earnings /(Loss) Per Share

The computation of Earnings/ (Loss) per Share is based on Profit/(loss) attributable to ordinary shareholders after tax for the year divided by the weighted average number of ordinary shares outstanding during the year and calculated as follows;

For the year ended 31st March	Group		Company	
	2024	2023	2023	2023
Amount used as the Numerator				
Profit /(Loss) attributable to Ordinary Shareholders (Rs.'000)	(126,927)	252,890	(134,166)	236,865
Amount used as the Denominator				
Weighted average number of Ordinary Shares ('000)	338,513	338,513	338,513	338,513
Earnings /(Loss) per Share (Rs.)	(0.37)	0.75	(0.39)	0.70

10.2 Diluted Earnings Per Share

There were no potential diluted ordinary shares outstanding at any time during the year. Therefore, diluted Earnings Per Share is the same as Basic Earnings/(Loss) per Share shown above.

11. LEASEHOLD RIGHT TO BARE LAND OF JEDB/SLSPC ESTATES

The leases of all the 23 estates have been executed and will be retroactive from 22nd June, 1992. The leasehold rights to land on all these estates have been taken into the books of the Company as at 22nd June, 1992 immediately after formation of the Company, in terms of the ruling obtained from the Urgent Issues Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. For this purpose, the Board decided at its meeting held on 8th March,1995 that these bare lands would be revalued, at the value established for these lands, by the valuation Specialist Mr.D.R.Wickramasinghe, just prior to the formation of the Company.

Millewa estate was acquired by the Urban Development Authority of Sri Lanka on the 26th of October 2017. During the financial year 2018/19 Leasehold right to bare land was written off since the company no longer has control of the said estate.

Company / Group	Life of the Asset Rs. `000	As at 22.06.1992 Rs. `000	Balance as at 31.03.2024 Rs. `000	Balance as at 31.03.2023 Rs. `000
Capitalized value	53 years	358,928	903,968	852,408
Remeasurement During the Year			342,097	51,560
		358,928	1,246,065	903,968

Amortisation	Balance as at 01.04.2023 Rs. `000	Charge for the year Rs. `000	Balance as at 31.03.2024 Rs. `000
	271,949	40,068	312,017

Carrying Value	As at 31.03.2024 Rs. `000	As at 31.03.2023 Rs. `000
	934,048	632,019

NOTES TO THE FINANCIAL STATEMENTS

12. IMMOVABLE LEASED ASSETS OF JEDB/SLSPC ESTATES (OTHER THAN BARE LAND)

The leases of all the 23 estates have been executed and will be retroactive from 22nd June 1992. The leasehold rights to land on all these estates have been taken into the books of the Company as at 22nd June 1992 immediately after formation of the Company,in terms of the ruling obtained from the Urgent Issue Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka based on then existing accounting standards. For this purpose, the Board decided at its meeting held on 8th March 1995 that these bare lands would be revalued, at the value established for these lands , by the valuation Specialist Mr. D R Wickramasinghe , just prior to the formation of the Company. The value taken into 22nd June, 1992, statement of Financial Position and the amortisation of leasehold rights upto 31st March 2024 are as follows,

Millewa estate was acquired by the Urban development authority of Sri Lanka on the 26th of October 2017. During the financial year 2018/19 Leasehold right to Immovable Leased Assets was written off since the company no longer has control of the said estate.

Company / Group Cost	Life of the Asset Rs. `000	As at 22.06.1992 Rs. `000	**Balance as at 31.03.2024 Rs. `000**	Balance as at 31.03.2023 Rs. `000
Land Development Cost	30 years	6,712	6,360	6,360
Buildings other than worker housing	25 years	26,519	25,174	25,174
Plant & Machinery	15 years	8,757	8,757	8,757
Water Projects and Sanitations	30 years	8,688	8,688	8,688
Mature Plantations				
- Tea	30 years	69,767	227,655	227,655
- Rubber	30 years	61,138	163,548	163,548
- Others	25 years	-	8,140	8,140
Immature Plantations				
- Tea		158,960	-	-
- Rubber		126,898	-	-
- Others		8,140	-	-
		475,579	448,322	448,322

Amortisation	Balance as at 01.04.2023 Rs`000	Charge for the year Rs. `000	Balance as at 31.03.2024 Rs. `000	Carrying Value **As at 31.03.2024 Rs. `000**	Carrying Value As at 31.03.2023 Rs. `000
Land Development Cost	6,360	-	6,360	-	-
Buildings other than Worker Housing	25,174	-	25,174	-	-
Plant & Machinery	8,757	-	8,757	-	-
Water Projects and Sanitations	8,688	-	8,688	-	-
Mature Plantations					
- Tea	222,459	5,196	227,655	-	5,196
- Rubber	163,548	-	163,548	-	-
- Others	7,162	325	7,487	653	978
Immature Plantations					
- Tea	-	-	-	-	-
- Rubber	-	-	-	-	-
- Others	-	-	-	-	-
	442,148	5,521	447,669	653	6,174

Investment in Immature Plantations at the time of handing over to the Company by way of estate leases are shown under Immature Plantations as at 22.06.1992. Further investment in such plantations to bring them to maturity are shown under Note 14.

13. TANGIBLE ASSETS (OTHER THAN MATURE / IMMATURE PLANTATIONS)

13.1 Group

Description	Buildings and Land Improvements Rs`000	Water Projects and Sanitations Rs`000	Plant and Machinery Freehold Rs`000	Motor Vehicles Freehold Rs`000	Equipment Rs`000	Furniture and Fittings Rs`000	Work-in Progress Rs`000	Total Rs`000
Cost								
As at 1st April 2022	1,152,155	60,937	699,794	246,056	94,019	9,798	40,632	2,303,391
Additions/Transfer in	782	-	17,513	16,700	27,267	-	18,178	80,440
Disposals	-	-	-	(14,650)	-	-	-	(14,650)
Write off	-	-	-	-	-	-	(29,732)	(29,732)
As at 31st March 2023	1,152,937	60,937	717,307	248,106	121,286	9,798	29,078	2,339,449
As at 1st April 2023	1,152,937	60,937	717,307	248,106	121,286	9,798	29,078	2,339,449
Additions/Transfer in	5,052	-	853	-	20,063	-	35,665	61,633
As at 31st March 2024	1,157,989	60,937	718,160	248,106	141,349	9,798	64,743	2,401,082
Depreciation								
As at 1st April 2022	110,804	49,234	574,096	245,106	80,487	9,681	-	1,069,408
Charge for the year	44,839	1,957	25,066	1,454	4,274	71	-	77,661
Disposals	-	-	-	(14,650)	-	-	-	(14,650)
As at 31st March 2023	155,643	51,191	599,162	231,910	84,761	9,752	-	1,132,419
As at 1st April 2023	155,643	51,191	599,162	231,910	84,761	9,752	-	1,132,419
Charge for the year	44,938	1,775	25,516	3,342	7,043	40	-	82,654
As at 31st March 2024	200,581	52,966	624,678	235,252	91,804	9,792	-	1,215,073
Net Carrying Value								
As at 31st March 2024	957,408	7,971	93,482	12,854	49,545	6	64,743	1,186,009
As at 31st March 2023	997,294	9,746	118,145	16,196	36,525	46	29,078	1,207,030

NOTES TO THE FINANCIAL STATEMENTS

13. TANGIBLE ASSETS (OTHER THAN MATURE / IMMATURE PLANTATIONS)

13.2 Company

Description	Buildings and Land Improvements Rs`000	Water Projects and Sanitations Rs`000	Plant and Machinery Freehold Rs`000	Motor Vehicles Freehold Rs`000	Equipment Rs`000	Furniture and Fittings Rs`000	Work-in Progress Rs`000	Total Rs`000
Cost								
As at 1st April 2022	1,152,155	60,937	699,403	246,056	93,340	9,798	40,632	2,302,321
Additions/Transfer in	782	-	17,513	16,700	27,267	-	18,178	80,440
Disposals	-	-	-	(14,650)	-	-	-	(14,650)
Write off	-	-	-	-	-	-	(29,732)	(29,732)
As at 31st March 2023	1,152,937	60,937	716,916	248,106	120,607	9,798	29,078	2,338,379
As at 1st April 2023	1,152,937	60,937	716,916	248,106	120,607	9,798	29,078	2,338,379
Additions/Transfer in	5,052	-	853	-	20,063	-	35,665	61,633
As at 31st March 2024	1,157,989	60,937	717,769	248,106	140,670	9,798	64,743	2,400,012
Depreciation								
As at 1st April 2022	110,804	49,234	571,836	245,106	79,721	9,681	-	1,066,382
Charge for the year	44,839	1,957	27,581	1,170	4,274	44	-	79,865
Disposals during the year	-	-	-	(14,650)	-	-	-	(14,650)
As at 31st March 2023	155,643	51,191	599,417	231,626	83,995	9,725	-	1,131,597
As at 1st April 2023	155,643	51,191	599,417	231,626	83,995	9,725	-	1,131,597
Charge for the year	44,938	1,775	25,402	3,342	7,043	40	-	82,540
As at 31st March 2024	200,581	52,966	624,819	234,968	91,038	9,765	-	1,214,137
Net Carrying Value								
As at 31st March 2024	957,408	7,971	92,950	13,138	49,631	33	64,743	1,185,874
As at 31st March 2023	997,294	9,746	117,499	16,480	36,612	73	29,078	1,206,782

13.2.1 The cost of the fully depreciated items of Property, Plant & equipment of the Company which are still in use as at 31st March are as follows;

Asset Category	2024 Rs. `000	2023 Rs. `000
Water Projects and Sanitations	27,364	25,465
Plant and Machinery	441,550	331,355
Motor Vehicles	234,175	234,175
Equipment	74,218	72,983
Furniture and Fittings	9,583	9,404
	786,890	673,382

13.3 Capital Work-in-Progress

Capital Work-in-Progress include the Work-in-Progress pertaining to Improvements to Land & Buildings, Water Projects & Sanitations and Plant & Machinery.

13.4 Property, plant and equipment pledged as security for liabilities

The Property, Plant and Equipment which are pledged as securities as at 31st March 2024 disclosed under note 22.4.1.

13.5 The Company has revalued its Buildings and Land Improvements as at 30th September 2019. The fair value of the buildings are determined by Mr. Fathihu A A M (FIV), an external independent property valuer, having appropriate recognised professional qualifications, experience in the category of the property being valued and the location of the asset as explained under note 13.5.1

The details of carrying amounts of revalued assets and the carrying value, if such assets were carried at historical cost less deprecations are as follows;

Property, plant and equipment category	Method of revaluation	Carrying value of revalued assets if carried at historical cost as at 31st March 2024 Rs'0 00	Carrying value of assets under Revaluation Model Rs'000
Buildings and land improvements	Market comparable method	352,660	957,408

Fair Value Hierarchy

The fair value measurement for all of Buildings and Land Improvements has been categorized as level 03 fair based on the input to the valuation technique used.

Valuation technique and significant unobservable techniques

The following table shows the valuation technique used in measuring the fair value of property plant & equipment, as well as the significant unobservable inputs used;

Valuation Method	Significant unobservable input	Interrelationship Between Key Unobservable Inputs and Fair Value	Total Floor Area (Sq. Ft.)
Market comparable method	Gross replacement cost	Positively correlated sensitivity	6,156,485

Valuation Technique	Significant unobservable Inputs	Interrelationship Between Key Unobservable Inputs and Fair Value Measurements
Gross Replacement Cost	The cost to rebuild/replace the property as new after taking into consideration, depreciation due to use, age and obsolesce through market changes Rs.2,500- Rs.33Mn	The estimated fair value would increase (decrease) if: - Gross replacement cost is higher/ (lower) - Remaining useful life of the asset is higher/ (lower)

NOTES TO THE FINANCIAL STATEMENTS

13.5.1 The details of Buildings and Land Improvements, which were revalued indicated below:

Name of Estate	Location	Number of Buildings	Floor Area (Sq. Ft.)
Kotagala Region			
Bogahawatte	Bogahawatta	36	215,725
Chrystler's Farm	Kotagala	38	231,628
Craigie Lea	Kotagala	49	301,948
Drayton	Kotagala	39	367,921
Kelliewatte	Patana	28	169,604
Mayfield	Hatton	48	565,391
Mount Vernon	Pattana	49	513,785
Stonycliff	Kotagala	63	518,371
Yulliefield	Hatton	61	486,668
Derryclare	Kotagala	35	279,168
Horana/ Kalutara Region			
Eduragala	Ingiriya	25	117,824
Hedigalla	Badureliya	16	37,639
Gikiyanakanda	Neboda	36	460,689
Rayigam	Ingiriya	53	413,297
Vogan	Matugama	46	307,441
Arapolakanda	Thebuwana	26	236,712
Dalkeith	Lathpandura	50	347,407
Padukka	Padukka	32	110,363
Paiyagala	Dodangoda	34	131,480
Sorana	Horana	38	197,359
Usk Valley	Badureliya	23	146,065
Total		825	6,156,485

13.6 Impairment

The Group and the Company does not foresee any indications of impairment as at the reporting date due to the volatile economic conditions, and business unit functions under the business continuity plans as per the Group risk management strategy.

14. BIOLOGICAL ASSETS

14.1 Group/ Company

AS AT 31ST MARCH	2024 Rs. `000	2023 Rs. `000
Bearer Biological assets **(Note 14.1.1)**	3,276,340	3,243,893
Consumable Biological assets **(Note 14.1.3)**	2,028,077	1,784,972
Total Biological Assets - Non Current Assets	5,304,417	5,028,865
Fair value of growing produce bearer biological assets - Current Assets **(Note 14.1.2)**	15,463	20,014
Total Biological Assets	5,319,880	5,048,879

14.1.1 Bearer Biological assets

	Mature Plantations			Immature Plantations				Total
	Tea Rs. `000	Rubber Rs. `000	Oil palm Rs. `000	Tea Rs. `000	Rubber Rs. `000	Oil Palm Rs. `000	Other Rs. `000	Rs. `000
Cost								
As at 1st April 2023	1,221,705	2,332,025	567,769	185,375	660,527	-	103,708	5,071,109
Additions during the year	-	148,334	-	13,418	158,869	-	39,198	359,819
Transfer out during the year	-	-	-	-	(148,334)	-	-	(148,334)
As at 31st March 2024	1,221,705	2,480,359	567,769	198,793	671,062	-	142,906	5,282,594
Depreciation								
As at 1st April 2023	500,262	1,146,376	180,578	-	-	-	-	1,827,216
Charge for the year	38,665	111,985	28,388	-	-	-	-	179,038
As at 31st March 2024	538,927	1,258,361	208,966	-	-	-	-	2,006,254
Carrying Value as at 31.03.2024	682,778	1,221,998	358,803	198,793	671,062	-	142,906	3,276,340
Carrying Value as at 31.03.2023	721,443	1,185,649	387,191	185,375	660,527	-	103,708	3,243,893

a) These are investments in mature/immature plantations since the formation of the Company. The assets (including plantation assets) taken over by way of estate leases are set out in Notes 11 and 12. Further investment in Immature Plantations taken over by way of leases are shown in this note. When such plantations become mature, the additional investments since taken over to bring them to maturity are transferred from immature to mature under this note. A corresponding movement, from Immature to Mature, in respect of the investment undertaken by JEDB/ SLSPC on the same plantation prior to the leases are shown under Note 12.

b) Borrowing costs amounting Rs. 2.5Mn (2022/23-Rs,6Mn) on Tea, and Rs. 47.6Mn (2022/23-Rs.78.6Mn) on Rubber incurred on term loans and overdrafts utilised to finance replanting expenditure of tea and rubber have been capitalised. The average rate of interest for capitalisation was 12.75% (2022/23-27.78%) The capitalisation will cease when crops are ready for harvest.

c) Other immature plantations includes other crops such as Cinnamon. timber etc. and are carried at cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS

14.1.2 Produce on bearer Biological Assets

	2024 Rs. `000	2023 Rs. `000
Balances as at 1st April	20,014	7,841
Change in fair value less cost to sell	(4,551)	12,173
As at 31st March	15,463	20,014

14.1.3 Consumable Biological Assets

	2024 Rs. `000	2023 Rs. `000
Consumable Biological assets - Mature		
Balance as at 1st April	1,784,972	1,694,185
Transfer from consumable biological assets - immature	-	2,489
Fair value gain for the year	243,105	88,298
Balance as at 31st March	2,028,077	1,784,972

Managed tress include commercial timber plantations cultivated on estates. The cost of immature trees upto 5 years from planting are treated as approximate fair value particularly on the grounds of little biological transformation has taken place and impact of the biological transformation on price is not material. When such plantations become mature, the additional investments since taken over to bring them to maturity are transferred from immature to mature.

The fair value of managed trees was valued by Mr.Fathihu A A M (FIV), Incorporated Valuers by using following assumptions

Key assumptions used in valuation are as follows,

Timber Content	Estimated based on the girth,height and considering the growth and present age of the trees of each species in different geographical regions, factoring all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company approved by the Forestry Department. Timber trees that have not come up to a harvestable size are valued working out the period that would take for those trees to grow up to a harvestable size
Economic Useful Life	Estimated based on normal life span of each species by factoring the forestry plan of the Company approved by the Forestry Department.
Selling Price	Estimated based on prevailing market prices factoring all the conditions to be fulfilled in bringing the trees in to saleable condition. (price range per cu ft is Rs. 400-1,000)
Discount rate	Future cash flows are discounted at the rate of 15% , 16% & 17% (2022/23-21.5%,22.5% & 23.5%)

The Board of directors established that the fair value of consumable biological assets of the Company is comprised of only managed trees which fall under the purview of the forestry management plan of the company, since LKAS 41 is only applicable for managed agricultural activity in terms of the ruling issued by The Institute of Chartered Accountants of Sri Lanka.

During the year ended 31st March 2019, a physical verification of timber was carried out by the management covering all the estates, and the actual no. of trees available in the estates was ascertained. Further, a re-verification was carried out during the year ended 31st March 2024 covering all the estates in the up-country. The actual number of commercially cultivated managed timber trees available as per the physical verification is included within the fair value of timber (consumable biological assets) for the year ended 31st March 2024.

The Company is exposed to the following risks relating to its timber plantations.

Regulatory and environmental risks

The Company is subject to laws and regulations in Sri Lanka. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Supply and demand risk

The Company is exposed to risks arising from fluctuations in the price and sales volume of timber. When possible, the Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis to ensure that the Company's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

Climate and other risks

The Company's timber plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Company has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

14.2.1 Measurement of Fair Value

The future cash flows are determined by reference to current timber prices

a) The fair value measurement for the consumable biological assets has been categorized as level 3 fair value based on inputs to the valuations used. Breakdown of the total gains recognized in respect of level 3 fair values of consumable biologicl assets namely, managed timber plantation, are given below.

As as 31st March	Group/Company	
	2024	2023
	Rs. `000	Rs. `000
Change in fair value of consumable biological assets **(Note 14.1.3)**	243,105	88,298
Change in fair value of growing produce of bearer biological assets **(Note 14.1.2)**	(4,551)	12,173
Total Gain for the year	238,554	100,471

NOTES TO THE FINANCIAL STATEMENTS

b) Valuation techniques and significant unobservable inputs

Following table shows the valuation techniques in measuring level 3 fair value of consumable biological assets as well as significant unobservable inputs used.

Type	Valuation techniques used	Significant unobservable Inputs	Inter relationship between key unobservable inputs and fair value measurements
Mature Timber	**Discounted Cashflows**	**Determination of Timber Content**	
Mature timber older than 5 years	The valuation model considers present value of future net cashflows expected to be generated by the plantation from the timber content of managed timber plantation on a tree-per tree basis.	Species planted in separate blocks as at the reporting date have been identified by a qualified forestry officer of the company and the timber content has been estimated based on the age and current cubic content. Timber trees that have not come up to a harvestable size are valued working out the period that would take for those trees to grow up to a harvestable size	The estimated fair value at the time of harvesting each specific species is sensitive to the following variables, - The estimated timber content - The estimated timber prices per cubic foot - The estimated selling related costs - The estimated maturity age - The risk adjusted discount rate
	Expected cashflows are discounted using a high risk adjusted rates of ; 15% - Trees age to harvest 5 years or below 16% - Trees age to harvest 6 -14 years 17% - Trees age to harvest 15 years or above comprising a risk free rate of of 12%	**Determination of Price of Timber** Price range per cu ft. is Rs. 400 - 1,000 Trees have been valued as per the current timber prices per cubic meter which is the recent selling price of a cubic meter of the specific species.	

14.2.2 Sensitivity Analysis

Sensitivity Variation on Sales Price and Discount Rate

The future cashflows are determined by reference to current timber prices

Increase/(Decrease) in the Discount Rate	Increase/(Decrease) in the Selling price of specific species	Sensitivity effect on the carrying value of Biological Assets As at 31st Match 2024 Rs.000	Sensitivity effect on the carrying value of Biological Assets Assets As at 31st Match 2023 Rs.000
1%		(50,507)	(39,718)
-1%		50,507	39,718
	10%	203,153	178,767
	-10%	(203,153)	(178,767)

As at 31st March	Holding %	Group 2024 Rs`000	Group 2023 Rs`000	Company 2024 Rs`000	Company 2023 Rs`000
15. INVESTMENTS					
15.1 Investments in Subsidiaries	Holding %				
Consolidated Rubber Plantations PTE Ltd	100%	-	-	115	115
Cambodia Rubber Plantation Industries PTE Ltd	100%	-	-	115	115
Lanka Agro Plantations PTE Ltd	100%	-	-	115	115
Rubber & Allied Products (Colombo) Ltd	100%	-	-	30,060	30,060
		-	-	30,405	30,405
Less- provision for impairment of Investments in Subsidiaries **(Note 15.1.1)**		-	-	(10,236)	(2,920)
		-	-	20,169	27,485
15.1.1 Provision for impairment of Investments in Subsidiaries					
Balance as at 1st April		-	-	(2,920)	(1,375)
Charge for the year		-	-	(7,316)	(1,545)
Balance as at 31st March		-	-	(10,236)	(2,920)

Name of the Company	Nature of Business	Location	Ownership Percentage Rs.000	Carrying value Rs.000
Rubber & Allied Products (Colombo) Ltd	Manufacturing Centrifuged Latex	Colombo/ Horana	100%	20,169
Consolidated Rubber Plantations PTE Ltd	Cultivation of Rubber	Cambodia	100%	-
Cambodia Rubber Plantation Industries PTE Ltd	Cultivation of Rubber	Cambodia	100%	-
Lanka Agro Plantations PTE Ltd	Cultivation of Rubber	Cambodia	100%	-
Total				20,169

NOTES TO THE FINANCIAL STATEMENTS

15.1.2 Summarized financial information for Subsidiary Companies of the Group

Summary of the Statement of Comprehensive income of Subsiadiary Companies

	Rubber & Allied Products (Colombo) Ltd Rs. `000	Consolidated Rubber Plantations PTE Ltd. Rs. `000	Cambodia Rubber Plantation Industries PTE Ltd. Rs.000	Lanka Agro Plantations PTE Ltd. Rs.000
Revenue	153,191	-	-	-
Profit /(Loss) after tax	(8,557)	-	-	-
Other comprehensive Income	-	(41,867)	11,116	30,902
Total Comprehensive Income /(Expense)	(8,557)	(41,867)	11,116	30,902
Summary of the Statement of financial position of Subsidiary Companies				
Non Current Assets	14,473	-	-	-
Current Assets	170,829	483,963	29,968	-
Total Assets	185,302	483,963	29,968	-
Non Current Liabilities	508	-	-	-
Current Liabilities	164,625	869	158,235	356,565
Total Liabilities	165,133	869	158,235	356,565
Net Assets - Attributable to Non Controlling interests	-	-	-	-
Attributable to the Group	20,169	483,094	(128,267)	(356,565)
Summary of the Statement of Cash flows of Subsidiary Companies				
Net Cash inflow/(outflow) from Operating Activities	3,693	-	-	-
Net Cash inflow/(outflow) from Investing Activities	-	-	-	-
Net Cash inflow/(outflow) from Financing Activities	(1,582)	-	-	-
Net increase /(decrease) of cash and cash equivalents	2,111	-	-	-

As at 31st March	Holding %	Group 2024 Rs`000	Group 2023 Rs`000	Company 2024 Rs`000	Company 2023 Rs`000
15.2 Investments in Associates					
Union Commodities (Private) Limited (15.2.1)	15%	-	-	-	-
Imperial Hotels Ltd (15.2.2)	31.15%	101,668	97,832	91,442	91,442
		101,668	97,832	91,442	91,442
15.2.1 Investment in Union commodities (Pvt) Ltd					
Balance as at beginning of the year		36,745	36,745	236,250	236,250
Share of Loss for the year		-	-	-	-
Share of OCI for the year		-	-	-	-
Equity accounted investee before impairment		36,745	36,745	236,250	236,250
Provision for Impairment of Investments in Associates (Note 15.2.1.1)		(36,745)	(36,745)	(236,250)	(236,250)
Balance at the end of the year		-	-	-	-
15.2.1.1 Provision for impairment of investment in Union commodities (Pvt) Ltd					
Balance as at 1st April		36,745	36,745	236,250	236,250
Charge for the year		-	-	-	-
Balance as at 31st March		36,745	36,745	236,250	236,250
15.2.2 Investments in Imperial Hotels Limited					
Balance as at beginning of the year		97,832	91,484	94,753	94,753
Share of Profit for the year		3,836	6,348	-	-
Provision for impairment in Associates (Note 15.2.2.1)		-	-	(3,311)	(3,311)
Balance at the year end		101,668	97,832	91,442	91,442
15.2.2.1 Provision for impairment of investment in Imperial Hotels Limited					
Balance as at 1st April		-	-	3,311	3,311
Charge / (Reversal) for the year		-	-	-	-
Balance as at 31st March		-	-	3,311	3,311

NOTES TO THE FINANCIAL STATEMENTS

Name of the Company	Nature of Business	Location	Ownership Percentage Rs.000	Carrying value Rs.000
Union Commodities (Private) Limited	Tea Exports	Kelaniya	15%	-
Imperial Hotels Limited	Hospitality	Kandy	31.15%	91,442

As at 31st March	2024		2023	
	Union Commodities (Private) Limited Rs. `000	Imperial Hotels Limited Rs. `000	Union Commodities (Private) Limited Rs. `000	Imperial Hotels Limited Rs. `000
15.2.3 Summarized financial information of Associate Company				
Summary of the statement of Profit or Loss and Comprehensive Income of the Associate Company				
Percentage of Ownership interest	15%	31.15%	15%	31.15%
Revenue	4,454,987	-	7,063,823	-
Profit/ (Loss) After Tax	114,445	12,315	(571,308)	20,378
Other Comprehensive Income	(8,601)	-	(11,410)	
Total Comprehensive Income /(expense)	105,844	12,315	(582,718)	20,378
Group's share of Profit and Total Other Comprehensive income /(expense)	15,877	3,836	(87,407)	6,348
Non Current Assets	1,972,416	157,574	2,816,705	157,807
Current Assets	2,007,700	198,690	2,550,824	180,448
Total Assets	3,980,116	356,264	5,367,529	338,255
Non Current Liabilities	(1,869,746)	-	(2,488,097)	-
Current Liabilities	(3,065,438)	(30,017)	(3,985,092)	(24,323)
Total Liabilities	4,935,184	(30,017)	(6,473,189)	(24,323)
Net assets (100%)	(955,068)	326,247	(1,105,660)	313,932
Group share of Net assets	(143,260)	101,626	(165,849)	97,790
Goodwill	-	42	-	42
Unallocated share of loss	143,260	-	165,849	-
Carrying Amount of Interest in Associate	-	101,668	-	97,832

As at 31st March		Group 2024 Rs`000	Group 2023 Rs`000	Company 2024 Rs`000	Company 2023 Rs`000
15.3 Fair value through OCI Investment					
Investments in quoted securities (Note 15.3.1)		153,601	122,881	153,601	122,881
		153,601	122,881	153,601	122,881
15.3.1 Investments in quoted Securities					
Agarapatana Plantations PLC		122,881	105,856	122,881	105,856
Investment made during the year		-	-	-	-
Change in fair value of Investment in quoted securities during the year		30,720	17,025	30,720	17,025
		153,601	122,881	153,601	122,881
15.3.1.1 Investments in quoted Securities- Agarapatana Plantations PLC					
No of Shares	Nos`000	20,757	20,757	20,757	20,757
% Holding	%	4.98%	4.98%	4.98%	4.98%
Carrying Value as at 1 April	Rs. `000	122,881	105,856	122,881	105,856
Market/ Equity Value Per Share as at 31 March	Rs.	7.40	5.92	7.40	5.92
Gain/(Loss) on FVTOCI Financial Asset	Rs. `000	30,720	17,025	30,720	17,025
Carrying Value as at 31 March	Rs. `000	153,601	122,881	153,601	122,881

When measuring the fair value of the investment in securities, the Group and the Company has transitioned from using level 2 inputs to level 1 inputs based on the fair value hierachy in the current year.

The Group/ the Company designed the investment shown above as equity securities at FVOCI because these equity securities represent investments that the Group/ the Company intends or holds for long term for strategy purpose.

No strategic investments were disposed on during 2023/24 , and there were no transfers of any cumulative gain or loss within equity relation to these investments.

15.3.1.2 Information about Fair Value Measurements using Significant observable Inputs (Level 2) - for the year ended 31st March 2023

Financial Asset	Valuation Methodology	Observable Inputs	Range of Observable Inputs 2023
Investment in unquoted Ordinary Shares of Agarapathana Plantations Limited	Market Multiplier methodology	Price to Sales (P/S Ratio)	Price to Sales (P/S) ratio range of 0.25 - 0.82

NOTES TO THE FINANCIAL STATEMENTS

Key assumptions used in valuation;

1 Screening was conducted on similar Companies listed on the Colombo Stock Exchange based on similarities in market capitalization and total revenue.

2 Results of screening based on publicly available information as at the latest practicable date

3 Valuation exercise was concluded on Price-to-sales (P/S) ratio of identified similar Companies

As at 31st March	Group 2024 Rs`000	Group 2023 Rs`000	Company 2024 Rs`000	Company 2023 Rs`000
15.3.2 Investment in Unit trusts				
NSB 0 /A Cey Bank Savings Plus Money Market Fund	-	221,586	-	221,586
Setting-off against Ceybank Loan Liability	-	(221,586)	-	(221,586)
Change in fair value of Invesment in Unit Trusts	-	-	-	-
	-	-	-	-

As at 31st March	Group 2024 Rs`000	Group 2023 Rs`000	Company 2024 Rs`000	Company 2023 Rs`000
16. INVENTORIES				
Input Materials	77,260	145,596	76,045	145,215
Growing Crop Nurseries	4,325	7,990	4,325	7,990
Produce Stock (Tea and Rubber)	276,172	295,698	276,172	295,698
Spares and Consumables	86,142	80,892	52,167	62,474
Provision for impairment	(17,662)	(3,008)	(17,662)	(3,008)
	426,237	527,168	391,047	508,369

As at 31st March	Group 2024 Rs`000	Group 2023 Rs`000	Company 2024 Rs`000	Company 2023 Rs`000
17. TRADE & OTHER RECEIVABLES				
Trade Receivables	115,082	123,979	90,465	105,532
Other Receivables				
Advances, Deposits, Prepayments & Other Receivables	199,319	253,134	201,112	251,775
Employee Advances	72,349	47,637	72,349	47,637
Less : Provision for bad and doubtful receivables (Note 17.1)	(15,687)	(4,685)	(15,687)	(4,685)
Total other receivables	255,981	296,086	257,774	294,727
Total trade and other receivables	371,063	420,065	348,239	400,259
17.1 Provision for bad and doubtful receivables				
Balance as at 1st April	(4,685)	(4,685)	(4,685)	(4,685)
Charge during the year (Note 17.1.1)	(11,002)	-	(11,002)	-
Balance as at 31st March	(15,687)	(4,685)	(15,687)	(4,685)

17.1.1 Trade receivable balances written off during the year 2023/24 are not subjected to any enforcement activity

17.2 Advances, deposits, prepayments and other receivables consists of a receivable from Urban Development Authority (UDA) related to Millewa estate amounting to Rs.134.9Mn.

Millewa estate was acquired by the Urban Development Authority (UDA) of Sri Lanka on the 26th of October 2017. All assets pertaining to Millewa estate were written off from the financial statements of the Company, since the Company no longer has control of the said estate and assets. Subject to the take of Millewa estate by the Government Kotagala Plantations PLC have, lodged a rightful compensation claim amounting to Rs. 660 Mn with UDA. Therefore the assets have been re-classified under other receivable balance due from Urban development authority of Sri Lanka. The liabilities pertaining to Millewa estate as at 26th of October 2017 have been retained within the financial statements of the Company, since the Company has an obligation that may arise during the course of business operations.

Description	Rs. `000
Property Plant and equipment	10,334
Leasehold Right to Bare Land	5,713
Immovable leased assets	48
Bearer Biological assets	118,807
	134,902

As at 31st March	Relationship	Group 2024 Rs`000	Group 2023 Rs`000	Company 2024 Rs`000	Company 2023 Rs`000
18. AMOUNTS DUE FROM RELATED PARTIES					
	Relationship				
Lankem Tea & Rubber Plantations (Private) Limited	Affiliate	694	694	694	694
Agarapatana Plantations PLC	Affiliate	4,460	8,605	4,460	8,605
Sherwood Holidays Limited	Affiliate	-	-	-	-
Lankem Ceylon PLC	Intermediate Parent	-	12,012	-	12,012
Horton Plains Resorts & Spa Limited	Affiliate	107	107	107	107
Colombo Fort Group Services (Pvt) Ltd	Affiliate	720	1,340	720	1,340
Rubber & Allied Products (Colombo) Ltd	Subsidiary	-	-	-	32,583
Marawila Resorts PLC	Affiliate	320	320	320	320
Far Eastern Extports (Colombo) Ltd	Affiliate	404	393	404	393
Lanka Agro Plantations Pte Ltd	Subsidiary	-	-	122	122
Union Commodities (Pvt) Ltd	Associate	6,814	53,436	6,692	53,314
Lankem Plantations Services Ltd	Affiliate	26	22	26	22
		13,545	76,929	13,545	109,512
Less - Provision for impairment of amounts due from related parties (Note 18.1)		(5,052)	(9,305)	(5,052)	(7,390)
		8,493	67,624	8,493	102,122
18.1 Provision for Impairment of amounts Due from Related Parties					
Balance as at 1st April		(9,305)	(14,636)	(7,390)	(12,049)
Reversal during the year		4,253	5,331	2,338	4,659
Balance as at 31st March		(5,052)	(9,305)	(5,052)	(7,390)

NOTES TO THE FINANCIAL STATEMENTS

As at 31st March	Relationship	Group 2024 Rs`000	Group 2023 Rs`000	Company 2024 Rs`000	Company 2023 Rs`000
19. CASH AND CASH EQUIVALENTS					
Cash at Bank and Cash in Hand		104,376	156,512	94,437	148,684
Bank Overdraft (Note 19.1)		(49,534)	(86,382)	(49,534)	(86,382)
Cash and cash equivalents for the purpose of the Cash Flow Statement		54,842	70,130	44,903	62,302

19.1 Bank Overdraft

Bank : **Seylan Bank**

Purpose : To finance working capital requirements.

Facility Rs. 50,000,000/-

Securities Pledged : Primary mortgage over leasehold rights of the estate lands and buildings, fixed and floating assets of Yuilliefield and Chrystlers Farm Estates.

Primary mortgage over leasehold rights of the estate lands and buildings of Sorana Estates.

20. STATED CAPITAL

As at 31st March	2024 Rs.	2023 Rs.
Issued and Fully Paid		
338,512,500 Ordinary Shares	1,571,362,500	1,571,362,500
01 Golden Share **(Note 20.1)**	10	10
	1,571,362,510	1,571,362,510

As at 31st March	No. of Shares 2024	No. of Shares 2023
Balance Ordinary Shares at the beginning of the year	338,512,500	338,512,500
Golden Share as at the end of the year	1	1
	338,512,501	338,512,501

20.1 Golden Shareholder

The total amount received by the Company in respect of issue of shares are referred to as Stated Capital. The Golden share is currently held by Secretary to the Treasury and should be owned either directly by the Government of Sri Lanka or by a 100% Government owned public Company. In addition to the rights of the normal ordinary shareholders, in terms of the Articles of the Company, following special rights are vested with the Golden Shareholder.

a) The Company shall obtain the written consent of the Golden Shareholder prior to sub-leasing, ceding or assigning its rights in part or all of the lands leased to the Company by the JEDB/SLSPC.

b) The Golden Shareholder shall be entitled to call upon the Board of Directors once in three months to meet him or his nominee to discuss matters of the Company of interest to the estate.

c) The Golden Shareholder and or his nominee shall be entitled to inspect the books of accounts of the Company after giving two weeks written notice to the Company.

d) The Company shall submit to the Golden Shareholder, within 60 days of the end of each quarter, a quarterly report relating to the performance of the Company during the said quarter in a pre- specified format agreed to by the Golden Shareholder and the Company

e) The Company shall submit to the Golden Shareholder, within 90 days of the end of each fiscal year, information related to the Company in a pre-specified format agreed to by the Golden Shareholder and the Company.

20.2 General Reserve

General Reserve represents amounts set-aside from time to time by the Directors of the Company for the purpose of general application. These have been appropriated by the Board in compliance with the Articles, which provides for such amounts being set-aside for future and utilized after appropriate Board Approvals.

	Group		Company	
	2024 Rs`000	2023 Rs`000	2024 Rs`000	2023 Rs`000
Balance as at 1st April	240,000	240,000	240,000	240,000
Balance as at 31st March	240,000	240,000	240,000	240,000

20.3 Foreign Currency Translation Reserve

The Foreign Currency Translation Reserve represents the differences between translated values of assets and liabilities of foreign operations at the exchange rate as at reporting date and hitorical rate.

	Group		Company	
	2024 Rs`000	2023 Rs`000	2024 Rs`000	2023 Rs`000
Balance as at 1st April	(11,540)	(11,377)	-	-
Translation differences arising on Foreign operations	151	(163)	-	-
Balance as at 31st March	(11,389)	(11,540)	-	-

20.4 Fair Value Through Other Comprehensive Income Reserve

Fair Value Through Other Comprehensive Income Reserve represents the change in fair value of Investemnt in Agarapatana Plantations PLC and Investment in unit trust.

As at 31st March	Group		Company	
	2024 Rs`000	2023 Rs`000	2024 Rs`000	2023 Rs`000
Balance as at 1st April	65,480	48,455	68,394	51,369
Share of other comprehensive income of equity accounted investees	-	-	-	-
Fair value through OCI Investments - Net Change in Fair Value	30,720	17,025	30,720	17,025
Balance as at 31st March	96,200	65,480	99,114	68,394

20.5 Revaluation Reserve

The revaluation reserve relates to buildings and land improvements which have been revalued by the Company.

As at 31st March	Group		Company	
	2024 Rs`000	2023 Rs`000	2024 Rs`000	2023 Rs`000
Balance as at 1st April	506,903	641,690	459,656	594,443
Deferred tax impact on revaluation reserve	-	(134,787)	-	(134,787)
Balance as at 31st March	506,903	506,903	459,656	459,656

NOTES TO THE FINANCIAL STATEMENTS

21. DEFERRED INCOME
Grants and Subsidies
Group/ Company

As at 31st March	ADB-PRP Rs. `000	PDSP Rs. `000	PHDT Rs. `000	Others Rs. `000	2024 Rs. `000	2023 Rs. `000
As at 31st March	27,650	126,443	6,735	155,253	316,081	328,132
Received during the year	-	-	-	7,563	7,563	2,355
Amortisation for the year	(1,204)	(5,761)	(569)	(7,165)	(14,699)	(14,406)
As at 31st March	26,446	120,682	6,166	155,651	308,945	316,081

(i) Asian Development Bank - Plantation Reform Project (ADB - PRP)

The funds received are utilised for construction of Staff Quarters, Water Projects, Latrines, Farm Roads and purchase of Forestry Equipment.

(ii) Plantation Development Support Programme (PDSP)

The funds received are utilised for construction of Dispensaries, Staff Quarters, Water Projects and upgrading Creches.

(iii) Plantation Human Development Trust (PHDT)

The funds received are utilised for construction of Worker Housing, Water Projects and purchase of Ambulance.

(iv) Others

a) **Ministry of Livestock Development and Estate Infrastructure**
The funds received are utilised for construction of Community Centers, Agency Post Offices and Upgrading Farm Roads and Creches.

b) **b) Sri Lanka Tea Board**
Funds received are utilised for the construction of the CTC Tea Factory at Mount Vernon Estate.

c) **Rubber Development Department**
Funds received are utilised for replanting.

The amounts spent are capitalised under the relevant classification of Property Plant & Equipment and the corresponding grant component is reflected under deferred grants and subsidies and amortised over useful life span of the asset.

As at 31st March	Note	Group 2024 Rs`000	Group 2023 Rs`000	Company 2024 Rs`000	Company 2023 Rs`000
22. INTEREST BEARING BORROWINGS					
22.1 Payable after one year					
Debentures	22.3	185,136	259,133	185,136	259,133
Term Loans	22.4	1,276,374	1,133,654	1,276,374	1,133,654
		1,461,510	1,392,787	1,461,510	1,392,787
22.2 Payable within one year					
Debentures	22.3	73,996	73,996	73,996	73,996
Term Loans	22.4	424,284	247,945	424,284	247,945
		498,280	321,941	498,280	321,941
Total		1,959,790	1,714,729	1,959,790	1,714,729

22.3 Rated Secured Redeemable Listed Debentures

Debenture Type	Year of Issue	Original Year of Redemption	Restructured Period (Capital Repayment)	Colombo Stock Exchange Listing	Issued Value	Interest Payable Frequency	Interest Rate %	Outstanding Balance as at 31st March	
								2024 Rs`000	2023 Rs`000
C	2014	2020	From 2020 to 2025	Unlisted	Rs.250Mn	Monthly	7.50%	134,039	166,400
D1-D6	2014	2021	From 2021 to 2026	Listed	Rs.250Mn	Monthly	7.50%	125,093	166,729
								259,132	333,129

22.3.1 Trading at Colombo Stock Exchange

Debenture Type	Highest Value (Rs.)	Lowest Value (Rs.)	Last Traded Value (Rs.)
C	Not Traded	Not Traded	Not Traded
D1-D6	Not Traded	Not Traded	Not Traded

22.3.2 Comparable Interest Rate on Government Securities

4 year - 14.21%

6 years - 14.22%

22.3.3 The rating of listed debentures - B+(lka) by Fitch Ratings

NOTES TO THE FINANCIAL STATEMENTS

22.4 Group /Company

Term Loans	NDB Rs`000	Sampath Bank Rs`000	Peoples Bank Rs`000	Standard Chartered Rs`000	Seylan Bank	Seylan Bank Moratorium Loan Capital 6 Mn Rs`000	AEN Rs`000	F & W Rs`000	John Keells PLC Rs`000	Amana Bank Rs`000	BOC Rs`000	**Total 31.03.2024 Rs`000**	Total 31.03.2023 Rs`000
At the beginning of the year	161,749	180,302	243,751	708,093	44,500	1,683	15,000	26,521	-	-	-	1,381,599	1,150,080
Loans Obtained during the year	-	-	-	-	-	-	-	178,750	42,457	230,000	280,000	731,207	170,467
Overdraft Movement	-	-	-	(2,467)	-	-	-	-	-	-	-	(2,467)	676,752
Transfer to Capitalized Moratorium Loan interest from other payable	-	-	-	-	-	-	-	-	-	-	-	-	850
Exchange gain	(10,836)	-	-	-	-	-	-	-	-	-	-	(10,836)	12,310
Capitalized Interest	65,879	-	-	-	-	-	-	-	-	-	-	65,879	1,344
Setting-off against Unit Trust Investment	-	-	-	-	-	-	-	-	-	-	-	-	(221,586)
Repayments made during the year	(38,913)	(83,400)	(7,500)	(50,000)	(28,500)	(1,683)	(15,000)	(197,271)	(42,457)	-	-	(464,724)	(408,618)
At the end of the year	177,879	96,902	236,251	655,626	16,000	-	-	8,000	-	230,000	280,000	1,700,658	1,381,599
Payable within one year	29,284	83,400	9,600	48,000	16,000	-	-	8,000	-	230,000	-	424,284	247,945
Payable after one year	148,595	13,502	226,651	607,626	-	-	-	-	-	-	280,000	1,276,374	1,133,654

22.4.1 Term Loans

	Bank	Amount Obtained Rs.'000	Balance 31.03.2024 Rs.'000	Balance 31.03.2023 Rs.000	Rate of Interest %	Terms of Repayment	Securities Pledged
a)	**NDB**						
	Term Loan						
	Tranch 01	500,000	**21,948**	11,085	AWPR + 5% if delayed AWPR+ 8%	(As per initial agreement) Payable in 63 euqal monthly instalments of Rs. 2,030,000/- with a first instalment of Rs. 2,110,000/-.	Primary Mortgage over the lease hold right, building & machinery of estates already mortgaged to NDB namely Stonycliff, Vogan, Gikiyanakande & Dalkieth.
	Tranch 02		**21,948**	15,321			
	Tranch 03		**21,948**	23,586			
	USD Loan						
	Tranch 01	204,470	**37,346**	37,252	LIBOR + 8% if delayed LIBOR+ 11%	(As per initial agreement) Payable in 56 euqal monthly instalments of $8,000/- with a first instalment of $7,000/-.	Primary Mortgage over the lease hold right, building & machinery of estates already mortgaged to NDB namely Stonycliff, Vogan, Gikiyanakande & Dalkieth.
	Tranch 02		**37,346**	37,253		Payable in 56 euqal monthly instalments of $8,000/- with a first instalment of $7,000/-.	
	Tranch 03		**37,346**	37,252		Payable in 56 euqal monthly instalments of $7,306/- with a first instalment of $7,318.98/-.	
	Total	704,470	**177,879**	161,749			
b)	**Sampath Bank**						
	Term Loan	500,000	**96,902**	180,302	AWPLR 3.50%	Payable in 71 euqal monthly instalments of Rs.6,950,000 and final instalment of Rs.6,550,000 with a capital grace period of 12 months.	Primary Mortgage Bond for Rs.500Mn over leasehold rights of Drayton and Kelliewatte Estates in Nuwara Eliya together together with factory building therein.
	Total	500,000	**96,902**	180,302			
c)	**Peoples Bank**						
	Term Loan	250,000	**236,251**	243,751	8.5%	Repayable within 120 instalments 02nd to 03rd Year - Rs.625,000 per month 04th Year - Rs.835,000 per month 05th Year - Rs.1,875,000 per month 06th Year - Rs. 2,083,335 per month 7th to 11th year - Rs.2,958,000 per month, with a final payment of Rs.2,957,980	Primary Mortgage Bonds over Leashold rights of all those estate plantation and premises of Mayfield Estate situated in the village of dimbula and Ukutile in the Nuwara Eliya Pattu in Kotmale Korale in the district of Nuwara Eliya, Central province.

NOTES TO THE FINANCIAL STATEMENTS

	Bank	Amount Obtained Rs.'000	Balance 31.03.2024 Rs.'000	Balance 31.03.2023 Rs.000	Rate of Interest %	Terms of Repayment	Securities Pledged
	Total	250,000	236,251	243,751			
d)	**Standard Charted Bank**						
	Term Loan	250,000	655,626	676,752	AWPR	Payable within 60 instalments	Primary Mortgage Bond over leasehold rights of Hedigalle and Eduragala Estates together together with factory building therein.
	Packing credit	-	-	31,341			
	Total	250,000	655,626	708,093			
e)	**Forbes & Walker Ltd**				28% -19%	Payable within 3 months	Tea/Rubber stocks
	Term Loan	26,521	8,000	26,521			
	Total	26,521	8,000	26,521			
f)	**AEN**				28%-19%		
	Term Loan	22,500	-	15,000		Payable within 3 months	-
	Total	22,500	-	15,000			
g)	**Seylan Bank Loan**	84,500	16,000	44,500	16%	Repayable within 72 months with following instalments	Primary mortgage over lease hold rights of Yulliefield and Sorana estates.
						12 instalments of Rs.400,000 + Interest	
						12 instalments of Rs.600,000 + Interest	
						12 instalments of Rs.1,000,000 + Interest	
						12 instalments of Rs.1,500,000 + Interest	
						12 instalments of Rs.2,250,000 + Interest	
						11 instalments of Rs.2,500,000 + Interest and final instalments of	
						Rs. 3,500,000	
	Moratorium Loan Capital	4,000	-	1,683	TB+1%		
	Total	88,500	16,000	46,183			
h)	**Amana Bank Loan**				AWPLR+2%	Payable within12 months	Primary Mortgage Bond over leasehold rights of Padukka Estate
	Term Loan	230,000	230,000	-			
	Total	230,000	230,000	-			
i)	**Bank of Ceylon**	280,000	280,000		AWPLR+2%	Payable after 24 months	Assignment over 20,700,000 ordinary shares of Agarapathana Plantation PLC owned by Kotagala Plantation PLC valued at Rs.7.40 per share (current market price)
	Total	280,000	280,000	-			
	Grand Total	2,351,991	1,700,658	1,381,599			

	As at 31st March	Group 2024 Rs`000	Group 2023 Rs`000	Company 2024 Rs`000	Company 2023 Rs`000
23.	**RETIREMENT BENEFIT OBLIGATIONS**				
	Balance at the beginning of the year	598,546	659,181	597,732	658,470
	Provision made during the year (Note 23.1)	312,586	50,545	312,244	50,442
		911,132	709,726	909,976	708,912
	Payments made during the year	(89,872)	(111,180)	(89,224)	(111,180)
	Balance at the end of the year	821,260	598,546	820,752	597,732
23.1	**Provision for the year consists of the following**				
	Recognized in Profit & Loss				
	Interest cost	110.920	98,874	110,578	98,771
	Current service cost	32,500	40,163	32,500	40,163
	Recognized in Other Comprehensive Income				
	Actuarial (Gain)/Loss	169,166	(88,492)	169,166	(88,492)
	Present value of obligation as at 31st March	312,586	50,545	312,244	50,442

The actuarial valuation had been carried out by M/S Actuarial & Management Consultants (Pvt) Ltd. According to the valuation the gratuity liability on employees of the Company as at 31st March 2024 is Rs. 820,752,631

The Key assumptions used by the Actuary include the following,

		2024 Rs. `000	2023 Rs. `000
1	Rate of Interest		
	A long-term treasury bond rate 12% p.a (2023-18.5%) was used to discount future liabilities taking into consideration the remaining working life of employees.	12.00%	18.50%
2	Retirement age		
	Workers	60 years	60 years
	For other categories of staff	60 years	60 years
3	The Staff Turnover Rate	2%-7%	2%-7%
	The Company will continue in business as a going concern		

In addition to the above, demographic assumptions such as mortality, withdrawal and disability and retirement age were considered for the actuarial valuation. 1949/52 Mortality Table issued by the Institute of Actuaries, London and "A1967/70 Mortality Table" issued by the Institute of Actuaries was used to estimate the gratuity liability of the Company.

The sensitivity analysis on the total comprehensive expenses and financial position based on the assumed rates for salary increment and discount rate as at 31st March 2024 is given below.

Discount Rate	Salary escalation rate	Present value of defined benefit obligation (Rs.) Staff	Present value of defined benefit obligation (Rs.) Workers
One percentage point increase	As stated above	93,167,510	668,268,217
One percentage point decrease	As stated above	108,459,819	779,719,703
As stated above	One percentage point increase	107,039,671	783,528,064
As stated above	One percentage point decrease	94,167,662	664,146,206

Weighted average duration of Defined Benefit Obligation

Staff 8.4 years (2022/23- 7 years)

Workers 8.6 years (2022/23-6.5 years)

NOTES TO THE FINANCIAL STATEMENTS

Distribution of defined benefit obligation over future working life time

Future working life Time	Defined benefit obligation (Rs.) Staff	Workers
Within the next 12 Months	6,381,171	91,488,192
Between 2- 5 years	35,110,874	165,888,743
Beyond 5 years	58,826,682	463,056,969
Total	100,318,727	720,433,904
Grand Total	820,752,631	

As at 31st March	Group 2024 Rs`000	Group 2023 Rs`000	Company 2024 Rs`000	Company 2023 Rs`000
24. NET OBLIGATION TO LESSOR				
(JEDB/SLSPC ESTATES)				
At the beginning of the year	725,831	676,851	725,831	676,851
Remeasurement during the year	342,097	51,560	342,097	51,560
	1,067,928	728,411	1,067,928	728,411
Interest Charge for the year	139,013	102,358	139,013	102,358
Lease rental for the year	(146,017)	(104,938)	(146,017)	(104,938)
Net Lease Obligation	1,060,924	725,831	1,060,924	725,831
Payable within one year				
Gross Lease Obligation	159,058	106,894	159,058	106,894
Less: Finance cost applicable for future periods	(150,452)	(102,016)	(150,452)	(102,016)
Net Lease Obligation	8,606	4,878	8,606	4,878
Payable within two to five years				
Gross Lease Obligation	477,175	320,682	477,175	320,682
Less: Finance cost applicable for future periods	(442,806)	(300,207)	(442,806)	(300,207)
Net Lease Obligation	34,369	20,475	34,369	20,475
Payable after five years				
Gross Lease Obligation	2,743,758	1,950,818	2,743,758	1,950,818
Less: Finance cost applicable for future periods	(1,725,809)	(1,250,340)	(1,725,809)	(1,250,340)
Net Lease Obligation	1,017,949	700,478	1,017,949	700,478
Net lease obligations payable after one year	1,052,318	720,953	1,052,318	720,953
Amount recognised in Profit or Loss				
Interest on lease liabilities	139,013	102,358	139,013	102,358
Depreciation charged for Right of Use Assset	40,068	28,406	40,068	28,406
	179,081	130,764	179,081	130,764
Amount recognised in Statement of Cash Flows				
Total cash outflow for leases (including rental arrears payment)	514,571	143,749	514,571	143,749

As at 31st March	Group 2024 Rs`000	Group 2023 Rs`000	Company 2024 Rs`000	Company 2023 Rs`000
Maturity analysis of contractual undiscounted cash flows				
Within One Year	159,058	106,894	159,058	106,894
2-5 years	477,175	320,682	477,175	320,682
More than 5 years	2,743,759	1,950,818	2,743,759	1,950,818
Total undiscounted lease liabilities	3,379,992	2,378,394	3,379,992	2,378,394

In terms of the amendment of leases, Rs.22.2 million is payable each year as lease rental, commencing from 22.06.1996 till the end of the lease on 21.06.2045. This amount is to be inflated annually by the Gross Domestic Product (GDP) deflater in the form of contingent rent.

25. DEFERRED TAXATION

As at 31st March	Group 2024 Rs`000	Group 2023 Rs`000	Company 2024 Rs`000	Company 2023 Rs`000
Balance at the beginning of the year	1,053,074	358,102	1,053,074	358,102
Charged in the profit & loss under income tax	458,568	533,638	458,568	533,638
Charged /(Reversed) in the other comprehensive income	(50,750)	161,334	(50,750)	161,334
Balance at the end of the year	1,460,892	1,053,074	1,460,892	1,053,074
25.1 Provision / (Reversal) during the year recognized in Profit or Loss				
Effect in change in tax rates charged to Profit or Loss	-	586,892	-	586,892
Effect in change in tax base charged to Profit or Loss	458,568	(53,254)	458,568	(53,254)
	458,568	533,638	458,568	533,638
25.2 Provision /(Reversal) during the year recognized in Other Comprehensive Income				
Effect in change in tax rates charged to Other Comprehensive Income	-	78,155	-	78,155
Effect in change in tax base charged to Other Comprehensive Income	(50,750)	83,179	(50,750)	83,179
	(50,750)	161,334	(50,750)	161,334

25.3 The average tax rate used to calculate deferred tax liability/asset as at 31st March 2024 is 30% (31st March 2023 - 30%).

25.4 The closing deferred tax liability arises as follows,

	Group / Company 2024 Temporary Difference Rs. `000	Group / Company 2024 Tax Effect Rs. `000	Group / Company 2023 Temporary Difference Rs. `000	Group / Company 2023 Tax Effect Rs. `000
Temporary differences on;				
Property plant and equipment (Excluding Revaluation gain on buildings)	337,322	101,197	343,561	103,068
Revaluation gain on buildings	691,213	207,364	691,213	207,364
Consumable biological assets	2,028,077	608,423	1,601,989	480,597
Bearer Biological Assets	3,276,340	982,902	3,069,712	920,914
Lease hold right to bare land JEDB/SLSPC estates	934,048	280,214	632,019	189,606
Net obligation to Lessor JEDB/SLSPC	(1,060,923)	(318,276)	(725,831)	(217,749)
Provision for doubtful receivables	(15,687)	(4,706)	(4,685)	(1,406)
Retirement benefit obligation	(820,752)	(246,226)	(597,731)	(179,319)
Carried forward tax losses	(500,000)	(150,000)	(1,500,000)	(450,000)
	4,869,638	1,460,892	3,510,247	1,053,074

NOTES TO THE FINANCIAL STATEMENTS

25.5 Unrecognised Deferred Tax Asset

The Group/Company has not recognized deferred tax asset in respect of the following items as the Board of Directors are of the opinion that the reversal of Deferred Tax Asset (disclosed below) will not be crystalized in the forseeable future.

As at 31st March 2024,	Group		Company	
	Temporary Difference Rs. `000	Tax Effect Rs. `000	Temporary Difference Rs. `000	Tax Effect Rs. `000
Tax loss carried forward	3,021,635	906,491	3,020,867	906,260
Provision for impairment of amounts due from related parties	5,052	1,516	5,052	1,516
Retirement Benefit Obligation	508	152	-	-

As at 31st March 2023,	Group		Company	
	Temporary Difference Rs. `000	Tax Effect Rs. `000	Temporary Difference Rs. `000	Tax Effect Rs. `000
Tax loss carried forward	1,910,174	573,052	1,909,406	572,822
Provision for impairment of amounts due from related parties	9,305	2,792	7,390	2,217
Retirement Benefit Obligation	814	244	-	-

In accordance with LKAS 12 Income Tax, deferred tax asset should be recognized for all the deductible temporary differences to the extent it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. However, the management of the company is of the opinion that deferred tax assets arising from its subsidiaries should not be recognised in the Group financial statements.

25.6 Assessment of Recoverability on carried forward tax losses

The Company recognized a Deferred Tax asset consequent to the changes in the Inland Revenue Act No. 24 of 2017. As per the said Act, which was effective from 1st April 2018, 100% of taxable income is allowed to be deducted against the tax losses incurred. According to the transitional provisions of the new act, the brought forward tax loss can be claimed against taxable income for a period of 6 years commencing from the year of assessment 2018/19 and ending in year of assessment 2025/26.

The Management carefully analyzed the availability of the future taxable profits against which the unused tax losses can be utilised. In this assessment the Company estimated the profitability using the internal budgets and plans in a conservative manner. In this assessment, directors noted the composition of the carried forward tax loss as given in the note 9.3 Current estimated duration of recoverability of deferred tax asset is 5 years until March 2025.

Deferred tax is an estimate computed based on the assumptions and available information as at the reporting date. Hence these estimates are subject to change based on further developments , for which assumptions have been considered at the time of estimation (i.e. further clarifications to the new IRD act). Such changes to the estimates will be adjusted.

26. TRADE & OTHER PAYABLES

As at 31st March	Group 2024 Rs`000	Group 2023 Rs`000	Company 2024 Rs`000	Company 2023 Rs`000
Trade Payables	235,593	298,549	199,362	294,104
Other Payables	688,031	1,483,795	681,638	1,481,309
Payable to Employees	100,509	121,156	100,509	121,156
Unclaimed Dividends	-	-	-	-
	1,024,133	1,903,500	981,509	1,896,569

26.1 Other Payables

	Group 2024 Rs`000	Group 2023 Rs`000	Company 2024 Rs`000	Company 2023 Rs`000
Government Departments and Statutory	170,953	732,081	170,953	732,084
Refundable Deposits Received	25,108	16,272	25,095	16,272
Others including Provisions and Accruals	491,970	735,442	485,590	732,953
	688,031	1,483,795	681,638	1,481,309

27. AMOUNTS DUE TO RELATED PARTIES

As at 31st March	Relationship	Group 2024 Rs`000	Group 2023 Rs`000	Company 2024 Rs`000	Company 2023 Rs`000
Colombo Fort Land and Building PLC	Ultimate Parent Co.	2,082	2,082	2,082	2,082
Ceylon Tea Brokers PLC	Affiliate	103,669	63,943	103,669	63,943
Agarapatana Plantations PLC	Associate	124,174	-	-	-
Lankem Ceylon PLC	Affiliate	6,368	-	6,368	-
E B Creasy & Co., PLC	Affiliate	26,020	14,770	26,020	14,770
Note 27.1 Related Party Interest Bearing Borrowings					
Rubber & Allied Products Colombo Ltd	Subsidiary	-	-	99,894	-
Consolidated Tea Plantations Ltd	Immediate Parent	73,126	-	73,126	-
		335,439	80,795	311,159	80,795

28. CAPITAL COMMITMENTS

There were no material commitments as at the Reporting date.

29. CONTINGENT LIABILITIES

There were no material contingent liabilities outstanding as at the Reporting date which require adjustments or disclosure to the Financial Statements, other than following;

30. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the reporting date, no material circumstances have arisen which required adjustments to or disclosure in these financial statements except for the below.

On 13th August 2024, the Department of Labour issued an Extraordinary Gazette No.2397/27 under the wage Board ordinance , proposing an amendment to the minimum rate of daily wage. Accordingly, it was proposed a daily wage rate of Rs.1,350/- including the daily budgetary relief allowance and a productivity based incentive of Rs.350/- for workers in the Tea Growing and Manufacturing Trade and the Rubber Growing and Raw Rubber Manufacturing Trade, bringing the total daily wage to Rs.1700/-. Further, any objection to the aforesaid proposal will be received by the Chairman of the Board until 12.00 noon on 28th August 2024.

NOTES TO THE FINANCIAL STATEMENTS

31 RELATED PARTY DISCLOSURES

The company carried out transactions in the ordinary course of business at commercial rates with the following related entities

No	Related Party	Name of Director	Details of Transaction	Amount (paid)/ received 2024 Rs`000	Amount (paid)/ received 2023 Rs`000	Balance as at 31 March 2024 Rs`000	Balance as at 31 March 2023 Rs`000
1)	**Transactions with Ultimate Parent Company**	S D R Arudparagaam	Office Rental	(10,591)	(9,338)		
	The Colombo Fort Land & Building PLC	A M De S Jayaratne					
		C P R Perera	Settment of Office Rental and Expenses	10,591	11,513		
		Anushman Rajaratnam					
		P M A Sirimanne					
						(2,082)	(2,082)
2)	**Transactions with Other Related Companies**						
a.	Lankem Ceylon PLC	S D R Arudparagaam	Reimbursement of group expenses	(15,000)	(15,000)		
		Anushman Rajaratnam	Commission on Corporate Guarantee	(3,380)	-		
		P M A Sirimanne	Advance Received	-	(17,915)		
		G K B Dasanayaka					
						(6,368)	12,012
b.	Lankem Tea & Rubber	S D R Arudpragasam					
	Plantations (Pvt) Limited	C P R Perera					
		S S Poholiyadde					
		Anushman Rajaratnam					
		A M de S Jayaratne P M A Sirimanne K Mohideen					
						694	694
c.	Agarapatana Plantations PLC	S D R Arudpragasam					
		C P R Perera	Settlement of advance	-	184,306		
		S S Poholiyadde	Advance Received	(4,145)	(168,306)		
		Anushman Rajaratnam	Loan Taken	(100,000)			
		G K B Dasanayaka	Loan settled	100,000			
		A M de S Jayaratne	Interest Accrued	(16,038)			
		P M A Sirimanne	Interest settled	16,038			
		K Mohideen					
						4,460	**8,605**
d.	Lankem Plantation Services Limited	S D R Arudpragasam					
			Advance given	4	11		

No	Related Party	Name of Director	Details of Transaction	Amount (paid)/ received		Balance as at 31 March	
				2024 Rs`000	2023 Rs`000	**2024 Rs`000**	2023 Rs`000
						26	22
e.	Ceylon Tea Brokers PLC	C P R Perera	Interest charged	(33,471)	(12,823)		
			Loan Granted	(211,000)	-		
			Advance Taken	(973,229)	(838,559)		
			Settment of Loan	211,000	3,750		
			Sale of Tea	966,974	842,385		
						(103,669)	(63,943)
f.	Lanka Agro Plantations Pte Ltd	Anushman Rajaratnam					
						122	122
g.	Rubber & Allied Products (Colombo) Limited	S D R Arudpragasam	Sale of Rubber	76,933	29,409		
		Anushman Rajaratnam	Rubber Sale Proceeds received	(75,165)	(12,922)		
		S S Poholiyadde	Advance given	(29,175)	-		
		K Mohideen	Settlement of advance	4,500	4,346		
		P M A Sirimanne	Loan given	(100,000)	-		
		C P R Perera	Interest charged on loans	(9,570)	-		
		A M de S Jayaratne					
						(99,894)	32,583
h.	Far Eastern Exports (Colombo) Limited	S D R Arudpragasam					
		Anushman Rajaratnam					
			Advane given	11	15		
						404	393
i.	Horton Plains Resort & Spa Limited	Anushman Rajaratnam					
						107	107
j.	Union Commodities (Pvt) Ltd		Loan given	-	85,000		
		S D R Arudpragasam	Interest charged on loans	3,378	8,423		
		Anushman Rajaratnam S S Poholiyadde K Mohideen P M A Sirimanne A M de S Jayaratne	Expenses	-	(109)		
			Loan settlement	(50,000)	(40,000)		
						6,692	53,314
k.	Colombo Fort Group Services (Pvt)Ltd	S D R Arudpragasam	IT Consultancy Fee	(4,275)	(3,375)		
		Anushman Rajaratnam	Settlement	3,655	3,017		
		P M A Sirimanne					
						720	1,340

NOTES TO THE FINANCIAL STATEMENTS

No	Related Party	Name of Director	Details of Transaction	Amount (paid)/ received 2024 Rs`000	Amount (paid)/ received 2023 Rs`000	Balance as at 31 March 2024 Rs`000	Balance as at 31 March 2023 Rs`000
l.	E B Creasy & Company PLC	S D R Arudpragasam	Loan given	-	50,000		-
		A M de S Jayaratne	Settlement of reimbusement	3,750	(50,000)		-
		P M A Sirimanne	Reimbursement of group expenses	(15,000)	(15,000)		-
			Interest charged on loans	-	230		-
						(26,020)	(14,770)
m.	Marawila Resorts PLC	S D R Arudpragasam	Loan given	-	14,000		
		C P R Perera	Loan settlement	-	(14,000)		
		Anushman Rajaratnam	Interest charged on loan	-	320		
						320	320
n.	Consolidated Tea Plantations Ltd	S D R Arudpragasam	Loan given	(100,000)	-		
		C P R Perera	Loan settlement	35,000	-		
		S S Poholiyadde	Interest charged on loan	(8,126)	-		
		Anushman Rajaratnam				(73,126)	-
		A M de S Jayaratne					
		P M A Sirimanne					
		K Mohideen					

3) Non Recurrent Related Party Transactions

The non recurrent related party transactions entered into in respect of the financial year ended 31st March 2024, the value of which exceeded 10% shareholders' equity of 5% of total assets of the Group are detailed below.

Name of the Related Party	Relationship	Value of the related party transaction(s) entered into during the financial year	Value of related party transaction(s) as a % of equity and as a % of Total Assets	Terms and conditions of the related party transaction(s)	The rationale for entering into the transaction(s)
Lankem Ceylon PLC	Affiliate	Rs.230Mn	3% of total Assets 14% of equity	Obtaining of a Corporate Guarantee for Rs.230Mn from a related Company Lankem Ceylon PLC as a collateral for banking facilities	Provision for security partly by Lankem Ceylon PLC for Kotagala Plantations PLC to secure banking facilities on an urgent basis
Consolidated Tea Plantations Ltd	Parent	Rs.280Mn	3% of total Assets 18% of equity	Obtaining of a Corporate Guarantee for Rs.280Mn from Parent Company (CTPL) and assignment of 28,000,000 shares held by CTPL in Lankem Developments PLC valued at Rs.574Mn on behalf of Kotagala Plantations PLC as collateral.	Provision for security by CTPL (Parent Company) Kotagala Plantations PLC to secure banking facilities on an urgent basis

4) Recurrent Related Party Transactions

The recurrent related party transactions entered into for which the value exceeded 10% Group revenue, during the financial year ended 31st March 2024 of are detailed below.

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of Related Party Transaction s entered into during the financial year (Rs'000)	Value of Related Party Transactions as a % of Gross Revenue	Terms & Conditions of the Related Party Transactions
Ceylon Tea Brokers PLC	Sub Subsidiary	Advance taken	973,229	20% of Gross Revenue	Advances taken at 19% interest and to be set off against the sales proceeds
		Sale of Tea	966,974	20% of Gross Revenue	Sales are taking place based on tea auction averages

5) a) Transactions carried out in the ordinary course of business and charged at the face value of expenses

b) Terms and conditions related to inter Company borrowings

Company	Party	Repayment
Rubber & Allied Products Colombo Ltd	Lender	Interest charged at AWPLR+2% and payable on demand
Consolidated Tea Plantations Ltd	Lender	Interest charged at AWPLR+2% and payable on demand

6) Transactions, Arrangements and Agreements Involving Key Management Personnel (KMP) and their Close Family Members (CFM)

According to LKAS 24 "Related Party Disclosures", Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly Board of Directors (including executive and non -executive Directors) have been classified as key Management Personnel of the Group.

Compensation of Key Management Personnel of the Group

	Group	
As at 31st March	**2024 Rs`000**	2023 Rs`000
Short term employment benefits paid to Key Management Personnel	17,819	24,650
Post employment benefits paid to Key Management Personnel	-	10,100
	17,819	34,750

Close Family Members (CFM) of the KMPs are those family members who may be expected to influence or be influenced by that KMPs in their dealing with the entity. They may include KMPs domestic partner and children of the KMPs domestic partner and dependents of the KMPs domestic partner. During the year no transactions have been done with CFMs.

There were no other related party transactions and balances other than those disclosed in notes 18, 27 & 31 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL RISK MANAGEMENT

(i) Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Group's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures , and reviews and adequacy of the risk management in framework in relation to the risks faced the Group.

The Groups audit committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and this principally arises from the Group's receivables from customers.

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows;

As at 31st March,	Group Carrying Amount 2024 Rs`000	Group Carrying Amount 2023 Rs`000	Company Carrying Amount 2024 Rs`000	Company Carrying Amount 2023 Rs`000
Trade receivables	115,082	123,979	90,465	105,532
Other receivables	165,753	156,545	165,753	156,545
Employee advances	72,349	47,637	72,349	47,637
Amount due from related companies	8,493	67,624	8,493	102,122
Cash at Bank	104,331	156,502	93,917	147,961
	466,008	552,287	430,977	559,797

(a) Trade and Other Receivables

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. The Group's credit policy is monitored at the Board level. The new customers are analysed individually for credit worthiness before group's standard payment and delivery terms and conditions are offered. Group review includes external ratings when available and in some cases, bank references, purchase limit etc., which also subject to under review on quarterly basis. The past experience of the management is considered when revisions are made to terms and conditions.

The Group has a minimal credit risk of its trade receivables from Produce Brokers, as the repayment is guaranteed within seven days by the Tea and Rubber Auction systems.

The movement in the allowance for impairment in respect of financial assets and contract assets during the year is as follows;

	Balance as at 1st April 2023 Rs. `000	Amount recognised in profit/ loss Rs. `000	Balance as at 31st March 2024 Rs. `000
Group			
Other receivables	4,685	11,002	15,687
Amounts Due from Related Parties	9,305	(4,253)	5,052
	13,990	6,749	20,739
Company			
Other receivables	4,685	11,002	15,687
Amounts Due from Related Parties	7,390	(2,338)	5,052
	12,075	8,664	20,739

The maximum exposure to credit risk for Trade Receivable and Contract Assets as at the reporting date by geographic segments was as follows.

As at 31st March	Group Carrying Amount as at		Company Carrying Amount as at	
	2024	2023	**2024**	2023
Domestic (Rs'000)	115,082	123,979	90,465	105,532
US $	-	-	-	-
	115,082	123,979	90,465	105,532

Cash and Cash Equivalents

The Group held cash and cash equivalents of Rs. 104,376,000/- as at 31st March 2024 (Rs. 156,512,000/- as at 31st March 2023)

Credit quality analysis of financial instruments

Cash at bank having credit ratings

Fitch Rating	Amount Rs. `000 Group	Company
A	11,843	1,904
A+	8,813	8,813
A-	3,474	3,474
AA+	33,906	33,906
BB+	37,158	37,158
BBB-	117	117
	95,311	85,372

NOTES TO THE FINANCIAL STATEMENTS

(iv) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's and Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities.

Group	Carrying Amount Rs. `000	Less than 1 year Rs. `000	More than 1 year Rs. `000	Contractual cash flows Rs. `000
31st March 2024				
Non-derivative financial liabilities				
Interest bearing borrowings	1,959,790	576,487,228	1,601,650,684	2,178,137,912
Trade and other payables	337,678	337,678	-	337,678
Amounts due to related companies	335,439	335,439	-	335,439
Lease liability to SLSPC and JEDB	1,060,924	159,058	3,220,934	3,379,992
Bank overdraft	49,534	49,534	-	49,534
	3,743,365	577,368,936	1,604,871,618	2,182,240,554

Group	Carrying Amount Rs. `000	Less than 1 year Rs. `000	More than 1 year Rs. `000	Contractual cash flows Rs. `000
31st March 2023				
Non-derivative financial liabilities				
Interest bearing borrowings	1,714,729	434,311,338	1,535,690,162	1,970,001,500
Trade and other payables	389,168	389,168	-	389,168
Amounts due to related companies	80,795	80,795	-	80,795
Lease liability to SLSPC and JEDB	725,831	106,894	2,271,500	2,378,394
Bank overdraft	86,382	86,382	-	86,382
	2,996,905	434,974,577	1,537,961,662	1,972,936,239

Company	Carrying Amount Rs. `000	Less than 1 year Rs. `000	More than 1 year Rs. `000	Contractual cash flows Rs. `000
31st March 2024				
Non-derivative financial liabilities				
Interest bearing borrowings	1,959,790	576,487,228	1,601,650,684	2,178,137,912
Trade and other payables	301,447	301,447	-	301,447
Amounts due to related companies	311,159	311,159	-	311,159
Lease liability to SLSPC and JEDB	1,060,924	159,058	3,220,934	3,379,992
Bank overdraft	49,534	49,534	-	49,534
	3,682,854	577,308,425	1,604,871,618	2,182,180,043
31st March 2023				
Non-derivative financial liabilities				
Interest bearing borrowings	1,714,729	434,311,338	1,535,690,162	1,970,001,500
Trade and other payables	384,723	384,723	-	384,723
Amounts due to related companies	80,795	80,795	-	80,795
Lease liability to SLSPC and JEDB	725,831	106,894	2,271,500	2,378,394
Bank overdraft	86,382	86,382	-	86,382
	2,992,460	434,970,132	1,537,961,662	1,972,931,794

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's and Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Currency risk

The group is exposed to currency risk mostly on purchases that are denominated in a currency other than Sri Lankan rupees (LKR). The foreign currencies in which these transactions primarily denominated are United States Dollars (USD)

Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings as explained in the above paragraph, are denominated in currencies that match the cash flows generated by the underlying operations of the Group and Company, primarily USD. This provides an economic hedge without the need of derivatives being entered into.

Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

As at 31st March	2024	2023
Group	USD	USD
Cash and Cash Equivalent	6,318	112
Interest bearing loans & borrowings	(371,988)	(332,600)
Gross Statement of Financial Position exposure	(365,670)	(332,488)

As at 31st March	2024	2023
Company	USD	USD
Cash and Cash Equivalent	6,318	112
Interest bearing loans & borrowings	(371,988)	(332,600)
Gross Statement of Financial Position exposure	(365,670)	(332,488)

As at 31st March	Average Rate		Reporting Date Spot Rate	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
USD	318.04	327.14	301.18	327.29

NOTES TO THE FINANCIAL STATEMENTS

Sensitivity Analysis

A strengthening of the LKR, as indicated below, against the USD would have increased/ (decreased) the equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Group			
	Strengthening		Weakening	
As at 31st March,	Profit/(Loss) Rs. `000	Equity Rs. `000	Profit/(Loss) Rs. `000	Equity Rs. `000
As at 31st March 2024				
USD (15% movement)	16,520	16,520	(16,520)	(16,520)
As at 31st March 2023				
USD (15% movement)	16,323	16,323	(16,323)	(16,323)

	Company			
	Strengthening		Weakening	
As at 31st March,	Profit/(Loss) Rs. `000	Equity Rs. `000	Profit/(Loss) Rs. `000	Equity Rs. `000
As at 31st March 2024				
USD (15% movement)	16,520	16,520	(16,520)	(16,520)
As at 31st March 2023				
USD (15% movement)	16,323	16,323	(16,323)	(16,323)

(b) Interest rate risk

The Group has obtained a fixed interest rate loans and variable rate loans. The Group has opted not to mitigate its interest rate risk in the case that the market interest rate were to be lower than the fixed interest rate that the Group has already committed to.

At the reporting date, the Company's interest-bearing financial instruments were as follow:

As at 31st March,	Group Carrying Amount 2024 Rs`000	Group Carrying Amount 2023 Rs`000	Company Carrying Amount 2024 Rs`000	Company Carrying Amount 2023 Rs`000
Fixed Rate Instruments				
Financial Liabilities				
Interest bearing loans and borrowings	519,383	662,901	519,383	662,901
	519,383	662,901	519,383	662,901
Variable Rate Instruments				
Financial Liabilities				
Interest bearing loans and borrowings	1,440,407	1,051,828	1,440,407	1,051,828
Related party interest bearing loans and borrowings	73,126	-	173,020	-
Bank Overdrafts	49,534	86,382	49,534	86,382
	1,563,067	1,138,210	1,662,961	1,138,210

Cash flow sensitivity analysis for variable rate instruments

The Group and Company is exposed to changes in market interest rates through Bank overdraft and other bank borrowings which were borrowed at a variable interest rate

Group	Profit or Loss 100 bp increase Rs. `000	Profit or Loss 100 bp decrease Rs. `000	Equity 100 bp increase Rs. `000	Equity 100 bp decrease Rs. `000
31st March 2024				
Variable rate instruments	(15,631)	15,631	(15,631)	15,631
	(15,631)	15,631	(15,631)	15,631
31st March 2023				
Variable rate instruments	(11,382)	11,382	(11,382)	11,382
	(11,382)	11,382	(11,382)	11,382

Company	Profit or Loss 100 bp increase Rs. `000	Profit or Loss 100 bp decrease Rs. `000	Equity 100 bp increase Rs. `000	Equity 100 bp decrease Rs. `000
31st March 2024				
Variable rate instruments	(16,630)	16,630	(16,630)	16,630
	(16,630)	16,630	(16,630)	16,630
31st March 2023				
Variable rate instruments	(11,382)	11,382	(11,382)	11,382
	(11,382)	11,382	(11,382)	11,382

NOTES TO THE FINANCIAL STATEMENTS

(vi) Capital management

The Board's policy is to maintain a strong capital base so as to maintain shareholder, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders.

The Group's and Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

	Group		Company	
As at 31st March	2024 Rs`000	2023 Rs`000	2024 Rs`000	2023 Rs`000
Total Liabilities	7,020,917	6,486,601	6,953,505	6,478,856
Less: Cash and Cash Equivalents	(104,376)	(156,512)	(94,437)	(148,684)
Net Debt	6,916,541	6,330,089	6,859,068	6,330,172
Total Equity	1,585,111	1,799,583	1,594,378	1,816,240
Net Debt to Equity Ratio	436%	352%	430%	349%

There were no changes in the Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirements

(vii) Fair values

Level 1 : Quoted market price (unadjusted) in an active market for an identical instrument.

Level II: Valuation techniques based on observable inputs, either directly – i.e. as prices or indirectly – i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level III: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates. The objective of the valuation technique is to arrive at a fair value determination that reflect the price of the financial instrument at the reporting date, that would have determined by the market participants acting at the arms length.

The Company uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, forward rated contracts that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities and government securities. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

Fair values versus the Carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follow;

As at 31st March,	Group 31st March 2024 Carrying Amount Rs'000	Group 31st March 2024 Fair Value Rs'000	Company 31st March 2024 Carrying Amount Rs'000	Company 31st March 2024 Fair Value Rs'000	Group 31st March 2023 Carrying Amount Rs'000	Group 31st March 2023 Fair Value Rs'000	Company 31st March 2023 Carrying Amount Rs'000	Company 31st March 2023 Fair Value Rs'000
Assets carried at amortized cost								
Trade and Other Receivable	353,184	353,184	328,567	328,567	328,161	328,161	309,714	309,714
Amounts Due from Related Parties	8,493	8,493	8,493	8,493	67,624	67,624	102,122	102,122
Cash and Cash Equivalents	104,331	104,331	93,917	93,917	156,502	156,502	147,961	147,961
	466,008	466,008	430,977	430,977	552,287	552,287	559,797	559,797
Liabilities carried at amortized cost								
Trade and Other Payables	337,678	337,678	301,447	301,447	389,168	389,168	384,723	384,723
Interest Bearing Borrowings	1,959,790	1,959,790	1,959,790	1,959,790	1,714,729	1,714,729	1,714,729	1,714,729
Net Obligation to lessor of JEDB/SLSP	1,060,924	1,060,924	1,060,924	1,060,924	725,831	725,831	725,831	725,831
Amounts Due to Related Company	335,439	335,439	311,159	311,159	80,795	80,795	80,795	80,795
Bank Overdraft	49,534	49,534	49,534	49,534	86,382	86,382	86,382	86,382
	3,743,365	3,743,365	3,682,854	3,682,854	2,996,905	2,996,905	2,992,460	2,992,460

Financial Instruments Carried at Fair Value and Valuation Bases

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

As at 31st March 2024	Group / Company Level I Rs. `000	Group / Company Level II Rs. `000	Group / Company Level III Rs. `000	Group / Company Total Rs. `000
Fair value through OCI Investments	153,601	-	-	153,601
	153,601	-	-	153,601

As at 31st March 2023	Group / Company Level I Rs. `000	Group / Company Level II Rs. `000	Group / Company Level III Rs. `000	Group / Company Total Rs. `000
Fair value through OCI Investments	-	122,881	-	122,881
	-	122,881	-	122,881

The Company has valued the investment in Agarapathana Plantations Limited using Level I of the fair value hierarchy. (In 2022 - Level II of the fair value hierarchy, using revenue multiples of comparable listed Companies. The Company has discounted the fair value by 25% to reflect the non-marketability between the unquoted equity held by the Company and the equity instruments of comparable peers.)

NOTES TO THE FINANCIAL STATEMENTS

Financial Instruments not carried at Fair Value and Valuation Bases

The fair values of financial assets and liabilities , together with the carrying amounts shown in the Statement of Financial Position , are as follows

As at 31st March 2024	Group					Company				
	Carrying Amount	Level I Rs'000	Level II Rs'000	Level III Rs'000	Total Rs'000	Carrying Amount	Level I Rs'000	Level II Rs'000	Level III Rs'000	Total Rs'000
Financial Assets Carried at amortised Cost										
Trade & Other Receivables	353,184	-	-	-	353,184	328,567	-	-	-	328,567
Amounts due from Related Parties	8,493	-	-	-	8,493	8,493	-	-	-	8,493
Cash and cash equivalents	104,331	-	-	-	104,331	93,917	-	-	-	93,917
	466,008	-	-	-	466,008	430,977	-	-	-	430,977
Other Financial Liabilities										
Net obligation to Lessor of JEDB/SLSPC	1,060,924	-	-	-	1,060,924	1,060,924	-	-	-	1,060,924
Interest bearing Borrowings	1,959,790	-	-	-	1,959,790	1,959,790	-	-	-	1,959,790
Trade & Other Payables	337,678	-	-	-	337,678	301,447	-	-	-	301,447
Amounts due to Related Parties	335,439	-	-	-	335,439	311,159	-	-	-	311,159
Bank Overdraft	49,534	-	-	-	49,534	49,534	-	-	-	49,534
	3,743,365	-	-	-	3,743,365	3,682,854	-	-	-	3,682,854

As at 31st March 2023	Group					Company				
	Carrying Amount	Level I Rs'000	Level II Rs'000	Level III Rs'000	Total Rs'000	Carrying Amount	Level I Rs'000	Level II Rs'000	Level III Rs'000	Total Rs'000
Financial Assets Carried at amortised Cost										
Trade & Other Receivables	328,161	-	-	-	328,161	309,714	-	-	-	309,714
Amounts due from Related Parties	67,624	-	-	-	67,624	102,122	-	-	-	102,122
Cash and cash equivalents	156,502	-	-	-	156,502	147,961	-	-	-	147,961
	552,287	-	-	-	552,287	559,797	-	-	-	559,797
Other Financial Liabilities										
Net obligation to Lessor of JEDB/SLSPC	725,831	-	-	-	725,831	725,831	-	-	-	725,831
Interest bearing Borrowings	1,714,729	-	-	-	1,714,729	1,714,729	-	-	-	1,714,729
Trade & Other Payables	389,168	-	-	-	389,168	384,723	-	-	-	384,723
Amounts due to Related Parties	80,795	-	-	-	80,795	80,795	-	-	-	80,795
Bank Overdraft	86,382	-	-	-	86,382	86,382	-	-	-	86,382
	2,996,905	-	-	-	2,996,905	2,992,460	-	-	-	2,992,460

Cash and Cash Equivalents

The carrying amount of the cash and cash equivalents and balances with banks approximate the fair value as theses are short term in nature.

Trade and Other Receivables

Trade and other receivables are expected to be settled within one year from the reporting date and hence the discounting impact would be immaterial. Therefore carrying amount approximate the fair value as at the reporting date.

Amounts Due to/Due From Related Parties

Amounts due from Related Parties are expected to be settled within one year from the reporting date and hence the discounting impact would be immaterial. Therefore carrying amount approximate the fair value as at the reporting date.

Trade and Other Payables

Trade and other payables are expected to be settled within one year from the reporting date and hence the discounting impact would be immaterial. Therefore carrying amount approximate the fair value as at the reporting date.

Interest Bearing Borrowings

A majority of loans outstanding as at the reporting date are floating rate instruments which are repriced upon changes in economic conditions. Therefore the carrying amount of interest bearing borrowings are approximate to the fair value.

33. GOING CONCERN

The Company has incurred a net loss of LKR 134 Mn during the year ended 31st March 2024 (2023 - Net Profit of LKR 237 Mn) and Company has accumulated losses of LKR 776 Mn (2023 - LKR 523 Mn). As at 31st March 2024, net current liability is LKR 991 Mn (2023 - LKR 1,219 Mn). The Company has loans and borrowings of LKR 498 Mn (2023 - LKR 322 Mn) due within 12 months from 31st March 2024.

Notwithstanding this, the financial statements have been prepared on a going concern basis after assessing the appropriateness of the use of going concern basis based on comprehensive review of the Company's affairs and sources of funding available to the Company, and strategies to improve performance and the financial position, management believe it will be able to generate profits in future.

The Board of Directors of the Company also confirms that they do not have any intention to liquidate the Company or cease the operations for at least 12 months from the date of signing these financial statements.

Further the management plans to implement the following measures, which notable include,

- Processing the required actions to harvest the consumable biological assets when and where a necessity arise for the working capital.

- Improving quality and profit in tea sector with the lifting of the restrictions on glyphosate usage, investment on palm oil sector with the lifting of restrictions on the new plantation of palm oil.

Based on the strategies explained above and the forecasted cash flow, the management of the Company is confident that the Company would remain operational and generate profits in the future.

Based on the above, the management is of the view that there is no significant doubt about the ability of the Company to continue as a going concern, and accordingly, the Financial Statements have also been prepared on going concern basis of accounting.

BLOOMING IN PROSPERITY

We focus on the special projects, distinct initiatives and specific actions that we undertook during the year under review to enhance the wellbeing of our communities and our environment, and to ensure that the future of our company is stable and progressive.

SUPPLEMENTARY INFORMATION

TEN YEAR SUMMARY

Company	2023/24	2022/23	2021/22	2020/21	2019/20
Revenue	4,978,624	5.038,854	3,472,020	3,156,490	2,667,995
Gross Profit/(Loss)	655,418	1,335,002	368,325	198,837	(341,612)
Fair Value Of Biological Assets	238,554	100,471	35,349	198,130	143,064
Other Operating Income	164,592	80,455	173,855	99,327	466,875
Operating Profit/(loss) Before Interest	692,290	1,150,384	417,874	183,402	(355,484)
Profit/(loss) Before Income Tax	324,402	770,503	104,159	(190,514)	(827,378)
Total Comprehensive Income(Expense)	(221,861)	181,047	452,808	(127,306)	(221,738)
STATEMENT OF FINANCIAL POSITION					
Non-Current Assets	7,690,206	7,115,648	7,193,148	7,242,937	7,211,606
Current Assets	857,678	1,179,448	794,537	640,145	463,593
	8,547,884	8,295,096	7,987,685	7,883,082	7,675,199
Stated Capital	1,571,362	1,571,362	1,571,362	781,500	781,500
Revalution Gain	459,656	459,656	594,443	594,443	594,443
Fair Value Reserve	99,114	68,394	51,369	46,583	26,509
General Reserves	240,000	240,000	240,000	240,000	240,000
Retained Earnings	(775,753)	(523,172)	(821,981)	(1,270,002)	(1,122,622)
Shareholders Funds	1,594,379	1,816,240	1,635,193	392,524	519,830
Deferred Income	308,945	316,081	328,132	323,403	330,309
Interest Bearing Borrowings	1,461,510	1,392,787	954,413	1,045,930	1,186,219
Retirement Benefit Obligations	820,752	597,732	658,471	886,613	873,812
Net Liability To Lessor	1,052,318	720,953	672,689	654,595	644,539
Deferred Tax	1,460,892	1,053,074	358,102	419,209	403,004
Current Liabilities	1,849,089	2,398,229	3,380,685	4,160,808	3,717,486
	8,547,885	8,295,096	7,987,685	7,883,082	7,675,199
Net Cash Flow					
From/(Used In) Operating Activities	510,828	508,236	(340,047)	211,048	281,768
From/(Used In) Investing Activities	(213,702)	(188,982)	(130,982)	(80,460)	(85,951)
From/(Used In) Financing Activities	(314,522)	223,206	484,398	(53,931)	(318,347)
Increase/(Decrease) In Cash & Cash Equivalents	(17,397)	542,460	13,369	76,657	(122,530)
Per Share-Rs					
Earnings/(Loss)	(0.40)	0.70	0.56	(2.69)	(11.02)
Dividends	-	-	-	-	-
Net Assets (Year End)	4.71	5.37	4.83	5.22	6.91
Market Value (Year End)	6.30	6.10	4.20	5.30	5.00

2018/2019	2017/2018	2016/2017	2015/2016	2014/2015
3,232,576	3,816,830	3,086,410	3,038,112	3,555,480
(212,972)	316,870	10,067	(131,258)	47,877
141,968	139,486	54,375	7,973	84,259
197,106	202,868	338,342	185,209	266,785
(521,574)	367,058	158,372	(385,387)	65,589
(1,015,610)	(94,867)	(350,830)	(943,984)	(603,576)
(1,216,495)	(11,296)	(374,110)	(618,737)	(597,442)
6,024,991	6,141,153	7,156,987	7,578,061	7,488,045
963,856	1,583,207	1,407,330	1,614,107	1,767,633
6,988,847	7,724,360	8,564,317	9,192,168	9,255,678
781,500	781,500	680,000	680,000	680,000
-	-	-	-	-
17,944	79,447	5,663	153,367	37,960
240,000	240,000	240,000	240,000	240,000
(490,113)	664,879	749,959	976,365	1,710,510
549,331	1,765,826	1,675,622	2,049,732	2,668,470
328,357	333,814	335,031	331,488	318,131
1,194,716	1,582,892	2,165,239	2,361,294	2,195,143
757,556	634,712	661,880	693,706	751,460
348,146	356,072	363,695	371,165	378,212
303,637	215,320	170,927	189,081	268,004
3,507,104	2,835,724	3,191,923	3,195,702	2,676,258
6,988,847	7,724,360	8,564,317	9,192,168	9,255,678
453,087	(506,790)	749,812	282,595	(293,997)
(191,566)	786,915	217,008	(357,665)	(390,125)
(314,296)	(455,679)	(744,749)	1,472	640,233
(52,776)	(175,554)	(227,778)	(448,726)	(375,363)
(14.77)	(3.13)	(7.78)	(20.96)	(11.62)
-	-	-	-	-
7.30	23.47	(41.89)	51.24	66.71
7.00	7.90	(10.10)	15.10	24.70

OUR PLANTATIONS

Estate	Crop	Planting District	Area in Tea (Ha.)		Area in Rubber (Ha.)		Oilpalm (Ha.)	Others- (Timber, Cinnamon, Coconut, Nurseries etc) (Ha.)	Total (Ha.)	Earmarked for Future Planting (Ha.)	Building/ Roads/Rocky/ Marshy /Forestry/ Conservation/ Un suitable for cultivation/sub Leased etc (Ha.)	Present Estate Total Extent (Ha.)	Land released for Public purposes (Ha.)
			Mature	Immature	Mature	Immature	Immature						
Kotagala Region													
Bogahawatte	Tea	Nuwara Eliya	129.5	-	-	-		17.55	147.05		95.95	243.00	3.96
Chrystler's Farm	Tea	Nuwara Eliya	116.45	-	-	-		37.1	153.55		35.39	188.94	0.55
Craigie Lea	Tea	Nuwara Eliya	230	1.00	-	-		56.78	287.78		76.22	364.00	2.5
Drayton	Tea	Nuwara Eliya	230.95	-	-	-		37.71	268.66		74.21	342.87	0.37
Kelliewatte	Tea	Nuwara Eliya	84.18	-	-	-		36.65	120.83	20.73	4.55	146.11	1.25
Mayfield	Tea	Nuwara Eliya	280.4	4.00	-	-		88.93	373.33		163.92	537.25	0.55
Mount Vernon	Tea	Nuwara Eliya	377.42	3.75	-	-		122.22	503.39		138.54	641.93	21.7
Stonycliff	Tea	Nuwara Eliya	298	3.50	-	-		228.75	530.25	31.5	39.25	601.00	0.75
Yulliefield	Tea	Nuwara Eliya	283	1.00	-	-		243.84	527.84	2	131.16	661.00	1.25
Derryclare	Tea	Nuwara Eliya	184.83	-				55.9	240.73		55.48	296.21	2.21
Regional Total			2214.73	13.25	0	0	0	925.43	3,153.41	54.23	814.67	4,022.31	35.09
Horana/Kalutara Region													
Eduragala	Tea/Rubber	Kalutara	17.68	3.08	128.25	31.49	-	12.37	192.87	165.44	161.16	519.47	13.66
Hedigalla	Tea/Rubber/Oil Palm	Kalutara	7.00	-	88.12	21.92	59.71	35.85	212.60	174.80	92.82	480.22	0.888
Gikiyanakanda	Tea/Rubber/Oil Palm	Kalutara	36.59	-	187.75	16.20	52.00	19.56	312.10	340.47	208.82	861.39	16.21
Rayigam	Tea/Rubber/Oil Palm	Kalutara	76.26	6.02	177.36	35.00	18.00	23.20	335.84	203.91	124.44	664.19	26.82
Vogan	Tea/Rubber/Oil Palm	Kalutara	43.42	1.50	205.08	13.50	15.00	4.69	283.19	249.51	274.16	806.86	49.14
Arapolakanda	Rubber/Oil Palm	Kalutara	-	-	156.45	35.37	29.47	2.73	224.02	111.95	279.55	615.52	12.20
Dalkeith	Rubber/Oil Palm	Kalutara	-	-	246.2	65.58	159.14	56.21	527.13	344.00	321.41	1,192.54	11.03
Sorana	Rubber/Oil Palm	Kalutara	-	-	209.31	32.49	63.06	5.32	310.18	139.95	182.51	632.64	111.35
Usk Valley	Rubber/Oil Palm	Kalutara	-	-	146.49	8.00	129.50	53.49	337.48	174.12	262.29	773.89	29.53
Padukka	Rubber	Colombo	-	-	189.23	59.56	-	7.89	256.68	109.29	50.03	416.00	1.82
Paiyagalla	Rubber	Kalutara	-	-	227.99	41.40	-	28.48	297.87	95.67	73.46	467.00	35.08
Millewa	Rubber	Kalutara	-	-		-			-	16.81		16.81	376.84
Pearth									-			-	700.00
Regional Total			180.95	10.60	1962.23	360.51	525.88	249.79	3,289.96	2125.92	2030.643	7,446.52	1,384.57
Company Total			2395.68	23.85	1962.23	360.51	525.88	1175.22	6,443.37	2180.15	2845.3126	11,468.83	1419.66

CROP AND YIELD

Estate	Crop (KG '000)					Yield (KG /Ha)				
	2023/24	2022/23	2021/22	2020/21	2019/20	2023/24	2022/23	2021/22	2020/21	2019/20
TEA										
Western High Grown										
Bogahawatte	163	154	192	212	177	1,253	1,191	1,485	1,639	1,364
Chrystlers' Farm	222	163	166	212	188	1,903	1,366	1,425	1,822	1,614
Craigie Lea	345	284	348	422	371	1,452	1,200	1,515	1,833	1,613
Derryclare	221	190	258	326	284	1,195	1,060	1,415	1,787	1,542
Drayton	361	318	405	486	426	1,564	1,379	1,754	2,103	1,845
Kelliewatte	93	87	118	139	128	1,109	1,037	1,365	1,652	1,518
Mayfield	450	393	484	522	418	1,503	1,290	1,568	1,715	1,497
Mount Vernon	710	430	794	906	832	1,882	1,140	2,103	2,401	2,210
Stonycliff	386	371	528	497	435	1,296	1,260	1,789	1,685	1,470
Yuillefield	276	274	380	435	406	970	966	1,333	1,510	1,385
Sub Total	3,228	2,666	3,674	4,157	3,664	1,438	1,189	1,640	1,860	1,653
LOW GROWN										
Eduragala	25	24	26	25	29	1,416	1,367	1,491	1,438	1,601
Hedigalle	7	36	7	7	9	1,018	995	955	1,060	1,288
Gikiyanakanda	154	7	110	50	165	1,101	1,068	1,241	1,152	1,390
Rayigam	219	123	200	181	313	1,212	1,155	1,579	1,198	1,352
Vogan	43	40	122	68	84	989	925	1,323	1,565	1,296
Sub Total	448	231	465	331	599	1,148	1,085	1,416	1,282	1,367
Total-Tea	3,677	2,897	4,139	4,488	4,263	1,417	1,181	1,623	1,810	1,628
RUBBER										
Arappolakande	92	110	120	181	168	565	595	538	795	686
Dalkeith	120	150	173	205	195	488	571	655	706	670
Eduragala	56	65	73	95	79	435	462	466	513	444
Gikiyanakande	79	91	114	102	102	422	444	554	733	344
Hedigalla	30	28	43	47	41	345	250	358	230	293
Padukka	110	121	131	165	137	579	618	665	1,380	594
Paiyagala	131	184	198	205	158	576	700	713	888	527
Rayigam	92	110	102	155	134	516	773	715	516	642
Sorana	102	126	124	138	144	487	590	552	527	609
Uskvalley	58	79	92	121	108	395	464	483	847	528
Vogan	97	103	115	167	137	473	438	466	750	473
Total -Rubber	967	1,167	1,284	1,581	1,403	491	549	571	680	536
OIL PALM										
Arapolakande	523	386	468	382	359	17,749	13,114	15,866	12,958	12,186
Dalkieth	946	851	843	531	512	5,947	5,346	5,300	3,993	6,564
Uskvalley	982	918	886	552	547	7,585	7,087	6,839	4,266	4,390
Gikiyanakanda	508	475	330	231	306	9,762	9,131	6,338	10,504	13,892
Sorana	828	568	636	471	535	13,126	9,007	10,080	7,910	8,969
Rayigam	164	143	127	85	93	9,136	7,938	7,028	4,727	5,146
Hedigalla	287	282	357	189	163	4,814	4,717	5,981	3,163	3,509
Vogan	116	103	86	41	38	7,739	6,835	5,711	2,713	2,562
Total-Oil Palm	4,355	3,725	3,731	2,482	2,552	8,281	7,083	7,095	5,324	6,492

SHAREHOLDER & INVESTOR INFORMATION

1. MARKET VALUE

The issued ordinary shares of the Company are listed with the Colombo Stock Exchange

2. DISTRIBUTION OF ORDINARY SHARES

No. of Shares Held		31st March 2024			31st March 2023		
		No. of Shareholders	Total Holding	% of Total Shares	No of Shareholders	Total Holding	% of Total Shares
1	1,000	13,688	2,865,359	0.85	13,510	2,806,043	0.83
1,001	10,000	1,951	8,257,653	2.44	1,899	8,034,328	2.37
10,001	100,000	985	33,598,575	9.93	939	32,100,976	9.48
100,001	1,000,000	196	48,594,561	14.35	167	48,495,087	14.33
Over	1,000,000	26	245,196,352	72.43	20	247,076,066	72.99
		16,846	338,512,500	100.00	16,535	338,512,500	100.00

	31st March 2024			31st March 2023		
	No. of Shareholders	Total Holding	% of Total Shares	No of Shareholders	Total Holding	% of Total Shares
Individuals	16,608	102,815,816	30.37	16,308	88,114,615	26.03
Institutions	238	235,696,684	69.63	227	250,397,885	73.97
	16,846	338,512,500	100.00	16,535	338,512,500	100.00

3. PUBLIC HOLDING

The Percentage of shares held by the public as at 31st March 2024 was 40.13%. (31st March 2023 - 40.17%.)

The applicable option under CSE Rule 7.13.1 (i) (a) on minimum public holding is option 5 and the Float Adjusted Market Capitalization as of 31.03.2024 was Rs.842,239,410.75 (31.03.2023 - Rs.829,480,874.63)

4. PUBLIC SHAREHOLDERS

The number of Public Shareholders as at 31st March 2024 was 16,835 (31st March 2023-16,524)

5. MARKET VALUE

The market value of the Company's ordinary shares was

	2023/2024 (Rs.)	2022/2023 (Rs.)
Highest	8.20	12.90
Lowest	5.50	3.40
Close	6.20	6.10

6. STATED CAPITAL

The Stated Capital of the Company is Rs. 1,571,362,510.00 represented by 338,512,500 Ordinary shares. (31.03.2023- Stated Capital Rs. 1,571,362,510.00 represented by 338,512,500 Ordinary shares.)

7. MAJOR SHAREHOLDERS

	Full Name of Shareholder	31st March 2024		31st March 2023	
		No.of Shares	Share Percentage	No.of Shares	Share Percentage
1	CONSOLIDATED TEA PLANTATIONS LIMITED	183,823,231	54.30%	183,823,231	54.30%
2	AMANA BANK PLC/DARLEY BUTLER AND COMPANY LIMITED	10,487,299	3.10%	10487299	3.10%
3	MR. SUBRAMANIAM VASUDEVAN	5,785,000	1.71%	-	-
4	SECRETARY TO THE TREASURY	5,700,834	1.68%	5,700,834	1.68%
5	LANKEM TEA & RUBBER PLANTATIONS (PVT) LIMITED	5,550,000	1.64%	5,550,000	1.64%
6	MR. LOKU KATTOTAGE NIHAL KUMARA KULAWARDENA	2,560,669	0.76%	2558059	0.76%
7	HATTON NATIONAL BANK PLC/ARUNASALAM SITHAMPALAM	2,500,000	0.74%	2500000	0.74%
8	MR. NAVANEETHA RAJAH SELVADURAI	2,379,398	0.70%	2504398	0.74%
9	MR. PALANIYANDY MURALITHARAN	2,315,947	0.68%	803,210	0.24%
10	MR. MOHAMED ISMAIL MOHAMED SHAFIE AND MRS. FATHIMA RAZANA SHAFIE	2,050,128	0.61%	2,000,128	0.59%
11	DFCC BANK PLC/P. MURALITHARAN	1,883,540	0.56%	662,332	0.20%
12	DIALOG FINANCE PLC/R. ARIFEEN	1,700,000	0.50%	-	-
13	MRS. PATTINIDEVA ASOKA SWARNA KANTHIE BERUWALAGE	1,700,000	0.50%	1700000	0.50%
14	NUWARA ELIYA PROPERTY DEVELOPERS (PVT) LTD	1,668,984	0.49%	4963662	1.47%
15	MR. RAVIN ARIFEEN	1,575,000	0.47%	-	-
16	MR. RASIAH RANJITH LEON	1,475,123	0.44%	970,045	0.29%
17	MR. ARUNASALAM SITHAMPALAM	1,372,569	0.41%	1372569	0.41%
18	DR. THIRUGNANASAMBANDAR SENTHILVERL	1,318,002	0.39%	-	-
19	MRS. FATHIMA SALMA SHAFEI AND MR. SILMY AHMED MOHAMED BASHEER	1,300,000	0.38%	1186610	0.35%
20	MR. KAUARACHCHGE SUDATH MALCOLM RODRIGO	1,300,000	0.38%	1300000	0.38%
	TOTAL	238,445,724	70.44%	228,082,377	67.38%

GLOSSARY OF FINANCIAL AND NON FINANCIAL TERMS

FINANCIAL TERMS

Accounting Policies
The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting financial statements.

Contingent Liabilities
A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise.

Current Ratio
Current Assets divided by Current Liabilities. A measure of liquidity.

Debt/Equity Ratio
Total Interest Bearing Borrowings to Shareholders' Fund.

Deferred Taxation
The tax effect of timing differences deferred to / from other periods, which would only qualify for inclusion on a tax return at a future date.

Dividends
Distribution of profits to holders of equity investments in proportion to their holdings of a particular class of capital.

Dividend Cover
Profit attributable to Ordinary Shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit.

Dividend Yield
Dividend per Share as a percentage of the market price. A measure of return on Investment.

Earnings per Share
Profit attributable to shareholders divided by the weighted average number of ordinary shares in issue during the period

EBITDA
Earnings before Interest, Tax, Depreciation and Amortisation.

ROCE
Profit after Tax plus interest on loans and finance leases divided by the shareholders' funds and interest bearing loans and borrowings.

Gearing
Proportion of borrowings to capital employed.

Interest Cover
Profit before tax plus net finance cost divided by net finance cost. Measure of an entity's debt service ability.

Market Capitalisation
Number of shares in issue multiplied by the market value of a share at the reported date.

Net Assets per Share
Shareholders' Funds divided by the weighted average number of ordinary shares in issue. A basis of share valuation

Price Earnings Ratio
Market price of a share divided by earnings per share as reported at that date.

Related parties
Parties who could control or significantly influence the financial and operating policies of the business.

Segment
Constituent business units grouped in terms of similarity of operations and locations.

Value Additions
The quantum of wealth generated by the activities of the Company measured as the difference between turnover and the cost of materials and services bought in.

Working Capital
Capital required to finance the day-to-day operations computed as the excess of current assets over current liabilities.

NON FINANCIAL TERMS

COP
Cost of producing a kilo of Tea/Rubber.

CTC
Crush, Tear & Curl. A manufacturing method.

HACCP
Hazard Analysis Critical Control Point System. A standard for safety of foods.

Immature Plantation
The extent of plantation which is not taken in to the bearing and is in the process of development.

ISO
International Standard Organisation.

Mature Plantation
The extent of plantation from which crop is being harvested.

NSA
Net Sales Average. Measures the average value of net selling price of a kilo of Tea/Rubber.

RRI
Rubber Research Institute.

Seedling Tea
Tea grown from a seed.

TRI
Tea Research Institute.

VP Tea
Vegetatively Propagated. Tea grown from a cutting of a branch of tea plant.

YPH
Yield per Hectare. The measure of average yearly output of produce from a hectare of mature plantation.

NOTICE OF MEETING

Notice is hereby given that the Thirty First Annual General Meeting of Kotagala Plantations PLC will be held on 27th September, 2024 at 10.00 a.m. and conducted as a Virtual Meeting from 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, for the following purposes, namely:

1. To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March, 2024 with the Report of the Auditors thereon.

2. To re-elect as a Director, Mr. P.M.A. Sirimane who retires in accordance with Articles 92 & 93 of the Articles of Association.

3. To reappoint Mr. A.M. de S. Jayaratne who is over seventy years of age as a Director.

   Special Notice has been received from a Shareholder of the intention to pass a resolution which is set out below in relation to his reappointment (see Note No.6).

4. To reappoint Mr. C.P.R. Perera who is over seventy years of age as a Director.

   Special Notice has been received from a Shareholder of the intention to pass a resolution which is set out below in relation to his reappointment (see Note No.7).

5. To reappoint Mr. S.D.R. Arudpragasam who is over seventy years of age as a Director.

   Special Notice has been received from a Shareholder of the intention to pass a resolution which is set out below in relation to his reappointment. (see Note No. 8).

6. To reappoint Mr. G.K.B. Dasanayaka who has attained the age of seventy years as a Director. Special Notice has been received from a Shareholder of the intention to pass a resolution which is set out below in relation to his reappointment. (see Note No. 9).

7. To authorize the Directors to determine contributions to charities.

8. To re-appoint as Auditors, KPMG, Chartered Accountants and to authorize the Directors to determine their remuneration.

9. Special Business:

   To consider and if thought fit to pass the following Special Resolution to amend the Articles of Association of the Company in compliance with the Listing Rules of the Colombo Stock Exchange in the manner following:

   Special Resolution

   Resolved –

   "That the existing Article 78 (a) be deleted and the following be substituted therefor:

   78 (a) The Directors shall not be less than five (05) nor more than twelve(12) in number. Subject to the provisions of the Act and these presents, the Company may from time to time, by Special Resolution, increase or reduce the number of Directors."

"That the existing Article 101 be deleted in its entirety and the following be substituted therefor:

101. (1) A Director may by notice in writing left at the Office, appoint any person to be his Alternate to act in his place for such period as the appointor may stipulate and such appointment shall become effective upon approval thereof by the Board, provided however that:-

(a) An Alternate Director shall only be appointed in exceptional circumstances and for a maximum period of one (01) year from the date of appointment.

(b) If an Alternate Director is appointed by a Non-Executive Director such Alternate should not be an Executive of the Company.

(c) If an Alternate Director is appointed by an Independent Director, the person so appointed should meet the Criteria of Independence specified in the Listing Rules of the Colombo Stock Exchange and the Company shall satisfy the requirements relating to the minimum number of Independent Directors specified in the Listing Rules. The Nominations and Governance Committee of the Company shall review and determine that the person so nominated as the Alternate would qualify as an Independent Director before such appointment is made.

(d) The Company shall make an immediate Market Announcement on the Colombo Stock Exchange regarding the appointment of an Alternate Director. Such Market Announcement shall include the following:

i) the exceptional circumstances leading to such appointment

ii) the information on the capacity in which such Alternate Director is appointed, i.e. whether as an Executive, Non-Executive or Independent Director.

iii) The time period for which he/she is appointed, which shall not exceed one (1) year from the date of appointment and

iv) a statement by the Company indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Company.

(2) A person appointed to be an Alternate Director shall not in respect of such appointment be entitled to receive any remuneration from the Company, nor be required to hold any share qualification, but the Board may repay the Alternate Director such reasonable expenses as he may incur in attending and returning from meeting s of

NOTICE OF MEETING

the Directors which he is entitled to attend or which he may otherwise properly incur in or about the business of the Company or may pay such allowances as the Board may think proper in respect of these expenses.

(3) An Alternate Director shall be entitled to receive notices (on his giving an address for such notices to be served upon him) of all meetings of the Directors and to attend and vote as Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to perform all the functions of his appointor as a Director in the absence of such appointor.

(4) If an Alternate Director is also a Director in his own right he shall have at any Board meeting two (2) votes, one (1) vote in his own right and one (1) vote in his capacity as an Alternate Director.

(5) An Alternate Director shall ipso facto cease to be an Alternate Director on the happening of any of the following events;

(a) Upon the Appointor's resumption of duties as a Director;

(b) If the appointment of the Alternate Director is revoked by notice in writing left at the office by his appointor;

(c) If his appointor ceases for any reason to be a Director; Provided that if any Director retires by rotation but is re-elected at the meeting at which such retirement took effect, any appointment made by him pursuant to this Article which was in force immediately prior to his retirement shall continue to operate after his re-election as if he had not so retired;

(d) If the Alternate Director shall have a receiving order made against him or compounds with his Creditors or is adjudicated an insolvent;

(e) If the Alternate Director be lunatic or becomes of unsound mind;

(f) If the Alternate Director resigns by a notice in writing given under his hand to the Company;

(g) If he becomes subject to any of the provisions of Article 91 of these presents which, if he were a Director of the Company, would render his office vacated;

(h) If the Board resolves that the appointment of the Alternate Director be terminated; provided that such termination shall not take effect until the expiration of thirty (30) days after the date of the resolution of the Board.

(6) A Director shall not vote on the question of the approval of an Alternate Director to act for him or on the question of the termination of the appointment of such an Alternate Director under the forgoing sub-clause of this Article, and if he does so his vote shall not be counted; nor for the purpose of any resolution for either of these purposes shall he be counted in the quorum present at the meeting.

(7) The attendance of any Alternate Director at any meeting subject to (6) above, including Board Committee meetings shall be counted for the purpose of quorum."

By Order of the Board,

Corporate Managers & Secretaries (Private) Limited
Secretaries

Colombo
28th August 2024

Notes:

1. A member of the Company who is entitled to attend and vote may appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed for this purpose.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Private) Limited, No. 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, not less than forty eight hours before the time fixed for the meeting.
4. Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to represent them and vote on their behalf. Members are advised to complete the Form of Proxy and their voting preferences on the specified resolutions to be taken up at the meeting and submit the same to the Company Secretaries in accordance with the instructions given on the reverse of the Form of Proxy.
5. Please refer the "Circular to Shareholders" dated 28th August 2024 for further instructions relating to the Annual General Meeting and for joining the Meeting virtually.
6. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

Resolved –

"that Mr. A.M. de S. Jayaratne who is eighty four years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr .A.M.de.S. Jayaratne."

7. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

Resolved -

"that Mr. C.P.R. Perera who is eighty years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. C.P.R. Perera."

8. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting :

Resolved -

"that Mr. S.D.R. Arudpragasam who is seventy three years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director Mr. S.D.R. Arudpragasam."

9. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting :

Resolved -

"that Mr. G.K.B. Dasanayaka who has attained the age of seventy years be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director Mr. G.K.B. Dasanayaka."

NOTES

FORM OF PROXY

I/We the undersigned .... of

.... being a

member/members of Kotagala Plantations PLC, do hereby appoint..

.... of ....

.... or failing him

1.	Sri Dhaman Rajendram Arudpragasam	of Colombo or failing him
2.	Chrisantha Priyange Richard Perera	of Colombo or failing him
3.	Sunil Somindranath Poholiyadde	of Colombo or failing him
4.	Ajit Mahendra de Silva Jayaratne	of Colombo or failing him
5.	Anushman Rajaratnam	of Colombo or failing him
6.	Parakrama Maithri Asoka Sirimane	of Colombo or failing him
7.	Gotabaya Kiri Bandara Dasanayaka	of Colombo or failing him
8.	Kowdu Mohideen	of Colombo

as my/our proxy to represent me/us, and to vote as indicated hereunder for me/us and on my/our behalf at the Thirty First Annual General Meeting of the Company to be held on 27th September, 2024 at 10.00 a.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	Against
1.	To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March,2024 with the Report of the Auditors thereon.		
2.	To re-elect Mr. P.M.A. Sirimane as a Director.		
3.	To reappoint Mr. A.M. de S. Jayaratne as a Director.		
4.	To reappoint Mr. C.P.R. Perera as a Director.		
5.	To reappoint Mr. S.D.R. Arudpragasam as a Director.		
6.	To reappoint Mr. G.K.B. Dasanayaka as a Director.		
7.	To authorize the Directors to determine contributions to Charities.		
8.	To reappoint as Auditors KPMG, Chartered Accountants and authorize the Directors to determine their remuneration.		
9.	Special Business To amend the Articles of Association of the Company as set out in the Notice of Meeting.		

*The proxy may vote as he/she thinks fit on any other resolution brought before the meeting.

As witness my/our* hand(s) this .... day of 2024

....

Signature

Note: Please delete the inappropriate words.

1. A Proxy need not be a member of the Company.
2. If no words are struck out or there is in the view of the Proxy doubt (by reason of the way in which the instructions contained in the Form of Proxy have been completed) as to the way in which the Proxy should vote, the Proxy will vote as he thinks fit.
3. Instructions as to completion are noted on the reverse hereof.

INSTRUCTIONS AS TO COMPLETION

1. Please write legibly, your full name, address and date, and sign in the space provided.

2. The completed Form of Proxy should be received at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Private) Limited, 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not less than 48 hours before the time appointed for the meeting.

3. In the case of a Company/ Corporation, this Form of Proxy shall be executed either under its Common Seal or by its Attorney or by an Officer on behalf of such Company /Corporation duly authorised in writing.

4. In the case of Proxy signed by an Attorney, the relevant Power of Attorney must be deposited at the Registered Office of Company's Secretaries for registration.

CORPORATE INFORMATION

Name of the Company	:	Kotagala Plantations PLC
Legal Form	:	A Quoted Public Company with Limited Liability
Date of Incorporation	:	22nd June 1992
Company Registration No.	:	PQ 174
Principle Activities	:	Cultivation, Manufacture and Sale of Tea, Rubber and Cultivation and Sale of Oil Palm
Registered Office	:	53-1/1, Sir Baron Jayatilaka Mawatha, Colombo 1.
E-mail	:	info@lankemplantations.lk
Web	:	www.lankemplantations.lk
Directors	:	S.D.R. Arudpragasam - Chairman C.P.R. Perera - Deputy Chairman S.S. Poholiyadde A.M. de. S. Jayaratne Anushman Rajaratnam P.M.A. Sirimane G.K.B. Dasanayaka K. Mohideen
Chief Executive Officer	:	C.J. De Costa - Up Country
Stock Exchange Listing	:	The Ordinary Shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka
Senior Management	:	S.S. Poholiyadde – Managing Director (LT&RP) - F.I.P.M K. Mohideen - Finance Director - FCMA/FCA C.J. De Costa - CEO - Up Country Nissanka Seneviratne - Director Operations- N.I.P.M/ N.IB.M N Goonetilleke - Consultant / Visiting Agent -N.I.P.M M Ganeshan - Head of Internal Audit G R N Perera - General Manager - Finance (ACMA) J Karunadasa - General Manager - Human resources / Commercial & Corporate Certifications - MBA(UK),HND (ICBT), HND(NIBM) S Bandaranayake- Consultant/ Engineer
Secretaries	:	Corporate Managers & Secretaries (Private) Limited 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1.
Auditors	:	KPMG Chartered Accountants, P.O. Box 186, Colombo 3.
Bankers	:	Bank of Ceylon Seylan Bank PLC Standard Chartered Bank People's Bank National Development Bank Sampath Bank
Legal Advisors	:	Messrs Julius & Creasy Attorneys-at-law P.O. Box 154, Colombo 1.

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