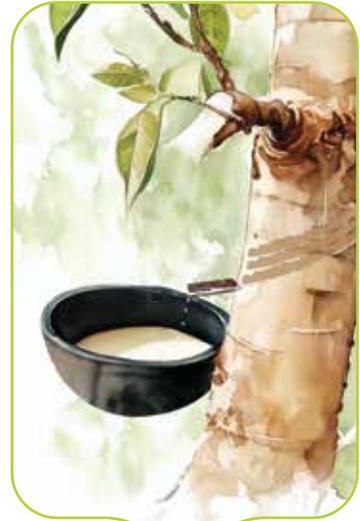


# The Agri Algorithm







# The Agri Algorithm

At Kotagala Plantations, our salient goal is to continue forward, with technological prowess defining our processes and with a scientific approach that informs every decision made to advance our stakeholders.

As we turn the page on a successful year, marked by strong financial performance, strategic innovation and unwavering dedication towards making an impact on our customers, we reflect on the Agri Algorithm that has consistently propelled us forward, shaped our success, and has paved the way for us to flourish within our industry, long-term. Reaffirming our commitment to leading the plantations sector, we move ahead with sustainable business practices that fuel our passion for progress.

At Kotagala Plantations, our Agri Algorithm is multifaceted—placing us at the cutting edge of our industry and ensuring growth and prosperity for generations to come.



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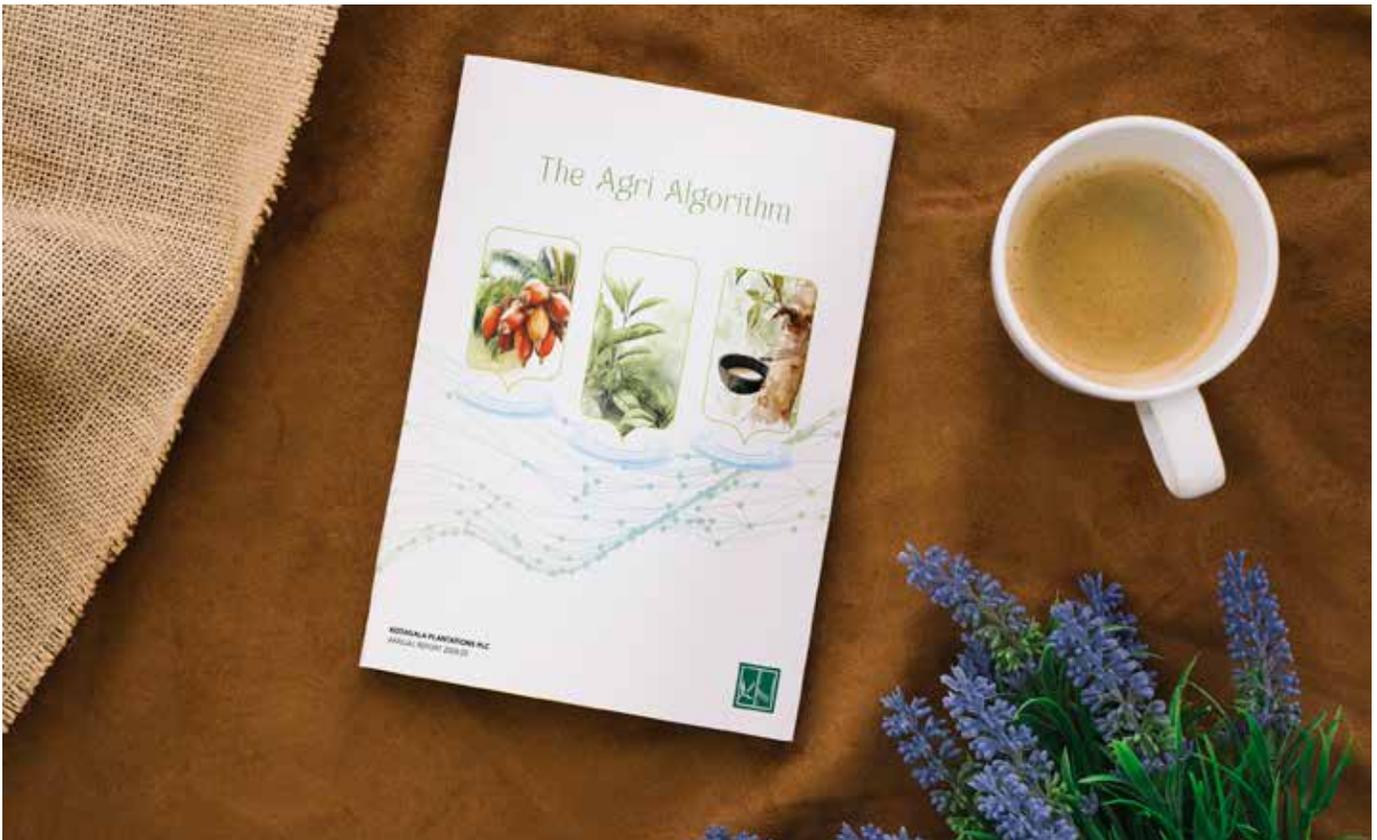
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# About this Report



This annual report provides a comprehensive overview of company's performance and achievements for the fiscal year ended 31st March 2025. Our goal is to communicate transparently with our stakeholders, including investors, employees, customers, and the community, about our operations, financial results, and strategic direction.

# Introduction



This report covers the 12 month period from 1st April 2024 to 31st March 2025, 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 already mapped out strategic direction, unless faced with significant and unavoidable internal or external developments.

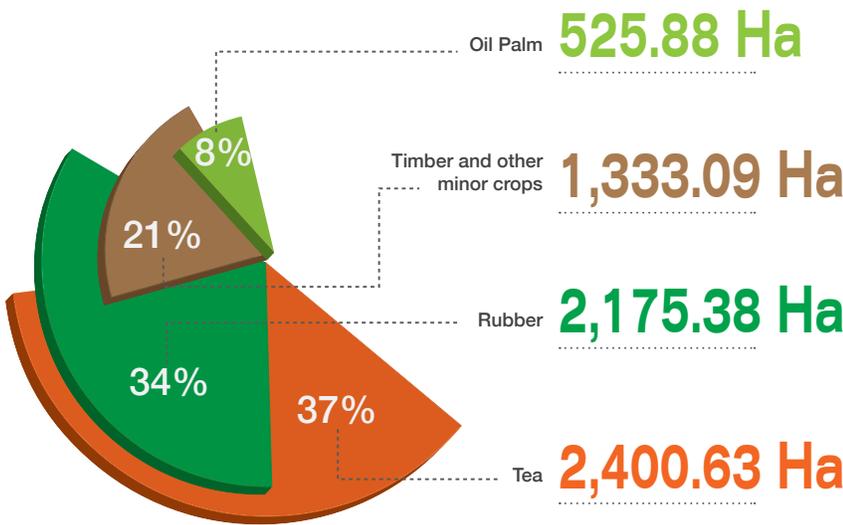


This Integrated Annual Report of Kotagala Plantations PLC (KPPLC), for the financial year 2024-25, builds upon previous reports to disclose information about the status of financial and non-financial capitals of the Company by including climate change and sustainability related risks and opportunities under the Sri Lanka Sustainability and Climate Change Disclosure Standards. This report covers the 12-month period of 1st April 2024 to 31st March 2025 and contains material disclosures regarding progress of the Company's strategy, management of Company resources and explanations regarding financial status of the Company as at end March 2025, as well as the audited financial statements.

### 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.

### CULTIVATED EXTENT

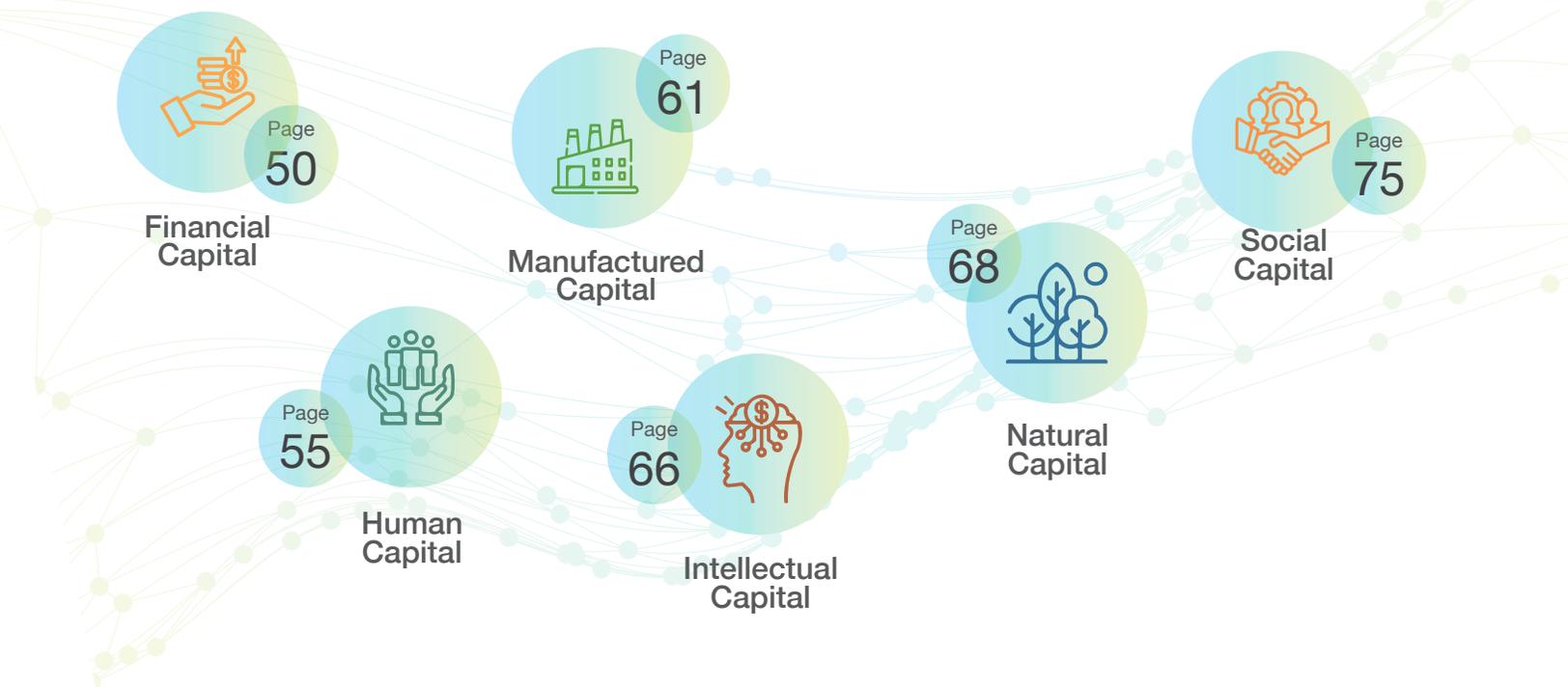


### SIGNIFICANT FRAMEWORKS AND METHODS

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

- Sri Lanka Sustainability and Climate Change Disclosure 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

## NAVIGATION ICONS



## 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	<b>139</b>
2.	Statement of Directors' Responsibilities on page	<b>136</b>



### For feedback on this report

Please contact:

Designation Director Finance

No.53 1/1 Sir Baron Jayatillake Mawatha, Colombo 1

Email [kowdu.mohideen@lankemplantations.lk](mailto:kowdu.mohideen@lankemplantations.lk)

# Basis of preparation and presentation



## MATERIAL DISCLOSURES

### Report scope and boundary

The coverage of this integrated report has remained the same as in the previous year, and 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.

- Global developments and impacts on tea and rubber prices
- Performance of Kotagala tea, rubber, oil palm during the year
- Financial performance of the Company
- Strategic progress during the year
- Changes to the non financial capitals during the year

### Process to determine material topics

#### Review of operating environment and performance

In order to identify a list of material topics for disclosure, a meeting was conducted chaired by the Group Managing Director, including the Director of Finance and senior management personnel.

This exercise included reviewing:

- Macro-economic changes and impacts on operations and finances
- Industry developments, including outcomes of plantations industry wage negotiations



## Stakeholder contributions

Requirements and expectations of key 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.

## PRIORITISATION AND SELECTION OF MATERIAL TOPICS

From the above process a list was compiled, taking into account

- Compliance requirements pertaining to good governance disclosures under the Colombo Stock Exchange Listing Rules
- Suitable topics to disclose under the Sri Lanka Sustainability and Climate Change Disclosure Standards
- Other topics under the 6 capitals
- Topics identified as relevant for the year, were prioritized according to their importance to the Company and key stakeholders.

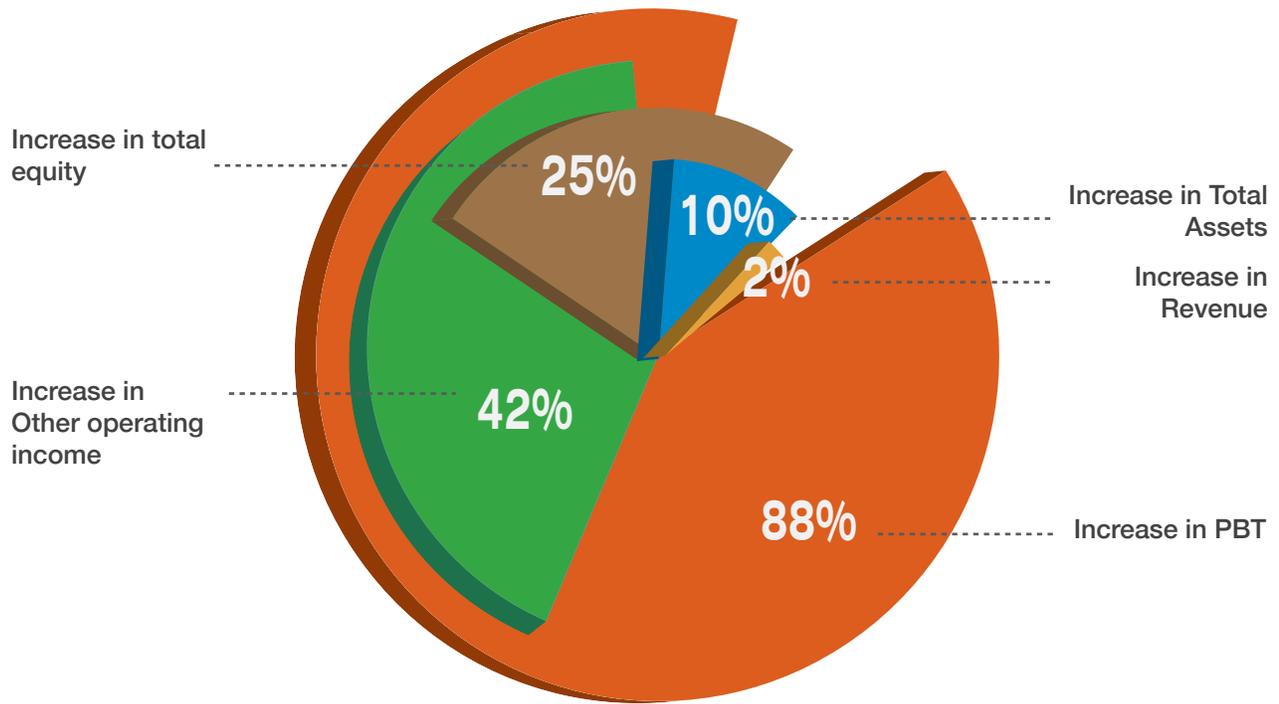
### MATERIAL TOPICS FOR DISCLOSURE 2024-25

In selecting material topics for the current financial year, we identified topics under sustainability and climate change related risks and opportunities separately, in order to comply with Sri Lanka Sustainability and Climate Change Disclosure Standards. However, it must be noted that these topics were already included in previous KPPLC Annual Reports as the management had already identified climate change and sustainability as material for the Company's financial health and business growth. Hence, there are no significant changes to the list of material topics in the current financial year, compared to the previous financial year.

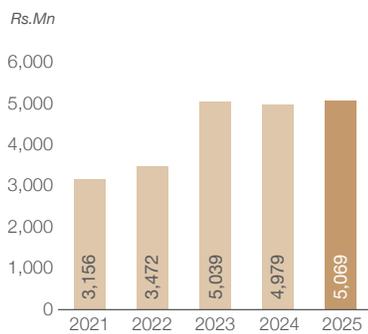
Material topics	Location of disclosures (chapter name)	Page number
Good governance	• Chairman's Message	30
	• MD's Review	33
	• Operations Review of Estates	36
	• Governance system	82
	• Risk Management System	116
	• Operating environment	40
Profitability	• Financial Capital	50
Employee motivation and retention	• Human Capital	55
Sustainability	• Managing Sustainability and Climate Related Risks and Opportunities	42
Modernisation	• Manufactured Capital	61
	• Intellectual Capital	66
Environmental responsibility	• Natural Capital	68
Community welfare	• Social capital	75

# Financial Highlights

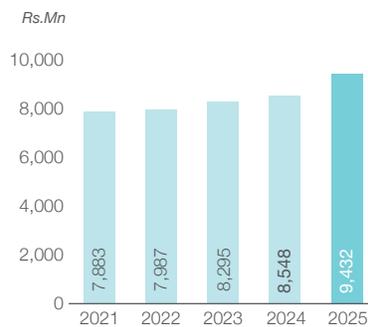
Year ended 31st March	Group		Company		Change %	
	2025	2024	2025	2024		
<b>Statement Of Comprehensive Income</b>						
Revenue	Rs.000	5,186,237	5,054,882	5,068,576	4,978,624	0.02
Profit/Loss before tax	Rs.000	619,761	331,641	611,308	324,402	(0.88)
Profit/Loss after tax	Rs.000	385,761	(126,927)	377,308	(134,166)	3.81
Other Comprehensive income/Expense	Rs.000	206,211	(87,545)	91,089	(87,696)	2.04
Total Comprehensive Profit/Loss for the year	Rs.000	591,972	(214,472)	468,397	(221,862)	3.11
Profit/Loss per share	Rs.	1.14	(0.37)	1.11	(0.39)	3.86
<b>Statement of Financial Position</b>						
Total assets	Rs.000	9,612,154	8,606,028	9,432,361	8,547,883	0.10
Total Liabilities	Rs.000	7,128,746	6,714,592	7,063,261	6,647,180	(0.06)
Total shareholders' funds	Rs.000	2,483,408	1,891,436	2,369,100	1,900,703	0.25
Net assets per share	Rs.	7.34	4.68	7.00	4.71	0.49
<b>Market/shareholder information</b>						
Debt/Equity ratio		0.49	0.82	0.51	0.81	(0.37)
Quick Asset Ratio		0.21	0.25	0.21	0.24	(0.13)
Interest Cover		2.64	1.90	2.63	1.89	0.39
Market Price (Year end)	Rs.			9.00	6.30	0.43
Market capitalisation	Rs.000	-	-	3,046,617	2,132,632	0.43



**Revenue**



**Total Assets**



**Equity**



# Board of Directors



**Anushman Rajaratnam**

**S.S. Poholiyadde**

**S.D.R. Arudpragasam - Chairman**

**Shrihan Blaise Perera**

(Appointed w.e.f.. 31.12.2024)

**Kowdu Mohideen**

**K.G. Punchihewa**

(Appointed w.e.f. 01.11.2024)

**Dr. Laksman Saman Kumara Hettiarachchi**

(Appointed w.e.f. 01.04.2025)

**C. P. R. Perera**

(Resigned w.e.f. 31.12.2024)

**P. M. A. Sirimane**

(Resigned w.e.f. 31.12.2024)

**A. M. de S. Jayaratne**

(Resigned w.e.f. 31.12.2024, Deceased - 10.07.2025)

**G. K. B. Dasanayaka**

(Resigned w.e.f. 31.12.2024)

# Board of Directors

## **S.D.R. ARUDPRAGASAM**

*Chairman*

*Non-Executive Director*

Mr. S.D.R. Arudpragasam joined the Board in 1996 and was appointed Chairman in May 2013. Mr. 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. He also functions as a member on several Board Subcommittees of the CFLB Group.

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

## **S.S. POHOLIYADDE**

*Managing Director*

*Executive Director*

Mr. S.S. Poholiyadde joined the Board on 07th September 2018 and was appointed Managing Director on 25th September, 2024. He also holds the position of Managing Director of Agarapatana Plantations PLC & Managing Director, Lankem Tea & Rubber Plantations (Pvt) Ltd. (LTRP), Managing Agents of Kotagala Plantations PLC and Agarapatana Plantations PLC. He has over four decades of experience in the Plantation Industry

Mr. Poholiyadde is also the Chairman of the Planters' Association of Ceylon and a member of the Board of Directors of the Sri Lanka Tea Board and the Rubber Research Board. He is also a council member of the Ceylon Chamber of Commerce.

Mr. Poholiyadde has been 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 also been a 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).

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

## **ANUSHMAN RAJARATNAM**

*Non-Executive Director*

Mr. Anushman Rajaratnam was appointed to the Board on 1st October 2019. He is at present the Group Managing Director of The Colombo Fort Land & Building PLC (CFLB).

In addition, he serves on the Boards of several subsidiary companies and also functions as a member on several Board Subcommittees 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, CPA Australia and MBA from the Massachusetts Institute of Technology, USA.

## **KOWDU MOHIDEEN**

*Executive Director*

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

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

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

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

**K.G. PUNCHIHEWA***Independent Non-Executive Director*

Mr. Kamal Punchihewa was appointed to the Board of Kotagala Plantations PLC on 1st November, 2024. He started his career at M/s. B R De Silva & Co. Chartered Accountants, in 1983 and was appointed as a Partner in 1991.

He moved to the mercantile sector as the Financial Controller of Kotagala Plantations Ltd. under M/s George Steuarts Management Services in 1992 and in 1997 he was promoted as the Group Financial Controller of the George Steuarts Group of Companies and also as the Director Finance of George Steuarts Auto Supplies (Pvt) Ltd.

He re-joined the Plantation Sector as the General Manager- Finance of Kahawatte Plantations Ltd. in 2002.

In 2005 he took his first overseas posting as the Financial Controller of PT Agro Bukit Indonesia and later promoted to the key position of Head of Finance – Plantation Operations and Business Support for the entire Indonesian operation of Good Hope Asia Group, which consisted of six Oil Palm Plantation Companies.

Mr. Punchihewa returned to Sri Lanka in 2011 and joined Lankem Tea & Rubber Plantations (Pvt) Ltd. (LT&RP) as the Director/ Deputy CEO, and was appointed, as the CEO of Agarapatana Plantations Ltd. in April 2014. He served on the Board of Agarapatana Plantations Ltd. from 2012 to 2016.

In October 2016 he joined Browns Group as the Group Chief Executive Officer - Plantation Sector in-charge of three Regional Plantation Companies and served as the Chief Executive Officer of Maturata Plantations Ltd in the same Group till July 2020.

He joined Richard Pieris Group as the Chief Financial Officer – Plantation Sector in August 2020 and was promoted as the Chief Executive Officer of Maskeliya Plantations PLC in February 2021 in the same Group, in addition to the post he was holding. He served as the Chief Executive Officer of Maskeliya Plantations PLC until March 2023 .

Mr. Punchihewa currently serves as a Director of Plantation Human Development Trust and on the Boards of certain other listed entities of The Colombo Fort Land & Building Group as an Independent Non-Executive Director and also serves on the Boards of several other unlisted entities within the CFLB Group. He also functions as the Chairman/ Member of certain Board Subcommittees of several subsidiary companies of the CFLB Group.

He is a Fellow member of the Institute of Chartered Accountants of Sri Lanka since 1988 (FCA) and a Member of the Certified Public Accountants (CPA) - Australia since 2014.

**SHRIHAN BLAISE PERERA***Independent Non-Executive Director*

Mr. Shrihan B. Perera was appointed to the Board of Kotagala Plantations PLC on 31st December, 2024 .He was the Chief Executive Officer of Teejay Group from April 2018 to December 2019. He also served as the Chief Executive Officer of Brandix Apparel Solutions Limited from January 2010 to March 2018. He was responsible for drawing up and implementing strategies across all business units in the intimate apparel SBUs in Sri Lanka and India. Mr. Perera previously held positions of Group Financial Controller & Treasurer, Group Accounts Manager and Finance Director at Unilever Sri Lanka while counting overall experience over 30 years both with Engineering and Finance exposure in and amongst competitive conditions and multidimensional challenges. He served as Accounts and Administrative Controller at Al Mulla Group of Companies in Kuwait from January 1991 to December 1995. He has wide exposure in FMCG, Garment and Textile Manufacture and service industry (overseas).

He holds a Bachelor of Science Degree in Mechanical Engineering-2nd Class Upper Honours from the University of Moratuwa and is a Fellow of the Chartered Institute of Management Accountants/CGMA, UK. Mr. Perera currently serves as an Independent Director of Teejay Lanka PLC and its Subsidiaries and on the Boards of Fintrex Finance Limited and C.W. Mackie PLC and on the Boards of certain other listed and unlisted entities of The Colombo Fort Land & Building Group. He also functions as the Chairman/ Member of certain Board Subcommittees of several subsidiary companies of the CFLB Group.

# Board of Directors

## **DR. LAKSMAN SAMAN KUMARA HETTIARACHCHI**

*Executive Director*

Dr L S K Hettiarachchi was appointed to the Board of Kotagala Plantations PLC on 1st April, 2025. He obtained his PhD degree from the University of Aberdeen UK, carrying out Research & Development (R & D) projects in relation to Liming acid tea soils, after graduating from University of Peradeniya with a BSc Special Honors degree majoring Chemistry. Professionally, Dr Saman Hettiarachchi is an Agricultural Chemist, having specialized in Soil Science and Plant Nutrition, and involved in technological and policy interventions for the promotion of rational fertilizer use in Tea and other Crop sectors in Sri Lanka. He has been a Chartered Chemist, authorized by the Institute of Chemistry, Ceylon; a section of Royal Society of Chemistry, UK; and a Fellow of the National Institute of Plantation Management, Sri Lanka.

Connected to the Tea Industry while serving Tea Research Institute of Sri Lanka (TRISL) over 36 + years and holding its Director/CEO position about 04 years and been responsible for planning, organizing and directing the implementation of the R & D programs on Tea cultivation, Processing and Dissemination & Delivery of technical guidance collectively to address emerging industry challenges, he is exposed to all the disciplines of R & D projects and their recent outputs and outcomes. Thus, he is aware of necessary technological interventions for the industry adoption.

Involving in the Boards and Councils affiliated to Tea Industry, Agriculture and Tertiary Education, and Key National Committees of the Government Organizations, and serving in the Board of Maskeliya Plantations PLC as an

Independent Non-Executive Director, and interacting the Private sector Organizations along with stakeholders, Dr Saman Hettiarachchi is quite aware about decision making and policy development processes in local environments. He is acquainted with the Global Tea industry issues as well, having to interact with Global and Regional Organizations and Entrepreneurs.

## **C. P. R. PERERA - DEPUTY CHAIRMAN**

*Independent Non- Executive  
(Resigned w.e.f. 31.12.2024)*

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.

Mr. C.P.R. Perera resigned from the Board of Kotagala Plantations PLC with effect from 31.12.2024.

## **G. K. B. DASANAYAKA**

*Independent Non – Executive Director  
(Resigned w.e.f. 31.12.2024)*

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.

Mr. Dasanayaka resigned from the Board of Kotagala Plantations PLC with effect from 31.12.2024.

**P. M. A. SIRIMANE**

Independent Non – Executive Director  
(Resigned w.e.f. 31.12.2024)

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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.

Mr. Sirimane resigned from the Board of Kotagala Plantations PLC with effect from 31.12.2024)

**A. M. DE S. JAYARATNE**

Independent Non- Executive Director  
(Resigned w.e.f. 31.12.2024)  
(Deceased -10.07.2025)

---

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

He was 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 served as a Director of several listed and unlisted companies.

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

Mr. A.M. de S. Jayaratne resigned from the Board of Kotagala Plantations PLC on 31.12.2024 .He passed away on 10.07.2025.

# ABOUT THE COMPANY

## 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

## 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

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.



# Our History



**The extent of machine plucking has increased to 30% in the year under review.**



As we honour our past, we are equally committed to innovation and sustainability. With a clear vision for the future, we aim to build on our achievements and continue to contribute positively to our communities and the environment.



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.

## Dimbula Estate Bungalow

The Dimbula Estate Bungalow is one of the historic colonial-era planter's bungalows in Sri Lanka's renowned Dimbula tea-growing region, known for its cool climate and high-quality Ceylon tea. While there are several bungalows in the area, the most notable one associated with Dimbula Estate is part of the country's rich plantation heritage.

Key Historical Details of Dimbula Estate Bungalow:

### 1. Colonial Origins (19th Century):

- Built during the British colonial period (late 1800s), the bungalow served as the residence for the British tea estate superintendent (planter).
- The Dimbula region was a major tea-producing area after the collapse of coffee plantations, with estates established in the Hatton, Dickoya, and Agarapatana districts.
- The bungalow's architecture reflects British colonial style—spacious rooms, wide verandas, fireplaces, and large windows to suit the cool up-country climate.
- The bungalow was used for rest and recreation by Lord Mountbatten when he functioned as the Head of the South East Asian Command during the second world war.

### 2. Role in Tea Plantation History:

- The superintendent managed the entire tea estate from this bungalow, overseeing workers, tea production, and logistics.



- It was also a social hub where British planters hosted gatherings, parties, and meetings with other estate managers.
  - The Dimbula tea produced here became famous for its bright, brisk flavour due to the region's unique elevation (3,500–5,000 ft) and misty conditions.
- ### 3. Notable Features of the Bungalow:
- Architecture: Classic colonial design with wooden floors, high ceilings, and antique furniture
  - Gardens & Surroundings: Manicured lawns, often with views of tea plantations and mountains.
- ### 4. Post-Colonial Transition:
- After Sri Lanka's independence (1948), many estates were nationalized or taken over by local companies, but the bungalows remained.
  - Some were repurposed as guest houses or heritage stays, while Dimbula Bungalow continued as official residence for estate managers.

# Our Subsidiary – Rubber & Allied Products (Colombo) Ltd

## TIMBER: GROWING VALUE SUSTAINABLY

Kotagala Plantations' up country and low country estates together, have an extent of 1,126.61 Ha of commercial timber, valued at Rs.2.2Bn. 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 journey

**1992:**

Incorporated as a public quoted company on June 22 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 rotorvane and leafy manufacturing factories

Mount Vernon ventured into tourism

**2004:**

Stonycliff ventured into tourism

**2000:**

pioneered direct exports in rubber

**1995:**

Official listing on the Colombo Stock Exchange

**2006:**

Dividend payment of

**Rs.1**  
PER SHARE

**2001 :**

Yulliefield ventured into tourism

**2007:**

Dividend payment of

**Rs.3**  
PER SHARE

**2022 -23 :**

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

**2021:**

3rd Equity infusion of

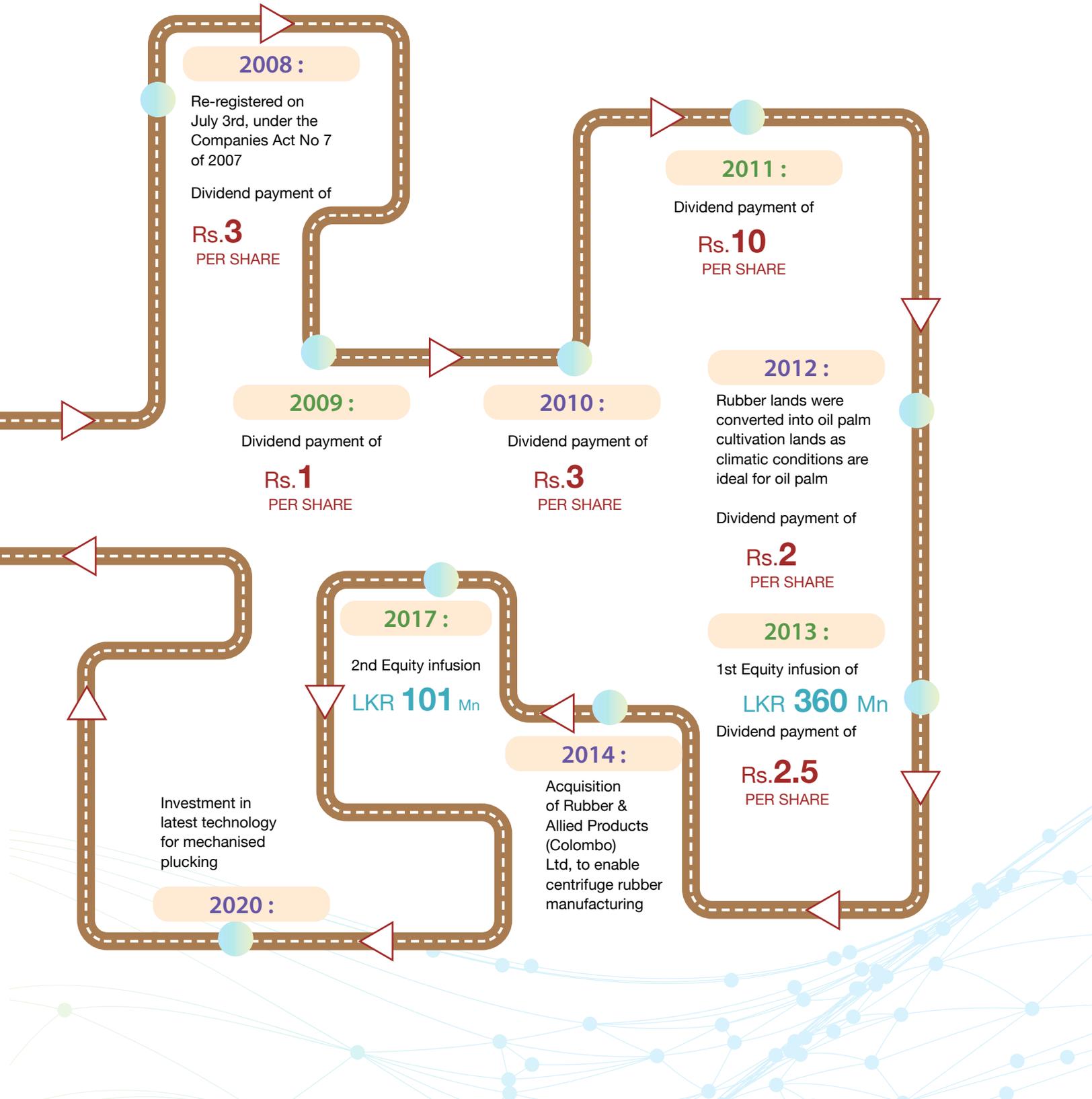
**LKR 789** Mn

**2024 -25 :**

Obtaining carbon footprint certification. (ISO- 14000:64)/ Low country estates complying with EUDR regulations

**2023 -24 :**

Introduction of Productivity Committees in estates



**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

**2013 :**

1st Equity infusion of

**LKR 360 Mn**

Dividend payment of

**Rs.2.5**  
PER SHARE

**2014 :**

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

**2017 :**

2nd Equity infusion

**LKR 101 Mn**

Investment in latest technology for mechanised plucking

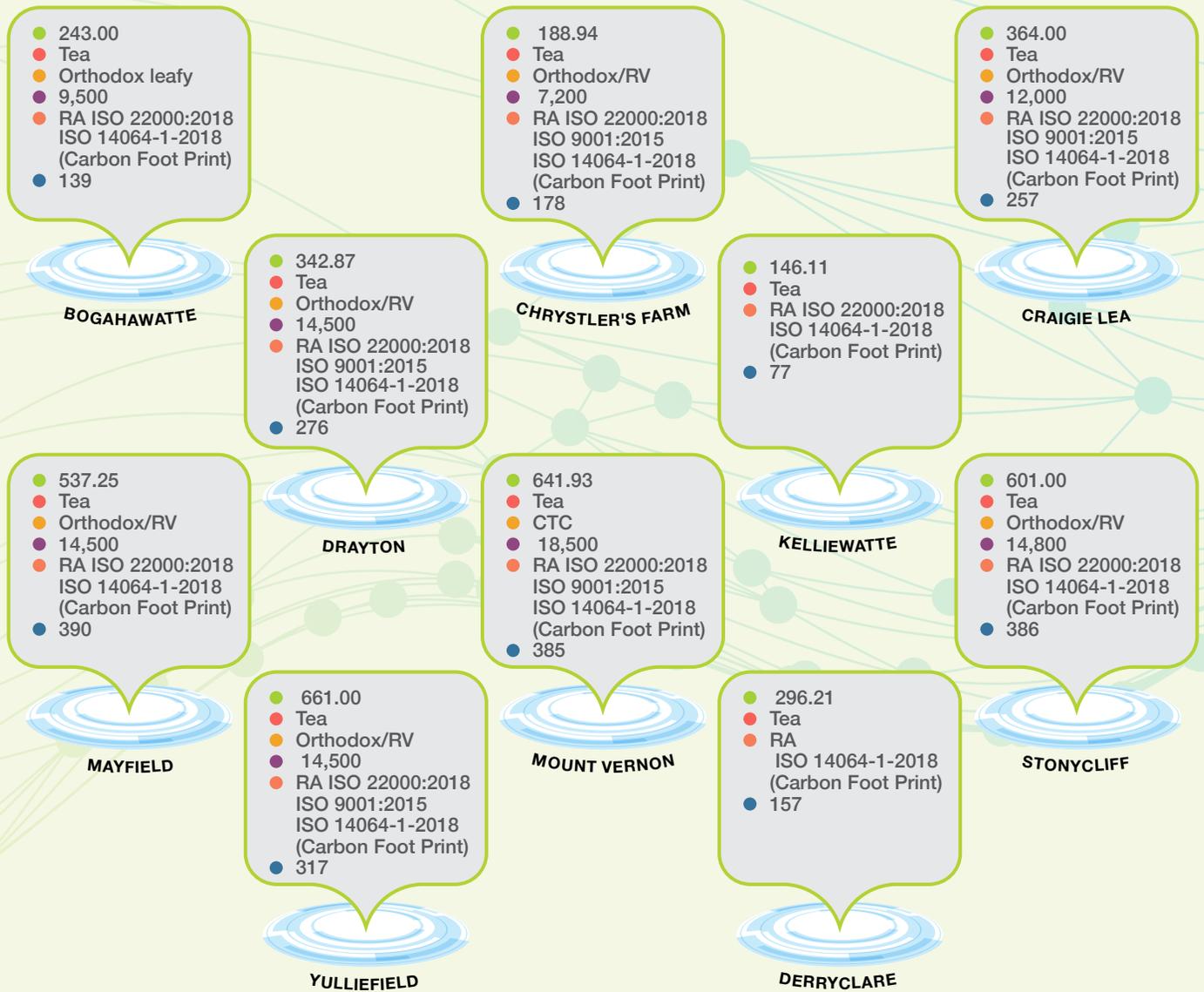
**2020 :**

# 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.

## Up Country Estates in the Nuwara Eliya District



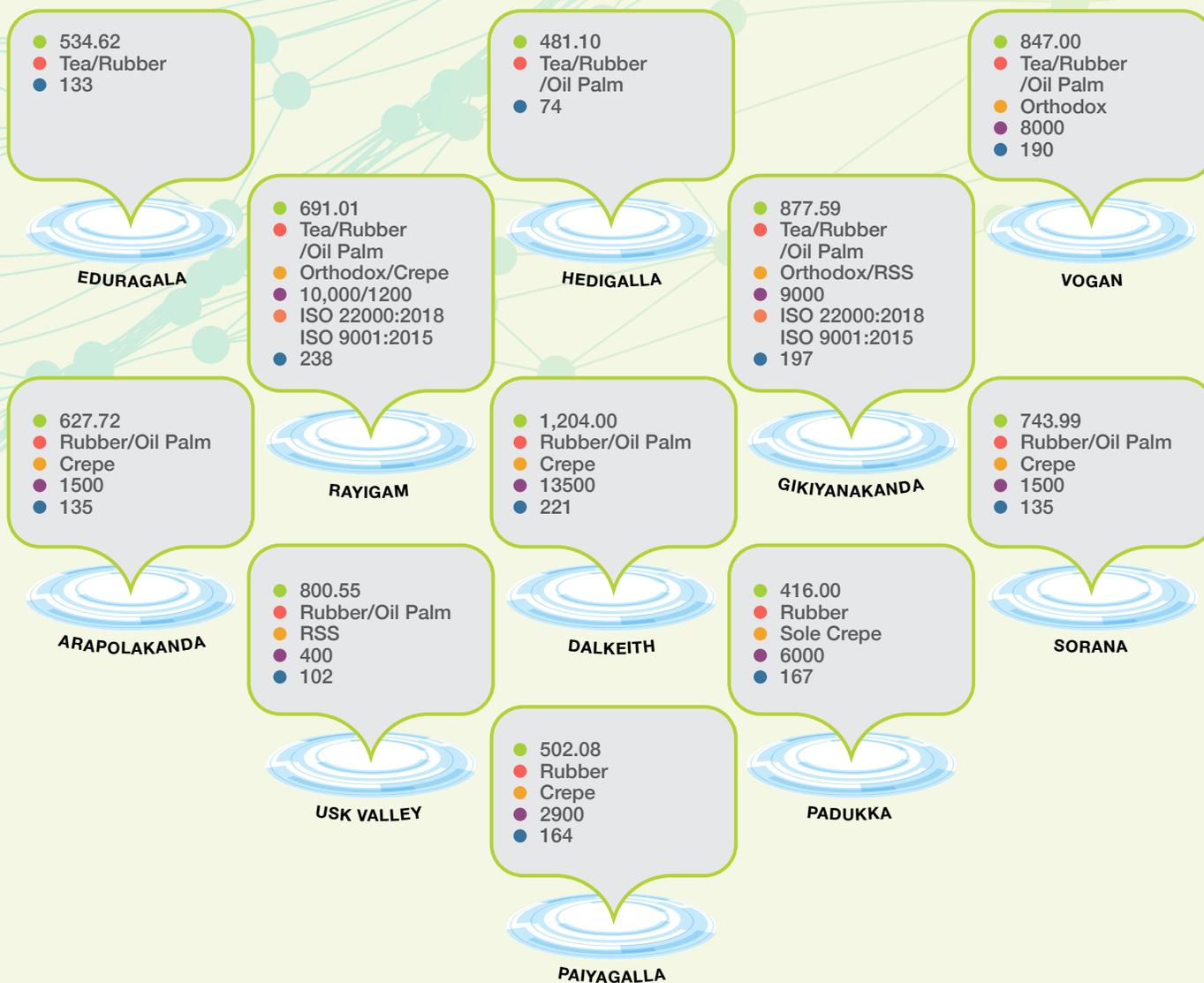


Other ethical accreditations have been obtained to confirm socially and environment friendly business operations. All our up-country tea estates are Rainforest Alliance(RA) certified and comply with a range of environmental protection requirements under the accreditation.

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.

In the year under review all up country estates obtained carbon foot print certificate.(ISO- 14000:64)

## Low country Estate in the Horana – Kalutara Districts



# 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. 2,369 Mn**

**Debt - 1,213 Mn**



**Financial Capital**

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



**Human Capital**

### 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.



**Manufactured Capital**

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.



**Social Capital**

### 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.



**Natural Capital**

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.



**Intellectual Capital**

## OUTCOMES

In the year under review :

- The Company generated **Rs. 465 Mn** cash flow from operating activities
- YOY revenue increased slightly
- YOY increase in PBT **88%**
- Shareholders' equity **Rs 2,370 Mn**

Please refer Financial Capital chapter on pages **50 to 54**

### REALISING SUSTAINABLE GROWTH THROUGH SOUND FINANCIAL MANAGEMENT.

### EMPOWERING OUR WORKFORCE TO DRIVE SUSTAINABLE BUSINESS GROWTH.

In the year under review we have given employment to:

**2,795** in the Kotagala region

**1,932** in the Horana region

**16** in our Head office.

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

Please refer Human Capital chapter on pages **55 to 60**

In the year under review we invested:

- **Rs.111 Mn** on our immature plantations
- **Rs. 110 Mn** 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 **61 to 65**

### DELIVERING HIGH-QUALITY PRODUCTS THROUGH EFFICIENT MANUFACTURING PROCESSES.

### 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 **75 to 80**

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 **68 to 74**

### ACHIEVING ENVIRONMENTAL STEWARDSHIP THROUGH RESPONSIBLE LAND USE AND BIODIVERSITY CONSERVATION.

### 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 **66 to 67**



## EXECUTIVE REVIEW

# The Agri Atrium



As we reflect on a year that contributed to the redefinition of our business operations, we take a look at the control room - the leadership that sets in motion transformation and encourages innovation at every level and in every aspect of Kotagala Plantations, so that our Agri Algorithm remains integral to our future.

# Chairman's Message



## A year of sustained growth



KPPLC improved financial performance and remains focused on governance, sustainability, and community support. The company advocates for clear policies to secure the future of the plantation sector.



It is my great pleasure to present the Annual Report and audited financial statements of Kotagala Plantations PLC (KPPLC), for the financial year 2024-25 to our shareholders, and to announce a year of sustained growth. KPPLC's financial performance has continued to improve with the previous year's loss of Rs 134 Mn reversed into a profit of Rs Rs. 377 Mn backed by operational efficiencies that generated cost savings and enhanced revenues.

### NATIONAL ECONOMY

Sri Lanka's economy returned to a growth trajectory in 2024 with a 5% growth, ending two years of economic contraction. All the three sectors of the economy - agriculture, industry and services - expanded by 1.2%, 11.0% and 2.4%, respectively. The declining interest rates and the reducing rate of inflation, as well as the stable rupee, contributed towards the recovery of economic activities. The peaceful conclusion of the Presidential Election and Parliamentary elections, coupled with political stability and policy

predictability enhanced business and investor confidence. The plantation sector collective worker wages were by the wages Board, with a 35% wage increase for plantation workers in tea and rubber estates. The new wage agreement will apply for three years, keeping worker wages stable until 2027.

### TEA, RUBBER AND OIL PALM

National tea outputs increased by 2.4% year-on-year, with total tea output rising from 256.1 Mn kgs in 2023 to 262.2 Mn kgs in 2024. This growth was driven by the low grown production increasing from 155.1 Mn kgs, to 158.8 Mn kgs, and mid grown outputs also increasing from 42.3 Mn kgs, to 47.6 Mn kgs. High grown tea production declined from 58.6 Mn kgs in 2023, to 55.7 Mn kgs. Revenue from tea exports also increased from US \$ 1,310 Mn in 2023, to US\$ 1,436 Mn in 2024, with Colombo's Tea Auction prices increasing on average from Rs 1,188.33 per kg, to Rs 1,245.10 per kg. The Middle East remained the largest buyer purchasing US\$ 615 Mn worth of tea, up from US \$ 562 in 2023 where Iraq was the largest buyer followed by United Arab Emirates. The CIS countries and the European Union were the next largest export destinations for Ceylon Tea and year-on-year incomes increased from both blocks.

Rubber outputs also increased by 7.3% compared to the 9.2% decline in 2023. Total rubber production increased from 64.4 Mn kgs to 69.2 Mn kgs in 2024 due to sheet and crepe rubber outputs increasing marginally. Natural rubber prices at the Colombo Rubber auction also increased substantially, for RSS grades 1 and 2, and also crepe rubber. Total natural rubber export volumes continued to decline in 2024 to 8.6 Mn kgs against 12.7 Mn kgs exported in 2023, with export revenue falling from US\$ 28 Mn to US \$ 26 Mn. However,

manufactured rubber exports continued to increase steadily, resulting in overall higher export earnings from rubber. The major buyers of Sri Lanka's natural rubber were Pakistan and Japan.

In 2024, global palm oil production was recorded at 70.3 Mn metric tons (MTs), a decrease from 81.7 Mn MTs in 2023. The largest producer was Indonesia, accounting for 48 Mn tons of this production.

### KPPLC'S PERFORMANCE

The priority for the year was to return KPPLC back to a profit trajectory through stringent financial and operational controls. KPPLC has been successful in this regard with almost all financial indicators registering improvements. The Loss per Share of Rs.0.39 for the year ended 31st March 2024 has reversed to an Earnings per Share of Rs.1.11 for the year ended 31st March 2025. The Gross Profit Margin and Net Profit Margin, have improved from 13.2% and (2.7%) to 17.8% and 7.4%. The ROA and ROE have both strengthened from (1.5%) and (7.1%) in the previous financial year, to 4% and 16%. The current ratio improved from 0.45 to 0.46.

At field level, the revenue per hectare has increased from Rs. 945/ ha to Rs.993/ ha. with up-country tea estates reporting a profit increase of 21% and low the country reporting a profit growth of 106%, although we accommodated a 35% increase in wages for both tea and rubber estates from September 2024.

Please refer the Operations Review of Estates, for a better understanding of ongoing improvements at estate level, and the Financial Capital chapter for details on the changes to KPPLC's P&L and balance sheet, as at the end of the financial year 2024-25.

Progress with regards to KPPLC's growth strategy and strategic plans, are explained by the Managing Director in his review.

### GOVERNANCE AND COMPLIANCE

The Board of KPPLC maintained continuous oversight of compliance requirements during the year, ensuring timely and full compliance with all applicable laws and regulations. KPPLC has also complied with the Code of Best Practice on Corporate Governance 2017, jointly issued by Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission. During the current financial year, KPPLC also commenced adopting the Sri Lanka Sustainability Disclosure Standards on sustainability and climate change related impacts, significantly enhancing the Company's strategic disclosures.

During the year, the Board and Board subcommittees met regularly to review the Company's financial situation, operational aspects, strategic progress and external developments, and to assess the risks and opportunities faced by the Company and to provide strategic guidance towards achieving annual targets. Monthly management meetings were held to review estate operations against budgets and monthly targets, to enable closer financial and operational monitoring, and to provide strategic guidance towards achieving annual targets.

### CARING FOR OUR COMMUNITIES

KPPLC's tea and rubber estates have a population of over 44,000 and a majority of the working-age men and women have found employment outside KPPLC estates with only about 10% of this cohort working in KPPLC estates as tea pluckers, field workers and other employees. However, KPPLC continued to provide certain welfare facilities as well as housing and sanitation infrastructure support, for

# Chairman's Message

the entire estate population, at Company expense. Please refer the Social Capital chapter for our welfare initiatives for estate families during the year.

## LOOKING TO THE FUTURE

Sri Lanka's traditional plantation model is disintegrating under the combined onslaught of climate change impacts, rapid labour outmigration, rising labour costs and volatility of commodity prices, while global competition is worsening. However, we cannot overlook the stark reality that tea and rubber are key foreign exchange generators. Therefore, a clear policy direction with regards to plantations, is vital for continued economic recovery.

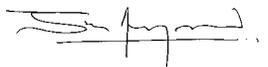
As at 2025, only 20 years are remaining, out of the 53-year lease granted to Regional Plantation Companies. However, unlike many other industries, the agriculture sector takes a much longer period between investments and outputs, as there is an exceptionally long time lag between planting and harvesting, with crop changes taking decades. Therefore, in the current context of worsening impacts of climate change across plantation crops, it will be to the benefit of all stakeholders if the government extends the lease agreement quickly, and defines the government policy for the future of plantations. A clear policy direction will facilitate the planning process for plantation companies, while safeguarding shareholder interest.

## APPRECIATIONS

The Board of KPPLC have been committed to guiding KPPLC back to financial recovery, and the Managing Director, the Board of Directors management team and all employees have contributed towards KPPLC's successful outcome. I congratulate the entire team on their success.

As we now look ahead to a promising new chapter of growth, I wish to express my sincere gratitude to Mr. C. P. R. Perera, Mr. P. M. A. Sirimanne, A M De S Jayaratne and Mr. G K B Dasanayaka, who stepped down from the KPPLC Board. Their wisdom and dedication were invaluable throughout our recovery journey. I also take this moment to respectfully remember the late Mr. A. M. de S. Jayaratne, Independent Non-Executive Director, whose thoughtful guidance and steadfast support enriched our Board and whose absence is deeply felt by all of us. At the same time, it is my pleasure to warmly welcome Dr. L S K Hettiarachchi, Mr. K. G. Punchihewa, and Mr. S. B. Perera to the KPPLC Board. I am confident their expertise and insights will strengthen our leadership and support the Company's continued progress in the years ahead.

Our shareholders have stood by us through many difficulties and I am grateful for their loyalty. I believe our shareholders will soon reap the benefits of KPPLC's sustained recovery. I would also like to extend my gratitude to all other stakeholders who have contributed to KPPLC's progress and I look forward to your continued cooperation in the new financial year.



**S D R Arudpragasam**  
Chairman

31st July 2025

# Managing Director's Review



## Growing strong: Rs. 611.3 profit from our sustainable initiatives!



Kotagala Plantations PLC reported a profit before tax of Rs 611.3Mn, reflecting a 88% increase through diversified operations in tea, rubber, and oil palm. Investments in mechanization and sustainability improved efficiency, while plans to expand oil palm cultivation and launch the Rosita Tea Centre for tourism position the company for future growth.



Kotagala Plantations PLC has concluded another successful year with a profit before tax of Rs 611.3Mn, reflecting a 88% increase compared to the previous financial year. This positive performance is a result of our strategically diversified crop portfolio comprising high-grown tea, and tea, rubber, and oil palm operations in the low country. Despite the unavoidable impacts of erratic climatic conditions, continued labour outmigration and a plantation worker wage increase, Kotagala Plantations PLC(KPPLC) has maintained its strategic direction and growth trajectory.

# Managing Director's Review

## TEA SECTOR PERFORMANCE

Tea remains the cornerstone of KPPLCs operations and the primary source of revenue. Despite headwinds such as adverse weather patterns and workforce constraints, the Company achieved a solid performance through farsighted investments into efficiency enhancements. The strategic plan of the Company has continually been to introduce new technology, including mechanisation, to reduce the dependence on manual workers and ad hoc wage increases. This was successfully executed with the Company mechanising 30% of its harvest. Other key agricultural functions are also being mechanised and foliar application is being transferred to drones. In the last seven months of the year, Kotagala's financial performance was also impacted by the all-inclusive wage increase of Rs. 1,552 which came into effect in mid-September 2024. However, litigation by the plantation industry, was successful in fixing the revised wage for a period of three years, resulting in stable labour conditions over the short term.

Kotagala's upcountry tea factories are already equipped to manufacture all 3 types of tea - Rotorvane, Orthodox Leafy and CTC. Over the short term, we plan to improve these facilities to handle larger volumes, to optimise benefits from rapidly fluctuating market conditions.

While modernising our estates, we have ensured that all Kotagala's agronomic practices comply with Tea Research Institute (TRI) guidelines, ensuring environmental stewardship and long-term sustainability. In addition, many international accreditations such as Rainforest Alliance, ISO, FSC, Carbon footprint etc. have been obtained for relevant tea and rubber properties to enhance Kotagala's global market competitiveness.

Another key strategic investment for the future, is the investment in modern agri-sciences. We believe in a scientific approach to improve agriculture and processing, and we have already hired the services of a renowned agronomist to advise on agriculture, to ensure long term sustainability.

## RUBBER SECTOR PROGRESS

During the current financial year, the rubber sector made a significant contribution to the Company profitability by reducing the previous year losses from Rs.278.51Mn to Rs. 136Mn in the current financial year. We have replanted 15 hectares of rubber while maintaining a total of 278.51 hectares in immature rubber, to ensure long-term productivity. Our modernisation plans for the Padukka factory, is now nearing completion with a new effluent treatment plant under construction at an investment of Rs. 36.5 Mn. Padukka is currently pending FSC certification, which is a prerequisite for exports to end users with value addition. As we rollout our crop diversification plans in the low country, we plan to retain approximately 50% of the lands under rubber cultivation and enhance value addition by modernising the Padukka factory.

## GROWTH THROUGH DIVERSIFICATION

Kotagala currently maintains 525 ha of oil palm, with plans to expand this to 2,000 ha. This strategic shift in to oil palm is driven by climatic changes in the low country, where rainfall now exceeds 6,000 ml per annum, as well as the growing national demand for edible oil. We remain optimistic that regulatory restrictions on oil palm cultivation will be lifted to align with national economic needs and environmental realities.

Kotagala also owns a significant timber stock valued at Rs. 2,218 Mn and during

the current year the Company initiated value addition through felling and logging operations. In line with our plans to enter the tea tourism niche, this year, Kotagala launched the Rosita Tea Centre as a flagship tourism initiative. We will continue to unveil new tourism ventures over the next few years.

## IMPROVING PRODUCTIVITY

As a plantation company Kotagala's employee base, which stood at 4,743 across all operations in the current year, is indispensable to its sustainable growth. Therefore, a key area of focus is in improving employee productivity. In this regard productivity Committees have been established at each estate to foster communication and collaboration and the Company has invested in many welfare initiatives such as field restrooms, meal rooms, and sanitation facilities as well as multiple incentive schemes and recognition programmes to motivate employees.

## PLANS FOR THE FUTURE

Sustainability is central to Kotagala's long-term strategy. Therefore, the Company is actively pursuing a number of key international sustainability accreditations including ISO 14001 on Environmental Management Systems, ISO 14064 for Greenhouse Gas Accounting, FSC for Responsible Forestry Practices, and compliance with the EU Deforestation Regulation (EUDR) for Traceability and compliance for exports. We are also aiming for Climate Positive & Net Zero Status. These measures also support a stronger marketing and branding position in global markets for KPPLC tea and rubber.

With regards to business development, a key new initiative planned is a state-of-the-art sawmill, targeting anticipated demand growth from the construction

industry, which had made a strong recovery in the current financial year. Initial feedback indicates that this level of value addition will increase timber revenues immensely, compared to the previous practice of selling the trees outright. In the new financial year, the Company will also continue its business diversification plans by opening eco-friendly cabanas at Mount Vernon and Stony Cliff estates, integrating tea tourism into its business model.

Despite a challenging operating environment, KPPLC has demonstrated resilience, innovation, and forward-thinking leadership. Through continued investment in technology, sustainable practices, and value addition across all crop sectors, the Company is well-positioned for continued growth and global competitiveness in the years ahead.

### APPRECIATIONS

Kotagala has embarked on a journey of transformation that is changing almost all aspects of its traditional plantation culture. However, we have been extremely successful in driving this change and I fully appreciate the support I have received from all stakeholders. The Chairman and Board of Directors have given their fullest support and expertise in navigating the challenges we faced during the year, and the management team have diligently ensured ground level deployment of our strategy. I am grateful to all our employees for their faith in us, and I am confident we will achieve success in the years to come.



**S S Poholiyadde**  
*Managing Director*

31st July 2025

# Operations review of up-country and low-country estates



KPPLC faced challenges in high-grown tea production due to labour outmigration and climate change, leading to a 4% decline despite increased mechanization. The company boosted timber revenue and launched the Rosita Tea Centre for tourism. In the low country, rubber production fell, but upgrades to the Padukka factory aim to enhance exports, while oil palm cultivation remains strong. KPPLC plans to diversify into coconut and cinnamon, improve employee welfare, and implement a cloud-based ERP system, transitioning to solar energy for future growth.



We are pleased to present the operational review of KPPLC's up-country and low-country regions, for the financial year 2024-25.

## UPCOUNTRY OPERATIONS

As our stakeholders are aware, KPPLC's up-country estates are dedicated to the cultivation and manufacture of black tea, supplemented by commercial forestry. The up-country estates are also in the initial stages of diversifying into tea tourism services, as an additional source of revenue.

- High grown tea

KPPLC's high grown tea operations face two major challenges which directly impact production volumes and quality. These are; first, the continuous labour outmigration, and second, climate change impacts. During the 12 months of the current financial year, the up-country estates experienced continuous labour outmigration as well as extreme hot weather, interspersed by high intensity rainfall and wet conditions, that are not the traditional climatic conditions for high grown tea plants. Therefore, the primary focus has been the effective execution of strategies to overcome the combined impact of these two threats.

In this regard, we are happy to report successful outcomes. Despite an almost 30% decline in estate workforce year-on-year, combined with extreme and unfavourable weather, the decline in made tea production was contained to only 4%. This is entirely due to the expansion of mechanization within up-country tea estates. During the current year, we exceeded our 30% mechanization target, with half of the up-country estates expanding mechanized tea harvesting to almost 45% of their tea plucking extent. Almost 100% of pruning is now mechanized in Mount Vernon.

The productivity gains are already apparent. The intake-per-plucker improved by 1.74% year-on-year, and despite the wage increase from September 2024, the revenue labour output improved by 13.06%. These improvements also demonstrate the effectiveness of our training programs in migrating our tea pluckers and other field workers, onto machines. We have also managed this transition without causing any decline in the quality of our tea, as our Net Sales Average at the Colombo Tea Auctions increased from Rs 988 last year, to Rs 1,036 per kg this year.

To grow revenues, we increased the capacity utilization of our tea factories by increasing bought leaf volumes by 15%. The production of BM Fannings and off grade tea, was also increased.

- Commercial timber

In the current financial year, we value-added our timber harvest by logging and sawing the timber, instead of simply selling the trees outright. This has increased our timber revenue.

- Progress with tourism services

Our tea tourism portfolio expanded during the year. We opened the Rosita Tea Center in a strategic location in our own land, which will promote retail sales of our own brand of tea and bring in extra revenue. The St Andrews bungalow, and two cabanas in Stonycliff Estate and Mount Vernon Estate to be refurbished. Once completed will be able to offer 11 rooms for visitors, in some of the most beautiful locations in the country. While we have not launched a full-scale promotional campaign, we are already promoting these leisure options through dedicated Facebook pages.



### LOW COUNTRY OPERATIONS

The primary crops in our low-country estates are rubber and oil palm, with much smaller extents of tea, coconut and cinnamon. However, we are planning to expand oil palm, tea, coconut and cinnamon cultivation, over the next 5 years, to address both climate change impacts, as well as labour shortages.

- Rubber

Sri Lanka's rubber cultivation suffers the same fate as upcountry tea cultivation, with high levels of labour outmigration and climate change complications. During the year, rubber outputs declined due to the excessive wet weather. Consequently, total latex outputs for the year declined by 4%, to 0.9Mn kgs. However due to effective cost management strategies the rubber losses reduced significantly from Rs 297Mn to Rs.136Mn.

The priority for the year, was to complete the upgrades to the Padukka rubber factory as it has the capability to manufacture specialized sole crepe rubber, which has a strong export demand. While

we did not export our rubber in the current financial year, we completed the criteria for Padukka to qualify for EUDR and FSC certification, which are mandatory for rubber exports into Europe. To support production expansion plans, capacity at Padukka was more than doubled from 1,000 kgs per day, to 2,500 kgs, and we began channelling latex from three other estates, into Padukka. Therefore, Padukka is now poised for sole crepe exports into Europe, which will generate foreign exchange earnings for the Company. Smaller upgrades and improvements were made to other rubber factories and estates as well, for operational efficiencies, and to expand coverage of FSC certification.

- Oil Palm

Oil palm, which is more climate change resilient, remained the bulwark of the low country estates with sustained outputs and revenues. We have already outsourced the entire harvesting process of oil palm, which has resolved problems due to labour shortages. We have also allocated a large extent to expand oil palm cultivation as soon as the prevailing ban on this crop is lifted.

# Operations review of up-country and low-country estates

- Diversified crops

Revenue and profitability of low country estates are dependent on expansion diversifying into other crops in the future. While tea will remain susceptible to climate change impacts, we have adequate agricultural strategies to control these impacts, and the low country terrain is also more conducive for mechanization, which will facilitate 100% mechanized tea harvesting, solving the labour problem. Next year, we plan to expand cinnamon and diversify into coconut cultivation as both are more climate resilient compared to rubber and enjoy strong domestic demand.

## INDUSTRIAL RELATIONS AND SUSTAINABLE AGRICULTURAL PRACTICES

The management of both up-country and low-country estates are fully aware of the importance of maintaining industrial harmony and retaining their workforces. Productivity Committees are in operation in all estates, for constructive discussions between workers and management to address operational bottlenecks. Our estates also provide many welfare measures for employees and estate communities. We are also examining options to create opportunities for each worker to earn over Rs. 2,500 per day and eventually reach Rs.100,000 per month. Please refer the Human Capital and Social Capital chapters for information on how we interacted with our employees and communities.

All up-country and low-country estates have also continued to invest in good agricultural practices and climate change mitigation practices. Please refer the Manufactured Capital chapter for capital investments during the year, and the Natural Capital chapter for our environmental management initiatives.

## PLANS FOR THE NEW FINANCIAL YEAR

For better operational oversight, we plan to commence deployment of a more versatile, cloud based, ERP system, next year. Meanwhile, both up-country and low-country estates will continue mechanization and factory modernization, while continually improving capacity utilization by increasing bought leaf volumes.

To manage energy costs and contain our carbon footprint while expanding our manufacturing operations, we will begin the transition to solar power. Another key cost-containment initiative will be a dedicated Vehicle Service Center at Mt Vernon Estate for the vehicle fleet of the Kotagala and Agarapatana regions.

We also have exciting plans to spin off our tourism portfolio as a separate business unit and expand tea tourism options for Sri Lankan travellers, as well as foreign visitors.

In conclusion, we would like to thank the Chairman and the Managing Director for their strategic guidance during the year. Our teams have been our strength and support in making KPPLC's strategic vision a reality, and we would like to thank all managers and employees for their active cooperation during the year. With your support, we are confident of continuing our journey of growth in the new financial year.



**Channa De Costa**  
Chief Executive Officer- Up Country

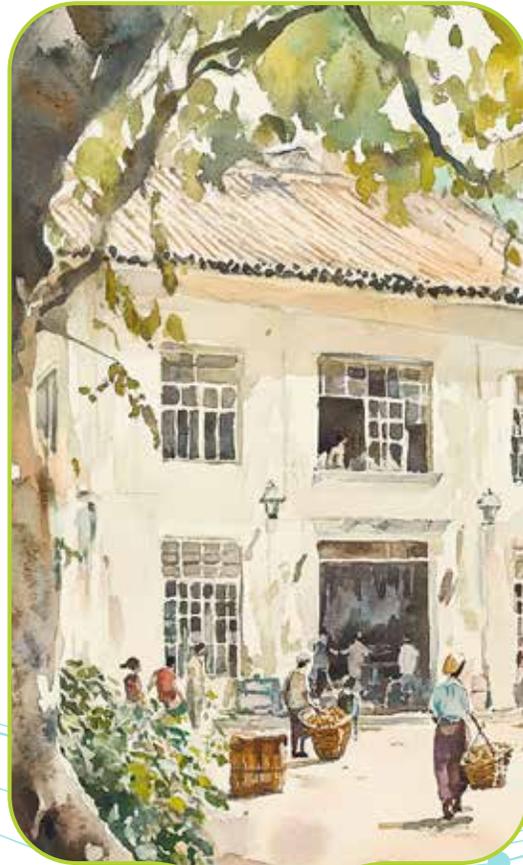


**Nissanka Seneviratne**  
Director Operations - Low Country

31st July 2025

## MANAGING OUR CAPITALS

# The Agri Continuum



In a year marked by technological progress, we concentrate our efforts on equipping all of our business and performance sectors with the innovative drive necessary to progress at a steady pace. Our continuum is defined by our consistent effort to move forward towards continuous success.

# Operating Environment



The plantation sector remained stable in the 2024–25 financial year, with a new 3-year wage Agreement concluded peacefully. The improving domestic economic conditions also supported operational stability during the year, although operating costs increased due to the wage increase and prices of essential agricultural inputs remained high. However, policy uncertainty pertaining to the future of the plantation sector remained, specifically regarding the extension of the land leases and other possible policy changes, which created long term strategic planning and resource allocation uncertainty.

## THREATS AND OPPORTUNITIES

### • New export compliances

The European Deforestation Regulation came into effect in 2023, making EUDR compliance mandatory for exports under the GSP+, which directly impacts plans for rubber exports.

### • Global competition

In 2024, India displaced Sri Lanka as the 3rd largest tea exporter by expanding production to 14% of global tea exports. Sri Lankan exports remained at 13%, becoming the 4th largest tea exporter. Sri Lanka was the 4th largest producer of tea in 2024, behind China, India and

Kenya. The African Region continued to increase its production, while outputs from Bangladesh and India – particularly from the North Indian Region, declined by around 60 Mn kgs year-on-year.

### • Global price volatility

Agricultural commodity exports continued to experience price volatility in international markets. However, it was a positive change for tea, rubber and palm oil, with prices trended upwards, primarily due to lower production from major producers. After lagging behind other plantation crops like oil palm, coffee, and cocoa for more than a decade,

rubber prices surged in the last quarter of 2024 to a 13 year high, due to erratic weather that curtailed production in Asian countries. The existing production shortfall is likely to sustain firm global prices into 2025. Coconut prices at the Colombo auctions declined during the year, due to lower export demand. While global palm oil prices increased, the price increase is expected to increase prices in Sri Lanka as well, again benefiting oil palm cultivators.

### • Obstructions to international trade

Continued conflicts in the Middle East and Russian-Ukraine conflict posed the risk of increased shipping costs, as well as price and demands fluctuations for tea. Demand for tea from Russia might decline due to ongoing sanctions, while demand from Türkiye, may also stagnate due to economic challenges.

### • Market interest rates in Sri Lanka

Interest rates on borrowings reduced significantly in 2024 with the key Average Weighted Prime Lending Rate (AWPLR) reducing 483 basis points from a year ago, which has improved investment opportunities for the plantations sector.

### • Rupee appreciation

Plantation companies lost the benefit of the rupee depreciation of 2022–23, in the form of higher rupee incomes. In the financial year 2024–25, the rupee appreciated against other major currencies, such as stated below during the year up to 29 November 2024. A 10% appreciation of the currency against the US Dollar and a 26% appreciation against the Ruble could impact future tea prices.



- **Climate change impacts**

Extreme and unseasonal weather caused a decline in the production of tea and rubber.

- **Labour shortages**

Sri Lanka tea and rubber estates continued to see large scale labour outmigration

- **Rising operating costs**

The wage increase under the 2024-wage agreement has increased overall labour costs while costs of energy and agrochemicals and taxes remained high.

- **Aging crops**

Seedling tea bushes and rubber trees are reducing yields.

- **Poor soil fertility**

Soil fertility has declined over time.

### **GLOBAL OPPORTUNITIES**

- Tea consumption in India, which accounts for about 20% of global demand, is expected to rise by 3%-4% over the next 2-3 years. This presents a significant opportunity for Sri Lankan tea due to its close proximity and trade relations.
- Chinese consumption is likely to grow with a preference for black tea. The market for quality loose tea is expected to dominate, despite the rise in ready-to-drink products before the pandemic.
- Iran shows promise for tea prices, particularly with the recent 'Tea for Oil' deal with Sri Lanka.

### **MANAGING THE RISKS AND CAPTURING OPPORTUNITIES**

KPPLC continually monitored macro environmental developments during the year and responded with a range of strategies.

- Compliance with EUDR for rubber exports into the EU
- Continued mechanization of field operations to reduce labour requirements
- Reallocation and rotation of labour to improve labour efficiency
- Replanting tea, rubber and timber to sustain yields
- Repurposing rubber lands for other more climate resistant crops
- Replacing seedling tea with VP tea
- Tea factory automation and automation of manual processes in the field
- Business diversification into tourism
- Careful cash flow management

# Managing Sustainability and Climate Related Risks and Opportunities

	Question Principle	Response
26	<b>Governance</b>	
	The governance body(s) (board, committee or individual(s) responsible for oversight of sustainability and climate-related risks and opportunities.	As an agri-business, monitoring climate and environment related risks are an inherent component of overall risk management due to the unavoidable impact of weather patterns on our crops. Therefore, KPPLC does not see the need for a separate committee/individual for this purpose. The existing risk management structure has already identified climate change impacts as a significant risk and has already implemented mitigation strategies as well as for other sustainability related risks.
(a)	(i) how responsibilities for sustainability and climate -related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s);	<ul style="list-style-type: none"> <li>• The Board, The Audit Committee and Management Committee are mandated to monitor and support financial sustainability - which depends on managing both climate and sustainability related risks and opportunities.</li> <li>• Board approved policies are available on environmental protection. Please refer the Natural Capital chapter.</li> <li>• Board approved HR policies are available for human resource management</li> </ul>
	(ii) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to sustainability and climate -related risks and opportunities;	<p>The Board and senior management decide on skill requirements following an assessment of skill gaps against strategic growth targets and compliance requirements.</p> <p>During the last two years KPPLC has recruited new personnel to fill identified skill gaps.</p>
	(iii) how and how often the body(s) or individual(s) is informed about sustainability and climate -related risks and opportunities	Weekly and monthly
	(iv) how the body(s) or individual(s) takes into account sustainability and climate -related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;	The trade offs of taking no action against sustainability and climate change risks and opportunities have been considered in terms of impact on revenue and profitability. Strategies were developed based on existing and projected impacts.

Question Principle	Response
(v) how the body(s) or individual(s) oversees the setting of targets related to sustainability and climate -related risks and opportunities, and monitors progress towards those targets (see paragraph 51), including whether and how related performance metrics are included in remuneration policies.	<p>Target setting</p> <ol style="list-style-type: none"> <li>1. First identify the most urgent/impactful sustainability/climate related concerns</li> <li>2. Secondly develop strategies and timelines</li> <li>3. Thirdly set weekly, monthly and annual targets</li> </ol> <p>Progress against targets are monitored through monthly management meetings</p>
(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee sustainability and climate -related risks and opportunities	The management have oversight of all controls to monitor sustainability and climate changes related risks and opportunities. KPI and targets are used as controls. The Board and Board sub committees are kept informed of progress
(i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is  (ii) exercised over that position or committee	<p>All levels of management have been allocated KPIs and responsibilities to monitor activities.</p> <p>The Management Committee reviews monthly progress and Audit Committee reviews quarterly progress</p>
ii) whether management uses controls and procedures to support the oversight of sustainability-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions	Controls have been established starting from the estate level upwards, through targets for yields, manufactured outputs and profitability

### SUSTAINABILITY AND CLIMATE CHANGE RELATED RISKS/ OPPORTUNITIES AND RESPONSES

As an agri-business, climate change has already been recognized as a major sustainability risk to the Company. Climate related risks are concentrated on the crop cultivation area of the value chain. In the business model, the risk is primarily felt on finances including costs associated with damages or mitigation strategies.

While it is possible climate change could result in crop cultivation opportunities over the longer term, at present we foresee rising risks associated with climate change and not opportunities. However, we do anticipate opportunities from sustainable agricultural practices, sustainable tea

manufacturing and sustainable tourism. Therefore, our risk management strategies are designed within this outlook.

We have classified current and anticipated effects of these risks and opportunities as Low, Medium and High. Some of these risks and opportunities are already taking effect and are no longer in the 'anticipated' category. However, where stated, the short term refers to 0-2 years, medium term is 3-5 years and long term is over 5 years.

The link between strategic planning and time horizons is given below:

1. Short Term (0-3 years) – Focuses on immediate operational efficiencies, compliance with existing regulations, and short-term workforce stability.

Planning in this phase includes quick adaptation to regulatory changes and market demands.

2. Medium Term (3-7 years) – Addresses gradual environmental and economic shifts. Strategic actions in this period involve infrastructure investments, water conservation projects, and gradual transition to renewable energy.
3. Long Term (7+ years) – Involves deep-rooted sustainability transformations such as large-scale afforestation, full carbon neutrality, and long-term climate adaptation strategies. Planning for this phase is integrated into the company's long-term sustainability roadmap.

# Managing Sustainability and Climate Related Risks and Opportunities

Progress of our strategies as at the end of the current financial year, are described in the MD's Review and the Operations Review of Up-Country and Low-Country Estates.



Sustainability Risks	Current effects on business model and value chain	Anticipated effects on business model and value chain	Response
<b>Debt management</b>	KPPLC's accumulated debt payment remains a high cost stifling value chain and business model growth	Negative effects are expected to dissipate within the medium term as our debt management strategy progresses.	<ul style="list-style-type: none"> <li>• Debt restructuring</li> <li>• Paying off debts where possible</li> </ul> Please refer the Financial Capital chapter for details on debt management.
<b>Sustaining profitability</b>	KPPLC's business model and value chain are currently impacted by rising costs due to rising labour and input costs, regulatory changes and climate change impacts.	We anticipate costs to increase over the mid to long term.  However, the impact of new US tariffs on the exchange rate and global market prices of inputs and commodities, as well as debt repayment from 2027, might change this outlook.	Our strategy is <ul style="list-style-type: none"> <li>• Contain costs</li> <li>• Maintain/grow margins</li> <li>• Diversify into new revenue sources</li> </ul> Please refer the Financial Capital chapter for details on financial management.

Sustainability Risks	Current effects on business model and value chain	Anticipated effects on business model and value chain	Response
<p><b>Market Fluctuations</b></p> <p>Unpredictability of demand and prices for tea, rubber and oil palm</p>	<p>During the current financial year, tea and rubber prices increased, which was a positive outcome.</p>	<p>Over the medium to long term, we anticipate prices to increase in volatility and unpredictability, due to climate change impacts on commodity supplying countries. This may result in either a positive or negative outcome for KPPLC as supply shortages may increase prices.</p>	<p>We are responding to this risk by adopting product diversification strategies to balance the risk. Please refer the MD' Review for further information.</p>
<p><b>Labour Issues:</b></p> <p>Labour migration and wage increases can increase operational costs. The lack of skilled workers can reduce productivity</p>	<p>Currently, the impact is contained at mid-levels</p>	<p>Over the medium to long term, we anticipate the impact to decline as we expand mechanization and train our workers</p>	<ul style="list-style-type: none"> <li>• Mechanization and automation to replace manual operations</li> <li>• Careful planning of available labour utilisation</li> </ul> <p>Continuous training to maintain quality and sustainability compliance</p>
<p><b>Declining crop yields due to</b></p> <ul style="list-style-type: none"> <li>• Soil degradation</li> <li>• Pests and diseases</li> <li>• Labour shortages reducing harvests</li> <li>• Climate changes</li> </ul>	<p>The impact of declining yields would have been much higher in the current year, but was contained through our strategic responses</p>	<p>We anticipate the effect to reduce over the long term as our strategies take effect</p>	<p>We are addressing declining yields through a number of actions</p> <ul style="list-style-type: none"> <li>• Soil improvement methodologies</li> <li>• Pest control systems</li> <li>• Increasing the quantity of bought tea</li> <li>• Repurposing low yielding rubber lands with other crops</li> <li>• Mechanising harvesting and other field activities</li> <li>• Climate change mitigation practices</li> </ul>
<p><b>Enhance financial sustainability</b></p>	<p>The negative effects of debt have reduced year-on- year</p>	<ul style="list-style-type: none"> <li>• Stronger balance sheet</li> <li>• Capacity for increased capital investments</li> <li>• Increase returns for shareholders</li> </ul>	<p>We are responding to improved financial health of the company with better investment planning</p>
<p><b>Sustainability Trends</b> Increasing consumer demand for sustainably sourced products represents an opportunity for differentiation in the market.</p>	<p>Both tea and rubber benefited from sustainable product pricing</p>	<p>We anticipate improved positive outcomes over the mid to long term</p>	<p>We are investing in sustainability accreditations for products, factories and cultivation</p>

# Managing Sustainability and Climate Related Risks and Opportunities

## STRATEGIC RESILIENCE

KPPLC has taken into account sustainability and climate change risks in its current growth strategy. Therefore, we do not anticipate significant changes to ongoing strategic direction and plans. A robust risk management framework is in place to identify, assess, and mitigate sustainability and climate-related risks and opportunities. This includes regular monitoring and reporting on key performance indicators, ensuring proactive rather than reactive management.

- We are enhancing strategic resilience by improving data flows for decision making, and will continue to do so by deploying an ERP system that connects all estates, regional offices and head office. The ERP will also enable access to real time information for senior management to make production and pricing decisions.
- KPPLC's long-term focus on sustainability aligns with global trends towards responsible consumption.
- KPPLC's diversification strategy mitigates risks associated with dependency on a single crop and will open up new revenue streams.
- The adoption of sustainable agricultural practices enhances business model and value chain resilience
- Investing in technology, such as precision agriculture and automation, enables the company to optimize resource use and improve efficiency. This not only reduces operational costs but also reduces impacts of labour migration.

- Engaging with local communities, suppliers, and consumers fosters collaboration and builds trust. This engagement helps the company understand market trends and consumer preferences, allowing it to adjust strategies accordingly.
- Sustainability goals and practices are regularly reviewed and updated. This iterative process ensures that the company remains resilient in the face of emerging challenges and opportunities.

## IMPACT ON FINANCES

The company is not in a position to provide quantitative data on financial impacts due to the complex nature of assessing combined impacts from multiple sustainability and climate related risks.

Plans for capital expenditure includes investments into sustainable agriculture technologies and practices, which are not yet contractually committed but are part of a strategic roadmap. This includes capital expenditures for modernizing equipment and enhancing operational efficiencies, as well as developing tourism infrastructure. Potential joint ventures with sustainability-focused partners may also be explored to expand into new markets or product lines.

Funding for sustainability initiatives may come from a mix of internal cash reserves, reinvested profits, and potential green financing options. The company will explore partnerships and grants that support environmental initiatives.

	Current financial effects	Anticipated financial effects
Sustainability risks	<ul style="list-style-type: none"> <li>• <b>Shareholders Funds:</b> Climate impacts on crop yields, have reduced profitability, reducing shareholders funds</li> <li>• <b>Revenue Fluctuations:</b> Revenue has fluctuated due to unpredictable crop outputs.</li> <li>• <b>Increased Costs:</b> Rising labour costs and investments in sustainable/climate change mitigation practices have increased operational expenses, affecting net income during the reporting period.</li> <li>• <b>Cash Flows :</b> Investments in sustainability practices are being implemented in stages to prevent cashflow shortages</li> </ul>	<p><b>Short Term (1-2 Years):</b></p> <ul style="list-style-type: none"> <li>• <b>Financial Position:</b> Temporary pressures on cash flows is expected due to increased expenditures on sustainability initiatives. However, maintaining a strong liquidity position will be crucial.</li> </ul> <p><b>Medium Term (3-5 years):</b></p> <ul style="list-style-type: none"> <li>• <b>Financial Position:</b> As sustainability initiatives take effect, asset valuations are expected to stabilise or improve.</li> <li>• <b>Performance:</b> Expected improvements in efficiency and reduced costs will lead to profitability improvement.</li> <li>• <b>Cash Flows:</b> Positive cash flow trends are anticipated as the benefits of sustainability investments materialize, leading to increased revenue from premium products.</li> </ul> <p><b>Long Term (5+ years):</b></p> <ul style="list-style-type: none"> <li>• <b>Financial Position:</b> A stronger financial position is expected as the company successfully capitalizes on sustainability-related market opportunities, leading to enhanced asset values.</li> <li>• <b>Performance:</b> Long-term profitability is projected to improve due to ongoing cost efficiencies and increased market share in sustainable products.</li> <li>• <b>Cash Flows:</b> Sustained positive cash flows are anticipated as the company benefits from established sustainable practices and reduced operational risks.</li> </ul>
(b) provide qualitative information, including		
<ul style="list-style-type: none"> <li>• identifying line items,</li> <li>• totals and subtotals within the related financial statements that are likely to be affected, or have been affected, by that sustainability-related risk or opportunity</li> </ul>		

# Managing Sustainability and Climate Related Risks and Opportunities

Resilience		
41	disclose a qualitative and, if applicable, quantitative (a single amount or a range) assessment of the resilience of its strategy and business model in relation to its sustainability and climate related risks, including how the assessment was carried out and its time horizon.	<p>Resilience assessments used by KPPLC include but are not limited to:</p> <ul style="list-style-type: none"> <li>• Annual crop yields from both cultivation regions</li> <li>• Net Sales Averages for tea and rubber</li> <li>• Cost to revenue ratio by product</li> <li>• Gross profit margin by product</li> <li>• Rainfall data range</li> </ul> <p>Financial ratios are calculated using data provided by estates. Historical crop yield and rainfall data are already available. Estates also continually monitor crops yields per estate and this data is provided to the management.</p>
Risk management		
43 (a)	<p>processes and related policies the entity uses to identify, assess, prioritise and monitor sustainability-related risks</p> <p>(i) the inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes</p>	<p>Inputs used to monitor climate related risks</p> <ul style="list-style-type: none"> <li>• Annual rainfall data</li> <li>• Number and frequency of natural disasters</li> <li>• Crop yields</li> </ul> <p>Inputs used to monitor sustainability related risks</p> <ul style="list-style-type: none"> <li>• Commodity prices</li> <li>• Demand volumes of commodities</li> <li>• International trade data</li> <li>• Exchange rate</li> <li>• Interest rates</li> <li>• Labour shortages</li> <li>• Cost of production</li> <li>• Cash flows</li> <li>• Debts</li> <li>• Energy consumption</li> <li>• Energy cost</li> <li>• Water consumption</li> <li>• Soil nutrition content</li> </ul>

Risk management		
	(ii) whether and how the entity uses scenario analysis to inform its identification of sustainability-related risks	Identifying scenarios, assessing impacts, qualitative and quantitative analysis, developing risk mitigation strategies, continuous monitoring and updating
	(iii) how the entity assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria)	Quantitative thresholds have been set for key criteria to assess the magnitude of risks
	(iv) whether and how the entity prioritises sustainability and climate related risks relative to other types of risk	Yes, it is essential for long term success
	(v) how the entity monitors sustainability-related risks;	Data collection , KPIs, Regular monitoring, scenario planning
	(vi) whether and how the entity has changed the processes it uses compared with the previous reporting period	No changes
(b)	the processes the entity uses to identify, assess, prioritise and monitor sustainability-related opportunities	Market demand trends and prices are continually monitored to identify market opportunities
	(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring sustainability-related risks and opportunities are integrated into and inform the entity's overall risk management process.	Fully integrated

# Financial Capital



During the 2024-25 financial year, Kotagala Plantations (KPPLC) remained focused on enhancing financial returns and strengthening its balance sheet to improve the resilience of the Company. Mechanization and automation activities were expanded to improve productivity and efficiency, in order to contain operating costs. Overall, KPPLC concluded the 2024-25 financial year with a satisfactory growth in revenue and profitability in spite of external challenges.

## CHANGES TO THE FINANCIAL CAPITALS

Improving the Company's financial sustainability remains a priority in order to ensure overall sustainability of operations. During the current financial year, the Company continued to focus on strengthening its balance sheet by restructuring its debts. Total debts of the Company declined by 22% to Rs.1,213Mn, from the previous financial year. The Company has negotiated a one-year extension for a bank loan and the outstanding gratuity payments were fully settled in 2025, through the sale of KPPLC' share investments.

The total equity of the Company increased from Rs.1,900 Mn to Rs.2,369Mn as at end March 2025, with the addition of retained profits for the year.

### Kotagala Plantations' financial capital base

Capital type - Company	2021-22	2022-23	2023-24	2024-25	% change
Total equity Rs Mn	1,635	2,122	1,900	2,369	25%
Total debt Rs Mn	1,557	1,296	1,546	1,213	22%

Capital type - Group	2021-22	2022-23	2023-24	2024-25	% change
Total equity Rs Mn	1,603	2,105	1,891	2,483	31%
Total debt Rs Mn	1,557	1,296	1,546	1,213	22%

### Performance indicators

Company	2021-22	2022-23	2023-24	2024-25	% change
Earnings per share (EPS)	0.56	0.70	(0.39)	1.11	385%
Interest coverage (Times)	1.33	3.03	1.88	2.64	40%
Return on Assets (ROA)	0.02	0.03	(0.01)	0.04	500%
Return on Equity (ROE)	0.12	0.11	(0.07)	0.16	328%
Gearing ratio	0.95	0.38	0.45	0.34	(24%)
Current ratio	0.23	0.48	0.45	0.46	2%

Group	2021-22	2022-23	2023-24	2024-25	% change
Earnings per share (EPS)	0.29	0.75	(0.37)	1.14	408%
Interest coverage (Times)	1.05	3.07	1.89	2.65	40%
Return on Assets (ROA)	0.01	0.03	(0.01)	0.04	500%
Return on Equity (ROE)	0.06	0.12	(0.07)	0.16	328%
Gearing ratio	0.97	0.38	0.45	0.33	(24%)
Current ratio	0.23	0.48	0.47	0.47	(0%)

# Financial Capital

## PRIORITIES IN 2024-25

Effective from 10th September 2024 the minimum daily wage for workers in the tea growing and Manufacturing Trade was increased from Rs.1,000/- to Rs.1,350/-. Consequently, while the retirement benefit liability increased against the previous financial year.

In this backdrop of rising costs, during the financial year 2024-25, KPPLC focused on implementing the following strategies to maintaining a strong bottom-line performance despite the challenges faced by the industry.

- Immediately following the wage increase, the Company introduced thresholds on the deployment of man-days in plucking, so that the labour cost on any day is not more than 60% of expected revenue. This new man-days roster is strictly monitored on a daily basis.
- To mitigate the cost impact of rising labour cost and labour shortages, KPPLC has already aggressively expanded mechanization, including harvesting and field operations along with automating its factories. During the current financial year, 30% of total green leaf harvested was through machine plucking.
- The management is examining the possibility of totally restructuring KPPLC's low country operations towards capitalizing on high yielding

rubber extent, and diversifying low yielding extent into tea planting. The Company has recruited a plantation sector expert, and is currently analysing the long term financial and agricultural/climatic possibilities.

- The management is also examining the feasibility of reducing the overheads of low country estates, by forming Strategic Business Unit clusters, by merging suitable estates and to take advantage of the unutilised factory capacity by grouping.
- Continuing to increasing the capacity of tea factories to optimum levels, by including bought leaf.
- Value addition to timber harvest by logging the timber, instead of direct sale of trees.

## FINANCIAL STATUS AS AT END MARCH 2025

### Revenue

The production of both tea and rubber declined during the 12 months of 2024-25, against the previous year, due to excessive rains. However, low country oil palm outputs remained steady, although prices declined.

Tea production decreased by 0.04 Mn kgs and rubber outputs declined by 0.04 Mn kgs. However, KPPLC's revenue from rubber increased due to market-price increases stemming from supply shortages.

The total revenue for the year from, rubber, and oil palm increased by 25%, 6%, and tea decreased by 2%, in 2024-25 compared to 2023-24.

KPPLC also augmented its income from the sale of refuse tea, which amounted to Rs254.8 Mn for the year, while sundry income amounted to Rs. 233.8 Mn and the sale of commercial timber/rubber trees accounted for Rs.125.8Mn.

Therefore, KPPLC's total revenue for the year increased by 2% year on year to Rs.5.068Bn.

KPPLC's subsidiary, Rubber and Allied Products (Colombo) Ltd, contributed Rs118 Mn to the Group revenue.

## Kotagala Plantations' financial capital base

Year	2021-22	2022-23	2023-24	2024-25	% change
Company - Revenue (Rs Mn)	3,472	5,039	4,978	5,068	2%
Group - Revenue (Rs Mn)	3,496	5,112	5,054	5,186	3%

Revenue source	2021-22	2022-23	2023-24	2024-25	% change
Tea (Rs.Mn)	2,389	3,800	3,985	3,894	(2%)
Rubber (Rs.Mn)	775	845	633	793	25%
Oil palm (Rs.Mn)	308	394	360	381	6%
Total (Rs.Mn)	3,472	5,039	4,978	5,068	2%

### Gross Profit

The cost of sales decreased by Rs 158 Mn during the year. KPPLC earned an overall gross profit of Rs.904 Mn from estate operations mainly due to increase in revenue by 2% and the corresponding decrease in cost of sales.

Year	2021-22	2022-23	2023-24	2024-25	% change
Company Gross Profit (Rs Mn)	368	1,335	655	904	38%
Group Gross Profit (Rs Mn)	376	1,353	672	920	37%

### Profit from Operations

The tea sector in total contributed a profit of Rs. 360 Mn during the year, with up country tea bringing a profit of Rs.375 Mn, and low country tea made a loss of Rs.14 Mn for the year.

Losses in the rubber sector was reduced from Rs.297 Mn to Rs.136Mn. The oil palm segment made a steady contribution of Rs.158 Mn, in line with the previous year's performance.

Therefore, the Company achieved a profit before tax of Rs.611 Mn, which is a growth of 88% compared to the same period last year.

The Group recorded a profit before tax of Rs.620 Mn, with the contribution by Rubber & Allied Products (Colombo) Ltd.

Year	2021-22	2022-23	2023-24	2024-25	% change
Company- Profit before tax (Rs Mn)	104	770	324	611	88%
Group - Profit before tax(Rs Mn)	14	786	332	620	87%

### Tax payment

Company	2021-22	2022-23	2023-24	2024-25	% change
Deferred tax -Recognized in the Profit or Loss Rs Mn	83,937	(533,638)	(458,568)	(234,000)	(49%)
Deferred Tax- Recognized in the other comprehensive income – Rs Mn	(30,494)	(161,334)	50,750	(39,038)	177%
Deferred tax – Total Rs Mn	53,443	(694,972)	(407,818)	(273,038)	(33%)
Group					
Deferred tax -Recognized in the Profit or Loss Rs Mn	83,937	(533,638)	(458,568)	(234,000)	(49%)
Deferred Tax- Recognised in the other comprehensive income – Rs Mn	(30,494)	(161,334)	50,750	(39,038)	177%
Deferred Tax – Total Rs Mn	53,443	(694,972)	(407,818)	(273,038)	(33%)

# Financial Capital

## Profit for the year

KPPL reported an overall net profit of Rs.377 Mn, which is an increase of Rs.511 Mn compared to the previous year, mainly due to the increase in overall gross profits from in tea, rubber and oil palm.

	2021-22	2022-23	2023-24	2024-25	% change
Company - Profit after tax (Rs Mn)	188	237	(134)	377	381%
Group - Profit after tax (Rs Mn)	98	253	(127)	386	404%

## Financial Position

As planned, KPPLC's balance sheet continued to strengthen due to the increase in current assets by Rs.165Mn, due to the increases in cash and cash equivalents and inventory. The total liabilities of the Company increased by 6% to Rs.7,063 Mn and the total assets increased by 10% to 9,432Mn.

With the steady performance of the Company, the net assets per share has increased to Rs. 7.00 from Rs. 4.71 recorded in the previous financial year.

## Cash Flow

The improvement in working capital management is reflected in the increase in the current ratio from 0.45 in the previous financial year to 0.46 at the end of the current financial year.

Company	2023-24	2024-25	% change
Net Cash Inflow from Operating Activities (Rs Mn)	511	465	(9%)
Net Cash Outflow used in Investing Activities (Rs Mn)	(214)	(32)	85%
Net Cash (used in)/Inflow from Financing Activities (Rs Mn)	(315)	(377)	20%

Group	2023-24	2024-25	% change
Net Cash Inflow from Operating Activities (Rs Mn)	503	456	(9%)
Net Cash Outflow used in Investing Activities (Rs Mn)	(204)	(32)	84%
Net Cash (used in)/Inflow from Financing Activities (Rs Mn)	(314)	(377)	20%

## Outlook and plans

KPPLC will remain focused on its already mapped-out strategy of mechanization and automation to improve its financial performance, while continuing to reduce its debt burden. The Company will also continually develop its workforce to improve productivity and provide opportunities to enhance worker earnings.

# Human Capital



Empowering our dedicated pluckers/tappers is at the heart of our success, as their commitment to quality drives the growth of our plantation.

KPPLC continued with the modernization of its HR administration, while also improving mechanisms to enhance employee productivity and knowledge regarding sustainable agribusiness. These changes have enhanced employee productivity and engagement, while supporting organizational sustainability. By prioritizing modernization and employee well-being, KPPLC is better equipped to meet the evolving demands of its workforce and the industry, ensuring sustainable growth.

# Human Capital



## COMPLIANCE WITH ANTI-CHILD LABOUR AND FORCED LABOUR REGULATIONS

As a responsible corporate KPPLC 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.

## STRATEGIC PRIORITIES FOR 2024-25

During the current financial year, KPPLC maintained its focus on maintaining a high level of regulatory compliance and improving employee productivity through technology integration and skill development. The Company also prioritized its sustainability certifications through training for employees, and aligning processes with sustainability principles.

HR Priority	Status as at 31st March 2025
<b>Streamlining HR administration</b>	
Digital Attendance System	<ul style="list-style-type: none"> <li>The deployment of biometric attendance tracking &amp; applying leave ensures accurate and transparent timekeeping, minimizing discrepancies and improving workforce management.</li> <li>The integration of automated HR processes has optimized labour management, and regulatory adherence.</li> </ul>
New screening system for recruitment	<ul style="list-style-type: none"> <li>A new recruitment process, emphasizing academic qualifications was introduced to improve quality of new recruits.</li> </ul>
<b>Factory and Field Productivity Enhancements</b>	
Skill Development & Training:	<ul style="list-style-type: none"> <li>Capacity-building programs were conducted to enhance technical expertise, resulting in greater efficiency and productivity across estates and factories.</li> </ul>
Performance-Based Incentive Models	<ul style="list-style-type: none"> <li>Structured incentive schemes were operationalised to motivate higher productivity</li> <li>Formalized employee recognition programs have been introduced to acknowledge and celebrate achievements, work anniversaries, and significant milestones</li> </ul>

HR Priority	Status as at 31st March 2025
Productivity Committee Concept	<ul style="list-style-type: none"> <li>The Committee, comprising cross-functional teams, has implemented measures to optimize resource utilization, reduce waste, and enhance output quality. Regular meetings and feedback sessions were held during the year to increase in productivity compared to the previous financial year</li> </ul>
<b>Improving compliance</b>	
EUDR Compliance	<ul style="list-style-type: none"> <li>The rubber estates and 04 rubber factories in the low country region complies with the European Union Deforestation Regulation (EUDR).</li> </ul>
Rainforest Alliance Certification Training Programs	<ul style="list-style-type: none"> <li>During the year, 13 comprehensive RA training programs were held for both the workforce and staff members covering critical areas such as sustainable agricultural practices, environmental conservation, and ethical labour standards. The training enhanced employee skills and compliance with international sustainability standards</li> </ul>
Forest Stewardship Council (FSC) Certification and Biodiversity Survey	<ul style="list-style-type: none"> <li>Preliminary training for FSC certification has commenced, alongside a detailed biodiversity survey at all KPPLC's rubber estates and 04 rubber factories</li> </ul>
Occupational Safety and Health (OSH) compliance	<ul style="list-style-type: none"> <li>All tea and rubber factories implemented fire drill and OSH programs which has reduced reported incidents compared to the previous year.</li> <li>Regular drills and training sessions have ensured that employees are well-prepared to handle emergencies.</li> </ul>
Carbon Footprint Certification	<ul style="list-style-type: none"> <li>Carbon footprint certification was obtained for all KPPLC upcountry tea fields and factories.</li> </ul>

### HUMAN RESOURCES PROFILE 2024-25

KPPLC's total human capital base comprised 4,743 as at end March 2025, inclusive of its executive management, clerical and other staff and estate workers.

### EMPLOYEES BY CATEGORY

Employee category	Number of employees 2024-25	Number of employees 2023-24	% change
Executives	45	48	6%
Clerical, Technical & Other Staff	380	416	9%
Estate Workers	4,318	5,916	27%
<b>Total</b>	<b>4,743</b>	<b>6,380</b>	<b>27%</b>

# Human Capital

## TOTAL EMPLOYEES BY CATEGORY, GENDER, AGE AND SERVICE PERIOD FOR 2024-25

		Workers	Clerical, Technical & Other Staff	Executives	Total
Region Wise	Kotagala	2,562	215	18	2,795
	Horana	1,756	165	11	1,932
	Head Office	0	0	16	16
Gender Wise	Male	1,902	289	36	2,227
	Female	2,416	91	9	2,516
Age Distribution	Below 30 Years	94	36	10	140
	30 - 45 Years	1,702	175	20	1,897
	Over 45 Years	2,522	169	15	2,706
Service Distribution	Below 5 Years	1,578	181	21	1,780
	5 - 15 Years	1,083	122	10	1,215
	Over 15 Years	1,657	77	14	1,748
<b>Total</b>		<b>4,318</b>	<b>380</b>	<b>45</b>	<b>4,743</b>

## NEW RECRUITMENTS AND TURNOVER

While the employee turnover was 2,355 for the year, a total of 664 new employees were recruited during the year.

	Recruitments		Resignations	
	2024-25	2023-24	2024-25	2023-24
<b>Kotagala Up country</b>				
Staff	64	43	63	48
Workers	131	2,169	1,555	1,488
<b>Kotagala Low country</b>				
Staff	26	16	27	23
Workers	439	927	709	1,006
<b>Head Office</b>	4	4	1	
<b>TOTAL</b>	<b>664</b>	<b>3,159</b>	<b>2,355</b>	<b>2,565</b>

### RETENTION STRATEGY

The Company is redefining job roles to enhance both the professional status and financial incentives of estate workers. The company has introduced advanced machinery into its operations, which has increased earning potential and has designated as machine operators to elevate their status.

The Company is also improving remuneration structures, performance-based incentives, long-service awards and investing in skill development, as well as conducting regular feedback sessions, employee satisfaction surveys, and one-on-one meetings with supervisors.

### IMPROVEMENTS TO HR ADMINISTRATION

HR administration was improved in multiple areas. These include:

- Strengthening employee health and safety measures, including mandatory safety training and periodic workplace HR audits.

- Clear career progression frameworks have been established to support employee growth and development. Structured training programs and mentorship opportunities are also provided.

**INDUSTRIAL RELATIONS**

All employees in KPPLC estates have freedom of association and all tea and rubber estate workers are unionised. The Company did not experience any serious industrial disputes during the reporting period. Operational changes are communicated by managers to their respective teams and are required to give adequate notice to employees prior to any changes being implemented.

**Wages**

- **Estate workers:** In September 2024, Sri Lanka's Wages Board raised the minimum daily wage for tea and rubber estate workers by 35%, to Rs 1,350, with an additional allowance of Rs. 50 for each extra kilogram of harvest, effective from October 10, 2024 and expected to continue for the next three years.
- **Estate staff:** The estate staff category come under a staff collective agreement.
- **Other employees:** 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.

KPPLC 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.

**TRAINING AND DEVELOPMENT**

During the current financial year, the Company invested Rs Rs.2.25 Mn on training and development, compared to Rs 2.4Mn in 2023-24.

**Average hours of training per year, per employee**

Gender	Average Training Hours
Male	2.86
Female	2.34

**Average hours of training by employee category**

Employee category	Average Training Hours
Executives	6
Clerical, Technical & Other Staff	10
Workers	5.2
Total	21.2

**Training programs conducted during the year**

Training program	Target group
Machine Pruning	Workers/ Executives/ Field Staff and Factory Staff
Machine Plucking	
Grievance Mechanism	
Gender Equality	
Child Labour	
Force Labour	
Discrimination	
Workplace Violence	
Harassment	
Safe Handling of Agriculture Chemicals	
Chemical Storage	
Transportation	
Awareness of Use PPEs	
OHS	
Emergency	
Wild life protection	
Waste Management	
ISO Standards (ISO 9001:22000)	
RA Training	

# Human Capital

## PERFORMANCE EVALUATIONS

KPPLC’s performance evaluation system includes self-assessments, supervisor reviews, and peer feedback. The process is designed to recognize achievements, provide constructive feedback, and align individual goals with organizational objectives. Performance evaluations are conducted annually by respective CEOs.

Percentage of employees who received performance evaluations in 2024-25

Employee category	%
Executives	100
Clerical, Technical & Other Staff	100
Workers	100

## CAREER PROGRESS PATHS

Through regular performance reviews, training programs, and leadership opportunities, we ensure our employees have the tools and support they need to advance within the organization.

## HEALTH AND SAFETY INITIATIVES

OHS initiatives include comprehensive safety training, regular equipment inspections, and the provision of PPE. Health camps and wellness programs are organized to promote physical and mental well-being. On-site medical facilities and periodic health check-ups are provided to ensure optimal employee health. Annual health screenings, including blood tests (FBC & SGPT) for chemical spraying workers, are conducted.

## GRIEVANCE MANAGEMENT

Employees can voice concerns via formal complaints, suggestion boxes, or confidential hotlines. Our HR team ensures timely resolution of grievances, fostering a culture of trust and mutual respect.

## REWARDS AND RECOGNITION

Our recognition programs include spot awards for outstanding performance, annual awards ceremonies, and public acknowledgment in company communications. These initiatives boost morale and inspire others to strive for excellence.



## EMPLOYMENT BENEFITS

KPPLC’s employee benefits package includes competitive wages, overtime allowances, cash plucking incentives, and annual performance-based bonuses tied to company performance, medical insurance, maternity leave, and childcare support for primary and higher education. Notably, children of estate workers selected for local universities receive Rs. 5,000 per month until they graduate within four years.

## KPPLC WORKER HOUSING INITIATIVE

KPPLC’s housing scheme for worker families in collaboration with the PHDT is an ongoing housing development program funded by the Indian and Sri Lankan governments. Each house receives Rs 2.8 million from the Indian government and an additional Rs 400,000 from the Sri Lankan government.

## PLANS FOR THE FUTURE

The HR digital transformation will be continued by automating workforce management, attendance tracking, and grievance handling, cloud-based HR documentation and data analytics, to optimize workforce planning and decision-making. Workforce skills will be continually improved through training for both field and factory employees, and by partnering external institutions for specialized training in sustainable agriculture, digital literacy, and modern plantation management techniques. The Company will also introduce a leadership development initiative. Employee healthcare facilities and housing infrastructure will be improved and new employee assistance programs are being planned to support mental health and workplace well-being. A performance driven culture will be encouraged by revamping the performance appraisal system, introducing skill-based career progression plans and by optimizing labour deployment and structured work methodologies. In addition, a structured grievance resolution mechanism will be introduced as well as periodic employee engagement surveys to obtain employee feedback.

# Manufactured Capital



Kotagala Plantations' manufactured outputs of rubber and tea declined during the year due to adverse weather conditions, but the Company maintained its oil palm outputs, and timber harvests increased. Under the factory modernization plan, rubber and tea factories continued to be improved and aligned with international accreditation standards, while capacity utilization was also augmented, directly supporting revenue growth.

# Manufactured Capital

## OUR BIOLOGICAL ASSETS

Kotagala Plantations' biological asset mix remained unchanged in the financial year 2024-25, although the Company is evaluating changing the low country mix for greater climate change resistance and improved profitability. Currently, a limited extent of low country rubber estates is being maintained with replanting, for production purposes, as the Company is examining options to optimize profitability by repurposing rubber lands, for other crops. KPPLC cannot expand its profitable oil palm extent, due to the prevailing ban on oil palm cultivation.

### Extent of biological assets

Asset Type	Extent (ha)	Extent (ha)	Extent (ha)	% change
	2022-23	2023-24	2024-25	2023-24 vs 2024-25
Tea Plantations	2,536.75	2,419.53	2,400.63	-
Rubber Plantations	2,557.53	2,322.74	2,175.38	(6%)
Oil palm Plantations	525.88	525.88	525.88	-
Timber & Others Plantations	1,126.61	1,126.61	1,126.61	

### Value of biological assets

Asset Type	Net Carrying value LKR Mn	Net Carrying value LKR Mn	Net Carrying value LKR Mn	% change
	2022-23	2023-24	2024-25	2023-24 vs 2024-25
Tea Plantations	906,818	881,571	848,219	(4%)
Rubber Plantations	1,846,176	1,893,060	1,906,012	-
Oil palm Plantations	387,191	358,802	330,414	(8%)
Timber & Others Plantations	1,888,680	2,170,983	2,365,161	9%

### Investment in biological assets

In order to maintain yields, KPPLC annually replants uneconomical tea and rubber that are beyond the prime age. The Company also spends on good agricultural practices, including correct application of fertilizer, pest control, soil nutrition and water supply.

Type of activity	2022-23 LKR Mn	2023-24 LKR Mn	2024-25 LKR Mn	% change
	2022-23	2023-24	2024-25	2023-24 vs 2024-25
Good agricultural practices	500,037	558,199	459,701	(18%)
Fertilizer	561,404	399,284	364,249	(9%)
Tea replanting	4,715	10,875	3,841	(65%)
Rubber replanting	102,169	111,265	88,159	(21%)

### Other physical assets

Total capital investments for the financial year 2024-25 came to Rs 221Mn inclusive of investments into plant and machinery, buildings, vehicles and other physical assets.

### Manufacturing asset base

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	52,000
Refuse tea factory	1	Kelliewatte	
Rubber factories	8	Kalutara /Horana	16,300

### Investment in technology

Type of activity	2022-23 LKR Mn	2023-24 LKR Mn	2024-25 LKR Mn	% change
Mechanization initiatives	34,812	19,674	16,451	(16%)
Plant and machinery	17,513	853	24,159	2,732%
Computers and digital devises	2,744	389	168	(57%)

### INVESTMENTS INTO FACTORIES 2024-25

KPPLC has a future plan of transforming all its factories into smart factories, which involves integrating advanced technologies to enhance efficiency, quality, and sustainability in manufacturing. In the current financial year, we continued to make many improvements and upgrades to our tea and rubber factories.

- New colour sorters were installed at the low-country Rayigam tea factory and the up-country Bogahawatte tea factory.
- Modernization of the Mount Vernon tea factory commenced with the installation of a new higher capacity stand by power generator, variable

speed drives for trough fans, and leaf transporting conveyors. The new 500 KVA generator can power the entire factory in the case of electricity cuts, and variable speed drives for trough fans enables more efficient energy consumption. The leaf conveyors have reduced the labour requirement by about 10 workers per day.

- The upgrades to the Padukka rubber factory continued. A deep well pump was installed to ensure continuous flow of water during dry seasons, and new rubber drying towers were installed to improve drying efficiency. Plans for a modern effluent treatment plant was also initiated and installation will commence in the new financial year. These improvements to Padukka will not only improve operational

efficiency, but will align the factory with FSC and EUDR requirements to facilitate exports into Europe.

- In addition, KPPLC has commenced upgrades to 11 rubber estates and 4 rubber factories to expand FSC certification. FSC rubber is globally recognized as environmentally friendly and ethically manufactured rubber creating a market advantage for FSC certified products.

#### Use of drones

The use of drones in the high grown tea estates was expanded for foliar application of nutrients and fungicides.

#### Mechanizing tea estates

KPPLC has continued to purchase and deploy machines for tea harvesting and pruning in up-country tea estates.

# Manufactured Capital

## MANUFACTURED PRODUCTS

### Production outputs

Product	Output 2023-24 Rs.000	Output 2024-25 Rs.000	% change
Made tea	3,675	3,635	(1%)
Rubber	970	930	(4%)
Oil palm	4,355	4,509	4%

The production of made tea from KPPLC estates declined by 1% from 3.675Mn kgs in the previous financial year, to 3.635Mn Kgs.

Rubber production also declined by 4% to 0.930Mn kgs, while oil palm output increased by 4.% to 4.5.Mn kgs

### Value of manufactured products

Asset Type	2021-22 value LKR Mn	2022-23 value LKR Mn	2023-24 value LKR Mn	2024-25 value LKR Mn	% change
Manufactured products inventory	168,612	295,698	276,172	437,975	(58%)
Buildings	1,152,155	1,152,937	1,157,989	1,495,213	29%
Plant and Machinery	699,403	716,916	717,769	741,928	3%
Furniture & Fittings	9,798	9,798	9,798	9,798	-
Vehicles	246,056	248,106	248,106	245,304	(1%)

## BLOCK PLUCKING SYSTEM AT STONYCLIFF ESTATE

KPPLC estates are testing different tea estate management models to address labour shortages and to improve productivity. In 2024-25 Stonycliff Estate introduced a Block Plucking method, where the plucking fields are blocked out, and allocated to estate workers for plucking. The workers, along with their family members, pluck the leaves in their designated blocks. and deliver the green leaf to the factory for payments.



## TOURISM INFRASTRUCTURE INVESTMENTS

As part of its diversification strategy, Kotagala Plantations is developing its own tourism products.

### The Rosita Tea House

In November 2024, Kotagala Plantations opened the Rosita Tea House, the Company's first dedicated Tea Centre, and launched a Plantation Mobile Café. The Tea House and Cafe will be utilized to introduce tourists and travellers to the flavours of premium Kotagala Plantation tea.



Another significant capital investment will be a dedicated Vehicle Service Center at Mt Vernon Estate, for the vehicle fleet of the Kotagala and Agarapatana regions. The Service Center will cater to a fleet of around 150 vehicles and ensure better quality servicing standards and maintenance, that will enhance transport safety standards, and improve the efficiency of vehicle deployments.

Tourism infrastructure will also be expanded by developing the Rosita Tea House further into a tea boutique with restaurant facilities, as well as developing other tea tourism locations to cater to local travellers as well as foreign visitors.

### Renovation of estate bungalows for tourism

The bungalow at St Andrews, and two cabanas in Stonycliff Estate and Mt Vernanon Estate, will be revamped. Therefore, once completed KPPLC will be able to offer 11 rooms for visitors in some of the most beautiful locations in the country.

### PLANS FOR THE FUTURE

Starting from the financial year 2025-26, KPPL's manufactured capital base will expand at a faster rate due to planned changes to the biological asset-mix in the low country, continued capital investments in factories and tea fields, and expansion of tourism infrastructure.

In order to mitigate climate change impacts and enhance revenues, cinnamon and coconut cultivation will be expanded

in low country estates in the new financial year, and a sawmill will be built in the Rosita Division, to add value in-house, to our timber harvests.

The 5 Rotorvane manufacturing factories in the up-country region will be developed to accommodate higher production, and the major upgrades to Mt Vernon tea factory is scheduled for completion in the new financial year, which will elevate the factory into a modern tea manufacturing facility. The refuse tea processing center in Kelliewatte Factory, will be relocated to Dimbula and Kelliewatte will be developed to accommodate bought leaf. We will also start adopting solar power to operate our tea and rubber factories. All 9 up-country tea factories have already obtained estimates for solar power, and the Rayigam factory in the low-country has completed a feasibility study to adopt solar power.

# Intellectual Capital



Our garden marks symbolize our unique agricultural knowledge and practices, blending tradition with innovation.

The ongoing automation of factories and modernization of field operations has continued to expand KPPLC's organizational knowledge through the process of upskilling and training employees in new technical skills, as well as science based agricultural practices. KPPLC's sustainability accreditations have also added another layer of knowledge that is changing the organisational culture towards being more conscious of our carbon footprint. We are slowly but surely integrating essential knowledge to transform our organisation from a traditional plantation company into a modern agribusiness, with growing internal resilience to face emerging challenges.

### ORGANISATIONAL KNOWLEDGE

During the year, KPPLC obtained the services of an agronomist to assist in developing and applying modern agricultural practices and techniques into its agribusiness. A structured modernisation of knowledge is essential to transition KPPLC from a traditional plantation company into a modern agribusiness that can compete with agricultural giants in the world. We also continued to invest in training for our employees to build knowledge from the field, to factories, to administration, because knowledge will be vital to remain competitive in the years to come.

### GARDEN MARKS

KPPLC is examining opportunities for tea retailing and tea tourism, designed around our reputed tea estate garden marks. In the current financial year, we launched the Rosita Tea house, that features our speciality, single origin tea, under the Rosita brand. We will continue to identify suitable brand building opportunities for tea tourism in the future.



### FUTURE PLANS

Transforming our organisational knowledge base is an ongoing process that will continue in the new financial year through a structured and targeted training calendar that will result in the creation of a highly skilled workforce in our tea/rubber/oil palm fields as well as our tea and rubber factories.

### DIGITISATION AND MECHANISATION

The use of drones for agrochemical spraying was continued in selected estates. Mechanisation was expanded across estates replacing manual labour, as well as innovative labour saving practices.

The Padukka rubber factory development continued with the introduction of modern equipment and our own inhouse solutions to enhance productivity.

# Natural Capital



**KPPLC is committed towards Net Zero status by 2028 and has deployed a multipronged strategy to achieve this objective. During the year the Company aligned its policies and practices with international accreditations and enhanced environmental impact monitoring mechanisms as well as compliance systems, while also expanding climate smart agricultural practices and conservation initiatives to achieve its Net Zero goal.**



#### Compliance Assurance Measures:

- All factories and major operational sites have valid Environmental Protection Licenses (EPLs) and are subject to quarterly internal audits and annual third-party assessments.
- Compliance monitoring is managed through a centralized Environmental Compliance Checking system, allowing reporting of environmental KPIs and regulatory obligations.
- The company adheres to international certification standards, including FSC, Rainforest Alliance, and ISO 14001, with successful re-certifications achieved in 2024.
- Environmental Impact Assessments (EIAs) and Initial Environmental Examinations (IEEs) are conducted for all new developments, with required mitigation plans fully implemented.
- Kotagala Plantations PLC takes a preventive approach to compliance, investing in training, technology, and infrastructure to ensure that all operational activities meet or exceed legal and ethical environmental standards.
- In the case of delays in submitting annual water usage reports for three upcountry estates due to data consolidation challenges systems were upgraded to allow automated data capture and reporting. Staff responsible underwent refresher training on regulatory timelines and documentation.
- In the case of non-conformity in Chemical storage standards at one estate, where temperature controls were not adequately maintained, storage facilities were upgraded and estate staff received additional training on safe chemical handling and storage protocols.

Land	Extent
• 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



#### ENVIRONMENTAL SUSTAINABILITY TARGETS AND STATUS IN 2024-25

The Company has set ambitious sustainability targets for 2024-25, aligned with national environmental goals and international sustainability frameworks, such as the UN Sustainable Development Goals (SDGs), FSC (Forest Stewardship Council), and Rainforest Alliance standards.

Target	Status as at 31st March 2025
<b>Water Resource Management:</b> Improve water use efficiency by 20% through rainwater harvesting systems, leak management.	Water efficiency has improved of estates now equipped with rainwater harvesting infrastructure.
<b>Waste Management:</b> Attain zero non-biodegradable waste to landfill status by implementing waste segregation, recycling, and composting programs on all estates.	70% waste diversion rate achieved, with active composting facilities operational in most estates.
<b>Soil and Biodiversity Preservation:</b> Rehabilitate 4 hectares of degraded land via, agroforestry, and the introduction of native plant species & enhancing organic compost usage and soil health monitoring.	Reforestation projects have covered 03 hectares, and soil tests confirm improved organic matter content across areas.

# Natural Capital

Target	Status as at 31st March 2025
<b>EUDR Compliance:</b> Establish full traceability of agricultural products in compliance with the EU Deforestation Regulation (EUDR) across all low country Rubber and Rainforest Alliance (RA) in upcountry Tea estates.	EUDR traceability systems have been implemented in 100% of Low Country Rubber estates, with full compliance expected by Q3 2025.

## IMPROVEMENTS TO ENVIRONMENTAL POLICIES

In response to evolving environmental challenges and regulatory demands, KPPLC undertook a strategic review and enhancement of its Environmental Policy Framework in 2024-25. The revised framework is designed to ensure proactive, measurable, and stakeholder-driven sustainability outcomes.

### Key Policy Enhancements:

- Climate Resilience Method:** Introduced a comprehensive method on climate adaptation, including climate risk mapping, estate-specific vulnerability assessments, and disaster risk reduction protocols.
- Ecosystem Services Valuation Directive:** Integrated the valuation of ecosystem services such as carbon sequestration, water purification, and biodiversity into decision-making processes to enhance natural capital accounting.
- Chemical Use and Safety Policy Update:** Strengthened protocols on the use of agrochemicals, with stringent guidelines on application, storage, and alternatives—promoting Integrated Pest Management (IPM) and organic substitutes.
- Community Environmental Stewardship Charter:** Launched an initiative to engage estate communities in sustainability efforts, including conservation awareness, participatory reforestation programs, and joint monitoring of environmental KPIs.

## INVESTMENT ON CONSERVATION

KPPLC has continually invested in safeguarding its natural capital base through multiple interventions. These activities contribute directly towards environmental and agricultural sustainability of the Company by supporting high yields and quality of outputs.



Conservation activity	Investment	Investment	Investment
	LKR Mns	LKR Mns	LKR Mns
	2022-23	2023-24	2024-25
1. Complying with environmental regulations	2.85	0.77	3.1
2. Complying with additional multiple environmental protection accreditations	8	0.45	8.7
3. Sustainable agricultural practices	500	558.20	824
4. Waste management	1.1	7.35	1.9
5. Conducting environmental impact assessments	3.0	12.43	2.2
<b>Total</b>	<b>514.9</b>	<b>579.2</b>	<b>839.9</b>

**MANAGING CLIMATE CHANGE IMPACTS DURING THE YEAR**

In 2024-25, comprehensive climate vulnerability assessments were conducted across all estates, enabling tailored adaptation strategies that focus on resilience building and climate-smart agriculture.

Key initiatives:

- Implementation of micro-climatic monitoring systems to assess temperature, rainfall, and humidity fluctuations, aiding proactive planning.
- Adoption of contour planting and soil conservation methods to mitigate erosion due to erratic rainfall.
- Expansion of shade tree cover by planting trees to reduce heat stress on tea bushes and improve carbon sequestration.
- Conducted climate risk training sessions for estate staff & workers to promote awareness and preparedness.

**Reducing Emissions**

In order to reduce greenhouse gas emissions KPPLC has prioritized enhancing operational efficiency and investments into renewable energy, and sustainable transport. During the year:

- The Company commenced transitioning estate transport vehicles to low-emission alternatives, including fuel-efficient models.
- Reduced factory emissions by 10% through the installation of high-efficiency boilers and biomass energy solutions.
- Developed and implemented a GHG Inventory Management Plan, aligning with ISO 14064 standards. (Carbon Footprint)



**Carbon Footprint Certification**

KPPLC's upcountry estates obtained Carbon Footprint Certification in the current year.

**Greenhouse Gas Assertion Report**

KPPLC also obtained its Greenhouse Gas (GHG) assertion report from SGS Lanka (PVT) LTD, to support its plans to reduce emissions.

**ENERGY CONSERVATION INITIATIVES**

KPPLC is investing in energy efficient solutions and transitioning to clean energy sources, to reduce environmental impacts and operating costs. During 2024-25:

- Lighting systems were upgraded to LED technology in all factories offices and quarters, reducing electricity consumption by 10%.
- Retrofitted factories with variable frequency drives (VFDs) and energy-efficient motors.

- Conducted energy audits in 80% of operational units, leading to the implementation of energy-saving measures.
- Launched an energy awareness campaign, promoting efficient energy use among employees and residents.

**RENEWABLE ENERGY**

In order to reduce its carbon footprint, KPPLC has commenced replacing fossil fuels with briquettes and sawdust for firing of tea as well as using uprooted rubber plants as bio fuels in upcountry tea dryers. The tea dryers have upgraded to accommodate firewood instead of liquid fuel.



# Natural Capital



## WATER CONSERVATION INITIATIVES

Water sustainability remains a critical focus for KPPLC, ensuring resource availability for operations and neighbouring communities.

Key water conservation actions:

- Established rainwater harvesting system across reducing dependency on surface water.
- Rehabilitated natural springs and streams, ensuring water security during dry periods.
- Established water stewardship committees at estate level to monitor and optimize water use.



## CIRCULAR ECONOMY INITIATIVES

KPPLC has embraced circular economy principles, transforming waste into resources and extending the lifecycle of materials.

Notable circular initiatives:

- Organic waste composting units established across all estates, converting biomass and kitchen waste into fertilizer.
- Initiated plastic recycling programs, reducing plastic waste
- Introduced repair and reuse protocols for estate tools, machinery



## ENVIRONMENTALLY FRIENDLY AGRICULTURAL PRACTICES

KPPLC's agricultural operations are underpinned by sustainable practices aimed at preserving soil health, reducing chemical inputs, and improving long-term yields.

Key sustainable practices:

- Adoption of Integrated Crop Management (ICM), combining biological controls with minimal chemical use.
- Regular soil and leaf analysis to guide precision nutrient application.
- Utilization of green manure and cover crops to enrich soil and prevent degradation.



KPPLC’s low country rubber estates are in the process of obtaining FSC certification, covering 11 rubber estates and 4 rubber factories. The FSC certification is an independent verification of KPPLC’s sustainable sourcing and biodiversity conservation practices in its rubber production process.

**Other biodiversity conservation initiatives:**

- Designation of conservation zones encompassing 20 hectares of forested and wetland areas.
- Collaborative wildlife monitoring programs with local environmental organizations.
- Share removal campaigns and wildlife corridor mapping to support fauna movement.
- Engagement of communities through eco-clubs and biodiversity education programs.

**WASTE MANAGEMENT**

Effective waste management systems are in place across KPPLC operations to minimize environmental pollution.

Key waste initiatives:

- Estate-wide waste segregation and recycling initiatives, with zero waste to landfill targets in pilot estates.
- Safe collection and disposal of hazardous agrochemical waste, in compliance with national guidelines.

**BIODIVERSITY PROTECTION INITIATIVES**

**Compliance with EUDR Requirements**



In the current financial year, KPPLC’s low country rubber estates complied with the European Union Deforestation Regulation (EUDR) requirements, demonstrating that KPPLC’s rubber production complies with international sustainability standards.

**FSC Certification**



The mark of responsible forestry  
FSC® A000504

**ENVIRONMENTAL CONSERVATION PROJECTS**

KPPLC continues to invest in long-term conservation projects that enhance ecosystem services and promote sustainability.

**Riverbank Stabilization Initiative**

A 10 km stretch of riverbanks was reinforced with bioengineering techniques.



**Community Green Belt Project**

Trees were planted along estate boundaries to create windbreaks and carbon sinks.

# Natural Capital

## FRUIT TREE PLANTING PROJECT

KPPLC also collaborated with Government entities and schools to promote community-based conservation through tree planting drives and clean-up programs. One such project planted 1,000 Jack fruit trees in its low country rubber estates, promoting sustainable agroforestry and food security. Another 500 hybrid fruit plants were planted in the bungalow gardens of plantation executives, encouraging organic home gardening and enhancing biodiversity.

## BAMBOO PLANTING PROJECT

The Company planted 4,000 bamboo plants near Devon Falls to enhance soil stability and protect natural water sources.

## Plans for the future

KPPLC remains committed to embedding sustainability at the core of its business model, ensuring that economic growth is balanced with environmental protection and social responsibility. In the new financial year the Company will complete EUDR, FSC & ISO 14001 certification for all estates, ensuring full compliance with international environmental standards in its low country operations as well as obtain Climate Positive Certification for all the estates and 09 tea factories in the Up Country region. climate-smart agriculture training programs will be held for all



field staff and managers. Estate-level Environmental Management Committees will be set up to monitor sustainability KPIs and a company-wide Green Innovation Challenge will be deployed to harness employee-driven sustainability solutions. Integrating technology and

modern scientific methods, KPPLC will implement drone-based monitoring for environmental compliance and forest health assessments, and will partner with academic and research institutions for biodiversity studies and conservation planning.

# Social Capital



KPPLC's social commitments as well as business commitments to stakeholders were fully upheld during the year. The Company continued to enhance value creation for customers, suppliers and estate communities through its business activities, and also maintained international quality standards in manufacturing, ensuring consistent quality of its products.

# Social Capital

## REGULATORY COMPLIANCE

KPPLC remained fully compliant with regulations pertaining to marketing and labelling of products during the year.

## ENGAGING WITH OUR STAKEHOLDERS

KPPLC values its excellent relationships with all key stakeholder groups which are based on trust and makes all attempts to satisfy the expectations of our stakeholders. During the year, we ensured compliance with all applicable regulations in our interactions with different stakeholder groups and maintained regular and professional communications to understand their requirements. We also facilitated feedback from stakeholders, in improving and delivering our products and services. Our engagements with different stakeholder groups during the year is summarized below.

Stakeholder category	How we ensure meaningful engagement
Regulators	We ensured timely regulatory reporting and statutory payments and 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	<ul style="list-style-type: none"> <li>All statutory disclosures were made on time for shareholders including:</li> <li>The annual report for the financial year was made available to each shareholder</li> <li>Quarterly Financial Statements were made available</li> <li>Annual General Meeting was conducted on September 27 2024. Shareholders are given the opportunity to meet senior management and raise questions</li> <li>All material disclosures were sent to the Colombo Stock Exchange and published on the stock exchange website, including the quarterly accounts</li> <li>We also accommodate shareholder inquiries through our company secretaries</li> <li>The company website has been improved to provide more information regarding the company to shareholders.</li> </ul>
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 undertake direct exports of rubber , mainly sole crepe to Europe.
Retail customers	Our retail customers are mainly local buyers of Kotagala tea and direct exporters and we interacted with them to meet their requirements.
Employees	We continued to improve our HR policies and administration and also accommodated the wage increase for tea and rubber estate workers. Please refer the Human Capital chapter for details on how we engaged with our employees during the year
Trade Unions	We continue to maintain a close rapo with all trade unions.

Stakeholder category	How we ensure meaningful engagement
Resident Communities (Kotagala estates are home to a resident estate population of over 44,000)	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	<p>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.</p> <p>Our supplier base consisted of:</p> <ul style="list-style-type: none"> <li>• Fertilizer suppliers</li> <li>• Overseas suppliers</li> <li>• Green leaf suppliers in the low country</li> <li>• Agrochemical Suppliers</li> <li>• Fuel &amp; Electricity Suppliers</li> <li>• Firewood Suppliers</li> <li>• Packing Material Suppliers</li> <li>• Machinery and Spare Parts suppliers</li> <li>• Hardware Items Suppliers</li> <li>• Transporters</li> </ul>
Certification/Accreditation Bodies	<p>We engaged with different accreditation bodies during the year. These are:</p> <ul style="list-style-type: none"> <li>• SGS Lanka (PVT) LTD for Carbon Footprint Certification and Greenhouse Gas Assertion Report</li> <li>• Agencies to assist in complying with the European Union Deforestation Regulation (EUDR) requirements</li> <li>• We have been consistently RA certified for almost 10 years and all our tea factories completed the ISO audits successfully.</li> </ul>
Government and non-governmental organizations engaged in social welfare	<p>We engaged with external organization through correspondence and also through meetings as and when required. These external agencies are:</p> <ul style="list-style-type: none"> <li>• Plantation Human Development Trust (PHDT),</li> </ul>
Industry associations	<p>We participated in negotiations with regards to industry related matters and with regards to the collective agreement</p> <p>Membership in associations</p> <ol style="list-style-type: none"> <li>1. The Planters Association of Ceylon</li> <li>2. Colombo Tea Traders Association</li> <li>3. Employers' Federation of Ceylon</li> <li>4. Colombo Rubber Traders Association</li> <li>5. Chamber of Commerce</li> </ol>

# Social Capital



Certificate of Compliance - Tags Awards

## QUALITY CERTIFICATIONS

KPPLC's tea factories are ISO certified for manufacturing quality standards and also for food safety standards ensuring that our customers get the best quality products.

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

## ETHICAL CERTIFICATIONS

KPPLC has also invested in UTZ certification, attesting to ethical manufacturing standards.

ETP and UTZ Certification	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	✓	✓

## CONSUMER ENGAGEMENT

We maintain buyer profiles and engage in regular communications. We also encourage our buyers to visit our processing facilities to experience our quality standards firsthand. 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 a tea boutique in the Colombo head office, called Tea Window.

## TEA HOUSE BY ROSITA

In 2024, KPPLC launched the Tea House by Rosita marking a significant step towards integrating tourism with plantation operations. The Tea House is set against the breath taking backdrop of St. Clair Waterfall, offers a serene ambiance where visitors can enjoy premium-quality tea in a picturesque environment.





**THE PLANTATION MOBILE CAFÉ**

The Plantation Mobile Café brings a unique and dynamic approach to hospitality, allowing guests to indulge in fine tea and refreshments in various scenic locations within our estates.



**COMMUNITY ENGAGEMENTS**

KPPLC believes in fostering inclusive growth and enhancing the well-being of its estate communities. A range of community welfare activities were implemented during the year, reflecting our strong commitment to corporate social responsibility and sustainable development.

**Investments in community welfare**

Community welfare activity	2018-19	2019-20	2020-21	2021-22	2022-23	2023/24	2024/25
	LKR Mn	LKR Mn	LKR Mn				
Worker Housing (green gold/ Indian)	93	-	68	52	420	216	158
Sanitation Facilities	-	-	1	1	-	-	-
Water Facilities	1	8	-	4	-	2	3.2
Child Care (new crèche)	1	-	11	-	19	2	3.4
Re-Roofing	-	-	-	-	-	1	-
Other Investment	2	26	3	6	-	-	1.5
<b>Total</b>	<b>98</b>	<b>34</b>	<b>83</b>	<b>63</b>	<b>439</b>	<b>221</b>	<b>166.1</b>

# Social Capital

## CLEAN SRI LANKA AWARENESS PROGRAM

As the local police are an integral part of the community, Stonycliff Estate organized an awareness session regarding the Clean Sri Lanka Program, launched in 2024 by the Sri Lanka Police. The program was conducted at the Stonycliff Estate's dispensary for estate community and workers, by the Pathana Police personnel.



## HEALTHCARE & WELL-BEING

KPPLC conducted medical camps in collaboration with local health authorities, to provide free healthcare services for estate families, as well as maternal and child health programs, ensuring better care for mothers and infants. Estates also conducted awareness campaigns on non-communicable diseases, nutrition, and hygiene.

## EDUCATION & CHILD DEVELOPMENT

This year too, the Company donated school supplies, scholarships, and financial aid to estate children. The Child Development Centres (CDCs) were upgraded, ensuring better early childhood education. In order to support estate youth, career guidance and skill development programs were conducted within estates.

## INFRASTRUCTURE AND HOUSING

Estate housing and sanitation facilities

were improved, ensuring access to clean water and proper waste management. The road networks and transportation facilities within the plantations were developed, which also supported the welfare of estate families. Electrification was expanded to provide stable electricity to estate communities.

## WOMEN'S EMPOWERMENT AND LIVELIHOOD DEVELOPMENT

Vocational training programs were introduced to support self-employment opportunities for estate women as well as collaborating with the PHDT to conduct financial literacy programs to encourage savings and entrepreneurship. The estate Gender & Social Welfare Committees were strengthened addressing workplace equality and social issues.

## WORLD WOMEN'S DAY CLOTHING CAMP

Uskvalley Estate organized a clothing and essentials camp on International Women's Day for estate workers and their children in all three divisions of the estate. The event distributed clothes, shoes, school bags, books, pens and items required for infants, free of charge, so that the burden on the house wife was reduced.



## WORLD WOMEN'S DAY CELEBRATION

Stonycliff Estate celebrated World Women's Day at the estate school grounds, bringing together the estate community to honour the achievements and contributions of women.

## VOLLEYBALL TOURNAMENT

Stonycliff Estate held its annual volleyball tournament at the Stonycliff Division creating an opportunity for young people to have fun.

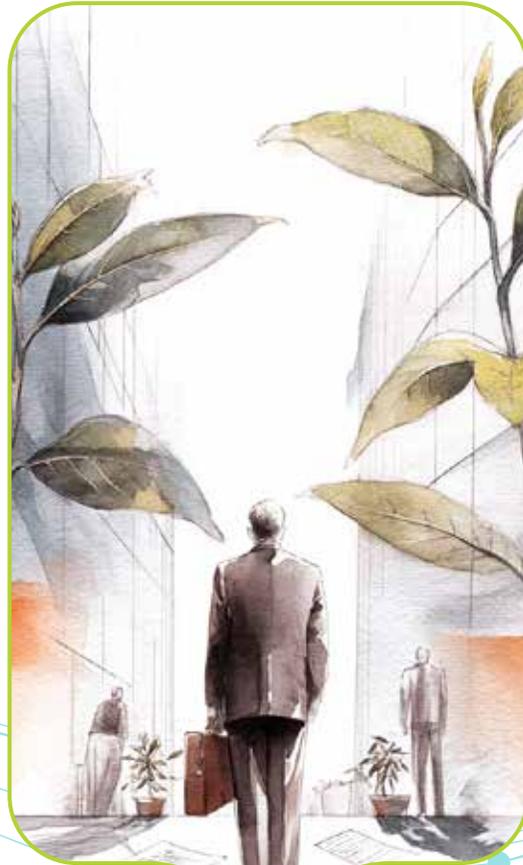


## PLANS FOR THE FUTURE

Kotagala Plantations will maintain its social welfare policies to support its estate communities while also engaging regularly with all other stakeholder to strengthen the Kotagala brand.

## ENTERPRISE GOVERNANCE

# The Agri Beneficium



With our Agri Algorithm positioning us towards continued success, we ensure that our internal governance structures along with our relationships with external stakeholders reflect on our ultimate goal to ensure constant success, elevated involvement at all levels and enhanced commitment towards a brighter tomorrow.

# 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 PLC 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 Nominations and Governance Committee.

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

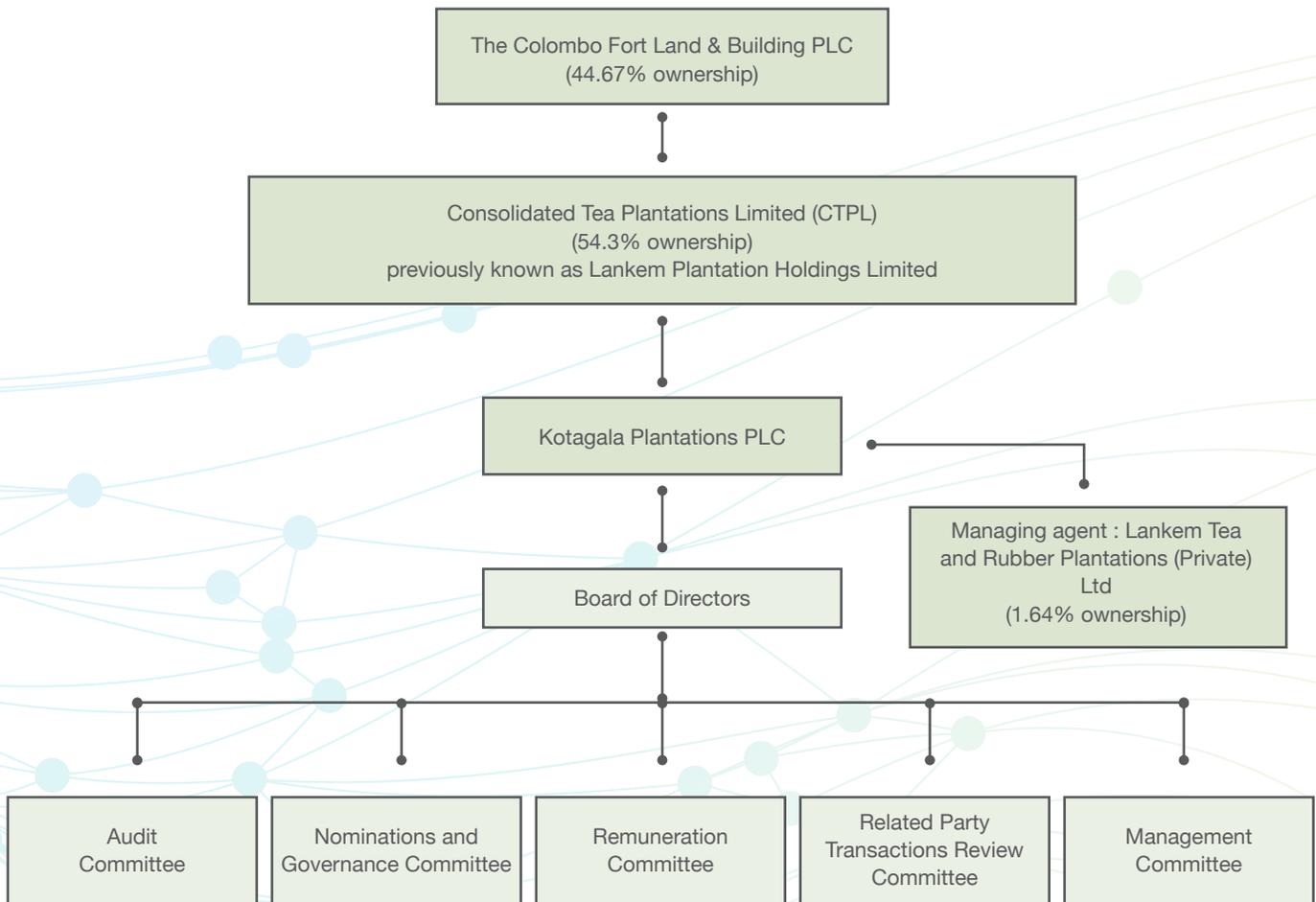
Kotagala Plantations’ Managing Agent is Lankem Tea and Rubber Plantations (Private) Ltd. The parent of Kotagala Plantations PLC is Consolidated Tea Plantations Limited (CTPL), previously known as Lankem Plantation Holdings Limited. The ultimate parent of Kotagala Plantations’ is The Colombo Fort Land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

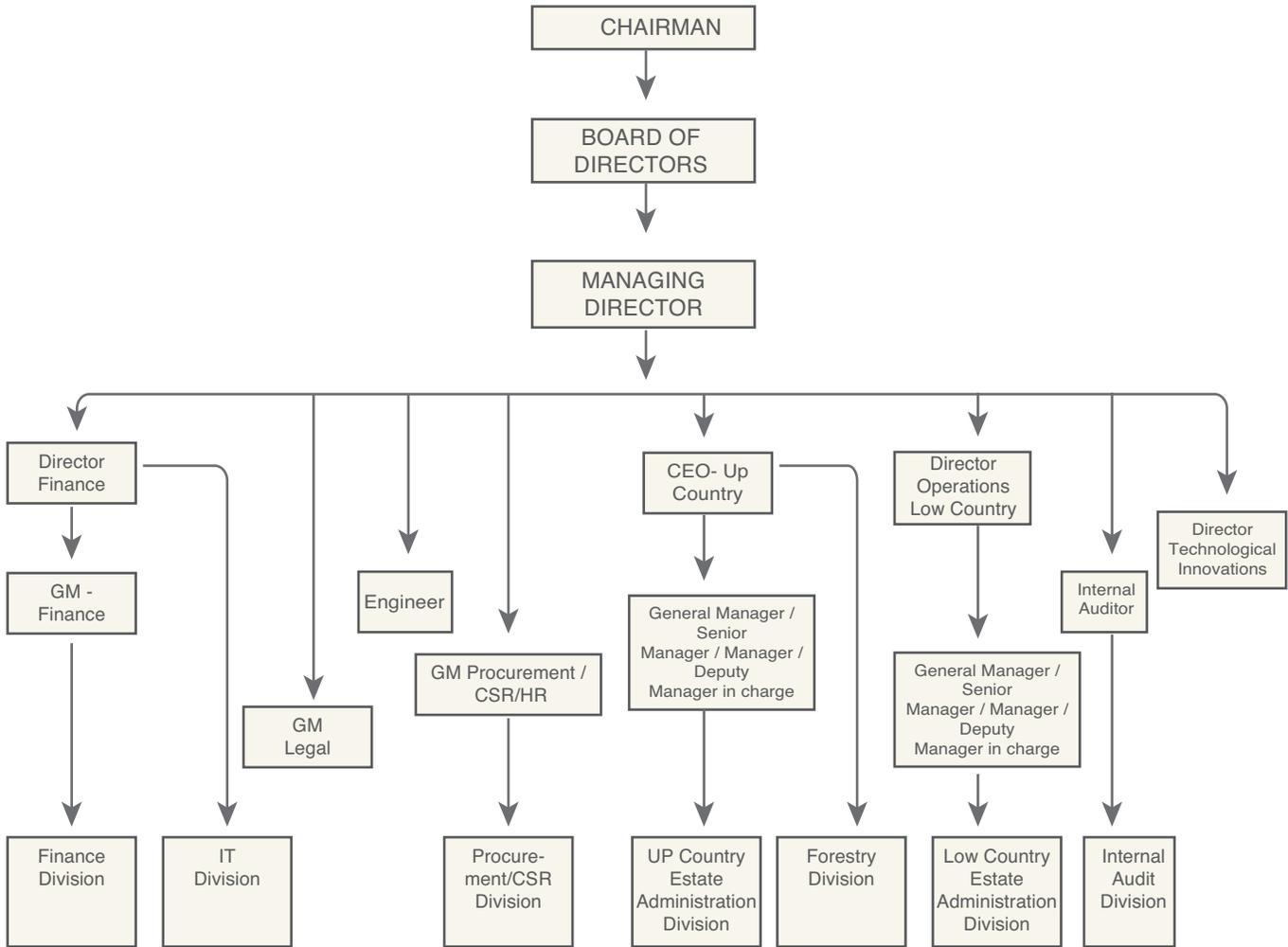
management across functional aspects. In addition, the Company’s governance processes have also been significantly strengthened by introducing layers of supervision along the organisational hierarchy and introducing reporting and monitoring systems. These measures have improved the compliance of the Company and efforts are ongoing to strengthen compliance through international accreditations.

**GOVERNANCE STRUCTURE**



# Governance System

ORGANIZATION STRUCTURE OF KOTAGALA PLANTATIONS PLC



Corporate Governance Principle	Company's adherence
<p><b>Directors</b></p> <p><b>Composition of the Board</b></p>	<p>Currently the Board comprises of three Executive Directors and four Non-Executive Directors two of whom are Independent.</p> <p>The Directors possess a strong balanced blend of skills, experience to offer guidance in core areas important to the Company.</p> <p>Mr. S.D.R. Arudpragasam - Non - Executive (Chairman)</p> <p>Mr. C.P.R. Perera - Independent Non – Executive (Resigned w.e.f. 31.12.2024)</p> <p>Mr. S.S. Poholiyadde – Executive (Managing Director)</p> <p>Mr. Anushman Rajaratnam - Non – Executive</p> <p>Mr. P.M.A. Sirimane - Independent Non Executive (Resigned w.e.f. 31.12.2024)</p> <p>Mr. G.K.B. Dasanayaka - Independent Non-Executive (Resigned w.e.f. 31.12.2024)</p> <p>Mr. K. Mohideen - Executive (Director Finance)</p> <p>Mr. A.M. De S. Jayaratne - Independent Non-Executive (Resigned w.e.f. 31.12.2024) (Deceased – 10.07.2025)</p> <p>Mr. K.G. Punchihewa - Independent Non-Executive (Appointed w.e.f. 01.11.2024)</p> <p>Mr. S.B. Perera - Independent Non-Executive (Appointed w.e.f. 31.12.2024)</p> <p>Dr. L.S.K. Hettiarachchi - Executive (Appointed w.e.f. 01.04.2025)</p> <p>Independent Non-Executive Directors have submitted a signed and dated declaration of their independence/non-independence to the Board.</p> <p>The Board makes a determination annually as to the Independence or non independence of each Independent Non Executive Director based on such declarations made on the defined criteria and other information available to the Board. The names of Directors determined to be "independent " are set out in the Annual Report.</p> <p>Despite Mr. C.P.R. Perera, Mr. A.M. de S. Jayaratne and Mr. G.K.B. Dasanayaka being over seventy years of age and Mr. C.P.R. Perera and Mr. A.M. de S. Jayaratne having served on the Board for more than nine years and being Directors of the Ultimate Parent Company, The Colombo Fort Land and Building PLC (CFLB) and certain subsidiaries of CFLB and having served on the Board of CFLB and on several of its subsidiaries for over a period of nine years, and Mr. G.K.B. Dasanayaka serving on the Boards of certain subsidiaries of CFLB, the Board having considered the fact that the above mentioned Directors are Independent of management and having taken into consideration all other circumstances listed in the Listing Rules pertaining to the Criteria for Defining Independence was of view that the said Directors are nevertheless Independent and accordingly Mr. C.P.R. Perera , Mr. A.M. de S. Jayaratne and Mr. G.K.B. Dasanayaka who were thus determined to be nevertheless Independent served as Independent Non-Executive Directors until the close of business on 31st December, 2024.</p> <p>Consequent to the revision of the Colombo Stock Exchange (CSE) Listing Rules in relation to Independent Directors, Mr. C.P.R. Perera, Mr. A.M. de S. Jayaratne and Mr. G.K.B. Dasanayaka, who were over 70 years of age and served as Independent Non-Executive Directors on the Board of Kotagala Plantations PLC, resigned with effect from the close of business on 31st December 2024.</p>

# Governance System

Corporate Governance Principle	Company's adherence																								
	<p>Further Mr. P.M.A. Sirimane had been employed by a subsidiary of the Ultimate Parent Company, The Colombo Fort Land &amp; Building PLC (CFLB) during the period of three years immediately preceding his appointment to the Board of the Company. He has also served on some of the subsidiaries of CFLB for over a period of nine years, and the Board having considered the fact that the said Director is not involved in the operational matters of the Company and having taken into consideration all other circumstances listed in the Listing Rules pertaining to the Criteria for Defining Independence was of view that the said Director is nevertheless Independent and accordingly Mr. P.M.A. Sirimane served as an Independent Non-Executive Director until the close of business on 31st December, 2024.</p> <p>Mr. Sirimane resigned from the Board with effect from 31st December, 2024.</p> <p>Mr. K.G. Punchihewa and Mr. S.B. Perera who were appointed to the Board during the current financial year as Independent Non Executive Directors meet the criteria for defining independence as set out in Listing Rule 9.8.3 of the Colombo Stock Exchange and were determined to be Independent by the Board.</p>																								
Decision making of the Board	<p>The Board has met on seven occasions during the year under review.</p> <p>In addition to Board Meetings, matters are referred to the Board and decided by Resolutions in writing.</p> <p>The number of meetings of the Board and the individual attendance by members is shown below:</p> <table border="1" data-bbox="440 1108 1495 1753"> <thead> <tr> <th data-bbox="440 1108 889 1136">Name of Director</th> <th data-bbox="894 1108 1495 1136">No. of Meetings attended</th> </tr> </thead> <tbody> <tr> <td data-bbox="440 1142 889 1178">Mr. S.D.R. Arudpragasam</td> <td data-bbox="894 1142 1495 1178">7/7</td> </tr> <tr> <td data-bbox="440 1184 889 1241">Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)</td> <td data-bbox="894 1184 1495 1241">5/5</td> </tr> <tr> <td data-bbox="440 1247 889 1283">Mr. S.S. Poholiyadde</td> <td data-bbox="894 1247 1495 1283">7/7</td> </tr> <tr> <td data-bbox="440 1289 889 1325">Mr. Anushman Rajaratnam</td> <td data-bbox="894 1289 1495 1325">4/7</td> </tr> <tr> <td data-bbox="440 1331 889 1388">Mr. A.M.De.S. Jayaratne (Resigned w.e.f. 31.12.2024)</td> <td data-bbox="894 1331 1495 1388">4/5</td> </tr> <tr> <td data-bbox="440 1394 889 1451">Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)</td> <td data-bbox="894 1394 1495 1451">5/5</td> </tr> <tr> <td data-bbox="440 1457 889 1514">Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)</td> <td data-bbox="894 1457 1495 1514">4/5</td> </tr> <tr> <td data-bbox="440 1520 889 1556">Mr. K. Mohideen</td> <td data-bbox="894 1520 1495 1556">7/7</td> </tr> <tr> <td data-bbox="440 1562 889 1619">Mr. K.G. Punchihewa- (Appointed w.e.f. 01.11.2024)</td> <td data-bbox="894 1562 1495 1619">2/2</td> </tr> <tr> <td data-bbox="440 1625 889 1682">Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)</td> <td data-bbox="894 1625 1495 1682">2/2</td> </tr> <tr> <td data-bbox="440 1688 889 1753">Dr. L.S.K. Hettiarachchi (Appointed w.e.f. 01.04.2025)</td> <td data-bbox="894 1688 1495 1753">Not Applicable</td> </tr> </tbody> </table>	Name of Director	No. of Meetings attended	Mr. S.D.R. Arudpragasam	7/7	Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)	5/5	Mr. S.S. Poholiyadde	7/7	Mr. Anushman Rajaratnam	4/7	Mr. A.M.De.S. Jayaratne (Resigned w.e.f. 31.12.2024)	4/5	Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)	5/5	Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)	4/5	Mr. K. Mohideen	7/7	Mr. K.G. Punchihewa- (Appointed w.e.f. 01.11.2024)	2/2	Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)	2/2	Dr. L.S.K. Hettiarachchi (Appointed w.e.f. 01.04.2025)	Not Applicable
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Corporate Governance Principle	Company's adherence
	<p>The Board is responsible for:-</p> <p>Ensuring the conduct of the Company's affairs in the best interest of its stakeholders.</p> <p>Identifying Strategic options implementation and monitoring their success.</p> <p>Appointment of the Directors, ensuring staff succession and determining remuneration of senior executives and staff in consultation with the respective Committees.</p> <p>Ensuring an effective internal control system.</p> <p>Ensuring a proactive risk management system.</p> <p>Ensuring compliance with highest ethical standards and legal standards.</p> <p>Approval of major capital investments acquisition expansions and Budgets</p> <p>Approval of interim and annual financial statements for publication.</p> <p>Ensuring compliance with the Company policies.</p> <p>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.</p>
Chief Executive Officer	Mr. C. J. De costa- Up Country
Chairman's Role	<p>The Chairman is a Non-Executive Director and is responsible for steering the Board to preserve order and to facilitate the effective discharge of Board functions. He conducts Board proceedings in a manner which always ensures the following:</p> <ul style="list-style-type: none"> <li>• The effective participation of Directors.</li> <li>• Encourages an effective contribution from Directors within their respective capabilities, for the benefit of the Company.</li> <li>• Ascertains the views of Directors on issues under consideration.</li> </ul> <p>The Board is in complete control of the Company's affairs and is alert to its obligation to all shareholders and other stakeholders.</p>
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.
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.
Independent Judgement	The Board of Directors at all times exhibit high standards of integrity, commitment and independence of judgement. Each Director dedicates the time and effort necessary to carry out his responsibilities.

# Governance System

Corporate Governance Principle	Company's adherence
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.
Nominations and Governance Committee/ Appointments to the Board	<p>New Directors are proposed for appointment by the Nominations and Governance 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 policies adopted by the Company and the Rules on Corporate Governance.</p> <p>The Board as a whole annually assesses the Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company.</p> <p>The findings of such assessments are taken into account when new Board appointments are considered and when incumbent Directors come up for re-election. Upon the appointment of a new Director to the Board, the Company makes the required disclosures of such Director to the shareholders by making announcements to the Colombo Stock Exchange.</p> <p>The Nominations and Governance Committee Report is set out on page 133</p>
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 and Reappointment of Directors	<p>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 or a number nearest to one third (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.</p> <p>The Nominations and Governance Committee of the Company has duly recommended to the Board the re-election and reappointment of the Directors at the forthcoming Annual General Meeting and the Board of Directors have duly approved the said re-election and reappointment of the Directors. Further the Members have refrained from participating in decision making relating to their own re-election/ reappointment.</p>

Corporate Governance Principle	Company's adherence
<b>RELATIONSHIP WITH SHAREHOLDERS</b>	
Constructive use of AGM/ General Meetings	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	<p>The Company maintains a website under the name <a href="https://lankemplantations.lk/kotagala-plantations/">https://lankemplantations.lk/kotagala-plantations/</a> 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 to communicate with the Company. Whenever possible, the Company implements their suggestions.</p> <p>The policy on Relations with Shareholders and Investors is available on the Company's website <a href="https://lankemplantations.lk/kotagala-plantations/">https://lankemplantations.lk/kotagala-plantations/</a> and the contact persons are mentioned. Major issues and concerns of shareholders are communicated to the Board by the Senior Management and the Corporate Secretaries.</p>
<b>ACCOUNTABILITY AND AUDIT</b>	
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 123 to 126 of this report. The Statement of Directors responsibilities for the financial reporting is on page 136 and the Auditors' Report on the financial statements is on the pages 139 to 142 of this annual report.
Going Concern	The Board of Directors after reviewing the financial position and the cash flow of the Company are of the opinion that the Company has adequate resources to continue operations well in the foreseeable future. Therefore, the Board adopts the going concern basis in preparing Financial Statements.
Internal Control	The Directors are responsible for maintaining an effective internal control system and proactive risk management strategy. Internal controls cover both financial and operational matters and risk management to safeguard the assets of the Company. The risk management strategy of the Company is on pages 116 to 122 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.

# Governance System

Corporate Governance Principle	Company's adherence
Internal Audit	The Internal Audit division comprises of the Head of Internal Audit and Assistants who report directly to the Managing Director. 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 pages 128-130 of this Report.
<b>DIRECTORS' REMUNERATION</b>	
Remuneration Committee	The Remuneration Committee Report is set out on page 127 of this Report
Disclosure of Remuneration	Aggregate remuneration paid to the key management personnel is disclosed in Note 32 to the Financial Statements.
<b>RELATED PARTY TRANSACTIONS</b>	
Related Party Transactions Review Committee	The Related Party Transactions are disclosed in Note 32 to the Financial Statements. The Report of the Related Party Transactions Review Committee appears on pages 131 and 132.
<b>OTHERS</b>	
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 is conscious of its responsibility to the shareholders, the Government and the Society in which it operates and is unequivocally committed to upholding ethical behaviour in conducting its business. The Board strives to ensure that the Company and its subsidiary comply with the laws and regulations of the Country.
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 - 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 the 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.
Compliance status with the Colombo Stock Exchange Listing Rules on Corporate Governance	The Company's compliance status with the Colombo Stock Exchange Listing Rules on Corporate Governance is disclosed on pages 92 to 106.

Corporate Governance Principle	Company's adherence
Company Policies	<p>The Company has established a comprehensive suite of Corporate Policies that align with the Listing Rules of the Colombo Stock Exchange (CSE) and reflect the Company's commitment to ethical governance, transparency and sustainable business practices. These policies encompass key areas such as:</p> <ul style="list-style-type: none"> <li>• Matters relating to the Board of Directors.</li> <li>• Board Committees.</li> <li>• Corporate Governance, Nominations and Re-election.</li> <li>• Remuneration.</li> <li>• Internal Code of Business Conduct and Ethics.</li> <li>• Risk Management and Internal Controls.</li> <li>• Relations with shareholders and investors.</li> <li>• Environmental, Social and Governance (ESG) sustainability.</li> <li>• Control and Management of Company Assets and Shareholder Investments.</li> <li>• Corporate Disclosures.</li> <li>• Whistleblowing.</li> <li>• Anti-Bribery and Corruption.</li> </ul> <p>These policies are publicly accessible on the Company's website at <a href="https://lankeplantations.lk/kotagala-plantations/">https://lankeplantations.lk/kotagala-plantations/</a></p>

# Governance System

## CORPORATE GOVERNANCE

Adherence to the Corporate Governance Rules of the Colombo Stock Exchange

	Rule	Adherence
<b>9.2</b>	<b>POLICIES</b>	
<b>9.2.1</b>	<b>Establish and maintain the following policies</b>	
	<ul style="list-style-type: none"> <li>a) Matters relating to the Board of Directors</li> <li>b) Board Committees</li> <li>c) Corporate Governance, Nominations and Re-election</li> <li>d) Remuneration</li> <li>e) Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities</li> <li>f) Risk management and Internal controls</li> <li>g) Relations with Shareholders and Investors</li> <li>h) Environmental, Social and Governance Sustainability</li> <li>i) Control and Management of Company Assets and Shareholder Investments</li> <li>j) Corporate Disclosures</li> <li>k) Whistleblowing l)Anti-Bribery Corruption</li> </ul>	Complied
<b>9.2.2.</b>	Any waivers from compliance with the Internal code of business conduct and ethics or exemptions granted by the Listed Entity shall be fully disclosed in the Annual Report	Not Applicable
<b>9.2.3.</b>	Listed entities shall disclose in its Annual Report. <ul style="list-style-type: none"> <li>i) The list of policies that are in place in conformity rule 9.2.1. above with reference to its website.</li> <li>ii) Details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 above</li> </ul>	Complied
<b>9.2.4</b>	Listed Entities shall make available all such policies to shareholders upon written request being made for any such Policy.	Will be made available when requests are received.
<b>9.2.5</b>	<ul style="list-style-type: none"> <li>i) If a Listed Entity fails to comply with Rule 9.2.1, the Exchange will issue a Notice of Show Cause, granting seven (7) Market Days to provide reasons for the non-compliance.</li> <li>ii) If no response is received within the given time or if the explanation is deemed insufficient, enforcement measures will follow as outlined below: <ul style="list-style-type: none"> <li>a. A letter of warning will be issued by the Exchange.</li> <li>b. If the Entity fails to rectify the non-compliance within three (3) months from the date of the warning letter, a penalty of Rs. 250,000 will be imposed.</li> </ul> </li> <li>iii) The Exchange will make a Market Announcement regarding the non-compliance, enforcement action, and penalty. The penalty must be settled within seven (7) Market Days from notification. Failure to do so will result in referral to the SEC under Section 65 of the SEC Act.</li> </ul>	The Company is compliant with Rule 9.2.1 and therefore Rule 9.2.5 is not applicable

	Rule	Adherence
<b>9.3</b>	<b>BOARD COMMITTEES</b>	
<b>9.3.1</b>	<b>Establishment of Committee</b>	
	(a) Nominations and Governance Committee	Complied
	(b) Remuneration Committee	Complied
	(c) Audit Committee	Complied
	(d) Related Party Transactions Review Committee.	Complied
<b>9.3.2</b>	Compliance with composition, responsibilities and disclosures required in respect of the above Board committees	Complied
<b>9.3.3</b>	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees	Complied
<b>9.4</b>	<b>ADHERENCE TO PRINCIPLES OF DEMOCRACY IN THE ADOPTION OF MEETING PROCEDURES AND THE CONDUCT OF ALL GENERAL MEETINGS WITH SHAREHOLDERS</b>	
<b>9.4.1</b>	Maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting (a) The number of shares in respect of which proxy appointments have been validly made; (b) The number of votes in favour of the resolution; (c) The number of votes against the resolution; and (d) The number of shares in respect of which the vote was directed to be abstained.	Complied
<b>9.4.2.</b>	Communication and relations with shareholders and investors (a) Have a policy on effective communication and relations with shareholders and investors (b) Disclose the contact person for such communication. (c) Policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders (d) When conducting of any shareholder meetings through virtual or hybrid means, compliance with the Guidelines issued by the Exchange	Complied

# Governance System

	Rule	Adherence
<b>9.5</b>	<b>POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS</b>	
<b>9.5.1</b>	<p>Establish and maintain formal policy governing matters relating to the Board</p> <ul style="list-style-type: none"> <li>a) Composition and Board Balance (Executive and Non-Executive), Role and function of Chairman and CEO and Procedure for Appraisal of Board Performance and appraisal of CEO</li> <li>b) Where Role of Chairman and CEO are combined Appointment of SID-Establish Board Charter inclusive of functions and safeguards for SID</li> <li>c) Board diversity – experience, skills, competencies, age, gender, industry requirements</li> <li>d) Maximum number of Directors and rationale</li> <li>e) Frequency of Board meetings</li> <li>f) Mechanisms for ensuring that Directors are kept abreast of the Listing Rules and on-going compliance and/or non-compliance</li> <li>g) Specify the minimum number of meetings, in numbers and percentage, that a Director must attend,</li> <li>h) Requirements relating to trading in securities of the Listed Entity and its listed group Companies and disclosure of such requirements</li> <li>i) Specify the maximum number of directorships in Listed Entities that may be held by Directors.</li> <li>j) Participation at meeting of the Board and Board committees by audio visuals means and participation to be taken into account when deciding the quorum.</li> </ul>	<p>a) Complied</p> <p>(b) Not Applicable</p> <p>(c)-(j) Complied</p>
<b>9.5.2</b>	Confirm compliance of 9.5.1. in Annual Report – If non compliant provide explanations with reasons and proposed remedial action.	Complied
<b>9.6</b>	<b>CHAIRPERSON AND CEO</b>	
<b>9.6.1</b>	<p>Chairperson shall be a Non-Executive Director</p> <p>Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed</p>	<p>Complied</p> <p>Complied</p>
<b>9.6.2</b>	Market Announcement in the event Chairperson is an Executive Director and / or the positions of Chairman and CEO are held by the same individual.	Not Applicable
<b>9.6.3</b>	The Requirement for a SID	
	<ul style="list-style-type: none"> <li>a) Appoint of an Independent Director as the SID in the following instances: <ul style="list-style-type: none"> <li>i) The positions of the Chairperson and CEO are held by the same individual.</li> <li>ii) The Chairperson is an Executive Director.</li> <li>iii) The Chairperson and CEO are Close Family Members or Related Parties (b)-(e)</li> </ul> </li> </ul> <p>Responsibilities and duties of SID</p>	Not Applicable
<b>9.6.4</b>	Set out the rationale for appointment of SID in the Annual Report	Not Applicable

	Rule	Adherence
<b>9.7</b>	<b>FITNESS OF DIRECTORS AND CEOS</b>	
<b>9.7.1</b>	a) Listed Entities shall ensure that the Directors and CEO are at all times fit and proper persons as required in terms of these Rules. b) In evaluating fitness and propriety of the persons referred in these Rules. Listed Entities shall utilize the Fit and Proper Assessment Criteria set out in Rule 9.7.3 below.	Complied
<b>9.7.2</b>	Listed Entities shall ensure that the persons recommended by the Nominations and Governance Committee as Directors are fit and proper before such nominations are placed before Shareholders' meeting or appointments.	Complied
<b>9.7.3</b>	<b>'Fit and Proper Assessment Criteria' set out in Rule 9.7.3</b> a) Honesty, Integrity and Reputation – (i)-(vii) b) Competence and Capability –(i)-(ii) c) Financial Soundness –(i)-(iii)	Complied
<b>9.7.4</b>	Declarations to be obtained from Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in the Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	Complied
<b>9.7.5</b>	<b>Disclosures in the Annual Report</b> a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria b) Any non-compliance/s and remedial action taken to rectify non compliance	Complied Not Applicable
<b>9.8</b>	<b>BOARD COMPOSITION</b>	
<b>9.8.1</b>	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	Complied
<b>9.8.2</b>	Minimum Number of Independent Directors: (a) At least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors at any given time, whichever is higher. (b) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change.	Complied Not Applicable

# Governance System

	Rule	Adherence
9.8.3	<p><b>Criteria for determining independence:</b></p> <p>A Director shall not be considered independent if he/she:</p> <ul style="list-style-type: none"> <li>(i) Has been employed by the Listed Entity during the period of three (3) years immediately preceding appointment as Director</li> <li>(ii) Currently has/had during the period of three (3) years immediately preceding appointment as a Director, a Material Business Relationship with the Listed Entity, whether directly or indirectly.</li> <li>(iii) Currently has/had during the preceding financial year a close Family Member who is a Director and/ or CEO in the Listed Entity.</li> <li>(iv) Has a Significant Shareholding in the Listed Entity.</li> <li>(v) Has served an aggregate period of nine (9) years on the Board of the Listed Entity from the date of the first appointment.</li> <li>(vi) Is employed in another Company or business; <ul style="list-style-type: none"> <li>a) In which a majority of the other directors of the Listed Entity are employed or are directors; or</li> <li>b) In which a majority of the other directors of the Listed Entity have a Significant Shareholding or Material Business Relationship; or</li> <li>c) That has a Significant Shareholding in the Listed Entity or with which the Listed Entity has a Business Connection.</li> </ul> </li> <li>(vii) Is a director of another Company; <ul style="list-style-type: none"> <li>a) In which a majority of the other Directors of the Listed Entity are employed or are Directors; or</li> <li>b) That has a Business Connection in the Listed Entity or a Significant Shareholding.</li> </ul> </li> <li>(viii) Has a Material Business Relationship or a Significant Shareholding in another company or business; <ul style="list-style-type: none"> <li>a) In which a majority of the other Directors of the Listed Entity are employed or are Directors; and/or</li> <li>b) Which has a Business Connection with the Listed Entity or Significant Shareholding in the same; and/or</li> <li>c) Where the core line of business of such Company is in direct conflict with the line of business of the Listed Entity.</li> </ul> </li> <li>(ix) Is above the age of seventy (70) years.</li> </ul> <p>Provided that a person above the age of seventy (70) years may nevertheless be considered independent if compliant with Rule 9.8.3 (ix) (a) to (d) and the requirements of sub clauses (a), (b) and (c) shall be repeated at each Annual General Meeting of the Listed Entity in respect of any director over the age of seventy years whom the Listed Entity wishes to continue to treat as independent.</p>	<p>Complied. However where independence was impaired declared to be nevertheless independent up to 31st December 2024.</p>

	Rule	Adherence
<b>9.8.5</b>	<b>The Board of Directors of Listed Entities shall require:</b>	
	(a) Each Independent Director to submit a signed and dated declaration annually	Complied
	(b) Make an annual determination as to the “independence” of Independent Director and set out the names of Directors determined to be ‘independent’ in the Annual Report.	Complied
	(c) If independence is impaired against any of the criteria set out in Rule 9.8.3, an immediate Market Announcement is required	Not applicable
<b>9.8.6</b>	Enforcement Actions for Non-Compliance with Rules 9.8.1 and 9.8.2	Complied with Rule 9.8.1 and 9.8.2
	a) In the event a Listed Entity fails to comply with Rules 9.8.1 and/or 9.8.2 of these Rules	9.8.6 A and B Not Applicable
	b) Where a Listed Entity has failed to comply with Rules 9.8.1 or 9.8.2 and has not disclosed of such noncompliance to the Exchange or the market	
<b>9.9</b>	<b>ALTERNATE DIRECTORS</b>	
	Compliance with the following requirements and such requirements shall also be incorporated into the Articles of Association	
	a) Alternate Directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment.	
	b) If an Alternate Director is appointed for a Non-Executive Director such alternate should not be an executive Director.	
	c) If an Alternate Director is appointed by an Independent Director, the person so appointed should meet the criteria of independence The Nominations and Governance Committee shall review and determine that the person nominated as the alternate would qualify as an Independent Director before such appointment is made.	Complied
	d) Immediate Market Announcement regarding the appointment of an Alternate Director	
	e) Attendance of Alternate Director to be counted for the purpose of quorum at Board and Board Committee meetings.	

# Governance System

	Rule	Adherence
<b>9.10.</b>	<b>DISCLOSURES RELATING TO DIRECTORS</b>	
<b>9.10.1</b>	Disclose its policy on the maximum number of directorships in Listed Entities Board members shall be permitted to hold as per Rule 9.5.1. Non compliance to be reported in the Annual Report. . (maximum number of Listed Company Directorships – 25)	Complied
<b>9.10.2</b>	Market announcement on appointment of new Director (i - iii)	Complied - New Appointments during 2024/2025 have been disclosed
<b>9.10.3</b>	Immediate Market Announcement regarding any changes to the composition of the Board Committees (i - ii)	Complied -Changes during 2024/2025 have been disclosed
<b>9.10.4</b>	<p><b>Disclosure in Annual Report - Directors details</b></p> <ul style="list-style-type: none"> <li>- Name, qualifications and brief profile</li> <li>- Nature of his/her expertise in relevant functional areas</li> <li>- Whether either the Director or Close Family Members has any material business relationships with other Directors</li> <li>- Whether Executive, Non-Executive and/or independent Director</li> <li>- Total number and names of Companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as executive or non-executive (If the directorships are within the Group names need not be disclosed)</li> <li>- Number of Board meetings attended</li> <li>- Names of Board Committees in which the Director serves as Chairperson or a member</li> <li>- Attendance of committee meetings</li> <li>- TOR and powers of SID</li> </ul>	<p>Complied</p> <p>Not Applicable</p>
<b>9.10.5</b>	<p>Non-Disclosure of Changes to Board and Committees</p> <p>Failure to disclose new appointments or changes to the Board of Directors</p> <p>Failure to disclose changes to the composition of Board Committees in terms of Rule 9.10.3 (ii)</p>	Not Applicable

	Rule	Adherence
<b>9.11</b>	<b>NOMINATIONS AND GOVERNANCE COMMITTEE</b>	
<b>9.11.1</b>	<b>Establishment of Nominations and Governance Committee</b>	Complied
<b>9.11.2</b>	Maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.	Complied
<b>9.11.3</b>	<b>Written terms of reference</b>	Complied
<b>9.11.4</b>	<b>Composition</b>	
	(1) The members of the Nominations and Governance Committee shall; <ul style="list-style-type: none"> <li>(a) Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors.</li> <li>(b) Not comprise of Executive Directors of the Listed Entity</li> </ul> (2) An Independent Director shall be appointed as the Chairperson (3) Identify Members in the Annual Report	Complied
<b>9.11.5</b>	<b>Functions</b>	
	<ul style="list-style-type: none"> <li>(i) Evaluate the appointment of Directors to the Board of Directors and Board Committees</li> <li>(ii) Recommend (or not recommend) the re-appointment/ re-election of current Directors</li> <li>(iii) Establish and Maintain a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors</li> <li>(iv) Establish and maintain a set of criteria for selection of Directors</li> <li>(v) Establish and maintain a suitable process for the periodic evaluation of the performance of the Board of Directors and the CEO of the Entity to ensure that their responsibilities are satisfactorily discharged.</li> <li>(vi) Develop a succession plan for the Board of Directors and Key Management Personnel</li> <li>(vii) Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities</li> <li>(viii) Review and recommend the overall corporate governance framework of the Listed Entity taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/ international best practices.</li> <li>(ix) Periodically review and update the Corporate Governance Policies / Framework of the Entity in line with the regulatory and legal developments relating to same, as a best practice.</li> <li>(x) Receive reports from the Management on compliance with the corporate governance framework of the Entity including the Entity's compliance with provisions of the SEC Act, Listing Rules of the Exchange and other applicable laws, together with any deviations/non-compliances and the rational for same.</li> </ul>	Complied
<b>9.11.6</b>	<b>Disclosures in Annual Report</b>	
	Nomination & Governance Committee Report and contents to be incorporated -Sections (a)-(m)	Complied

# Governance System

	Rule	Adherence
<b>9.12</b>	<b>REMUNERATION COMMITTEE</b>	
<b>9.12.1</b>	The term “remuneration” shall make reference to cash and all non-cash benefits whatsoever received	
<b>9.12.2</b>	Establishment of Remuneration Committee	
<b>9.12.3</b>	Establish and maintain a formal and transparent procedure for developing policy on Executive Directors’ remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration.	
<b>9.12.4</b>	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.	
<b>9.12.5</b>	Written terms of reference	Refer Page 82 of the Corporate Governance Report and the Remuneration Committee Report on Page 127
<b>9.12.6</b>	Composition	
	(1) The members of the Remuneration Committee shall; (a) Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors. (b) Not comprise of Executive Directors of the Listed Entity (2) Where both the parent company and the subsidiary are ‘Listed Entities’, the Remuneration Committee of the parent company may be permitted to function as the Remuneration Committee of the subsidiary. (3) An Independent Director shall be appointed as the Chairperson.	
<b>9.12.7</b>	<b>Functions</b>	
	(1) Recommend the remuneration payable to the Executive Directors and CEO of the Listed Entity and/or equivalent position thereof to the Board of the Listed Entity which will make the final determination upon consideration of such recommendations. (2) Engage any external Consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO.	
<b>9.12.8</b>	<b>Disclosure in Annual Report</b>	
	a) Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members (or persons in the parent Company’s Remuneration Committee in the case of a group Company); (b) A statement regarding the remuneration policy; and, (c) The aggregate remuneration of the Executive and Non-Executive Directors	Refer the Remuneration Committee Report on page 127 and Note 32 to the Financial Statements.

	Rule	Adherence
<b>9.13</b>	<b>AUDIT COMMITTEE</b>	Refer Audit Committee Report
<b>9.13.1</b>	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions	Complied
<b>9.13.2</b>	Written terms of reference	Complied
<b>9.13.3</b>	Composition	
	(1) The members of the Audit Committee shall; (a) Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors. (b) Not comprise of Executive Directors of the Listed Entity	Complied
	(2) Quorum - requires that the majority of those in attendance to be independent directors.	Complied
	(3) Compulsorily to meet on a quarterly basis prior to recommending the financials to be released to the market.	Complied
	(4) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	Complied
	(5) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation. Provided however where the Listed Entity maintains a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation.	Managing Director was in attendance by invitation.
	(6) The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body. Provided however, this Rule shall not be applicable in respect of Risk Committees where a Listed Entity maintains a separate Risk Committee and Audit Committee.	Complied
<b>9.13.4</b>	Functions Detailed in Rule (1) (i) –(xiii) and (2)	Complied
<b>9.13.5</b>	Disclosures in Annual Report (a) Names of chairperson and members with nature of directorship (b) Status of risk management and internal control – Company and group (c) Statement on CEO and CFO assurance on operations and finances (d) Opinion on compliance with Financial reporting requirements, information requirements Listing Rules, Companies Act, SEC Act and any other requirements. (e) Availability of formal Audit Charter (f) Internal audit assurance and summary of the work internal audit function (g) Details demonstrating effective discharge of functions and duties (h) Statement on external auditors’ assurance on their independence (i) Confirmation on determining auditor’s independence	Refer Audit Committee Report



	Rule	Adherence
9.14.6	<p>Shareholder Approval</p> <p>1. Listed Entities shall obtain shareholder approval by way of a Special Resolution for the following Related Party Transaction.</p> <p>a) Non-recurrent transaction</p> <p>i) Transactions exceeding one third (1/3) of the Total Assets as per the latest Audited Financial Statements</p> <p>ii) Transactions exceeding one third (1/3) of the Total Assets as per the latest Audited Financial Statements when aggregated with other non- recurrent transactions entered into with the same Related Party during the same financial year</p> <p>iii) Acquisition of substantial asset from, or disposal of a substantial asset to, any Related Party of the Entity or its associates</p> <p>b) Recurrent transaction</p> <p>(i) One third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the Entity as per the latest Audited Financial Statements; or</p> <p>(ii) One third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the Entity as per the latest Audited Financial Statements of the Entity, when aggregated with other recurrent transactions entered into with the same Related Party during the same Financial year; and;</p> <p>(iii) The transactions are not in the ordinary course of business and in the opinion of the Related Party Transactions Review Committee, are on terms favourable to the Related Party than those generally available to the public.</p>	Not Applicable
9.14.7	Disclosures	
	(1) Immediate Disclosures	
	<p>(a) Any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements; or</p> <p>(b) Of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same Financial year amounts to 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements.</p> <p>Subsequent non-recurrent transactions which exceed 5% of the Equity of the Entity, entered into with the same Related Party during the Financial year.</p>	Not Applicable
9.14.8	Disclosures in the Annual Report	Refer Note 32 to the Financial Statements.

# Governance System

	Rule	Adherence
9.14.9	Acquisition and Disposal of Assets From/to Related Parties	
	<ol style="list-style-type: none"> <li>1) Shareholder approval is required by Special Resolution for the acquisition from or disposal of substantial assets to Related Companies. [Subject to exemptions as per Rule 9.14.9 (3)]</li> <li>2) Substantial value of the asset or the value of the consideration relating to such asset exceeds 1/3 of the Total Assets.</li> <li>(3) Rule 9.14.9(1) does not apply to:               <ol style="list-style-type: none"> <li>a) Transactions between the Listed entity and a wholly owned subsidiary.</li> <li>b) Transaction between wholly owned subsidiaries of the Listed Entity.</li> <li>c) Takeover offer made by the Listed Entity in accordance with Takeovers and Mergers Code 1995 (as amended).</li> <li>d) Any transaction entered into by the Listed Entity with a bank as principal, on arm's length terms and in the ordinary course of it's banking business.</li> </ol> </li> <li>(4)               <ol style="list-style-type: none"> <li>a) The Related Party Transactions Review Committee should obtain competent independent advice from independent professional experts with regard to the value of the substantial assets of the Related Party Transaction under the consideration.</li> <li>b) Person who is in the same group of the Listed Entity or significant interest in or financial connection with the Listed Entity or the relevant Related Party shall not be eligible to give such advice.</li> </ol> </li> <li>(5) Independent advice obtained should be circulated with the notice of meeting to obtain the shareholder approval</li> <li>(6) The competent independent advice required in terms of Rule 9.14.9 (4) shall include:               <ol style="list-style-type: none"> <li>a) Key assumptions, conditions or restrictions that impact the estimate value.</li> <li>b) The different valuation methodologies considered in valuing the subject asset/s and justification for adopting one or more of them in the valuation.</li> <li>c) Sources of information relied upon for the valuation.</li> <li>d) Identity of individuals participating in the valuation assignment and their qualifications.</li> <li>e) Confirmation of the independence of the parties participating in the advice.</li> <li>f) A statement as to whether the transaction is on usual commercial terms, in ordinary and usual course of business, fair and reasonable and in the interests of the Listed Entity and its shareholders.</li> </ol> </li> </ol>	Not Applicable

	Rule	Adherence
9.14.10	Exempted Related Party Transactions	
	<p>(a) Subject to Rule 9.14.8 (2), transactions with Related Parties which are recurrent, of revenue or trading nature and which is necessary for day-to-day operations of a Listed Entity or its subsidiaries and, in the opinion of the Related Party Transactions Review Committee, terms are not favourable to the Related Party than those generally available to the public.</p> <p>(b) The payment of dividend, issue of Securities by the Listed Entity by way of a capitalization of reserves, the exercise of Rights, options or warrants (subject to Rules contained in Section 5 and 7 of these Rules), sub-division of shares or consolidation of shares.</p> <p>(c) The grant of options, and the issue of Securities pursuant to the exercise of options, under an employee share option scheme/employees share purchase scheme (subject to Rule 5.6 of these Rules).</p> <p>(d) A transaction in marketable securities carried out in the open market where the counterparty's identity is unknown to the Listed Entity at the time of the transaction.</p> <p>(e) The provision or receipt of financial assistance or services, upon usual commercial terms and in the ordinary course of business, from a Company whose activities are regulated by any written law relating to licensed banks, Finance Companies or insurance Companies or are subject to supervision by the Central Bank of Sri Lanka or Insurance Board of Sri Lanka.</p> <p>(f) Directors' fees and remuneration, and employment remuneration</p>	Complied
9.15	<b>PENALTIES FOR NON-COMPLIANCE WITH BOARD COMMITTEE COMPOSITION REQUIREMENTS</b>	Not Applicable
	<p>A. When a Listed Entity fails to comply with Rules 9.11.4(1), 9.11.4(2), 9.12.6, 9.13.3(1), 9.13.3(4), 9.13.3(6), or 9.14.2</p> <p>B. Where a Listed Entity has failed to comply with Rules 9.11.4(1), 9.11.4(2), 9.12.6, 9.13.3(1), 9.13.3(4), 9.13.3(6) or 9.14.2 and has not disclosed of such non-compliance to the Exchange or the market:</p> <ul style="list-style-type: none"> <li>- If non-compliance is rectified: (a) - (b)</li> <li>- If non-compliance is not rectified: (c) - (e)</li> </ul>	Not Applicable
9.17	ADDITIONAL DISCLOSURES BY BOARD OF DIRECTORS	
	<p>(i) Declared all material interests in contracts involving the entity and that they have refrained from voting on matters in which they were materially interested</p> <p>(ii) Conducted a review of the internal controls covering Financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence, and, if unable to make any of these declarations an explanation on why it is unable to do so;</p> <p>(iii) Made arrangement to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;</p> <p>(iv) Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.</p>	Complied Refer Annual Report of the Board of Directors and Corporate Governance Report

# Governance System

	Rule	Adherence
9.18	<b>ENFORCEMENT PROCEDURE FOR NON-COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS</b>	
	<p>a) Immediate Market Announcement on non compliance in the event of failure to comply with any of the requirements contained in Rules 9.3.1, 9.8.1, 9.8.2(a), 9.11.4(1),9.11.4(2), 9.12.6, 9.13.3(1),9.13.3(4),9.13.3(6) or 9.14.2 about such non-compliance within one (1) Market Day from the date of the non-compliance. Announcement shall be repeated on the first (1st) Market Day of each calendar month until the Entity becomes compliant with these Rules.</p> <p>b) The non-compliance must be rectified within three (03) months from the date of non-compliance.</p> <p>c) If not rectified within three months, the Entity’s Securities shall be transferred to the Watch List immediately upon the expiration of the said period..</p> <p>d) While the Securities are on the Watch List, Directors, CEO, their Close Family Members, parent Entity, and entities where they hold 50% or more voting rights, cannot transact in the Entity’s Securities without prior SEC approval. This restriction continues for three (03) months after resignation or until compliance is restored—whichever is earlier.</p> <p>e) Upon being placed on the Watch List, the Entity must make a Market Announcement including:            -The remedial action proposed within six (06) months.            -The following statements:</p> <p>i) Any change in the plan will be announced within 1 Market Day after Board approval.</p> <p>ii) If the plan is not implemented within 6 months, trading will be suspended.</p> <p>iii) If suspension lasts more than 6 months, delisting will follow.</p> <p>f) At the first General Meeting following the transfer to the Watch List, shareholders must be informed of the non-compliance, remedial actions, and that continued failure will result in suspension and potential delisting.</p> <p>g) The outcome of the above General Meeting must be announced to the Market by the next Market Day, including any decisions made.</p> <p>h) The Entity must rectify non-compliance within six (06) months from the date of Watch List transfer.</p> <p>i) Failure to comply within six months will result in trading suspension.            The Exchange will also announce the enforcement action and any penalties imposed.</p> <p>j) In addition to actions under 9.18(c) and 9.18(i), the Exchange shall impose penalties on the Listed Entity and/or its Directors as of the date of non-compliance.</p> <p>k) If suspension exceeds six (06) months, the Securities shall be delisted under Rule 11.3.</p> <p>l) The Exchange’s decision to delist the Securities and any attached conditions shall be communicated to the SEC.”</p>	Not Applicable

## 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
S	-	Secretary			

COMPANIES	Mr. S.D.R. Arudpragasam	Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)	Mr. S.S. Poholiyadde	Mr. Anushman Rajaratnam	Mr. P.M.A. Srimane (Resigned w.e.f. 31.12.2024)	Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)	Mr. K. Mohideen	Mr. A.M. de S. Jayaratne (Resigned w.e.f. 31.12.2024)	Mr. K.G. Punchithewa (Appointed w.e.f. 01.11.2024)	Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)					
The Colombo Fort Land and Building PLC	✓	C/NE	✓	DC/NE	✓	GMD/EX	✓	NE	✓	NE	✓	INE	✓	INE	
Kotagala Plantations PLC*	✓	C/NE	✓	DC/INE	✓	EX	✓	NE	✓	INE	✓	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		✓	INE	✓	INE
Lankem Developments PLC*	✓	C/NE	✓	INE	✓	NE	✓	NE	✓	INE	✓	NE	✓	INE	
Agarapatana Plantations PLC*	✓	C/NE	✓	DC/INE	✓	EX	✓	NE	✓	INE	✓	EX	✓	INE	
E.B. Creasy & Company PLC*	✓	C/MD/EX					✓	NE			✓	INE	✓	INE	
Muller & Phipps (Ceylon) PLC*	✓	C/NE					✓	NE					✓	INE	

# Governance System

COMPANIES	Mr. S.D.R. Arudpragasam	Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)	Mr. S.S. Poholiyadda	Mr. Anushman Rajaratnam	Mr. P.M.A. Srimane (Resigned w.e.f. 31.12.2024)	Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)	Mr. K. Mohideen	Mr. A.M. de S. Jayaratne (Resigned w.e.f. 31.12.2024)	Mr. K.G. Punchihewa (Appointed w.e.f. 01.11.2024)	Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)		
Laxapana PLC*	✓	C/ NE			✓	NE			✓	INE	✓	INE
Beruwala Resorts PLC*	✓	C/ NE	✓	DC/ INE	✓	NE					✓	INE
Marawila Resorts PLC*	✓	C/ NE	✓	DC/ INE	✓	NE					✓	INE
Sigiriya Village Hotels PLC*	✓	C/ NE	✓	DC/ INE	✓	NE					✓	INE
C W Mackie PLC*	✓	NE	✓	INE	✓	NE		✓	INE		✓	INE
ACME Printing & Packaging PLC*	✓	NE			✓	NE	✓	INE	✓	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	✓	D
American Lloyd Travels Limited*	✓	D			✓	D						
Associated Farms (Private) Limited*	✓	C										
ACME Packaging Solutions (Private) Limited*	✓	D			✓	D	✓	D				
B.O.T Hotel Services (Private) Limited*	✓	C						✓	D			
C. W. M. Hotels Holdings Limited	✓	D			✓	D		✓	D			
Candy Delights Limited*	✓	C/ MD			✓	D		✓	D			
Capital Investments Limited*	✓	D										



# Governance System

COMPANIES	Mr. S.D.R. Arudpragasam	Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)	Mr. S.S. Poholiyadde	Mr. Anushman Rajaratnam	Mr. P.M.A. Srimane (Resigned w.e.f. 31.12.2024)	Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)	Mr. K. Mohideen	Mr. A.M. de S. Jayaratne (Resigned w.e.f. 31.12.2024)	Mr. K.G. Punchihewa (Appointed w.e.f. 01.11.2024)	Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)
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					
Guardian 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	✓
JF Ventures Limited*	✓	C		✓	D	✓	D	✓	D	✓
Kiffs (Private) Limited*	✓	C		✓	D	✓	D	✓	D	✓
Lanka Special Steel Limited*	✓	C			✓	D				
Lankem Agrochemicals Limited*	✓	C		✓	D					

COMPANIES	Mr. S.D.R. Arudpragasam	Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)	Mr. S.S. Poholiyadde	Mr. Anushman Rajaratnam	Mr. P.M.A. Srimane (Resigned w.e.f. 31.12.2024)	Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)	Mr. K. Mohideen	Mr. A.M. de S. Jayaratne (Resigned w.e.f. 31.12.2024)	Mr. K.G. Punchihewa (Appointed w.e.f. 01.11.2024)	Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)
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*	✓	D		✓	D	✓	D	✓	D	
Lankem Paints Limited*	✓	C		✓	D					
Lankem Plantation Services Limited*	✓	D								
Lankem Research Limited*	✓	C		✓	D					
Lankem Tea & Rubber Plantations (Private) Limited*	✓	C	✓	D	✓	MD	✓	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*	✓	C				✓	D			
Nature's Link Limited*	✓	C								
Nutriklim (Ceylon) Limited	✓	D								
Oakley Investments (Private) Limited	✓	D		✓	D					
Property and Investment Holdings (Private) Limited	✓	D		✓	D					

# Governance System

COMPANIES	Mr. S.D.R. Arudpragasam		Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)		Mr. S.S. Poholiyadda		Mr. Anushman Rajaratnam		Mr. P.M.A. Srimane (Resigned w.e.f. 31.12.2024)		Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)		Mr. K. Mohideen		Mr. A.M. de S. Jayaratne (Resigned w.e.f. 31.12.2024)		Mr. K.G. Punchihewa (Appointed w.e.f. 01.11.2024)		Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)	
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) Limited*	✓	C					✓	D												
Union Commodities (Private) Limited*	✓	C			✓	D	✓	D	✓	D			✓	D	✓	D				
Union Commodities Exports (Private) Limited*	✓	C					✓	D												
Union Commodities Teas (Private) 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				



# Governance System

COMPANIES	Mr. S.D.R. Arudpragasam	Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)	Mr. S.S. Poholyaydde	Mr. Anushman Rajaratnam	Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)	Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)	Mr. K. Mohideen	Mr. A.M. de S. Jayaratne (Resigned w.e.f. 31.12.2024)	Mr. K.G. Punchihewa (Appointed w.e.f. 01.11.2024)	Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)
Fintrex Finance Limited										✓ D
Teejay Lanka PLC										✓ INE
Teejay Lanka Prints (Private) Limited										✓ D
Teejay India Private Limited										✓ D
Teejay Mauritius Private Limited										✓ D
Nubian Threads (Egypt)										✓ D

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

Messrs. P.M.A. Sirimane and A.M. de S. Jayaratne who served as Independent NonExecutive Directors, until the close of business on 31st December 2024, continue to serve as Non Executive Directors of the Board of The Colombo Fort Land & Building PLC effective 1st January 2025.

Mr. C.P.R. Perera, Deputy Chairman who served as an Independent Non-Executive Director until the close of business on 31st December 2024, continues to serve in the capacity of Deputy Chairman and as a Non-Executive Director of The Colombo Fort Land & Building PLC with effect from 1st January 2025. Mr. Perera was re-designated as a Non-Executive Director on the Board of Ceylon Tea Brokers PLC with effect from 7th October 2024.

Mr. C.P.R. Perera resigned from the Boards of Kotagala Plantations PLC, Agarapatana Plantations PLC, Lankem

Developments PLC, Beruwala Resorts PLC, Marawala Resorts PLC and Sigiriya Village Hotels PLC with effect from 31st December 2024, and C.W. Mackie PLC with effect from 30th December 2024.

Mr. P.M.A. Sirimane resigned from the Boards of Kotagala Plantations PLC, Agarapatana Plantations PLC, Lankem Developments PLC, Lankem Ceylon PLC, E.B. Creasy & Company PLC, Muller & Phipps (Ceylon) PLC, Laxapana PLC, Colombo Fort Investments PLC and Colombo Investment Trust PLC with effect from 31st December 2024. He was also resigned from the Boards of J.F. Packaging Limited, J F Ventures Limited, Ceylon Tapes (Pvt) Ltd, Ceytape (Pvt) Ltd, Alliance Five (Pvt) Ltd and Kiffs (Pvt) Ltd with effect from 29th January 2025.

Mr. G.K.B. Dasanayaka resigned from the Boards of Kotagala Plantations PLC, Agarapatana Plantations PLC, Lankem Ceylon PLC and ACME Printing and Packaging PLC with effect from 31st December 2024. He was also resigned from the Boards of J.F. Packaging Limited,

J.F. Ventures Limited, Ceylon Tapes (Pvt) Ltd, Ceytape (Pvt) Ltd, Kiffs (Pvt) Ltd and Alliance Five (Pvt) Ltd with effect from 29th January 2025.

Mr. G.K.B. Dasanayaka was appointed to the Board of Lankem Tea & Rubber Plantations (Pvt) Limited with effect from 1st December 2024.

Mr. A.M. de.S. Jayaratne resigned from the Boards of Kotagala Plantations PLC, Agarapatana Plantations PLC, Lankem Developments PLC, C M Holdings PLC, York Arcade Holdings PLC, E.B. Creasy & Company PLC, Colombo Fort Investments PLC, Colombo Investment Trust PLC and ACL Cables PLC with effect from 31st December 2024, and C.W. Mackie PLC with effect from 30th December 2024.

Mr. A.M. de. S. Jayaratne deceased - 10th July 2025.

Mr. Anushman Rajaratnam was appointed to the Board of York Hotel Management Services Limited with effect from 1st August 2024.

Mr. Anushman Rajaratnam was appointed as Managing Director of Union Commodities (Private) Limited with effect from 16th May 2025.

Mr. K.G. Punchihewa was appointed to the Board of Kotagala Plantations PLC and Agarapatana Plantations PLC with effect from 1st November 2024, Lankem Ceylon PLC and Lankem Developments PLC with effect from 31st December 2024, E.B. Creasy & Company PLC, Muller & Phipps (Ceylon) PLC and Laxapana PLC with effect from 1st January 2025, ACME Printing & Packaging PLC with effect from 5th February 2025 and The Colombo Fort Land & Building PLC with effect from 20th February 2025. He was also appointed to the Boards of Consolidated Tea Plantations Limited with effect from 3rd February 2025 and J.F. Packaging Limited, JF Ventures Limited, Ceylon Tapes (Pvt) Ltd, Ceytapes (Pvt) Ltd, Alliance Five (Pvt) Ltd and Kiffs (Pvt) Ltd with effect from 20th February 2025.

Mr. S.B. Perera was appointed to the Boards of Kotagala Plantations PLC, Agarapatana Plantations PLC, Lankem Developments PLC, Lankem Ceylon PLC, Beruwala Resorts PLC, Marawila Resorts PLC and Sigiriya Village Hotels PLC with effect from 31st December 2024, C.W. Mackie PLC with effect from 30th December 2024, E.B. Creasy & Company PLC, Muller & Phipps (Ceylon) PLC and Laxapana PLC with effect from 1st January 2025 and The Colombo Fort Land & Building PLC with effect from 20th February 2025. He was also appointed to the Boards of Consolidated Tea Plantations Limited with effect from 3rd February 2025 and J.F. Packaging Limited, JF Ventures Limited, Ceylon Tapes (Pvt) Ltd, Ceytape (Pvt) Ltd, Kiffs (Pvt) Ltd and Alliance Five (Pvt) Ltd with effect from 20th February 2025 and Nubian Threads (Egypt) with effect from 9th March 2025.

Mr. S.B. Perera resigned from the Boards of Ceytape (Private) Limited, JF Ventures Limited, Kiffs (Private) Limited, Alliance Five (Private) Limited and Teejay India Private Limited with effect from 10th May 2025 and from the Boards of Teejay Mauritius Private Limited with effect from 31st May 2025.

# Managing the risks

During the current financial year, key macro environmental indicators continued to improve alleviating much of the previous risks. Interest rates and the rate of inflation continued to decrease and costs starting to stabilize. The rupee reversed its depreciation trend and commenced appreciating, although this caused KPPLC to lose the advantage of high prices from rupee depreciation. However, the improving foreign exchange reserve position and the stable rupee contributed towards overall economic recovery and the rupee appreciation reduced import costs of inputs such as fertilizer and equipment. Tourist arrivals increased boosting the tourism sector’s revival, which was encouraging for KPPLC’s plans to expand tea tourism activities. The reinstatement of a more predictable operating environment enabled better debt and cashflow management, to effectively discharge its strategic initiatives planned for the year, including factory and field modernisation, addressing climate change and sustainability related topics and tourism portfolio development.

The main risks during the year, were continued price volatility for tea and rubber and climate change impacts on tea and rubber cultivation, which were managed effectively to ensure sustained revenue and profit growth. KPPLC’s responses to manage these and other risks, are explained in brief in the Risk Management Report for 2024-25 given below. Please refer the chapter titled ‘Managing Sustainability and Climate Related Risks and Opportunities,’ for details on how KPPLC manages these risks.

## EMERGING RISKS IN THE NEW FINANCIAL YEAR

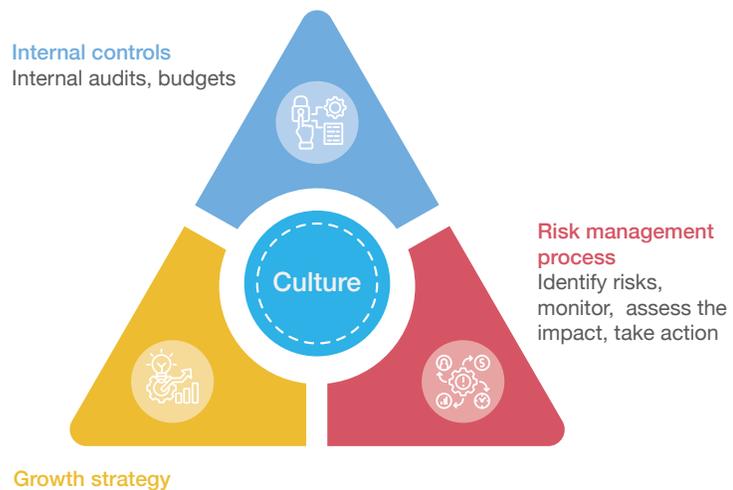
From end March 2025, the risk environment is again signalling rising unpredictability, due to domestic as well as global developments. These include:

- The potential of escalating conflicts in the Middle East, which is the primary destination for Pure Ceylon Tea and the escalation of the Russian – Ukraine war, which is again a significant region for Sri Lankan tea exports. The prevailing conflicts in these two regions could increase global price volatility of tea, as well as shipping costs.
- Uncertainty regarding a new US government trade regime, could destabilise trade and fuel global inflation, again impacting global demand for tea and rubber, as well as the rupee exchange rate and foreign exchange earnings from exports.
- In the domestic environment, the plantation sector is again facing uncertainty regarding government plans for plantation lease agreements, and policies on tea sector and plantations sector development.
- Sri Lanka’s agriculture sector is experiencing rising risks from climate change. How KPPLC manages these risks and other sustainability related risks are discussed under the ‘Managing Sustainability and Climate Risks’ section.

## RISK MANAGEMENT SYSTEM

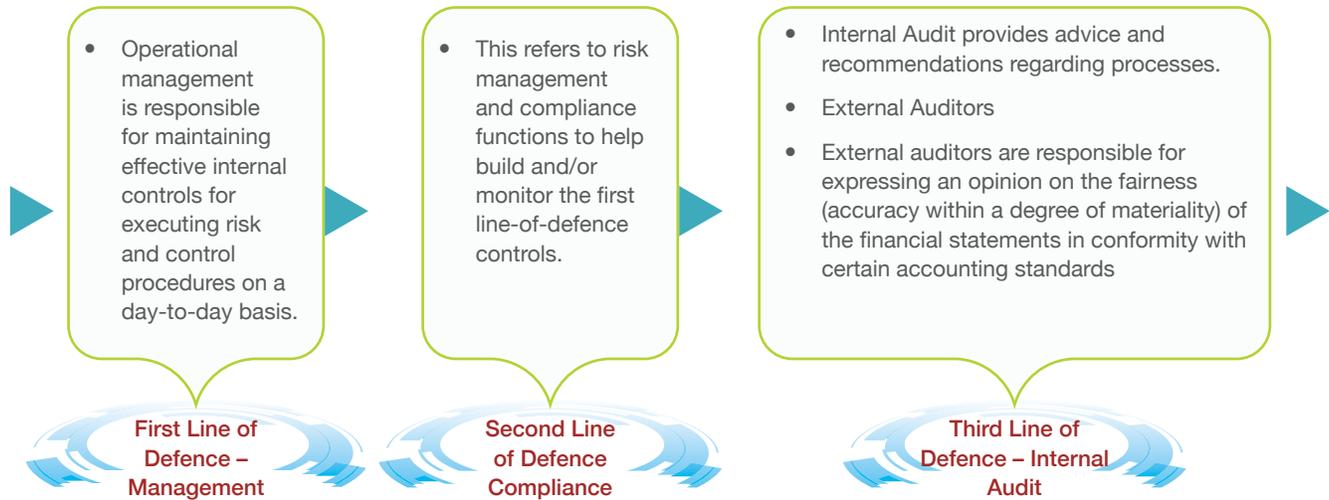
The Company’s adopts an integrated risk management concept where risk management is integrated into the overall governance, internal controls and strategy planning and implementation process across the entire organisation and all activities. The Board is directly involved in the risk identification, assessment and management process, with feedback from the senior management. Internal controls are reviewed regularly and external factors are monitored continually to identify emerging risks.

## RISK MANAGEMENT FRAMEWORK



**THE 3 LINES OF DEFENCE**

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



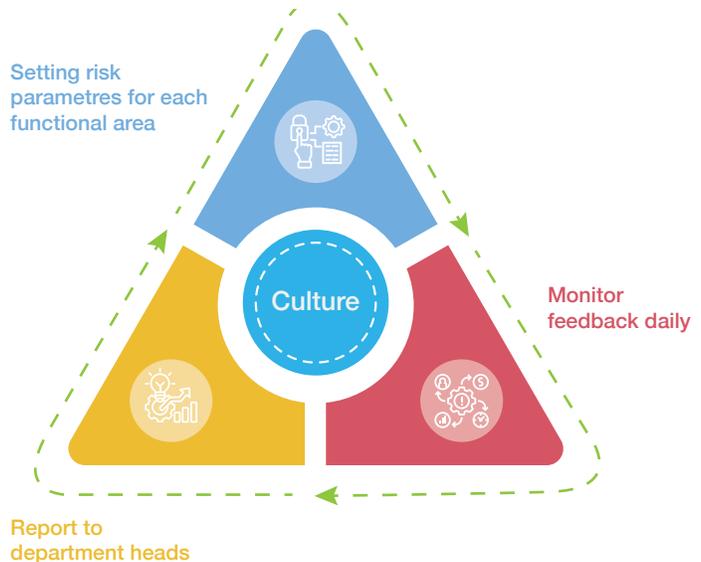
**RISK REVIEW PROCESS AND REPORTING STRUCTURE**

The risk management process and reporting structure of Kotagala Plantations facilitates reporting flows from top down to bottom up with increasing integration of the ERP, enabling real time information flows for more informed management of existing and emerging risks. The Company is also investing in training for all grades of employees for better job awareness and responsiveness to risks.

The formal risk review and reporting process comprises:

**EFFECTIVENESS OF INTERNAL CONTROLS**

Kotagala Plantations has strict internal controls that are reviewed regularly by the Board to ensure effectiveness. Internal audits are conducted regularly and the findings are reported to the Board and Audit committee. In addition, the Company complies with multiple accreditation requirements that also imposes another layer of controls.



# Managing the risks

## Risk management report for 2024-25

Risk	Risk description	Potential impact	Response to risk	Risk rating
<b>SOCIAL CAPITAL</b>				
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	<p>The Company possesses synergistic benefits from being in a group which includes a chemical supplier and another Company in plantation business.</p> <p>Healthy relationships are maintained with our suppliers</p> <p>In order to minimise the dependence on a single distribution channel (brokers) the Company has continued to establish its export operations</p>	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	Low
Governance/ compliance risk	Regulatory compliance lapses can lead to fines and penalties and loss of licenses	High	<ul style="list-style-type: none"> <li>All outstanding employee statutory payments were settled.</li> <li>Monthly reporting, record keeping and monitoring with regards to statutory employee payments, was strengthened.</li> <li>Monthly HR Audits have been introduced</li> <li>The Company's legal division also monitors compliance with all regulatory requirements.</li> <li>Compliance levels with quality assurance standards in factories are being improved.</li> </ul>	Low

Risk	Risk description	Potential impact	Response to risk	Risk rating
Policy and regulations	Ban on oil palm cultivation hinders revenue growth  Government delays in issuing permits for harvesting timber reduces revenue	High	<ul style="list-style-type: none"> <li>Obtained permits in the current financial year to harvest timber</li> </ul>	Low
Energy cost	Rising fuel and electricity costs have increased operating costs	Medium	<ul style="list-style-type: none"> <li>Have commenced use of biofuels using uprooted rubber trees as alternative to more expensive liquid fuels</li> </ul> <p>We are considering other renewable energy options as well as alternatives for electricity</p>	Decreasing risk
Reputational risk	The credibility of the Company may be impacted due to a range of reasons	Low	<ul style="list-style-type: none"> <li>We improved compliance with all national regulations in the current year</li> <li>We comply with international accreditations</li> <li>Any customer and supplier complaints are resolved immediately</li> <li>Employee grievances management was improved in the current year</li> <li>Community health camps were conducted</li> <li>Other community welfare programs are ongoing</li> </ul>	Low

# Managing the risks

Risk	Risk description	Potential impact	Response to risk	Risk rating
<b>FINANCIAL CAPITAL</b>				
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	Low
Debt payments	<ul style="list-style-type: none"> <li>Repayment of loans</li> </ul> Near term debt maturities	High	<ul style="list-style-type: none"> <li>Bank loans were restructured for longer tenures</li> <li>We are negotiating for funding for impending debt payments</li> <li>We are developing new revenue sources, including the manufacture of refuse tea, branded tea and tourism products to strengthen finances</li> </ul>	Low
Foreign exchange risk	The Company may face a shortage of funds due to debt obligations	High	<ul style="list-style-type: none"> <li>We maintain tight cashflow controls</li> <li>Loans and overdraft facilities are arranged with banks to meet planned cash flow commitments</li> </ul>	Medium
<b>NATURAL CAPITAL</b>				
Climate change risk	Extreme weather caused rubber outputs to decline and had negative impacts on tea	High	<ul style="list-style-type: none"> <li>Over the long term, we will be diversifying out of rubber as climate change impacts will worsen</li> <li>We have already adopted crop diversification to spread the risk</li> <li>We plan to expand oil palm in rubber estates</li> <li>The Company has the option of increasing or decreasing bought crop according to weather patterns</li> <li>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.</li> </ul>	High

Risk	Risk description	Potential impact	Response to risk	Risk rating
Environmental impact risks	Negative impacts on the environment can result in fines and reputational damage	Low	<ul style="list-style-type: none"> <li>The company complies with all environmental regulations and inspections</li> <li>The Company complies with additional environmental accreditations</li> </ul>	Low
Pests and diseases	Rubber leaf disease caused losses to rubber plantations	Medium	<ul style="list-style-type: none"> <li>We are using high quality agrochemicals to control this threat</li> </ul>	Low
<b>MANUFACTURED CAPITAL</b>				
Commodity market risk	Global commodity price fluctuations impact our earnings	High	<ul style="list-style-type: none"> <li>We have adopted a crop diversification strategy to better balance the risks</li> <li>We are investing in international accreditations to obtain better market access for tea, rubber and timber</li> <li>We have a full range of high grown and low grown tea and different types of rubber which helps optimize earnings.</li> <li>We enter into forward contracts with rubber buyers to reduce price fluctuations</li> </ul>	High
ICT risks	Loss of data and breakdown of systems due to cyber attacks	Low	<ul style="list-style-type: none"> <li>Internal controls on IT safety were reviewed</li> <li>Back up systems are maintained</li> <li>Contracts with established agents for licensed software were renewed</li> </ul>	Low
Plant and equipment risk	Risk of machinery breakdowns	Low	<ul style="list-style-type: none"> <li>Insurance policies for our assets were renewed</li> <li>Provision is made for assets defects and malfunctions and for obsolescence due to advancements in technology.</li> <li>We buy from the best suppliers to ensure quality goods</li> <li>The factories in the estates and other infrastructure are maintained regularly and upgraded when required.</li> <li>Factories are also upgraded under the Rainforest alliance/ ISO standards</li> </ul>	Low

# Managing the risks

Risk	Risk description	Potential impact	Response to risk	Risk rating
<b>HUMAN CAPITAL</b>				
Operational risks	Ineffective processes can lead to low productivity and waste, and prevent achievement of strategic objectives	Medium	<ul style="list-style-type: none"> <li>The management structure has been improved</li> <li>Reporting and monitoring systems are being improved</li> <li>A productivity committees have been set up with CEOs and all managers</li> <li>Estate vacancies are reported monthly for quick action</li> <li>Training is being provided to improve efficiency and productivity and reduce wastage</li> <li>Quarterly performance evaluations have been introduced for all deputy managers and assistant managers for their estates and divisions</li> <li>Monthly target setting and reviewing have been improved</li> <li>The ERP system was improved further for better real time data</li> <li>The use of the Human Resource Information System is being improved for better administration</li> <li>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.</li> </ul>	Low
Industrial disputes	Industrial actions by trade unions	Low	<ul style="list-style-type: none"> <li>All outstanding statutory payments were settled</li> <li>Many initiatives were introduced to engage with employees during the current financial year. Please refer the Human Capital chapter.</li> </ul>	Low
Labour losses	Outmigration of estate labour	High	<ul style="list-style-type: none"> <li>Employee welfare facilities were improved (Please refer Human Capital chapter for greater details)</li> <li>Mechanization and automation were expanded</li> </ul>	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, 2025. 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, 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 143 to 219

## AUDITORS' REPORT

The Auditors' Report on the Financial Statements is given on pages 139 to 142.

## ACCOUNTING POLICIES

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 149 to 162.

## 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 32 to the Financial Statements on pages 201 to 203.

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	No. of Shares as at
	31.03.2025	31.03.2024
Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)	N/A	506,250
Mr. S.S. Poholiyadde	266,115	87,972
Mr. A.M.De S Jayaratne( Resigned w.e.f. 31.12.2024)	N/A	50,000
Mr. K.G. Punchihewa (Appointed w.e.f. 01.11.2024)	375	N/A

## DIRECTORS' REMUNERATION

The Directors' remuneration in respect of the Group for the Financial Year 2024/2025 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 and are currently in office are given below. Brief profiles of the Directors appear on pages 10 to 15.

Mr. S.D.R. Arudpragasam – Chairman

Mr. C.P.R. Perera - Deputy Chairman (Resigned w.e.f. 31.12.2024)

Mr. S.S. Poholiyadde – Managing Director

Mr. A.M. de S. Jayaratne – Director (Resigned w.e.f. 31.12.2024) (Deceased 10.07.2025)

Mr. Anushman Rajaratnam – Director

Mr. P.M.A. Sirimane – Director (Resigned w.e.f. 31.12.2024)

Mr. G.K.B. Dasanayaka - Director (Resigned w.e.f. 31.12.2024)

# Annual Report of the Board of Directors

Mr. K. Mohideen - Director Finance

Mr. K.G. Punchihewa – Director  
(Appointed w.e.f. 01.11.2024)

Mr. S.B. Perera - Director  
(Appointed w.e.f. 31.12.2024)

Dr. L.S.K. Hettiarachchi  
(Appointed w.e.f. 01.04.2025)

Mr. P.M.A. Sirimane, Mr. G.K.B. Dasanayaka and Mr. A.M.de.S. Jayaratne who served as Independent Non-Executive Directors and Mr. C.P.R. Perera Independent Non-Executive Director who served in the capacity of Deputy Chairman resigned from the Board of Directors as at the close of business on 31st December 2024.

Mr. S.S. Poholiyadde who serves on the Board of Directors as an Executive Director was appointed Managing Director with effect from 25th September, 2024.

Mr. K.G. Punchihewa was appointed as an Independent Non-Executive Director with effect from 1st November, 2024.

Mr. S.B. Perera was appointed as an Independent Non-Executive Director with effect from 31st December 2024.

Dr. L.S.K. Hettiarachchi was appointed as an Executive Director with effect from 1st April, 2025.

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

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

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

In terms of Article 98 of the Articles of Association Dr. L.S.K. Hettiarachchi retires and being eligible, offers himself for re-election.

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

## 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 82 to 115.

## 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 Rs.8Mn (2023/2024 – Rs.7.4Mn) as audit fees and fees for audit related services by the Company. In addition they were paid Rs.0.3Mn (2023/24 – 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. 5.18 Bn. (2023/24-Rs.5.0Bn) The revenue of the Company for the year Rs. 5.06 Bn. (2023/24 – Rs. 5.0Bn)

## RESULTS

The Group made a Profit before Tax of Rs.619.7Mn (2023/24- Rs.331.6Mn)

The Company made a Profit before Tax of Rs.611.3Mn. (2023/24- Rs. 324.4Mn). The detailed results are given in the Statement of Profit or Loss and Other Comprehensive Income on page 143.

## 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, 2025.

## 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 180 to 184.

## PROPERTY, PLANT & EQUIPMENT

During 2024/2025 the Group invested Rs. 109.8Mn. in Property, Plant & Equipment. (2023/24-Rs.61.6Mn) Further the 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, 2025.

## CAPITAL EXPENDITURE - COMPANY

The capital expenditure of the Company during the year amounted to Rs. 220.7Mn (2023/24- Rs.222.9Mn) which includes

Rs. 110.9 Mn in replanting expenditure (2023/24-Rs.161.3Mn) Information relating to movements in Property, Plant & Equipment are given in Notes 13 and 14 on pages 172 to 179 in the Financial Statements.

### STATED CAPITAL

The Stated Capital of the Company as at 31st March, 2025 was Rs. 1,571,362,510/- and is represented by 338,512,500 Ordinary shares. and 01 Golden Share.

### RIGHTS ISSUE OF SHARES

The Company on 23rd May, 2025 announced a Rights Issue of Eighty Four Million Six Hundred and Twenty Eight Thousand One Hundred and Twenty Five (84,628,125) Ordinary Shares at a price of Rs. 9.00 per share in the proportion of One (01) new Ordinary Share for every Four (04) existing issued Ordinary Shares held, subject to approval by the Shareholders. An application having been made to the Colombo Stock Exchange the Company is in the process of obtaining approval for the issue and listing of the said shares.

### RESERVES

The total reserves of the Group as at 31st March 2025 amounted to Rs.912Mn (31st March 2024- Rs. 320.1Mn) comprising of Accumulated losses of Rs. (97.5Mn) (31st March 2024- General Reserve- Rs. 240.0 Mn. and Accumulated losses of Rs. (511.6) Mn, Fair Value Reserve nil (31st March 2024 - Rs. 96.2Mn) Foreign Currency translation Reserve - Rs. (11.4) Mn. (31st March, 2024- Rs. (11.4) Mn. Revaluation Reserve -Rs. 1,020.9Mn (31st March, 2024- 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 no recurrent or non recurrent related party transactions which exceeded

the respective disclosure thresholds mentioned in Section 9.14 of the Colombo Stock Exchange Listing Rules. The Company has complied with the requirements of the Listing Rules on Related Party Transactions.

The Related Party Transactions presented in the financial statements are disclosed in Note 32 from pages 201 to 203.

### 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, net assets, market value per share and share trading is given on pages 143, 145, 169, 222 and 226.

### EVENTS OCCURRING AFTER THE REPORTING PERIOD

No circumstances have arisen since the Reporting Period that would require adjustment other than those disclosed in Note 31 to the Financial Statements on page 200.

### CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital Commitments and Contingent Liabilities as at the Reporting date are disclosed in Notes 29 and 30 to the Financial Statements on page 200.

### 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 4,743 (2023/ 24 – 6,380)

There were no material issues relating to employees and industrial relations during the year ended 31st March 2025.

### 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

# Annual Report of the Board of Directors

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 136 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

31st July 2025

# Report of the Remuneration Committee

The Remuneration Committee is responsible to the Board for developing and setting the Company's Remuneration Policy and recommending the policy applicable for the Executive Directors and for the key management personnel of the Company. In addition, they lay down guidelines and parameters for the compensation structure of the management staff. There is a Board approved non-discriminatory remuneration policy for all Non-Executive Directors to ensure that their Independence is not impaired

## REMUNERATION POLICY

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.

## KEY RESPONSIBILITIES AND DUTIES OF THE COMMITTEE

Determine and agree with the Board on a remuneration framework for the Key Management Personnel, based on performance, benchmarking principles, industry trends, and historical remuneration data.

Plan for succession of Key Management Personnel to ensure leadership continuity and organizational stability.

Review and recommend the Company's overall remuneration strategy, policies, practices, and performance-based pay plans.

Formulate guidelines, policies, and parameters for structuring compensation packages for all Key Management Personnel within the Company.

Review executive compensation information to ensure alignment with current market and industry standards.

## COMPOSITION

The Remuneration Committee of the Company comprised of the following members until the close of business on 31st December, 2024.

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 Remuneration Committee of the Company was reconstituted on 1st January, 2025 and comprised of the following members as at 31st March, 2025 and as of date of this Report.

Mr. K.G. Punchihewa	-	Chairman - Independent Non-Executive Director
Mr. S.B. Perera	-	Member-Independent Non-Executive Director
Mr. Anushman Rajaratnam	-	Member- Non Executive Director

Brief profiles of the Committee members are given on pages 12 and 13.

The Remuneration Committee has well defined Terms of Reference outlining the Committee's composition, quorum, authority and its responsibilities.

The Company's Secretaries Corporate Managers & Secretaries (Private) Limited functions as the Secretaries to the Remuneration Committee.

## MEETINGS AND ATTENDANCE

The Remuneration Committee met on two occasions during the financial year.

The attendance of the Committee prior to 31.12.2024 was as follows:

Mr. A.M. de S. Jayaratne – Chairman	-	1/1
Mr. C.P.R. Perera	-	1/1
Mr. S.D.R. Arudpragasam-	-	1/1

The attendance of the Committee which was reconstituted with effect from 1st January, 2025 was as follows;

Mr. K.G. Punchihewa - Chairman	-	1/1
Mr. S.B. Perera	-	1/1
Mr. Anushman Rajaratnam	-	1/1

Other members of the Board participated in the deliberations where appropriate..

The proceedings of the Remuneration Committee are reported to the Board of Directors.

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



**K.G. Punchihewa**  
Chairman

Remuneration Committee

31st July 2025

# Report of the Audit Committee

The objective of the Audit Committee is to assist the Board of Directors for overseeing the processes of financial reporting including the review of financial statements, integrity of the Financial statements, the process of auditing of financial statements and monitoring the Internal control systems of the Company and how they facilitate compliance with relevant laws and regulations, through independent and objective reviews, while safeguarding the interests of shareholders and other connected stakeholders. The Committee has reviewed and monitored the financial reviewing processes to provide an additional assurance on the reliability of the Financial Statements and they are prepared in accordance with the Sri Lanka Accounting/Auditing Standards and other Legislative reporting requirements.

## COMPOSITION

The Audit Committee of the Company comprised of the following three members until the close of business on 31st December, 2024

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

Consequent to their resignations on 31st December 2024, the Audit Committee of the Company was reconstituted on 1st January, 2025 to be in line with the Corporate Governance Rules of the Colombo Stock Exchange, and comprised of the following members as at 31st March, 2025 and as of date of this Report.

Mr. K.G. Punchihewa	-	Chairman - Independent Non-Executive Director
Mr. S.B. Perera	-	Member- Independent Non-Executive Director
Mr. Anushman Rajaratnam	-	Member- Non Executive Director

The Committee has varied knowledge & experience, financial expertise with high standing of integrity and business acumen in order to carry out their role efficiently and effectively. The Chairman of the Committee, Mr. K.G. Punchihewa is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) and Member of the Certified Public Accountants (CPA) - Australia. All three members are finance professionals.

Brief profiles of the Audit Committee members are given on pages 12 and 13 of this Report.

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

## ROLE OF THE AUDIT COMMITTEE

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

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

The Audit Committee recommends to the Board the appointment or re-appointment of external Auditors ensuring independence and maintains a professional relationship with them. The Committee also recommends to the Board the fees payable to External Auditors.

The Audit Committee reviewed the Quarterly Unaudited Financial Statements and the Annual Audited Financial Statements for the year ended 31st March 2025 and has recommended the Financial Statements for the approval of the Board of Directors.

## TERMS OF REFERENCE

The Committee is governed by the specific terms of reference set out in the Audit Committee Charter which has been reviewed by the Audit Committee and approved by the Board of Directors of the Company, in line with the 'Code of best Practices on Corporate Governance' issued by the Institute of Chartered Accountants of Sri Lanka. 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.

- Risk Management
- Efficiency of the system of internal controls
- Independence and objectivity of the External (Statutory) Auditors
- Appropriateness of the principal accounting policies used
- Financial Statement integrity

## MEETINGS AND ATTENDANCE

The Audit Committee has met in total on five occasions during the financial year ended 31st March, 2025.

The attendance of the committee prior to 31st December, 2024 was as follows:

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

Meeting attendance of the Audit Committee which was reconstituted with effect from 1st January, 2025 is as follows:

Mr. K.G. Punchihewa - Chairman	-	2/2
Mr. S.B. Perera	-	2/2
Mr. Anushman Rajaratnam	-	2/2

At least one Meeting of the Audit Committee has been held in each quarter of the financial year.

The other members of the Board and Senior Management Personnel of the Company are invited to the meetings whenever required. External Auditors were present at discussions where appropriate. The Proceedings of the Audit Committee were reported to the Board of Directors.

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

### **RISK MANAGEMENT INTERNAL CONTROL AND FINANCIAL REPORTING**

The Directors are responsible for maintaining an effective internal control system and proactive risk management strategy. The Committee has reviewed the Representation Letter from the Executive Management of the Company assuring that the Internal control measures cover both financial and operational matters and also adequate risk management measures

are in place to safeguard the assets of the Company and the Group. The risk management strategy of the Company is given on pages 116 to 122 of this report. The Committee has also reviewed the Risk Management framework adopted by the Company.

The Audit Committee reviewed the financial reporting system adopted to prepare Financial Statements to ensure that the reliability of the process and consistency of the accounting policies and methods adopted are in compliance with financial reporting requirements, information requirements under the CSE Listing Rules, the Companies Act, the SEC Act, Sri Lanka Accounting Standards (SLFRS/LKAS) and other relevant financial reporting related regulations and requirements.

### **COMPLIANCE**

The committee received confirmation from the Managing Director and Director Finance on the Company's Operational and Financial status. This confirmation serves as the key endorsement of integrity and transparency of the financial records and that the financial statements accurately reflect the Company's operations and financial position.

The Committee obtained representations from the senior management personnel of the Company on the adequacy of provisions made for possible liabilities. Further the Committee has reviewed reports tabled by the Management on the compliance status with regard to relevant financial, secretarial and statutory requirements.

### **INTERNAL AUDIT**

The Internal Audit division comprises of the Head of Internal Audit and Assistants who report regularly to the Managing Director. The Audit Committee is apprised by the Internal Auditor 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. It also reviews the adequacy of systems for compliance with legal, regulatory and ethical requirement and company policies. The Committee where required review the findings and recommendations of the Internal Audit together with Management responses on the observations and the recommendations for improvement.

### **EXTERNAL AUDIT**

The Board of Directors have appointed KPMG as its external auditor and the services provided by them are segregated between audit/assurance services and other advisory services such as tax consultancy.

The Management Letters issued by the External Auditors with regard to the Financial Statements and Internal Controls are circulated for the review of the Audit Committee.

The Audit Committee has reviewed the non-audit services provided by the External Auditors to the Company to ensure that their independence as the External Auditors has not been compromised.

During the year under review, the Audit Committee assessed the independence and effectiveness of the External Audit function and is satisfied that the independence of the External Auditors, KPMG has not been impaired by any event or service that gives rise to a conflict of interest. The Audit Committee reviewed the nature of services provided by the External Auditor and the level of audit.

The Committee obtained written representation from the External Auditors that they have been independent

# Report of the Audit Committee

throughout the conduct of the audit engagement in terms of all relevant professional and regulatory requirements. The Auditors have expressed their willingness to continue as Auditors of the Company for the forthcoming financial year.

The current Auditors , KPMG has been functioning as the External Auditors for the Company for over 25 years. A Partner rotation of the External Auditors takes place periodically.

The Audit Committee has recommended to the Board of Directors the re-appointment of KPMG as Auditors for the financial year ending 31st March 2026, subject to the approval of the shareholders at the Annual General Meeting.

## CONCLUSION

The Audit Committee is of the opinion, based on the representations made by the Management and based on its independent objective reviews carried out that the company has adequate controls in place to safeguard the Company's assets and that the financial position and the results disclosed in the audited accounts are free from any material misstatements.



**K.G. Punchihewa**  
Chairman

Audit Committee  
31st July 2025

# Report of the Related Party Transactions Review Committee

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

## COMPOSITION

The Related Party Transactions Review Committee of the Company comprised of the following members until the close of business on 31st December, 2024

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 Related Party Transactions Review Committee of the Company was reconstituted on 1st January, 2025 and comprised of the following members as at 31st March, 2025 and as of the date of this Report.

Mr. K.G. Punchihewa	-	Chairman - Independent Non-Executive Director
Mr. S.B. Perera	-	Member- Independent Non-Executive Director
Mr. Anushman Rajaratnam	-	Member- Non Executive Director

The Committee has extensive experience in financial oversight, regulatory compliance and business acumen in order to carry out their role efficiently and

effectively. All three members are finance professionals.

Brief profiles of the Committee members are given on pages 12 and 13.

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

## MEETINGS OF THE COMMITTEE

The Related Party Transactions Review Committee of the Company has met in total on five occasions during the financial year ended 31st March 2025 and the attendance of the Committee prior to 31.12.2024 was as follows:

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

The attendance of the Related Party Transactions Review Committee which was reconstituted with effect from 1st January, 2025 was as follows;

Mr. K.G. Punchihewa - Chairman	-	2/2
Mr. S.B. Perera	-	2/2
Mr. Anushman Rajaratnam	-	2/2

Minimum of one Meeting of the Related Party Transactions Review Committee has been held in each quarter of the financial year.

The RPTRC has reviewed and recommended to the Board for approval, Related Party Transactions during the financial year under review in a manner

consistent with the Listing Rules and the activities views comments and observations of the Committee are communicated on a regular basis to the Board of Directors.

In addition to meetings, Related Party Transactions were referred to the members of the Related Party Transactions Review Committee and were reviewed and recommended by Resolutions in writing.

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

Other members of the Board and Senior Management personnel of the Company were present at discussions where appropriate.

## 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 9.14 of the Listing Rules of the Colombo Stock Exchange.

The Functions of the Committee are as follows;

- To identify the persons/entities considered to be Related Parties.
- Review all proposed Related Party Transactions. (Except for transactions which are exempt)
- Advise Management on Related Party Transactions and where necessary direct the transactions for Board approval/ Shareholder approval as deemed appropriate.

# Report of the Related Party Transactions Review Committee

- 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.
- Review and assess on an annual basis the transactions for Compliance against the Committee guidelines
- Ensuring that immediate market disclosures and disclosures in the Annual Report are made as required by the applicable rules and regulations.

## CONCLUSION

The Board of Directors have also declared in the Annual Report of the Board of Directors that there were no recurrent / non recurrent related party transactions which exceeded the respective disclosure thresholds stated in Section 9.14 of the Colombo Stock Exchange Listing Rules.

The Company has complied with the requirements of Section 9.14 of the CSE Listing Rules on Related Party Transactions and details of Related Party Transactions are disclosed under Note No 32 to the financial statements in this Annual Report.



**K.G. Punchihewa**  
Chairman

Related Party Transactions Review  
Committee

31st July 2025

# Nominations & Governance Committee Report

The Nominations & Governance Committee ensures that the governance framework of the Company aligns with the requirements of the Colombo Stock Exchange (CSE), and the Securities and Exchange Commission of Sri Lanka (SEC).

The Committee supports the Board in fulfilling its statutory and fiduciary responsibilities relating to Corporate Governance and selection/appointment of new Directors, re-election and re-appointment of current Directors, selection and appointment of the key management personnel to ensure the highest levels of Corporate Governance in the Company and among members of the Board of Directors.

There is a formal and transparent procedure for the appointment of new Directors to the Board, and the re-election and reappointment of current Directors which is in accordance with the recommendations made by the Nominations & Governance Committee, in consultation with the Chairman and in compliance with the provisions of the Articles of Association of the Company, the Policies adopted by the Company and the Rules on Corporate Governance.

The composition and the scope of work of the Committee are in line with the Terms of Reference of the Committee which is periodically reviewed and revised with the concurrence of the Board.

## COMPOSITION

In terms of the Corporate Governance Rules of the Colombo Stock Exchange, on 18th September 2024, the Board of Directors of the Company resolved that the Nominations Committee of the Company would continue to function as the Nominations and Governance Committee of the Company with effect from the said date.

Consequent to the above resolution the Chairman and the members of the Nominations Committee of the Company continued to serve on the Company's Nominations and Governance Committee until 31st December 2024 and the composition of the Committee is given below.

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)

Consequent to the resignations of Mr. A.M. de S. Jayaratne and Mr. C.P.R. Perera from the Board of Directors as at the close of business on 31st December 2024, this Committee was reconstituted on 1st January, 2025 and comprised of the following members as of 31st March, 2025 and as of date of this Report.

Mr. K.G. Punchihewa	-	Chairman (Independent Non-Executive Director)
Mr. S.B. Perera	-	Member (Independent Non-Executive Director)
Mr. Anushman Rajaratnam	-	Member (Non-Executive Director)

Brief profiles of the Members are given on pages 12 and 13 of the Annual Report.

## MEETINGS AND ATTENDANCE

The Nominations & Governance Committee has met on 02 occasions during the financial year ended 31st March 2025 and the attendance was as follows:

Attendance of the Committee which functioned prior to 31st December 2024 .

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

Attendance of the Committee appointed with effect from 1st January 2025

Mr. K.G. Punchihewa - Chairman	-	1/1
Mr. S.B. Perera	-	1/1
Mr. Anushman Rajaratnam	-	1/1

The other members of the Board, are invited to attend meetings as and when required. The proceedings of the Nominations and Governance Committee are reported to the Board.

The Company Secretaries Corporate Managers & Secretaries (Private) Limited functions as the Secretaries to the Nominations and Governance Committee.

## DUTIES OF THE COMMITTEE

The Committee oversees the Corporate Governance structure of the organization, providing an overview of the principles, policies, and practices of the Board of Directors. This framework enables the Company to meet the governance requirements of the Colombo Stock Exchange (CSE), and the Securities and Exchange Commission of Sri Lanka (SEC).

Furthermore, the Committee is responsible for reviewing and recommending improvements to the Company's governance policies and practices.

The Committee monitors the effectiveness of compliance with the relevant regulatory and legal requirements and makes recommendations to the Board on such matters and any corrective action to be taken, as the Committee may deem appropriate.

# Nominations & Governance Committee Report

Whilst exercising the oversight with respect to the Corporate Governance by the Board of Directors, the Committee also considers and recommends succession arrangements from time to time for the retiring Directors, and the key management personnel taking into account the additional/new expertise required. The Committee reviewed the structure, size, composition and competencies (including the skills, knowledge and experience) of the Board members and made recommendations to the Board with regard to any changes.

The fitness and propriety of the Directors were considered during the year as and when required to ensure compliance with requirements and Corporate Governance Rules of the CSE.

Performance evaluations of the Board were conducted in March 2025, reviewed by the Committee, and discussed at Board Meeting.

The policies have been documented, and recommendations have been made to the Board of Directors by the Committee when nominating Directors for re-election/re-appointment at the forthcoming Annual General Meeting.

The newly appointed Directors were briefed on the structure, processes and resources of the Company and the applicable Corporate Governance framework, applicable Listing Rules, securities market regulations and other applicable laws and regulations. Further an annual update was given to existing Directors on Corporate Governance, Listing Rules, securities market regulations and other applicable laws and regulations.

Any major issues relating to the Company are communicated to the Directors and special meetings of the Board are held when the need arises to address such matters.

Mr. C.P.R. Perera, Mr. A.M. de S. Jayaratne, Mr. P.M.A. Sirimane and Mr. G.K.B. Dasanayaka who were determined to be nevertheless independent, served as Independent Non-Executive Directors until the close of business on 31st December 2024. Mr. K.G. Punchihewa and Mr. S.B. Perera who were appointed to the Board on 1st November, 2024 and 31st December, 2024 respectively as Independent Non-Executive Directors meet the criteria for independence as set out in Listing Rule 9.8.3 of the Colombo Stock Exchange and were determined to be independent by the Board.

## RE-APPOINTMENTS/RE-ELECTIONS

In terms of the Articles of Association any Director appointed by the Board holds office until the next Annual General Meeting at which he seeks re-election by the Shareholders.

The Articles of Association require one third or a number nearest to one third of the Directors in office, excluding the Managing Director, if any and the Appointed Directors to retire at each Annual General Meeting. The Director to retire in each year is who has been longest in office since his last election. The retiring Director is eligible for re-election by the Shareholders.

Accordingly, respective members of the Committee whilst refraining from participating in recommending their own re-election or re-appointment, in terms

of the Articles of Association of the Company recommended the re-election of Mr. Anushman Rajaratnam who retires by rotation, as well as the re-election of Mr. K.G. Punchihewa, Mr. S.B. Perera and Dr. L.S.K. Hettiarachchi who were appointed to fill vacancies on the Board and to reappoint in terms of Section 211 of the Companies Act No.7 of 2007, Mr. S.D.R. Arudpragasam who is over seventy years of age as a Director at the forthcoming Annual General Meeting to be held on 3rd September 2025, based on their performance and the contribution made to achieve the objectives of the Board.

In view of the pivotal leadership role played by Mr. S.D.R. Arudpragasam, Chairman, his management oversight skills, integrity, expertise, extensive experience and business acumen, the Committee has recommended to the shareholders to reappoint Mr. S.D.R. Arudpragasam who is over seventy years of age and who retires in terms of Section 210 of the Companies Act No. 7 of 2007.

The Directors coming up for re-election or re-appointment do not have any close family relationship with the Directors, the listed entity nor do they have any relationship with shareholders holding over 10% of shares other than those disclosed hereunder.

Information of Directors who are to be re-elected/reappointed at the AGM are as follows:

Board Member	Date first appointed Director	Date last re-appointed / re-elected as a Director	Board Committees served on	Any relationships including close family relationships between the member and the Directors of Kotagala Plantations PLC the Company or its shareholders holding more than ten per-centum (10%) of the shares of Kotagala Plantations PLC
Mr. S.D.R. Arudpragasam - Chairman (Non – Executive)	15/05/1996	27/09/2024	Nominations & Governance Committee, Remuneration Committee  (Up to 31.12.2024)	Mr. S.D.R. Arudpragasam is a Director of Consolidated Tea Plantations Limited which holds 54.30% of equity in Kotagala Plantations PLC as at 31.03.2025
Mr. Anushman Rajaratnam - Director (Non – Executive)	01/10/2019	26/09/2023	Audit Committee, RPTRC, Nominations & Governance Committee, Remuneration Committee	Mr. Anushman Rajaratnam is a Director of Consolidated Tea Plantations Limited which holds 54.30% of equity in Kotagala Plantations PLC as at 31.03.2025
Mr. K.G. Punchihewa - Director (Independent Non – Executive)	01/11/2024	-	Audit Committee, RPTRC, Nominations & Governance Committee, Remuneration Committee	Mr. K.G. Punchihewa is a Director of Consolidated Tea Plantations Limited which holds 54.30% of equity in Kotagala Plantations PLC as at 31.03.2025
Mr. S.B. Perera – Director (Independent Non – Executive)	31/12/2024	-	Audit Committee, RPTRC, Nominations & Governance Committee, Remuneration Committee	Mr. S.B. Perera is a Director of Consolidated Tea Plantations Limited which holds 54.30% of equity in Kotagala Plantations PLC as at 31.03.2025
Dr. L.S.K. Hettiarachchi – Director (Executive)	01/04/2025	-	-	-

The names, qualifications, principal commitments and other Directorships or Chairmanships of the aforesaid Directors coming up for re-election or re-appointment and of the rest of the Board members of Kotagala Plantations PLC are given in their profiles on pages 12 to 15 and under the caption “Details of Directors’ other Directorships” appearing on pages 107 to 115.

The Corporate Governance requirements stipulated under the Listing Rules of the CSE have been met. The Company’s

compliance status with the Colombo Stock Exchange Listing Rules on Corporate Governance is disclosed on pages 92 to 106.

  
**K.G. Punchihewa**  
Chairman

Nominations and Governance Committee

31st July 2025

# 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 139 to 142.

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

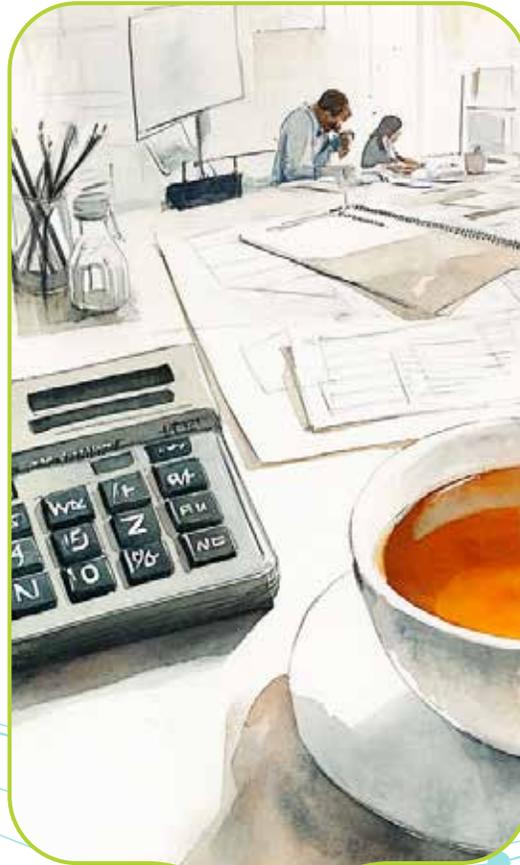


**K. Mohideen**  
Director

Colombo  
31st July 2025

## FINANCIAL INFORMATION

# The Agri Momentum



The result of our fortified Agri Algorithm is evident in our strong financial outlook for this reporting year, and as we progress with the momentum to ensure prosperity for future generations, we remain committed to making certain that all stakeholders enjoy the benefits of our success.

# Financial Calendar

## Quarterly Financial Statements

03 Months ended 30th June 2024	12th August 2024
06 Months ended 30th September 2024	11th November 2024
09 Months ended 31st December 2024	10th February 2025
12 Months ended 31st March 2025	2nd June 2025
Annual Report 2024/25	31st July 2025
32nd Annual General Meeting	3rd September 2025

# Independent Auditor's Report



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

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

## TO THE SHAREHOLDERS OF KOTAGALA PLANTATIONS PLC REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Kotagala 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 2025, 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 143 to 219.

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 2025, 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.

### Emphasis of Matter -Restatement of Comparative Balances

We draw attention to Note 33.1 to the financial statements, which describes that amounts reported in the previously issued Financial Statements of the Group and the Company have been restated and disclosed as comparatives in these financial statements. Our opinion is not modified in respect of this matter.

### 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.

## 1. MANAGEMENT ASSESSMENT OF THE COMPANY'S ABILITY TO CONTINUE AS A GOING CONCERN

Refer to the material accounting policy in Note 2.8 and explanatory Note 35 to the financial statements.

Risk Description	Our Response
<p>The Company has reported accumulated losses of Rs. 61 Mn (2024- Rs. 469 Mn). As at 31st March 2025, net current liability is Rs.1,222 Mn (2024: Rs.1,061 Mn). The Company has loans and borrowings of Rs.764 Mn (2024-Rs.461 Mn) due within 12 months from 31st March 2025.</p> <p>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 and continuous financial support from parent company.</p> <p>In assessing the Company's ability to continue to operate as a going concern, the management has prepared a cash flow forecast which required the exercise of significant management judgments.</p> <p>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.</p>	<p>Our audit procedures included,</p> <ul style="list-style-type: none"> <li>Obtaining and evaluating the appropriateness of management assessment of going concern.</li> <li>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 are as follows: <ul style="list-style-type: none"> <li>Testing the quality of management forecasting by comparing the management forecast for prior period to actual outcomes.</li> <li>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.</li> <li>Re-performing the management forecasts to verify the arithmetic accuracy of the calculations including those related to management's forecasts.</li> <li>Agreeing the sources of liquidity and uses of funds to supporting documentation.</li> </ul> </li> <li>Assessing the adequacy of disclosures in the financial statements in relation to going concern.</li> </ul>

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C.P. Jayatilake FCA  
Ms. S. Joseph FCA  
R.M.D.B. Rajapakse FCA  
M.N.M. Shameel FCA  
Ms. P.M.K. Sumanasekara FCA

T.J.S. Rajakarier FCA  
W.K.D.C. Abeyratne FCA  
Ms. B.K.D.T.N. Rodrigo FCA  
Ms. C.T.K.N. Perera ACA  
R. G. H. Raddella ACA

W.W.J.C. Perera FCA  
G.A.U. Karunaratne FCA  
R.H. Rajan FCA  
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. FR Ziyad FCMA (UK), FCI, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne

# Independent Auditor's Report



## 2. MEASUREMENT OF CONSUMABLE BIOLOGICAL ASSETS

Refer to the material accounting policy in Note 3.3.6 and explanatory Note 14.1.2 to the financial statements.

Risk Description	Our Response
<p>The Company has reported consumable biological assets carried at fair value less estimated cost to sell at harvest, amounting to Rs.2,354 Mn as of 31st March 2025.</p> <p>The commercially cultivated timber trees on estates managed by the Company are classified 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.</p> <p>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.</p>	<p>Our audit procedure included,</p> <ul style="list-style-type: none"> <li>Assessing the objectivity, independence, competence, qualifications and experience of subject matter expert engaged by the management.</li> <li>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.</li> <li>Evaluating the key assumptions and methodology used in the valuation, in particular the discount rate, average market price and expected timber content at harvest.</li> <li>Verifying the mathematical accuracy of the consumable biological asset valuation.</li> <li>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.</li> </ul>

## 3. REVALUATION OF LANDS AND BUILDINGS IMPROVEMENTS

Refer to the material accounting policy in Note 3.3.4 and explanatory Note 13 to the financial statements.

Risk Description	Our Response
<p>The company has revalued its lands and buildings improvement as at 31st March 2025 and recognized a revaluation gain of Rs. 569 Mn in its financial statements. The Company has engaged an independent external valuation specialist to determine the fair values of lands and buildings improvements as at 31st March 2025.</p> <p>We considered this as a key audit matter due to the significance of the judgements exercised by the external valuation expert engaged by the management, estimation uncertainty and possible management bias.</p>	<p>Our audit procedure included,</p> <ul style="list-style-type: none"> <li>Assessing the competency, objectivity and capabilities of the independent external valuer engaged by the management.</li> <li>Assessing the reasonableness of the valuer's assumptions and methods used in the valuation and comparing the same with evidence of current market values.</li> <li>Engaging our own internal resources to assess the reasonability of the valuation technique, per perch and per square feet prices determined by the management specialist.</li> <li>Assessing the adequacy of disclosures made in relation to the revaluation of lands and buildings improvements in the Financial Statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions used.</li> </ul>



#### 4. RETIREMENT BENEFIT OBLIGATION

Refer to the material accounting policy in Note 3.5.1 and explanatory Note 24 to the financial statements.

Risk Description	Our Response
<p>The Company has recognized retirement benefit obligation of Rs.1,107 Mn as at 31st March 2025.</p> <p>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.</p> <p>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.</p>	<p>Our audit procedure included,</p> <ul style="list-style-type: none"> <li>Assessing the objectivity, independence, competence, qualifications and experience of subject matter expert engaged by the management.</li> <li>Testing the samples of the employees' details used in the computation to the human resource records.</li> <li>Assessing the key assumptions used in the valuation, in particular the discount rate, mortality rates, and future salary increment rate.</li> <li>Involving internal valuation specialist to verify the accuracy of the retirement benefit obligation.</li> <li>Assessing the adequacy of the disclosures in the financial statements.</li> </ul>

#### 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. If, based on the work we have performed, 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.
- 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

# Independent Auditor's Report



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 3029.

**Chartered Accountants**

31st July 2025

Colombo.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March	Notes	Group		Company	
		2025 Rs`000	2024 Rs`000	2025 Rs`000	2024 Rs`000
Revenue	5	5,186,237	5,054,882	5,068,576	4,978,624
Cost of Sales		(4,266,519)	(4,382,787)	(4,165,076)	(4,323,206)
<b>Gross Profit</b>		919,718	672,095	903,500	655,418
Fair Value Gain on Biological Assets	14.2.2	176,348	238,554	176,348	238,554
Other Operating Income	6	232,029	163,010	233,769	164,592
Administrative Expenses		(334,917)	(374,798)	(329,429)	(366,274)
<b>Results from operating activities</b>		993,178	698,861	984,188	692,290
Finance Income	8	3,153	35,414	3,153	25,841
Finance Cost	8	(378,930)	(406,470)	(376,033)	(393,729)
Net Finance cost		(375,777)	(371,056)	(372,880)	(367,888)
Share of Profit of equity accounted investee	15.2.1& 15.2.2	2,360	3,836	-	-
<b>Profit before Income Tax Expense</b>	7	619,761	331,641	611,308	324,402
Income Tax Expense	9.	(234,000)	(458,568)	(234,000)	(458,568)
<b>Profit / (Loss) for the year</b>		385,761	(126,927)	377,308	(134,166)
<i>Other Comprehensive Income / (Expense) net of tax</i>					
<b>Items that will not be reclassified to profit or loss</b>					
Actuarial Loss on Retirement Benefit Obligation	23	(439,738)	(169,166)	(439,738)	(169,166)
Tax effect on Actuarial Loss on Retirement Benefit Obligation	9.1	131,921	50,750	131,921	50,750
Fair value through OCI Investments - Net Change in Fair Value	15.3.1& 15.3.2	-	30,720	-	30,720
Share of other comprehensive income of equity accounted investees, net of tax	15.2.1& 15.2.2	115,094	-	-	-
Revaluation Gain	13	569,865	-	569,865	-
Tax effect on Revaluation Gain	9.1	(170,959)	-	(170,959)	-
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign Currency Translation Gain		28	151	-	-
Other Comprehensive Income for the Year, net of tax		206,211	(87,545)	91,089	(87,696)
<b>Total Comprehensive Income / (Expense) for the Year</b>		591,972	(214,472)	468,397	(221,862)
Earnings/ (loss) Per Share (Rs.)	10	1.14	(0.37)	1.11	(0.39)

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 149 to 219 form an integral part of these Financial Statements

# Consolidated Statement of Financial Position

As at	Notes	Group			Company		
		31/03/2025	31/03/2024	01/04/2023	31/03/2025	31/03/2024	01/04/2023
		Rs`000	Rs`000 (Restated)	Rs`000 (Restated)	Rs`000	Rs`000 (Restated)	Rs`000 (Restated)
<b>ASSETS</b>							
<b>Non Current Assets</b>							
Leasehold Right to Bare Land of JEDB/SLSPC Estates	11	1,068,774	934,048	632,019	1,068,774	934,048	632,019
Immovable Leased Assets of JEDB/SLSPC Estates (Other than Bare Land)	12	327	653	6,174	327	653	6,174
Tangible Assets (Other than Mature/Immature Plantations)	13	1,787,716	1,186,009	1,207,030	1,787,580	1,185,874	1,206,782
Biological Assets	14	5,449,806	5,304,417	5,028,865	5,449,806	5,304,417	5,028,865
Investment in Subsidiary	15.1	-	-	-	12,187	20,169	27,485
Investment in Associates	15.2	219,122	101,668	97,832	91,442	91,442	91,442
Fair value through OCI Investments	15.3	-	153,601	122,881	-	153,601	122,881
<b>Total Non Current Assets</b>		<b>8,525,745</b>	<b>7,680,396</b>	<b>7,094,801</b>	<b>8,410,116</b>	<b>7,690,204</b>	<b>7,115,648</b>
<b>Current Assets</b>							
Inventories	16	607,065	426,237	527,168	546,189	391,047	508,369
Trade and Other Receivables	17	313,959	371,063	420,065	311,467	348,239	400,259
Fair value gain on growing produce of bearer Biological assets	18	16,591	15,463	20,014	16,591	15,463	20,014
Amounts Due from Related Parties	19	879	8,493	67,624	1,001	8,493	102,122
Cash and Cash Equivalents	20	147,915	104,376	156,512	146,997	94,437	148,684
<b>Total Current Assets</b>		<b>1,086,409</b>	<b>925,632</b>	<b>1,191,383</b>	<b>1,022,245</b>	<b>857,679</b>	<b>1,179,448</b>
<b>Total Assets</b>		<b>9,612,154</b>	<b>8,606,028</b>	<b>8,286,184</b>	<b>9,432,361</b>	<b>8,547,883</b>	<b>8,295,096</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Capital and Reserves</b>							
Stated Capital	21	1,571,362	1,571,362	1,571,362	1,571,362	1,571,362	1,571,362
General Reserve	21.2	-	240,000	240,000	-	240,000	240,000
Foreign currency Translation Reserve	21.3	(11,361)	(11,389)	(11,540)	-	-	-
Fair value through Other Comprehensive Income Reserve	21.4	-	96,200	65,480	-	99,114	68,394
Revaluation Reserve	21.5	1,020,903	506,903	506,903	858,562	459,656	459,656
Accumulated Losses		(97,496)	(511,640)	(266,297)	(60,824)	(469,429)	(216,847)
<b>Total Equity</b>		<b>2,483,408</b>	<b>1,891,436</b>	<b>2,105,908</b>	<b>2,369,100</b>	<b>1,900,703</b>	<b>2,122,565</b>

As at	Notes	Group			Company		
		31/03/2025 Rs`000	31/03/2024 Rs`000 (Restated)	01/04/2023 Rs`000 (Restated)	31/03/2025 Rs`000	31/03/2024 Rs`000 (Restated)	01/04/2023 Rs`000 (Restated)
<b>Non Current Liabilities</b>							
Interest Bearing Borrowings	23.1	449,463	1,085,225	1,012,035	449,463	1,085,225	1,012,035
Retirement Benefit Obligations	24	1,107,671	821,260	598,546	1,107,105	820,752	597,732
Deferred Income	22	302,879	308,945	316,081	302,879	308,945	316,081
Net Obligation to Lessor of JEDB/SLSPC	25	1,224,838	1,052,318	720,953	1,224,838	1,052,318	720,953
Deferred Taxation	26	1,733,930	1,460,892	1,053,074	1,733,930	1,460,892	1,053,074
<b>Total Non Current Liabilities</b>		<b>4,818,781</b>	<b>4,728,640</b>	<b>3,700,689</b>	<b>4,818,215</b>	<b>4,728,132</b>	<b>3,699,875</b>
<b>Current Liabilities</b>							
Interest Bearing Borrowings	23.2	763,832	460,939	284,600	763,832	460,939	284,600
Net Obligation to Lessor of JEDB/SLSPC	25	11,629	8,606	4,878	11,629	8,606	4,878
Income tax payable		-	-	7,664	-	-	7,664
Trade & Other Payables	27	1,138,956	1,131,434	2,015,268	1,126,872	1,088,810	2,008,337
Amounts Due to Related Parties	28	349,207	335,439	80,795	296,372	311,159	80,795
Bank Overdraft	20	46,341	49,534	86,382	46,341	49,534	86,382
<b>Total Current Liabilities</b>		<b>2,309,965</b>	<b>1,985,952</b>	<b>2,479,587</b>	<b>2,245,046</b>	<b>1,919,048</b>	<b>2,472,656</b>
<b>Total Liabilities</b>		<b>7,128,746</b>	<b>6,714,592</b>	<b>6,180,276</b>	<b>7,063,261</b>	<b>6,647,180</b>	<b>6,172,531</b>
<b>Total Equity and Liabilities</b>		<b>9,612,154</b>	<b>8,606,028</b>	<b>8,286,184</b>	<b>9,432,361</b>	<b>8,547,883</b>	<b>8,295,096</b>
<b>Net Asset per Share (Rs)</b>		<b>7.34</b>	<b>4.68</b>	<b>5.32</b>	<b>7.00</b>	<b>4.71</b>	<b>5.37</b>

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 149 to 219 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

31st July 2025

# Consolidated Statement of Changes in Equity

Group	Stated Capital	General Reserve	Fair value through Other Comprehensive Income Reserves	Foreign currency translation reserve	Revaluation Reserve	Accumulated Losses	Total Equity
	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000
Balance as at 1st April 2023, as previously reported	1,571,362	240,000	65,480	(11,540)	506,903	(572,622)	1,799,583
Prior year adjustment (Note 33.1)						306,325	306,325
Restated Balance as at 1st April 2023	1,571,362	240,000	65,480	(11,540)	506,903	(266,297)	2,105,908
Total comprehensive income for the Year							
Loss for the Year	-	-	-	-	-	(126,927)	(126,927)
<i>Other comprehensive income / (expense)</i>							
Fair value through OCI Investments - Net Change in Fair Value	-	-	30,720	-	-	-	30,720
Translation differences arising on Foreign operations	-	-	-	151	-	-	151
Actuarial Loss on Retirement Benefit Obligation	-	-	-	-	-	(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)
Restated balance as at 31st March 2024	1,571,362	240,000	96,200	(11,389)	506,903	(511,640)	1,891,436
Restated balance as at 1st April 2024	1,571,362	240,000	96,200	(11,389)	506,903	(511,640)	1,891,436
Total comprehensive income for the Year							
Profit for the Year	-	-	-	-	-	385,761	385,761
<i>Other comprehensive income / (expense)</i>							
Share of other comprehensive income of equity accounted investees	-	-	-	-	115,094	-	115,094
Revaluation Gain	-	-	-	-	569,865	-	569,865
Tax effect on Revaluation Gain	-	-	-	-	(170,959)	-	(170,959)
Translation differences arising on Foreign operations	-	-	-	28	-	-	28
Actuarial Loss on Retirement Benefit Obligation	-	-	-	-	-	(439,738)	(439,738)
Tax effect on Actuarial Loss on Retirement Benefit Obligation	-	-	-	-	-	131,921	131,921
Total comprehensive income/(expense) for the Year	-	-	-	28	514,000	77,944	591,972
<i>Transactions with owners of the Company, recognized directly in equity</i>							
Transferred to Retained Earnings	-	(240,000)	-	-	-	240,000	-
Transfer of cumulative gain on equity instruments at fair value through other comprehensive income to accumulated losses.	-	-	(96,200)	-	-	96,200	-
Total transactions with owners of the Company	-	(240,000)	(96,200)	-	-	336,200	-
Balance as at 31st March 2025	1,571,362	-	-	(11,361)	1,020,903	(97,496)	2,483,408

Figures in brackets indicate deductions

The Accounting Policies and notes on pages 149 to 219 form and integral part of these Financial Statements.

Company	Stated Capital	General Reserve	Fair value through Other Comprehensive Income Reserves	Revaluation Reserve	Accumulated Losses	Total Equity
	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000
Balance as at 1st April 2023, as previously reported	1,571,362	240,000	68,394	459,656	(523,172)	1,816,240
Prior year adjustment ( Note 33.1)	-	-	-	-	306,325	306,325
Restated balance as at 1st April 2023	1,571,362	240,000	68,394	459,656	(216,847)	2,122,565
<i>Total comprehensive income for the Year</i>						
Loss for the Year	-	-	-	-	(134,166)	(134,166)
<i>Other comprehensive income / (expense)</i>						
Net changes in fair value of fair value through OCI investments	-	-	30,720	-	-	30,720
Actuarial Loss on Retirement Benefit Obligation	-	-	-	-	(169,166)	(169,166)
Tax effect on Actuarial Loss on Retirement Benefit Obligation	-	-	-	-	50,750	50,750
<b>Total comprehensive income/(expense) for the Year</b>	-	-	30,720	-	(252,582)	(221,862)
<b>Restated balance as at 31st March 2024</b>	1,571,362	240,000	99,114	459,656	(469,429)	1,900,703
<b>Restated balance as at 1st April 2024</b>	1,571,362	240,000	99,114	459,656	(469,429)	1,900,703
<i>Total comprehensive income for the Year</i>						
Profit for the Year	-	-	-	-	377,308	377,308
<i>Other comprehensive income / (expense)</i>						
Net changes in fair value of fair value through OCI investments	-	-	-	-	-	-
Revaluation Gain	-	-	-	569,865	-	569,865
Tax effect on Revaluation Gain	-	-	-	(170,959)	-	(170,959)
Actuarial Loss on Retirement Benefit Obligation	-	-	-	-	(439,738)	(439,738)
Tax effect on Actuarial Gain on Retirement Benefit Obligation	-	-	-	-	131,921	131,921
<b>Total comprehensive income/(expense) for the Year</b>	-	-	-	398,906	69,491	468,397
<i>Transactions with owners of the Company, recognized directly in equity</i>						
Transferred to Retained Earnings	-	(240,000)	-	-	240,000	-
Transfer of cumulative gain on equity instruments at fair value through other comprehensive income to accumulated losses.	-	-	(99,114)	-	99,114	-
<b>Total transactions with owners of the Company</b>	-	(240,000)	(99,114)	-	339,114	-
<b>Balance as at 31st March 2025</b>	1,571,362	-	-	858,562	(60,824)	2,369,100

Figures in brackets indicate deductions

The Accounting Policies and Notes on pages 149 to 219 form an integral part of these Financial Statements.

# Consolidated Statement of Cashflows

For the year ended 31st March	Note	Group		Company	
		2025	2024	2025	2024
		Rs`000	Rs`000	Rs`000	Rs`000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before Income Tax Expense		619,761	331,641	611,308	324,402
<b>Adjustments for :</b>					
Depreciation/Amortisation	11/12/13/14	317,566	307,281	317,566	307,167
Fair Value Gain of Biological Assets	14.2.2	(176,348)	(238,554)	(176,348)	(238,554)
Profit on Disposal of Property, Plant and Equipment	6	(966)	-	(966)	-
Provision for Inventories	7	-	14,654	-	14,654
Provision for Impairment of Trade & Other Receivables	7	2,428	11,002	2,428	11,002
Interest Income	8	(3,153)	(18,842)	(3,153)	(9,269)
Interest Expense	8	378,007	404,326	375,110	391,585
Exchange (gain) / Loss	8	(62)	(14,428)	(62)	(14,428)
Reversal of impairment on amounts due from related parties	19.1	(5,052)	(4,253)	(5,052)	(2,338)
Provision for impairment of Investment in Subsidiaries	15.1.1	-	-	7,982	7,316
Provision for Retirement Benefit Obligation	24.1	168,419	143,480	168,361	143,078
Share of Profit of Equity Accounted Investee	15.2	(2,360)	(3,836)	-	-
Gain on derecognition of fair value through OCI Investments	6	(31,292)	-	(31,292)	-
Amortization of Grants	22	(15,329)	(14,699)	(15,329)	(14,699)
<b>Operating Profit before working capital changes</b>		<b>1,251,619</b>	<b>917,772</b>	<b>1,250,553</b>	<b>919,916</b>
(Increase)/Decrease in Inventories	16	(180,828)	86,277	(155,142)	102,668
(Increase)/Decrease in Trade & Other Receivables	17	54,043	35,019	34,344	41,018
(Increase)/Decrease in Amounts Due from Related Parties	19	12,666	66,365	12,544	95,967
Increase/(Decrease) in Trade & Other Payables	26	51,558	(449,388)	82,100	(485,020)
Increase/(Decrease) in Amounts Due to Related Parties	27	13,768	254,644	(14,787)	230,364
<b>Cash Generated from Operations</b>		<b>1,202,826</b>	<b>910,689</b>	<b>1,209,612</b>	<b>904,913</b>
Interest Paid		(425,285)	(317,604)	(423,023)	(304,863)
Gratuity Paid	24	(321,746)	(89,872)	(321,746)	(89,224)
<b>Net Cash from Operating Activities</b>		<b>455,795</b>	<b>503,213</b>	<b>464,845</b>	<b>510,826</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest Received	8	3,153	18,842	3,153	9,269
Purchase of Property, Plant and Equipment	13	(109,803)	(61,633)	(109,803)	(61,633)
Investment in Immature Plantations	14.1.1	(110,960)	(161,339)	(110,960)	(161,339)
Proceeds from Disposal of Property, Plant & Equipment	6	966	-	966	-
Investment in Fair value through OCI Investments	15.3.1	184,893	-	184,893	-
<b>Net cash used in Investing Activities</b>		<b>(31,751)</b>	<b>(204,130)</b>	<b>(31,751)</b>	<b>(213,703)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Payments of Finance Lease Rental	25	(9,756)	(514,571)	(9,756)	(514,571)
Proceeds from Long Term Borrowings	23.4	80,000	731,207	80,000	731,207
Repayments of Long Term Borrowings	23.4	(382,878)	(464,724)	(382,879)	(464,724)
Grants Received	22	9,263	7,563	9,263	7,563
Repayment of Debenture	23.3	(73,969)	(73,997)	(73,969)	(73,997)
<b>Net Cash from/( used in) Financing Activities</b>		<b>(377,340)</b>	<b>(314,522)</b>	<b>(377,341)</b>	<b>(314,522)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents		46,704	(15,439)	55,753	(17,399)
Cash and cash equivalents at the beginning of the year		54,842	70,130	44,903	62,302
Effect of exchange rate changes		28	151	-	-
<b>Cash and Cash Equivalents at the end of the year</b>	20	<b>101,574</b>	<b>54,842</b>	<b>100,656</b>	<b>44,903</b>
<b>Note A - Analysis of cash and cash equivalents</b>					
Cash at Bank and Cash in Hand		147,915	104,376	146,997	94,437
Bank Overdraft		(46,341)	(49,534)	(46,341)	(49,534)
		101,574	54,842	100,656	44,903

The Accounting Policies and Notes on pages 149 to 219 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 and the controlling party 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 4,743 (2023/24-6,380). There were no material issues pertaining to employees and industrial relations for the year ended 31st March 2025.

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

The Consolidated financial statements of the Group and separate financial statements of the Company 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 Consolidated 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).

### 2.2 Statement of presentation

Further these financial statements have complied with the requirements of the Companies Act No.7 of 2007 and appropriate disclosures as stated by the listing rules of Colombo Stock Exchange (CSE).

### 2.3 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 2025 is set out in detail in the Statement of Directors' Responsibility.

The financial statements of the Group for the year ended 31st March 2025 were authorized for issue in accordance with a resolution of the Board of Directors on 31st July 2025.

### 2.4 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 14.1.2
- 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 24
- Agriculture produce harvested from biological assets are measured at fair value per (LKAS 41 - Agriculture) - Note 18

# Notes to the Financial Statements

- 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

## 2.5 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'.

## 2.6 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.

## 2.7 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.

## 2.8 Going Concern

The Group's Financial Statements have been prepared under the assumption of a going concern, as the Board of Directors is confident that the Group possesses sufficient resources to continue its operations into the foreseeable future. This confidence is based on directors' comprehensive assessment, which takes into account the uncertainties associated with the prevailing economic conditions, and their possible effects on the Group's business operations, profitability, liquidity and capital. Refer to the Note 39 - Going Concern.

## 2.9 Rounding

All Financials information presented in Sri Lankan Rupees have been rounded to the nearest thousand (Rs. '000), except where otherwise indicated, as permitted by the Sri Lanka Accounting Standard – LKAS 1 on "Presentation of Financial Statements".

## 2.10 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 recognised in the period in which the estimates are revised and in any future period affected.

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

Note 13 – Tangible assets other than Mature/Immature Plantations

Note 18 – Fair value gain on growing produce of bearer biological assets

Note 14.1.2 - Consumer Biological Assets

Note 3.3.8 - Impairment on non-financial assets.

Note 3.5.2/3.5.3/29/30 - Provisions for liabilities, commitments, and contingencies

Note 25 – Lease liability to SLSPC/JEDB

Note 3.5.1/24 – Retirement benefit obligations

Note 3.4.2.1.2/26 – Deferred tax assets

Note 2.8/35 - Going Concern

### 2.10.1 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).

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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.

## 2.11 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.

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.

## 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 2025 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.

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 2025.

#### 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.

# Notes to the Financial Statements

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 amortised 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 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 - 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

# Notes to the Financial Statements

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. 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 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 for 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.

### 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

# Notes to the Financial Statements

## 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 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.

# Notes to the Financial Statements

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 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.

# Notes to the Financial Statements

## 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 2025 as per the provisions set out in the Payment of Gratuity Act No. 12 of 1983.

Description	Nos
Staff	425
Workers	4,318
Total	4,743

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 32.

### 3.9 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 on or after 1st April 2025. However, the Group has not early adopted the following new or amended accounting standards in preparing these consolidated statements.

# Notes to the Financial Statements

## Lack of exchangeability (Amendments to LKAS 21)

The amendments will require companies to provide new disclosures to help users to the impact of using on estimated exchange rate on the financial statements. These disclosures might include:

- The nature and financial impacts of the currency not being exchanges
- The stop exchange rate used
- The estimation process
- Risk to company because the currency is not exchangeable

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Amendments to LKAS 21 is not expected to have a significant	impact on the Group's Consolidated Financial Statements.
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## SLFRS S2 Climate-related Disclosures

Requires an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

These standards will become effective for the group from 1st April 2025. No material financial impact is expected on the Group for additional disclosures

**SLFRS S1 General Requirements** for Disclosure of Sustainability related Financial Information requires an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

For the year ended 31st March	Group		Company	
	2025	2024	2025	2024
	Rs`000	Rs`000	Rs`000	Rs`000
<b>5. REVENUE</b>				
<i>Revenue from Contracts with customers</i>				
<b>Tea</b>	3,894,801	3,985,528	3,894,801	3,985,528
<b>Rubber</b>	910,356	708,924	792,695	632,666
<b>Oil Palm</b>	381,080	360,430	381,080	360,430
	5,186,237	5,054,882	5,068,576	4,978,624

#### 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

For the year ended 31st March	Tea		Rubber		Oil Palm		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000
<b>a) Revenue</b>	3,894,801	3,985,528	910,356	708,924	381,080	360,430	5,186,237	5,054,882
Less: Cost of Sales	(3,136,701)	(3,278,359)	(951,108)	(932,501)	(178,709)	(171,927)	(4,266,519)	(4,382,787)
Gross Profit/(Loss)	758,100	707,169	(40,753)	(223,577)	202,371	188,503	919,718	672,095
Less: Unallocated Expenses							(708,334)	(742,018)
Add: Other Income and fair value gain on biological Assets							408,377	401,564
Profit before Income Tax Expenses							619,760	331,641
Income Tax Expenses							(234,000)	(458,568)
Profit/(Loss) for the Year							385,761	(126,927)
Other Comprehensive Income from continued operation							206,211	(87,545)
Total comprehensive income/(expense) for the year							591,972	(214,472)
<b>b) Segmental Assets</b>								
Non current assets	4,407,487	1,943,061	3,409,142	2,935,262	330,414	358,802	8,147,045	5,237,125
Current assets	602,940	428,622	319,152	237,393	4,090	5,304	926,182	671,319
	5,010,427	2,371,683	3,728,294	3,172,655	334,504	364,106	9,073,227	5,908,444
Unallocated							538,927	2,697,584
<b>Total Assets</b>							9,612,154	8,606,028
<b>c) Segmental Liabilities</b>								
Non current liabilities	844,720	648,663	518,174	441,940	-	-	1,362,894	1,090,603
Current liabilities	769,578	487,286	372,367	257,805	-	1,474	1,141,945	746,565
	1,614,298	1,135,949	890,540	699,745	-	1,474	2,504,839	1,837,168
Unallocated							4,623,907	4,877,424
<b>Total Liabilities</b>							7,128,746	6,714,592
<b>d) Segmental Capital Expenditure</b>								
Capital Expenditure	105,391	44,019	96,330	139,424	-	-	201,721	183,443
Unallocated							19,040	39,528
<b>Total Capital Expenditure</b>	105,391	44,019	96,330	139,424	-	-	220,761	222,971
<b>e) Segmental Depreciation</b>								
Depreciation	100,479	111,443	179,104	160,042	28,389	28,387	307,972	299,872
Unallocated							9,594	7,409
<b>Total Depreciation</b>	100,479	111,443	179,104	160,042	28,389	28,387	317,566	307,281

### 5.2.2 Operating segments - Company

Segmental analysis of Principal crops

For the year ended 31st March	Tea		Rubber		Oil Palm		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000	Rs. `000
<b>a) Segmental Result</b>								
Revenue	3,894,802	3,985,528	792,695	632,666	381,080	360,430	5,068,577	4,978,624
Less: Cost of Sales	(3,136,702)	(3,278,359)	(849,666)	(872,920)	(178,709)	(171,927)	(4,165,077)	(4,323,206)
Gross Profit /(Loss)	758,101	707,169	(56,971)	(240,254)	202,371	188,503	903,500	655,418
Less: Unallocated Expenses							(702,309)	(734,162)
Add: Other Income and fair value gain on biological Assets							410,117	403,146
Profit before Income Tax Expenses							611,309	324,402
Income Tax Expenses							(234,000)	(458,568)
Profit (loss) for the Year							377,308	(134,166)
Other Comprehensive Income from continued operation							91,089	(87,696)
Total comprehensive income/ (expense) for the year							468,397	(221,862)
<b>b) Segmental Assets</b>								
Non current assets	4,407,488	1,943,061	3,409,011	2,935,128	330,414	358,802	8,146,913	5,236,991
Current assets	602,940	428,622	139,490	179,382	4,090	5,304	746,520	613,308
	5,010,427	2,371,683	3,548,501	3,114,510	334,504	364,106	8,893,433	5,850,299
Unallocated							538,928	2,697,584
Total Assets							9,432,361	8,547,883
<b>c) Segmental Liabilities</b>								
Non current liabilities	844,720	648,663	518,174	441,940	-	-	1,362,894	1,090,603
Current liabilities	769,578	487,286	306,881	190,393	-	1,474	1,076,459	679,153
	1,614,298	1,135,949	825,054	632,333	-	1,474	2,439,353	1,769,756
Unallocated							4,623,908	4,877,424
Total Liabilities							7,063,261	6,647,180
<b>d) Segmental Capital Expenditure</b>								
Capital Expenditure	105,391	44,019	96,330	139,424	-	-	201,721	183,443
Unallocated							19,040	39,528
Total Capital Expenditure	105,391	44,019	96,330	139,424	-	-	220,761	222,971
<b>e) Segmental Depreciation</b>								
Depreciation / amortisation	100,479	111,443	179,104	159,930	28,389	28,387	307,972	299,760
Unallocated							9,594	7,407
Total Depreciation	100,479	111,443	179,104	159,930	28,389	28,387	317,566	307,167

# Notes to the Financial Statements

For the year ended 31st March	Group		Company	
	2025	2024	2025	2024
	Rs`000	Rs`000	Rs`000	Rs`000
<b>6. NET OTHER OPERATING INCOME</b>				
Amortization of Capital Grants	15,329	14,699	15,329	14,699
Profit on Disposal of Property, Plant and Equipment	966	-	966	-
Sale of Rubber and Other Trees	125,865	112,739	125,865	112,739
Rent Income	10,157	10,048	11,897	11,630
Dividend income	17,643	-	17,643	-
Sundry Income	30,777	25,524	30,777	25,524
Gain on derecognition of fair value through OCI Investments	31,292	-	31,292	-
	232,029	163,010	233,769	164,592
For the year ended 31st March	Group		Company	
	2025	2024	2025	2024
	Rs`000	Rs`000	Rs`000	Rs`000
<b>7. PROFIT BEFORE INCOME TAX</b>				
<i>Is stated after charging all the expenses including the following;</i>				
Directors' Emoluments	18,000	17,977	18,000	17,819
Auditor's Remuneration	8,000	7,425	8,000	7,425
- Statutory Audit fees - Non KPMG	300	300	-	-
- Non Audit Services	300	275	300	275
Provision for impairment in investment in subsidiaries	-	-	7,982	7,316
Provision for impairment on other receivables	2,428	11,002	2,428	11,002
Reversal for impairment on amounts due from related parties	5,052	(4,253)	5,052	(2,338)
Provision for obsolete inventories	-	14,654	-	14,654
<b>Depreciation/Amortization;</b>				
- Leasehold rights to Bare Land	50,573	40,068	50,573	40,068
- Immovable Leased Assets	326	5,521	326	5,521
- Tangible Property, Plant and Equipment	77,963	82,654	77,963	82,540
- Mature Plantations	188,704	179,038	188,704	179,038
<b>Personnel Cost Includes;</b>				
- Salaries and Wages	2,022,384	2,093,715	2,017,894	2,089,669
- Defined Benefit Plan Cost - Retiring Gratuity	168,420	143,420	168,361	143,078
- Defined Contribution Plans - EPF, ETF, CPPS and ESPS	239,054	261,378	238,381	260,850

For the year ended 31st March	Group		Company	
	2025	2024	2025	2024
	Rs`000	Rs`000	Rs`000	Rs`000
<b>8. NET FINANCE COSTS</b>				
<b>Finance Income</b>				
Interest Income	3,153	18,842	3,153	9,269
Exchange Gain	-	16,572	-	16,572
	3,153	35,414	3,153	25,841
<b>Finance Cost</b>				
Bank Overdraft	(3,588)	(10,797)	(3,588)	(10,797)
Net Obligation to Lessor	(170,179)	(139,013)	(170,179)	(139,013)
Debentures	(9,357)	(17,138)	(9,357)	(17,138)
Bank Loans	(112,502)	(108,035)	(112,502)	(108,035)
Broker Advances	(37,012)	(75,748)	(36,612)	(75,506)
Related Company Loans	(37,093)	(46,235)	(34,596)	(33,736)
Exchange Loss	(923)	(2,144)	(923)	(2,144)
Other interest	(8,276)	(7,360)	(8,276)	(7,360)
<b>Finance Costs</b>	<b>(378,930)</b>	<b>(406,470)</b>	<b>(376,033)</b>	<b>(393,729)</b>
<b>Net Finance Costs</b>	<b>(375,777)</b>	<b>(371,056)</b>	<b>(372,880)</b>	<b>(367,788)</b>

## 9. INCOME TAX EXPENSE

### 9.1 Current Taxation

For the year ended 31st March	Group		Company	
	2025	2024	2025	2024
	Rs`000	Rs`000	Rs`000	Rs`000
<i>Recognized in the Profit or Loss</i>				
Income tax on Profits for the Year (Note 9.2)	-	-	-	-
Prior year under/(Over) Provision	-	-	-	-
Provision for Deferred Taxation (Note 26)	234,000	458,568	234,000	458,568
	234,000	458,568	234,000	458,568
<i>Recognized in the Other Comprehensive Income</i>				
Income tax on Profits for the Year	-	-	-	-
Provision (Reversal) for Deferred Taxation	39,038	(50,750)	39,038	(50,750)
	39,038	(50,750)	39,038	(50,750)

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 2025, applying the standard tax rate of 30%.

# Notes to the Financial Statements

For the year ended 31st March	Group		Company	
	2025	2024	2025	2024
	Rs`000	Rs`000	Rs`000	Rs`000
<b>9.2 Reconciliation between accounting profit /(Loss) and Income tax</b>				
Accounting Profit/(loss) before Income Tax Expense	619,761	331,641	611,308	324,402
Deduct: Other sources of Income	(63,985)	(283,158)	(63,985)	(283,158)
Add: Aggregate disallowable expenses	1,000,532	837,796	1,008,985	845,035
Deduct: Aggregate allowable expenses	(829,126)	(885,233)	(829,126)	(885,233)
Exempt profit/(loss) from agro farming	-	52,916	-	52,916
Taxable profit/(loss) from the business	727,182	53,962	727,182	53,962
Other Sources of taxable Income	15,050	20,898	15,050	20,898
Total Statutory income / (expenses)	742,232	74,860	742,232	74,860
Tax Losses claimed during the Year (Note 9.3)	(742,232)	(74,860)	(742,232)	(74,860)
Total Taxable Income/(Loss)	-	-	-	-
Income Tax at the rate of 30%	-	-	-	-
<b>Current Income Tax Expense</b>	-	-	-	-

For the year ended 31st March	Group		Company	
	2025	2024	2025	2024
	Rs`000	Rs`000	Rs`000	Rs`000
<b>9.3 Accumulated Tax Losses</b>				
Tax Loss Brought Forward	3,521,635	3,410,174	3,520,867	3,409,406
Adjustment in respect of prior years	-	186,321	-	186,321
Expired tax losses during the year	(2,779,403)	-	(2,778,635)	-
Tax Losses claimed during the year	(742,232)	(74,860)	(742,232)	(74,860)
Tax Loss Carried Forward	-	3,521,635	-	3,520,867

Tax losses amounting to Rs.2.9Bn , which was available for carry forward expired on 31st March 2025 and can no longer be utilized against future taxable income, which have been removed from the accumulated tax losses.

## 10. EARNINGS /(LOSS) PER SHARE

### 10.1 Basic Earnings/ (Loss) Per Share

The computation of Earnings/ (Loss) per Share is based on 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	
	2025	2024	2025	2024
<b>Amount used as the Numerator</b>				
Profit (Loss) attributable to Ordinary Shareholders (Rs.'000)	385,761	(126,927)	377,308	(134,166)
<b>Amount used as the Denominator</b>				
Weighted average number of Ordinary Shares ('000)	338,513	338,513	338,513	338,513
Basic Earnings/ (Loss) per Share (Rs.)	1.14	(0.37)	1.11	(0.39)

### 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	As at 22.06.1992	Balance as at 31.03.2025	Balance as at 31.03.2024
	Rs. `000	Rs. `000	Rs. `000	Rs. `000
Capitalized value	53 years	358,928	1,246,065	903,968
Remeasurement During the Year			185,299	342,097
		358,928	1,431,364	1,246,065
<b>Amortisation</b>			<b>Balance as at 01.04.2024</b>	<b>Charge for the year</b>
			Rs. `000	Rs. `000
			312,017	50,573
				<b>Balance as at 31.03.2025</b>
				Rs. `000
<b>Carrying Value</b>			<b>As at 31.03.2025</b>	<b>As at 31.03.2024</b>
			Rs. `000	Rs. `000
			1,068,774	934,048

# 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 up to 31st March 2025 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	As at 22.06.1992	Balance as at 31.03.2025	Balance as at 31.03.2024
	Rs. `000	Rs. `000	Rs. `000	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	Charge	Balance	Carrying Value	
	as at	for the year	as at	As at	As at
	01.04.2024		31.03.2025	31.03.2025	31.03.2024
	Rs`000	Rs. `000	Rs. `000	Rs. `000	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	227,655	-	227,655	-	-
- Rubber	163,548	-	163,548	-	-
- Others	7,487	326	7,813	327	653
	447,669	326	447,995	327	653

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.

## Notes to the Financial Statements

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

## 13.1 Group

Description	Buildings and Land Improvements	Water Projects and Sanitations	Plant and Machinery	Motor Vehicles		Equipment	Furniture and Fittings	Work-in Progress	Total
	Rs'000	Rs'000	Freehold	Rs'000	Freehold	Rs'000	Rs'000	Rs'000	Rs'000
As at 1st April 2023	1,152,937	60,937	717,307	248,106	-	121,286	9,798	29,078	2,339,449
Additions during the year	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
As at 1st April 2024	1,157,989	60,937	718,160	248,106	-	141,349	9,798	64,743	2,401,082
Additions during the year	9,997	-	1,219	-	-	16,637	-	81,950	109,803
Adjustment on revaluation (245,784)	-	-	-	-	-	-	-	-	(245,784)
Transfers during the year	3,145	-	22,940	-	-	-	-	(26,085)	-
Disposals	-	-	-	(2,802)	-	-	-	-	(2,802)
Revaluation Gain	569,865	-	-	-	-	-	-	-	569,865
As at 31st March 2025	1,495,212	60,937	742,319	245,304	-	157,986	9,798	120,608	2,832,164
<b>Depreciation</b>									
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
As at 1st April 2024	200,581	52,966	624,678	235,252	-	91,804	9,792	-	1,215,073
Charge for the year	45,203	1,680	18,475	3,342	-	9,257	6	-	77,963
Disposals	-	-	-	(2,802)	-	-	-	-	(2,802)
Adjustment on revaluation (245,784)	-	-	-	-	-	-	-	-	(245,784)
As at 31st March 2025	-	54,646	643,153	235,792	-	101,061	9,798	-	1,044,450
<b>Net Carrying Value</b>									
As at 31st March 2025	1,495,212	6,292	99,166	9,512	-	56,925	-	120,608	1,787,716
As at 31st March 2024	957,408	7,971	93,482	12,854	-	49,545	6	64,743	1,186,009

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

## 13.2 Company

Description	Buildings and Land Improvements	Water Projects and Sanitations	Plant and Machinery	Motor Vehicles		Equipment	Furniture and Fittings	Work-in Progress	Total
	Rs 000	Rs 000	Freehold	Freehold	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
As at 1st April 2023	1,152,937	60,937	716,916	248,106	120,607	9,798	29,078	2,338,379	
Additions during the year	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	
As at 1st April 2024	1,157,989	60,937	717,769	248,106	140,670	9,798	64,743	2,400,012	
Additions during the year	9,997	-	1,219	-	16,637	-	81,950	109,803	
Adjustments on revaluation	(245,784)	-	-	-	-	-	-	(245,784)	
Disposal	-	-	-	(2,802)	-	-	-	(2,802)	
Transfers during the year	3,145	-	22,940	-	-	-	(26,085)	-	
Revaluation Gain	569,865	-	-	-	-	-	-	569,865	
As at 31st March 2025	1,495,212	60,937	741,928	245,304	157,307	9,798	120,608	2,831,094	
<b>Depreciation</b>									
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	
As at 1st April 2024	200,581	52,966	624,819	234,968	91,038	9,765	-	1,214,137	
Charge for the year	45,203	1,680	18,475	3,342	9,257	6	-	77,963	
Disposals	-	-	-	(2,802)	-	-	-	(2,802)	
Adjustment on revaluation	(245,784)	-	-	-	-	-	-	(245,784)	
As at 31st March 2025	-	54,646	643,294	235,510	100,295	9,771	-	1,043,514	
<b>Net Carrying Value</b>									
As at 31st March 2025	1,495,212	6,291	98,634	9,796	57,012	27	120,608	1,787,580	
As at 31st March 2024	957,408	7,971	92,950	13,138	49,631	33	64,743	1,185,874	

# Notes to the Financial Statements

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

Asset Category	2025	2024
	Rs. `000	Rs. `000
Water Projects and Sanitations	31,912	27,364
Plant and Machinery	478,982	441,550
Motor Vehicles	231,373	234,175
Equipment	77,400	74,218
Furniture and Fittings	9,708	9,583
	829,375	786,890

### 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 2025 are disclosed under Note 23.4.1

13.5 The Company has revalued its Buildings and Land Improvements as at 31st March 2025. 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 depreciations 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 2025 Rs'000	Carrying value of assets under Revaluation Model Rs'000
Buildings and land improvements	Market comparable method	377,690	1,495,212

### 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	6,074,256

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.49Mn	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> <li>- Gross replacement cost is higher/ (lower)</li> <li>- Remaining useful life of the asset is higher/ (lower)</li> </ul>

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.)	Fair Value Rs. `000
<b>Kotagala Region</b>				
Bogahawatte	Bogahawatta	36	215,725	49,256
Chrystler's Farm	Kotagala	38	231,628	67,266
Craigie Lea	Kotagala	49	301,948	91,498
Drayton	Kotagala	40	368,820	85,167
Kelliewatte	Patana	30	169,604	40,908
Mayfield	Hatton	48	556,396	91,895
Mount Vernon	Pattana	50	514,285	138,615
Stonycliff	Kotagala	63	521,898	110,279
Yulliefield	Hatton	61	486,578	110,982
Derryclare	Kotagala	15	279,168	28,572
<b>Horana/ Kalutara Region</b>				
Eduragala	Ingiriya	25	117,754	24,458
Hedigalla	Badureliya	16	37,679	17,183
Gikiyanakanda	Neboda	36	387,989	64,939
Rayigam	Ingiriya	53	413,310	136,737
Vogan	Matugama	46	307,441	60,897
Arapolakanda	Thebuwana	26	236,712	42,477
Dalkeith	Lathpandura	50	347,207	125,562
Padukka	Padukka	32	86,199	52,471
Paiyagala	Dodangoda	34	131,480	54,601
Sorana	Horana	38	216,370	69,227
Usk Valley	Badureliya	23	146,065	32,209
<b>Total</b>		<b>809</b>	<b>6,074,256</b>	<b>1,495,212</b>

13.6 Impairment

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.

# Notes to the Financial Statements

## 14. BIOLOGICAL ASSETS

### 14.1 Group/ Company

Asset Category	2025	2024
	Rs. `000	Rs. `000
Bearer Biological assets (Note 14.1.1)	3,096,083	3,144,174
Consumable Biological assets (Note 14.1.2)	2,353,723	2,160,243
<b>Total Biological Assets</b>	<b>5,449,806</b>	<b>5,304,417</b>

#### 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	2025 Rs. `000	2024 Rs. `000
<b>Cost</b>									
As at 1st April	1,221,705	2,480,359	567,769	198,793	671,062	-	10,740	5,150,428	4,976,620
Additions during the year	-	-	-	5,646	134,269	-	698	140,613	173,808
Transfers during the year	7,052	240,651	-	(7,052)	(240,651)	-	-	-	-
As at 31st March	1,228,757	2,721,010	567,769	197,387	564,680	-	11,438	5,291,041	5,150,428
<b>Depreciation</b>									
As at 1st April	538,927	1,258,361	208,966	-	-	-	-	2,006,254	1,827,216
Charge for the year	38,998	121,317	28,389	-	-	-	-	188,704	179,038
As at 31st March	577,925	1,379,678	237,355	-	-	-	-	2,194,958	2,006,254
<b>Carrying Value as at 31st March</b>									
Carrying Value as at 31st March	650,832	1,341,332	330,414	197,387	564,680	-	11,438	3,096,083	3,144,174
Carrying Value as at 1st April	682,778	1,221,998	358,803	198,793	671,062	-	10,740	3,144,174	3,149,404

- 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. 1.8Mn (2023/24-Rs.2.5Mn) on Tea, and Rs. 46.1Mn (2023/24-Rs.47.6Mn) 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 11.69% (2023/24-12.75%) The capitalisation will cease when crops are ready for harvest.
- c) Other immature plantations includes other crops such as Cinnamon. Coconut etc. and are carried at cost less impairment.

## 14.1.2 Consumable Biological Assets

	2025 Rs. `000	2024 Rs. `000
<i>Consumable Biological assets - Mature</i>		
<b>Balance as at 1st April</b>	2,028,077	1,784,972
Transfer from consumable biological assets - immature	14,762	-
Fair value gain for the year	175,220	243,105
<b>Balance as at 31st March</b>	2,218,059	2,028,077
<i>Consumable Biological assets - Immature</i>		
<b>Balance as at 1st April</b>	132,166	94,489
Additions during the year	18,260	37,677
Transfer to consumable biological assets - mature	(14,762)	-
<b>Balance as at 31st March</b>	135,664	132,166
<b>Total Consumable Biological Assets</b>	2,353,723	2,160,243

Managed trees 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 Sri Lankan market prices factoring all the conditions to be fulfilled in bringing the trees in to saleable condition. (price range per cu ft is Rs. 386 - 1,188)
Discount rate	Future cash flows are discounted at the rate of 14%, 15% and 16% (2023/24-15%,16% &17%)

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.

# Notes to the Financial Statements

During the year ended 31st March 2025, a physical verification of timber was carried out by the management covering all the estates and the actual number of trees available in the estates was ascertained. 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) as at 31st March 2025.

## 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.

## 14.2.2 Gain on Biological Assets 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 biological assets namely, managed timber plantation, are given below.

As as 31st March	Group / Company	
	2025 Rs'000	2024 Rs'000
Change in fair value of consumable biological assets (Note 14.1.2)	175,220	243,105
Change in fair value of growing produce of bearer biological assets (Note 18)	1,128	(4,551)
Total Gain for the year	176,348	238,554

## b) Valuation techniques and significant unobservable inputs

Following table shows the valuation techniques used in measuring level 3 fair value of consumable biological assets as well as significant unobservable inputs used.

Type	Valuation techniques used	Significant unobservable Inputs	Inter relationship between key unobservable inputs and fair value measurements
<b>Mature Timber</b>	<b>Discounted Cashflows</b>	<b>Determination of Timber Content</b>	
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. Expected cashflows are discounted using a high risk adjusted rates of ; 14% - Trees age to harvest 5 years or below 15% - Trees age to harvest 6 -14 years 16% - Trees age to harvest 15 years or above comprising a risk free rate of of 11.5%	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  <b>Determination of Price of Timber</b> Price range per cu ft. is Rs. 386 - 1,188  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.	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

## 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	Sensitivity effect on the carrying value of Biological Assets
		As at 31st March 2025 Rs.000	As at 31st March 2024 Rs.000
1%		(80,199)	(50,507)
-1%		80,199	50,507
	10%	220,698	203,153
	-10%	(220,698)	(203,153)

# Notes to the Financial Statements

## 15. INVESTMENTS

### 15.1 Investments in Subsidiaries

As at 31st March	Holding %	Group		Company	
		2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000
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
<b>Less- provision for impairment of Investments in Subsidiaries (Note 15.1.1)</b>			-	(18,218)	(10,236)
			-	12,187	20,169
<b>Provision for impairment of Investments in Subsidiaries</b>					
Balance as at 1st April		-	-	(10,236)	(2,920)
Charge for the year		-	-	(7,982)	(7,316)
Balance as at 31st March		-	-	(18,218)	(10,236)

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%	12,187
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				12,187

15.1.1 Summarized financial information for Subsidiary Companies of the Group

Summary of the Statement of Comprehensive income of Subsidiary 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	160,134	-	-	-
Profit /(Loss) after tax	(6,871)	-	-	-
Other comprehensive Income	-	-	-	-
Total Comprehensive Income /(Expense)	(6,871)	-	-	-

**Summary of the Statement of financial position of Subsidiary Companies**

Non Current Assets	11,246	-	-	-
Current Assets	134,207	476,191	29,487	-
Total Assets	145,453	476,191	29,487	-
Non Current Liabilities	1,204	-	-	-
Current Liabilities	132,064	855	155,694	350,839
Total Liabilities	132,068	855	155,694	350,839
Net Assets - Attributable to Non Controlling interests	-	-	-	-
Attributable to the Group	12,187	475,336	(126,207)	(350,839)

Summary of the Statement of Cash flows of Subsidiary Companies

Net Cash inflow/(outflow) from Operating Activities	(7,280)	-	-	-
Net Cash inflow/(outflow) from Investing Activities	-	-	-	-
Net Cash inflow/(outflow) from Financing Activities	(1,740)	-	-	-
Net increase /(decrease) of cash and cash equivalents	(9,020)	-	-	-

# Notes to the Financial Statements

As at 31st March		Group		Company	
		2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000
<b>15.2 Investments in Associates</b>	Holding %				
Union Commodities (Private) Limited (Note 15.2.1)	15%	-	-	-	-
Imperial Hotels Ltd (Note 15.2.2)	31.15%	219,122	101,668	91,442	91,442
		219,122	101,668	91,442	91,442
<b>15.2.1 Investment in Union commodities (Pvt) Ltd</b>					
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		-	-	-	-
<b>15.2.1.1 Provision for impairment of investment in Union commodities (Pvt) Ltd</b>					
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
<b>15.2.2 Investments in Imperial Hotels Limited</b>					
Balance as at beginning of the year		101,668	97,832	94,753	94,753
Share of Profit for the year		2,360	3,836	-	-
Share of OCI for the year		115,094	-	-	-
Equity accounted investee before impairment		219,122	101,668	94,753	94,753
Provision for Impairment of Investments in Associates (Note 15.2.2.1)		-	-	(3,311)	(3,311)
Balance at the end of the year		219,122	101,668	91,442	91,442
<b>15.2.2.1 Provision for impairment of investment in Imperial Hotels Limited</b>					
Balance as at 1st April		-	-	3,311	3,311
Charge for the year		-	-	-	-
Balance as at 31st March		-	-	3,311	3,311

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	Group			
	2025		2024	
	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	4,921,789	-	4,454,987	-
Profit/ (Loss) After Tax	(275,049)	7,578	114,445	12,315
Other Comprehensive Income	22,093	369,485	(8,601)	-
Total Comprehensive Income	(252,956)	377,063	105,844	12,315
<b>Group's share of Profit and Total Other Comprehensive income</b>	<b>(37,943)</b>	<b>117,455</b>	<b>15,877</b>	<b>3,836</b>
Non Current Assets	1,968,675	685,077	1,972,416	157,574
Current Assets	1,764,145	209,067	2,007,700	198,690
Total Assets	3,732,820	894,144	3,980,116	356,264
Non Current Liabilities	1,647,263	-	(1,869,746)	-
Current Liabilities	3,012,416	(190,602)	(3,065,438)	(30,017)
Total Liabilities	4,659,679	(190,602)	(4,935,184)	(30,017)
Net assets (100%)	(926,859)	703,542	(955,068)	326,247
<b>Group share of Net assets</b>	<b>(139,029)</b>	<b>219,153</b>	<b>(143,260)</b>	<b>101,626</b>
Goodwill	-	42	-	42
Unallocated share of loss	(139,029)	-	143,260	-
<b>Carrying Amount of Interest in Associate</b>	<b>-</b>	<b>219,195</b>	<b>-</b>	<b>101,668</b>

# Notes to the Financial Statements

As at 31st March		Group		Company	
		2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000
<b>15.3 Fair value through OCI Investments</b>	Holding %				
Investments in quoted securities (Note 15.3.1)	15%	-	153,601	-	153,601
		-	153,601	-	153,601
<b>15.3.1 Shares of Agarapatana Plantations PLC</b>					
Balance as at 1st April		153,601	122,881	153,601	122,881
Change in fair value during the year		-	30,720	-	30,720
Disposal of shares		(153,601)	-	(153,601)	-
Balance as at 31st March		-	153,601	-	153,601
<b>15.3.1.1 Investments in Unquoted Securities- Agarapatana Plantations PLC</b>					
No of Shares	Nos'000	-	20,757	-	20,757
% Holding	%	-	4.98%	-	4.98%
Equity Value Per Share as at 31 March	Rs.	-	7.40	-	7.40

The above strategic investment was disposed during the year 2024/25 and , there were transfers amounting to Rs.96.2Mn of cumulative gains/ losses to equity in relation to this investment.

As at 31st March	Group		Company	
	2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000
<b>16. INVENTORIES</b>				
Input Materials	88,551	77,260	87,370	76,045
Growing Crop Nurseries	4,064	4,325	4,064	4,325
Produce Stock (Tea and Rubber)	437,975	276,172	437,975	276,172
Spares and Consumables	94,137	86,142	34,442	52,167
	624,727	443,899	563,851	408,709
Provision for Obsolete Inventories ( Note 16.1)	(17,662)	(17,662)	(17,662)	(17,662)
	607,065	426,237	546,189	391,047
<b>16.1 Provision for Obsolete Inventories</b>				
Balance as at 1st April	17,662	3,008	17,662	3,008
Charge for the year	-	14,654	-	14,654
Balance as at 31st March	17,662	17,662	17,662	17,662

As at 31st March	Group		Company	
	2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000
<b>17. TRADE &amp; OTHER RECEIVABLES</b>				
Trade Receivables	83,848	115,082	83,513	90,465
<i>Other Receivables</i>				
Advances, Deposits, Prepayments & Other Receivables	171,984	199,319	169,827	201,112
Employee Advances	76,242	72,349	76,242	72,349
	332,074	386,750	329,582	363,926
Less : Provision for other receivables (Note 17.1)	(18,115)	(15,687)	(18,115)	(15,687)
	313,959	371,063	311,467	348,239
<b>17.1 Provision for other receivables</b>				
Balance as at 1st April	(15,687)	(4,685)	(15,687)	(4,685)
Charge during the year	(2,428)	(11,002)	(2,428)	(11,002)
Balance as at 31st March	(18,115)	(15,687)	(18,115)	(15,687)

# Notes to the Financial Statements

- 17.2** Advances, Deposits, Prepayments & Other Receivables consists of receivable from Urban Development Authority (UDA) related to Millewa Estate amounting to Rs. 134.9 Mn.

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. There after, the Kotagala Plantations PLC have, lodged a rightful compensation claim amounting to Rs. 660 Mn from 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

## 18. FAIR VALUE GAIN ON GROWING PRODUCE ON BEARER BIOLOGICAL ASSETS

	Group		Company	
	2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000
Balances as at 1st April	15,463	20,014	15,463	20,014
Change in fair value less cost to sell	1,128	(4,551)	1,128	(4,551)
<b>As at 31st March</b>	<b>16,591</b>	<b>15,463</b>	<b>16,591</b>	<b>15,463</b>

As at 31st March	Group		Company	
	2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000

## 19. AMOUNTS DUE FROM RELATED PARTIES

		2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000
Lankem Tea & Rubber Plantations (Private) Limited	Affiliate	-	694	-	694
Agarapatana Plantations PLC	Affiliate	-	4,460	-	4,460
Horton Plains Resorts & Spa Limited	Affiliate	107	107	107	107
Colombo Fort Group Services(CFGS) (Pvt) Ltd	Affiliate	-	720	-	720
Marawila Resorts PLC	Affiliate	320	320	320	320
Far Eastern Exports ( Colombo ) Ltd	Affiliate	415	404	415	404
Lanka Agro Plantations Pte Ltd	Subsidiary	-	-	122	122
Union Commodities (Pvt) Ltd	Associate	-	6,814	-	6,692
Lankem Plantations Services Ltd	Affiliate	37	26	37	26
		879	13,545	1,001	13,545
Less - Provision for impairment of amounts due from related parties (Note 19.1)		-	(5,052)	-	(5,052)
		879	8,493	1,001	8,493

As at 31st March	Group		Company	
	2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000
<b>19.1 Provision for Impairment of amounts Due from Related Parties</b>				
Balance as at 1st April	(5,052)	(9,305)	(5,052)	(7,390)
Reversal during the year	5,052	4,253	5,052	2,338
Balance as at 31st March	-	(5,052)	-	(5,052)

As at 31st March	Group		Company	
	2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000
<b>20. CASH AND CASH EQUIVALENTS</b>				
Cash in hand	81	69	50	24
Cash at bank	147,834	104,307	146,947	94,413
Total cash & cash equivalents	147,915	104,376	146,997	94,437
Overdraft	(46,341)	(49,534)	(46,341)	(49,534)
Cash & cash equivalent for cash flow purposes	101,574	54,842	100,656	44,903

**20.1 Bank Overdraft**

Bank	:	<b>Seylan Bank PLC</b>
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 in Sorana Estates.

As at 31st March	2025 Rs.	2024 Rs.
<b>21. STATED CAPITAL</b>		
Issued and Fully Paid		
338,512,500 Ordinary Shares	1,571,362,500	1,571,362,500
01 Golden Share (Note 21.1)	10	10
	1,571,362,510	1,571,362,510

	No. of Shares 2025	No. of Shares 2024
Balance Ordinary Shares at the beginning of the year	338,512,500	338,512,500
Golden Share as at the beginning of the year	1	1
Balance shares at the end of the year	338,512,501	338,512,501

# Notes to the Financial Statements

## 21.1 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

## 21.2 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	
	2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000
Balance as at 1st April	240,000	240,000	240,000	240,000
Transferred to Retained earnings	(240,000)	-	(240,000)	-
Balance as at 31st March	-	240,000	-	240,000

The Board of Directors has approved the transfer of General Reserves to retained earnings during the year 2024/25.

### 21.3 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 historical rate.

As at 31st March	Group		Company	
	2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000
Balance as at 1st April	(11,389)	(11,540)	-	-
Translation differences arising on Foreign operations	28	151	-	-
Balance as at 31st March	(11,361)	(11,389)	-	-

### 21.4 Fair Value Through Other Comprehensive Income Reserve

Fair Value Through Other Comprehensive Income Reserve represents the change in fair value of Investment in Agarapatana Plantations PLC and Investment in unit trust.

As at 31st March	Group		Company	
	2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000
Balance as at 1st April	96,200	65,480	99,114	68,394
Share of other comprehensive income of equity accounted investees	-	-	-	-
Fair value through OCI Investments - Net Change in Fair Value	-	30,720	-	30,720
Transferred to Retained earnings	(96,200)	-	(99,114)	-
Balance as at 31st March	-	96,200	-	99,114

### 21.5 Revaluation Reserve

The revaluation reserve relates to leasehold and freehold buildings which have been revalued by the Company.

As at 31st March	Group		Company	
	2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000
Balance as at 1st April	506,903	506,903	459,656	459,656
Revaluation Gain during the year	684,959	-	569,865	-
Deferred tax impact on revaluation gain during the year	(170,959)	-	(170,959)	-
Balance as at 31st March	1,020,903	506,903	858,562	459,656

# Notes to the Financial Statements

## 22. DEFERRED INCOME

### Grants and Subsidies

#### Group/ Company

As at 31st March	ADB-PRP Rs.`000	PDSP Rs.`000	PHDT Rs.`000	Others Rs.`000	2025 Rs.`000	2024 Rs.`000
As at 1st April	26,446	120,682	6,166	155,651	308,945	316,081
Received during the year	-	-	-	9,263	9,263	7,563
Amortisation for the year	(1,175)	(5,731)	(433)	(7,990)	(15,329)	(14,699)
As at 31st March	25,271	114,951	5,733	156,924	302,879	308,945

(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) Sri Lanka Tea Board

Funds received are utilised for the construction of the CTC Tea Factory at Mount Vernon Estate.

c) Sri Lanka Tea Board

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

		Group		Company	
		2025 Rs.000	2024 Rs.000 (Restated)	2025 Rs.000	2024 Rs.000 (Restated)
<b>23. INTEREST BEARING BORROWINGS</b>					
<b>23.1 Payable after one year</b>					
Debtentures	23.3	83,252	185,136	83,252	185,136
Term Loans	23.4	366,211	900,089	366,211	900,089
		449,463	1,085,225	449,463	1,085,225
<b>23.2 Payable within one year</b>					
Debtentures	23.3	101,915	73,996	101,915	73,996
Term Loans	23.4	661,917	386,943	661,917	386,943
		763,832	460,939	763,832	460,939
Total		1,213,295	1,546,164	1,213,295	1,546,164

**23.3 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	
								2025 Rs'000	2024 Rs'000
C	2014	2020	From 2020 to 2025	Unlisted	Rs.250Mn	Monthly	7.50%	101,708	134,039
D1-D6	2014	2021	From 2021 to 2026	Listed	Rs.250Mn	Monthly	7.50%	83,459	125,093
								185,167	259,132

**23.3.1 Trading at Colombo Stock Exchange**

Debenture Type	Highest Value (Rs.)	Lowest Value (Rs.)	Last Traded Value (Rs.)
Type	Value (Rs.)	Value (Rs.)	Value (Rs.)
C	Not Traded	Not Traded	Not Traded
D1-D6	Not Traded	Not Traded	Not Traded

**23.3.2 Comparable Interest Rate on Government Securities**

1 year	- 8.25%
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**23.3.3 The Rating of listed debentures - C (lka) by Fitch Rating**

# Notes to the Financial Statements

## 23.4 Group / Company

Term Loans	NDB Rs`000	Sampath Bank Rs`000	Peoples Bank Rs`000	Standard Chartered Rs`000	Seylan Bank Rs`000	CTB Rs`000	F & W Rs`000	John Keels Rs`000	Amana Bank Rs`000	BOC Rs`000	Total 31.03.2025 Rs`000	Total 31.03.2024 Rs`000 (Restated)
At the beginning of the year	177,879	96,900	236,250	242,000	16,000	-	8,000	-	230,000	280,000	1,287,030	963,505
Add: Loans Obtained during the year	-	-	-	-	-	20,000	25,000	35,000	-	-	80,000	731,207
Overdraft movement	-	-	-	-	-	-	-	-	-	-	-	1,999
Exchange (Gain) /loss	(62)	-	-	-	-	-	-	-	-	-	(62)	(10,836)
Capitalized interest	44,039	-	-	-	-	-	-	-	-	-	44,039	65,879
Less: Repayments made during the year	(30,879)	(83,400)	(9,600)	(48,000)	(16,000)	(12,000)	(83,000)	(35,000)	(115,000)	-	(382,879)	(464,724)
At the end of the year	190,977	13,500	226,651	194,000	-	8,000	-	-	115,000	280,000	1,028,128	1,287,030
Less: Payable within one year	(30,997)	(13,500)	(20,420)	(194,000)	-	(8,000)	-	-	(115,000)	(280,000)	(661,917)	(386,943)
Payable after one year	159,981	-	206,230	-	-	-	-	-	-	-	366,211	900,089

## 23.4.1 Term Loans

Bank	Amount Obtained Rs.'000	Balance 31.03.2025 Rs.'000	Balance 31.03.2024 Rs.'000	Rate of Interest %	Terms of Repayment	Securities Pledged
<b>a) NDB</b>						
<b>Term Loan</b>						
Tranch 01	500,000	18,609	21,948	AWPR + 5% if delayed AWPR+ 8%	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		18,609	21,948			
Tranch 03		18,609	21,948			
Accrued interest		44,039				
<b>USD Loan</b>						
Tranch 01	204,470	30,371	37,346	LIBOR + 8% if delayed LIBOR+ 11%	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		30,371	37,346			
Tranch 03		30,370	37,346			
<b>Total</b>	<b>704,470</b>	<b>190,977</b>	<b>177,879</b>			
<b>b) Sampath Bank</b>						
Term Loan	500,000	13,500	96,902	AWPLR 3.5%	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.
<b>Total</b>	<b>550,000</b>	<b>13,500</b>	<b>96,900</b>			
<b>c) Peoples Bank</b>						
Term Loan	250,000	226,651	236,250	AWPLR 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 07th Year - Rs.2,958,000 per month Last repayment - 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 provice.
<b>Total</b>	<b>250,000</b>	<b>226,651</b>	<b>236,250</b>			

# Notes to the Financial Statements

Bank	Amount Obtained Rs.'000	Balance 31.03.2025 Rs.'000	Balance 31.03.2024 Rs.'000	Rate of Interest %	Terms of Repayment	Securities Pledged
<b>d) Standard Chartered Bank</b>						
Term Loan	300,000	194,000	242,000	AWPR	Payable within 60 instalments	Primary Mortgage Bond over leasehold rights of Hedigalle and Eduragala Estates together with factory building therein.
<b>Total</b>	300,000	194,000	242,000			
<b>e) Ceylon Tea Brokers PLC</b>						
Term Loan	-	8,000	-	16%	Payable within 3 months	Tea stocks
<b>Total</b>	-	8,000	-			
<b>f) Forbes &amp; Walker Ltd</b>						
Term Loan	26,521	-	8,000	28% - 19%	Payable within 3 months	Tea/Rubber stock
<b>Total</b>	26,521	-	8,000			
<b>j) Seylan Bank Loan</b>						
Term Loan	84,500	-	16,000	16%	Repayable within 72 months with following installements 12 installement of Rs.400,000 + Interest 12 installement of Rs.600,000 + Interest 12 installement of Rs.1,000,000 + Interest 12 installement of Rs.1,500,000 + Interest 12 installement of Rs.2,250,000 + Interest 11 installement of Rs.2,500,000 + Interest and final installement of Rs. 3,500,000	Primary mortgage over lease hold rights of Yullifiend and Sorana estates
<b>Total</b>	84,500	-	16,000			
<b>k) Amana Bank Loan</b>						
Term Loan	230,000	115,000	230,000		Payable within 12 months	Primary Mortgage Bond over leasehold rights of Padukka Estate and Corporate Guarantee of Lankem Ceylon PLC
<b>Total</b>	230,000	115,000	230,000			

Bank	Amount Obtained Rs.'000	Balance 31.03.2025 Rs.'000	Balance 31.03.2024 Rs.'000	Rate of Interest %	Terms of Repayment	Securities Pledged
<b>i) Bank of Ceylon</b>	280,000	280,000	280,000		Payable within 24 months	Assignment over 23,000,000 ordinary shares of Lankem developments PLC owned by Consolidated Tea Plantation Ltd. valued at Rs.25.10 per share (current market price) and Corporate Guarantee of Consolidated Tea plantation Ltd
<b>Total</b>	280,000	280,000	280,000			
<b>Grand Total</b>	2,375,491	1,028,128	1,287,030			

The Company has not breached any loan covenants during the year.

As at 31st March	Group		Company	
	2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
<b>24. RETIREMENT BENEFIT OBLIGATIONS</b>				
Balance at the beginning of the year	821,260	598,546	820,752	597,732
Provision made during the year (Note 24.1)	608,157	312,586	608,099	312,244
	1,429,417	911,132	1,428,851	909,976
Payments made during the year	(321,746)	(89,872)	(321,746)	(89,224)
Balance at the end of the year	1,107,671	821,260	1,107,105	820,752
<b>24.1</b> Provision for the year consists of the following				
<b>Recognized in Profit &amp; Loss</b>				
Interest cost	98,548	110,920	98,490	110,578
Current service cost	69,871	32,500	69,871	32,500
<b>Recognized in Other Comprehensive Income</b>				
Actuarial (Gain)/Loss	439,738	169,166	439,738	169,166
	608,157	312,586	608,099	312,244

The actuarial valuation had been carried out by M/S Actuarial & Management Consultants (Pvt) Ltd. of the Company as at 31st March 2025.

The Key assumptions used by the Actuary include the following,

# Notes to the Financial Statements

	2025 Rs.'000	2024 Rs.'000
1 Rate of Interest		
A long-term treasury bond rate 11% p.a (2024 - 12%) was used to discount future liabilities taking into consideration the remaining working life of employees.	11%	12%
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 Actuarial was used to estimate the gratuity liability of the Company.

Weighted average duration of Defined Benefit Obligation

Staff 8.3 years

Workers 8.7 years

## 24.2 Maturity profile of defined benefit obligation

Future working life Time	Defined benefit obligation (Rs.)		Total
	Staff Rs.000	Workers Rs.000	Rs.000
Within the next 12 Months	12,180	114,936	127,116
Between 2- 5 years	44,009	220,270	264,279
Beyond 5 years	75,251	640,459	715,710
Total	131,440	975,665	1,107,105

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 2025 is given below.

Discount Rate	Salary escalation rate	Present value of defined benefit obligation (Rs.)	
		Staff Rs.000	Workers Rs.000
One percentage point increase	As stated above	122,124	903,610
One percentage point decrease	As stated above	142,072	1,057,671
As stated above	One percentage point increase	139,687	1,062,091
As stated above	One percentage point decrease	123,899	898,592

As at 31st March	Group		Company	
	2025 Rs`000	2024 Rs`000	2025 Rs`000	2024 Rs`000
<b>25. NET OBLIGATION TO LESSOR (JEDB/SLSPC ESTATES)</b>				
At the beginning of the year	1,060,924	725,831	1,060,924	725,831
Remeasurement of Right-of-Use Asset	185,299	342,097	185,299	342,097
	1,246,223	1,067,928	1,246,223	1,067,928
Interest Charge for the year	170,179	139,013	170,179	139,013
Lease payments made during the year	(179,935)	(146,017)	(179,935)	(146,017)
<b>Net Lease Obligation</b>	<b>1,236,467</b>	<b>1,060,924</b>	<b>1,236,467</b>	<b>1,060,924</b>
<b>Payable within one year</b>				
Gross Lease Obligation	186,893	159,058	186,893	159,058
Less: Finance cost applicable for future periods	(175,264)	(150,452)	(175,264)	(150,452)
<b>Net Lease Obligation</b>	<b>11,629</b>	<b>8,606</b>	<b>11,629</b>	<b>8,606</b>
<b>Payable within two to five years</b>				
Gross Lease Obligation	373,786	477,175	373,786	477,175
Less: Finance cost applicable for future periods	(345,032)	(442,806)	(345,032)	(442,806)
<b>Net Lease Obligation</b>	<b>28,754</b>	<b>34,369</b>	<b>28,754</b>	<b>34,369</b>
<b>Payable after five years</b>				
Gross Lease Obligation	3,223,903	2,743,758	3,223,903	2,743,758
Less: Finance cost applicable for future periods	(2,027,817)	(1,725,809)	(2,027,817)	(1,725,809)
<b>Net Lease Obligation</b>	<b>1,196,086</b>	<b>1,017,949</b>	<b>1,196,086</b>	<b>1,017,949</b>
Net lease obligations payable after one year	1,224,838	1,052,318	1,224,838	1,052,318
<b>Amount recognised in Profit or Loss</b>				
Interest on lease liabilities	170,179	139,013	170,179	139,013
Depreciation charged for Right of Use Assets	50,573	40,068	50,573	40,068
	220,752	179,081	220,752	179,081
<b>Amount recognised in Statement of Cash Flows</b>				
Total cash outflow for leases (Including rental arrears payment)	179,935	514,571	179,935	514,571
<b>Maturity analysis of contractual undiscounted cash flows</b>				
Within One Year	186,893	159,058	186,893	159,058
2-5 years	373,786	477,175	373,786	477,175
More than 5 years	3,223,903	2,743,759	3,223,903	2,743,759
Total undiscounted lease liabilities	3,784,582	3,379,992	3,784,582	3,379,992

# Notes to the Financial Statements

As at 31st March	Group		Company	
	2025	2024	2025	2024
	Rs`000	Rs`000	Rs`000	Rs`000
<b>26. DEFERRED TAXATION</b>				
Balance at the beginning of the year	1,460,892	1,053,074	1,460,892	1,053,074
Charged in the profit & loss under income tax	234,000	458,568	234,000	458,568
Charged in the other comprehensive income	39,038	(50,750)	39,038	(50,750)
Balance at the end of the year	1,733,930	1,460,892	1,733,930	1,460,892

**26.1** The average tax rate used to calculate deferred tax liability/asset as at 31st March 2025 is 30% (31st March 2024 - 30%).

**26.2** The closing deferred tax liability arises as follows,

As at 31st March	2025		2024	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs`000	Rs`000	Rs`000	Rs`000
Temporary differences on;				
Property plant and equipment (Excluding Revaluation gain on buildings)	361,799	108,540	337,322	101,197
Revaluation gain on buildings	1,261,078	378,323	691,213	207,364
Consumable biological assets	2,353,723	706,117	2,160,243	648,073
Bearer Biological Assets	3,096,083	928,825	3,144,174	943,252
Lease hold right on bare land of JEDB/SLSPC	1,068,774	320,633	934,048	280,214
Net Obligation to Lessor JEDB/SLSPC	(1,236,467)	(370,941)	(1,060,923)	(318,276)
Provision for impairment of other receivables	(18,115)	(5,435)	(15,687)	(4,706)
Retirement benefit obligation	(1,107,105)	(332,132)	(820,752)	(246,226)
Carried Forward Tax Losses	-	-	(500,000)	(150,000)
	5,779,769	1,733,930	4,869,637	1,460,892

### 26.3 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 foreseeable future.

As at 31st March 2025,	Group		Company	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs. `000	Rs. `000	Rs. `000	Rs. `000
Retirement Benefit Obligation	566	170	-	-

As at 31st March 2024,	Group		Company	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs. `000	Rs. `000	Rs. `000	Rs. `000
Tax loss carried forward	3,521,635	1,056,490	3,520,867	1,056,260
Provision for impairment of amounts due from related parties	5,052	1,516	5,052	1,516
Retirement Benefit Obligation	508	152	-	-

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.

As at 31st March	Group		Company	
	2025	2024	2025	2024
	Rs `000	Rs `000 (Restated)	Rs `000	Rs `000 (Restated)

### 27. TRADE & OTHER PAYABLES

Trade Payables	228,253	235,593	218,944	199,362
Other Payables (Note 27.1)	794,582	795,332	791,807	788,940
Payable to Employees	116,121	100,509	116,121	100,508
	1,138,956	1,131,434	1,126,872	1,088,810

#### 27.1 Other Payables

Government Departments and Statutory Bodies	136,820	170,953	136,820	170,953
Refundable Deposits Received	42,263	25,108	42,263	25,095
Others including Provisions and Accrued Charges	615,499	599,271	612,724	592,892
	794,582	795,332	791,807	788,940

# Notes to the Financial Statements

As at 31st March	Relationship	Group		Company	
		2025 Rs`000	2024 Rs`000	2025 Rs`000	2024 Rs`000
<b>28. AMOUNTS DUE TO RELATED PARTIES</b>					
Colombo Fort Land and Building PLC	Ultimate Parent Co.	507	2,082	507	2,082
Ceylon Tea Brokers PLC	Affiliate Co.	-	103,669	-	103,669
Lankem Ceylon PLC	Affiliate Co.	15,781	6,368	15,781	6,368
Agarapatana Plantations PLC	Associate	208,047	124,174	89,068	-
Rubber & Allied Products (Colombo) Ltd	Subsidiary	-	-	66,144	99,894
E B Creasy & Co. PLC	Affiliate Co.	41,020	26,020	41,020	26,020
Consolidated Tea Plantation Ltd	Affiliate Co.	83,852	73,126	83,852	73,126
		349,207	335,439	296,372	311,159

## 29. COMMITMENTS

There were no material commitments as at the Reporting date.

## 30. CONTINGENT LIABILITIES

There were no material contingent liabilities outstanding as at the Reporting date which require adjustments or disclosure to the Financial Statements.

## 31. 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 Statement, other than those disclosed below:

### Rights Issue of Shares

The Company on 23rd May, 2025 announced a Rights Issue of Eighty Four Million Six Hundred and Twenty Eight Thousand One Hundred and Twenty Five (84,628,125) Ordinary Shares at a price of Rs. 9.00 per share in the proportion of One (01) new Ordinary Share for every Four (04) existing issued Ordinary Shares held subject to approval by the Shareholders.

An application having been made to the Colombo Stock Exchange, the Company is in the process of obtaining approval for the issue and listing of the said shares.

### 32. 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		Balance as at 31 March		
				2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000	
1)	<b>Transactions with Ultimate Parent Company</b>	S D R Arudparagaam	Office Rental	(9,986)	(10,591)			
		A M De S Jayaratne (Deceased - 10.07.2025)	Settlement of Office Rental and Expenses	11,560	10,591			
		C P R Perera						
		The Colombo Fort Land & Building PLC	Anushman Rajaratnam P M A Sirimane K G Punchihewa (Appointed w.e.f. 20.02.2025) S B Perera (Appointed w.e.f. 20.02.2025)			(507)	(2,082)	
2)	<b>Transactions with Intermediate Parent Company</b>	S D R Arudparagaam	Reimbursement of operational expenses	(15,000)	(15,000)			
		Anushman Rajaratnam	Commission on Corporate Guarantee Settlement	(5,663)	(3,382)			
		P M A Sirimane (Resigned w.e.f 31/12/2024)		11,250	-			
		Lankem Ceylon PLC	K G Punchihewa (Appointed w.e.f. 31.12.2024) S B Perera (Appointed w.e.f. 31.12.2024) G K B Dasanayaka (Resigned w.e.f. 31.12.2024)			(15,781)	(6,368)	
3)	<b>Transactions with Other Related Companies</b>	S D R Arudpragasam	Investment disposal proceeds	(694)	-			
		C P R Perera						
		S S Poholiyadde						
		Anushman Rajaratnam						
		a. Lankem Tea & Rubber Plantations (Pvt) Limited	P M A Sirimane K Mohideen A M De S Jayaratne (Deceased - 10.07.2025) G K B Dasanayaka			-	694	
		b. Agarapatana Plantations PLC	S D R Arudpragasam	Loan obtained	(70,200)	(100,000)		
		C P R Perera (Resigned w.e.f 31/12/2024)	Loan Settlements	-	100,000			
		S S Poholiyadde	Interest charged	(9,886)	(16,038)			
		Anushman Rajaratnam	Interest settled	-	16,038			
	Advance Received	(13,442)	(4,145)					
	A M De S Jayaratne (Resigned w.e.f. 31.12.2024) (Deceased - 10.07.2025) K G Punchihewa (Appointed w.e.f. 01.11.2024) S B Perera (Appointed w.e.f. 31.12.2024) K Mohideen G K B Dasanayaka (Resigned w.e.f. 31.12.2024) P M A Sirimane (Resigned w.e.f. 31.12.2024)			(89,068)	4,460			

# Notes to the Financial Statements

No	Related Party	Name of Director	Details of Transaction	Amount (paid)/ received		Balance as at 31 March	
				2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000
c.	Lankem Plantation Services Limited	S D R Arudpragasam	Advance given	11	4	37	26
d.	Ceylon Tea Brokers PLC	C P R Perera	Interest charged	(16,999)	(33,471)		
			Loan Granted	(20,000)	(211,000)		
			Advance Taken	(626,922)	(973,229)		
			Settlement of Loan	6,500	211,000		
			Sale of Tea	699,037	966,974		
			Transferred to trade & other payables	62,053	-		(103,669)
e.	Lanka Agro Plantations Pte Ltd	Anushman Rajaratnam		-	-	122	122
f.	Rubber & Allied Products (Colombo) Limited	S D R Arudpragasam	Sale of Rubber	43,934	76,933		
		Anushman Rajaratnam	Rubber Sale Proceed	-	(75,165)		
		C P R Perera	Advance taken	-	(29,175)		
		S S Poholiyadde	Settlement of advance	-	4,500		
		P M A Sirimane	Loan given	-	(100,000)		
		K Mohideen	Advance given	3,800			
		A M De S Jayaratne (Deceased - 10.07.2025)	Interest charged on loans	(13,984)	(9,570)		
						(66,144)	(99,894)
g.	Far Eastern Exports (Colombo) Limited	S D R Arudpragasam	Advance given	11	11		
		Anushman Rajaratnam				415	404
h.	Horton Plains Resorts & Spa Limited	Anushman Rajaratnam		-	-	107	107
i.	Union Commodities (Pvt) Ltd	S D R Arudpragasam	Loan given	-	(50,000)		
		Anushman Rajaratnam	Interest charged on loans	-	3,378		
		S S Poholiyadde	Settlement	(6,692)	-		
		K Mohideen					
		P M A Sirimane					
		A M de S Jayaratne (Deceased - 10.07.2025)				-	6,692
j.	Colombo Fort Group Services (Pvt)Ltd	S D R Arudpragasam	IT Consultancy Fee	(9,709)	(4,275)		
		Anushman Rajaratnam	Settlement	8,482	3,655		
		P M A Sirimane				-	720
k.	E B Creasy & Company PLC	S D R Arudpragasam	Settlement		3,750		
		P M A Sirimane (Resigned w.e.f 31/12/2024)	Reimbursement of operational expenses	(15,000)	(15,000)		
		A M De S Jayaratne (Resigned w.e.f. 31.12.2024) (Deceased - 10.07.2025)					
		K G Punchihewa (Appointed w.e.f. 01.01.2025)					
		S B Perera (Appointed w.e.f. 01.01.2025)				(41,020)	(26,020)

No	Related Party	Name of Director	Details of Transaction	Amount (paid)/ received		Balance as at 31 March	
				2025 Rs.000	2024 Rs.000	2025 Rs.000	2024 Rs.000
I.	Marawila Resorts PLC	S D R Arudpragasam Anushman Rajaratnam S B Perera (Appointed w.e.f..31.12.2024) C P R Perera (Resigned w.e.f. 31.12.2024)				320	320
m.	Consolidated Tea Plantations Ltd	S D R Arudpragasam C P R Perera S S Poholiyadde Anushman Rajaratnam A M De S Jayaratne (Deceased - 10.07.2025) K G Punchihewa (Appointed w.e.f. 03.02.2025) S B Perera (Appointed w.e.f. 03.02.2025) K Mohideen P M A Sirimane	Loan given Loan settlement Interest charged on loan	- - (10,726)	(100,000) 35,000 (8,126)		(83,852) (73,126)

Mr. C.P.R. Perera, Mr. A.M.de.S. Jayaratne, Mr. P.M.A. Sirimane and Mr. G.K.B. Dasanayaka resigned from the Board of Kotagala Plantations PLC with effect from 31st December 2024.

Mr. K.G. Punchihewa and Mr. S.B. Perera were appointed to the Board of Kotagala Plantations PLC with effect from 1st November 2024 and 31st December 2024 respectively.

#### 4) Non Recurrent Related Party Transactions

There were no non-recurrent related party transactions the value of which exceeded 10% of the Equity or 5% of the Total Assets of the Group.

#### 5) Transactions with Key Managerial Personnel

According to the 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

As at 31st March	Group	
	2025 Rs'000	2024 Rs'000
Short Term Employee Benefits paid to Key management Personnel	18,000	17,819

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 28 & 19 to the Financial Statements.

# Notes to the Financial Statements

## 33. COMPARATIVE INFORMATION

Comparative information is restated or reclassified wherever necessary to conform with the current year's classification in order to provide better presentation.

### 33.1 Restatement of prior period error

The Group and the Company have erroneously recognized the restructured bank loan in the year ended 31st March 2023. As per SLFRS 9 - Financial Instruments, this restructure should have been identified as a significant modification of financial liabilities and the fair value of the bank loan should have been recorded at the restructure date of 31st Oct 2022. As a result of correction of this error, the modification gain of Rs.458 Mn and unrecorded interest balance of Rs.40 Mn in relation to the restructured bank loan have been recorded in the opening accumulated losses as at 1st April 2023. Additionally, a carried forward receivable balance of Rs.111 Mn in relation to the same loan, recorded under other payables was charged to the opening accumulated losses as at 1st April 2023.

In the year 2023/24, a payable balance of Rs.4 Mn recorded under other payable was reclassified loans and borrowings loan under Interest Bearing Borrowings.

There is no material impact from the restatement to the statement of Profit or Loss and other comprehensive income; and statement of cashflows of the Group and Company for the year ended 31st March 2024.

These errors have now been corrected by restating each off the affected financial statement line items for the prior period. The following tables summarize the impacts on the Group and Company's financial statements.

1st April 2023	Group			Company		
	As Previously Reported	Adjustments	As Restated	As Previously Reported	Adjustments	As Restated
	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000
<b>ASSETS</b>						
Non Current Assets						
Leasehold Right to Bare Land of JEDB/SLSPC Estates	632,019	-	632,019	632,019	-	632,019
Immovable Leased Assets of JEDB/SLSPC Estates (Other than Bare Land)	6,174	-	6,174	6,174	-	6,174
Tangible Assets (Other than Mature/Immature Plantations)	1,207,030	-	1,207,030	1,206,782	-	1,206,782
Biological Assets	5,028,865	-	5,028,865	5,028,865	-	5,028,865
Investment in Subsidiary	-	-	-	27,485	-	27,485
Investment in Associates	97,832	-	97,832	91,442	-	91,442
Fair value through OCI Investments	122,881	-	122,881	122,881	-	122,881
<b>Total Non Current Assets</b>	<b>7,094,801</b>	<b>-</b>	<b>7,094,801</b>	<b>7,115,648</b>	<b>-</b>	<b>7,115,648</b>
<b>Current Assets</b>						
Inventories	527,168	-	527,168	508,369	-	508,369
Trade & Other Receivables	420,065	-	420,065	400,259	-	400,259
Fair value gain on growing produce of bearer Biological assets	20,014	-	20,014	20,014	-	20,014
Amounts Due from Related Parties	67,624	-	67,624	102,122	-	102,122
Cash and Cash Equivalents	156,512	-	156,512	148,684	-	148,684
<b>Total Current Assets</b>	<b>1,191,383</b>	<b>-</b>	<b>1,191,383</b>	<b>1,179,448</b>	<b>-</b>	<b>1,179,448</b>
<b>Total Assets</b>	<b>8,286,184</b>	<b>-</b>	<b>8,286,184</b>	<b>8,295,096</b>	<b>-</b>	<b>8,295,096</b>

1st April 2023	Group			Company		
	As Previously Reported	Adjustments	As Restated	As Previously Reported	Adjustments	As Restated
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and Reserves</b>						
Stated Capital	1,571,362	-	1,571,362	1,571,362	-	1,571,362
General Reserve	240,000	-	240,000	240,000	-	240,000
Foreign currency Translation Reserve	(11,540)	-	(11,540)	-	-	-
Fair value through Other Comprehensive Income Reserve	65,480	-	65,480	68,394	-	68,394
Revaluation Reserve	506,903	-	506,903	459,656	-	459,656
Accumulated Losses	(572,622)	306,325	(266,297)	(523,172)	306,325	(216,847)
<b>Total Equity</b>	<b>1,799,583</b>	<b>306,325</b>	<b>2,105,908</b>	<b>1,816,240</b>	<b>306,325</b>	<b>2,122,565</b>
<b>Non Current Liabilities</b>						
Interest Bearing Borrowings	1,392,787	(380,752)	1,012,035	1,392,787	(380,752)	1,012,035
Retirement Benefit Obligations	598,546	-	598,546	597,732	-	597,732
Deferred Income	316,081	-	316,081	316,081	-	316,081
Net Obligation to Lessor of JEDB/SLSPC	720,953	-	720,953	720,953	-	720,953
Deferred Taxation	1,053,074	-	1,053,074	1,053,074	-	1,053,074
<b>Total Non Current Liabilities</b>	<b>4,081,441</b>	<b>(380,752)</b>	<b>3,700,689</b>	<b>4,080,627</b>	<b>(380,752)</b>	<b>3,699,875</b>
<b>Current Liabilities</b>						
Interest Bearing Borrowings	321,941	(37,341)	284,600	321,941	(37,341)	284,600
Net Obligation to Lessor of JEDB/SLSPC	4,878	-	4,878	4,878	-	4,878
Income tax payable	7,664	-	7,664	7,664	-	7,664
Trade & Other Payables	1,903,500	111,768	2,015,268	1,896,569	111,768	2,008,337
Amounts Due to Related Parties	80,795	-	80,795	80,795	-	80,795
Bank Overdraft	86,382	-	86,382	86,382	-	86,382
<b>Total Current Liabilities</b>	<b>2,405,160</b>	<b>74,427</b>	<b>2,479,587</b>	<b>2,398,229</b>	<b>74,427</b>	<b>2,472,656</b>
<b>Total Liabilities</b>	<b>6,486,601</b>	<b>(306,325)</b>	<b>6,180,276</b>	<b>6,478,856</b>	<b>(306,325)</b>	<b>6,172,531</b>
<b>Total Equity and Liabilities</b>	<b>8,286,184</b>	<b>-</b>	<b>8,286,184</b>	<b>8,295,096</b>	<b>-</b>	<b>8,295,096</b>

# Notes to the Financial Statements

31st March 2024	Group			Company		
	As Previously Reported	Adjustments	As Restated	As Previously Reported	Adjustments	As Restated
	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000
<b>ASSETS</b>						
<b>Non Current Assets</b>						
Leasehold Right to Bare Land of JEDB/SLSPC Estates	934,048	-	934,048	934,048	-	934,048
Immovable Leased Assets of JEDB/SLSPC Estates (Other than Bare Land)	653	-	653	653	-	653
Tangible Assets (Other than Mature/Immature Plantations)	1,186,009	-	1,186,009	1,185,874	-	1,185,874
Biological Assets	5,304,417	-	5,304,417	5,304,417	-	5,304,417
Investment in Subsidiary	-	-	-	20,169	-	20,169
Investment in Associates	101,668	-	101,668	91,442	-	91,442
Fair value through OCI Investments	153,601	-	153,601	153,601	-	153,601
<b>Total Non Current Assets</b>	<b>7,680,396</b>	<b>-</b>	<b>7,680,396</b>	<b>7,690,204</b>	<b>-</b>	<b>7,690,204</b>
<b>Current Assets</b>						
Inventories	426,237	-	426,237	391,047	-	391,047
Trade & Other Receivables	371,063	-	371,063	348,239	-	348,239
Fair value gain on growing produce of bearer Biological assets	15,463	-	15,463	15,463	-	15,463
Amounts Due from Related Parties	8,493	-	8,493	8,493	-	8,493
Cash and Cash Equivalents	104,376	-	104,376	94,437	-	94,437
<b>Total Current Assets</b>	<b>925,632</b>	<b>-</b>	<b>925,632</b>	<b>857,679</b>	<b>-</b>	<b>857,679</b>
<b>Total Assets</b>	<b>8,606,028</b>	<b>-</b>	<b>8,606,028</b>	<b>8,547,883</b>	<b>-</b>	<b>8,547,883</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and Reserves</b>						
Stated Capital	1,571,362	-	1,571,362	1,571,362	-	1,571,362
General Reserve	240,000	-	240,000	240,000	-	240,000
Foreign currency Translation Reserve	(11,389)	-	(11,389)	-	-	-
Fair value through Other Comprehensive Income Reserve	96,200	-	96,200	99,114	-	99,114
Revaluation Reserve	506,903	-	506,903	459,656	-	459,656
Accumulated Losses	(817,965)	306,325	(511,640)	(775,754)	306,325	(469,429)
<b>Total Equity</b>	<b>1,585,111</b>	<b>306,325</b>	<b>1,891,436</b>	<b>1,594,378</b>	<b>306,325</b>	<b>1,900,703</b>

31st March 2024	Group			Company		
	As Previously Reported	Adjustments	As Restated	As Previously Reported	Adjustments	As Restated
	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000	Rs`000
<b>Non Current Liabilities</b>						
Interest Bearing Borrowings	1,461,510	(376,285)	1,085,225	1,461,510	(376,285)	1,085,225
Retirement Benefit Obligations	821,260	-	821,260	820,752	-	820,752
Deferred Income	308,945	-	308,945	308,945	-	308,945
Net Obligation to Lessor of JEDB/SLSPC	1,052,318	-	1,052,318	1,052,318	-	1,052,318
Deferred Taxation	1,460,892	-	1,460,892	1,460,892	-	1,460,892
<b>Total Non Current Liabilities</b>	<b>5,104,925</b>	<b>(376,285)</b>	<b>4,728,640</b>	<b>5,104,417</b>	<b>(376,285)</b>	<b>4,728,132</b>
<b>Current Liabilities</b>						
Interest Bearing Borrowings	498,280	(37,341)	460,939	498,280	(37,341)	460,939
Net Obligation to Lessor of JEDB/SLSPC	8,606	-	8,606	8,606	-	8,606
Trade & Other Payables	1,024,133	107,301	1,131,434	981,509	107,301	1,088,810
Amounts Due to Related Parties	335,439	-	335,439	311,159	-	311,159
Bank Overdraft	49,534	-	49,534	49,534	-	49,534
<b>Total Current Liabilities</b>	<b>1,915,992</b>	<b>69,960</b>	<b>1,985,952</b>	<b>1,849,088</b>	<b>69,960</b>	<b>1,919,048</b>
<b>Total Liabilities</b>	<b>7,020,917</b>	<b>(306,325)</b>	<b>6,714,592</b>	<b>6,953,505</b>	<b>(306,325)</b>	<b>6,647,180</b>
<b>Total Equity and Liabilities</b>	<b>8,606,028</b>	<b>-</b>	<b>8,606,028</b>	<b>8,547,883</b>	<b>-</b>	<b>8,547,883</b>

# Notes to the Financial Statements

## 34. 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 Groups audit committee oversees how management monitors compliance with the groups 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		Company	
	Carrying Amount		Carrying Amount	
	2025	2024	2025	2024
	Rs`000	Rs`000	Rs`000	Rs`000
Trade receivables	83,848	115,082	83,513	90,465
Advances, prepayments and other receivables	143,020	165,753	140,863	165,753
Employee advances	76,242	72,349	76,242	72,349
Amount due from related companies	879	8,493	1,001	8,493
Cash at Bank	147,915	104,331	146,997	93,917
	451,904	466,008	448,616	430,977

**(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;

As at 31st March	Balance as at 1st April 2024 Rs.000	Amount recognised in profit/ loss Rs.000	Balance as at 31st March 2025 Rs.000
<b>Group</b>			
Other receivables	15,687	2,428	18,115
Amounts Due from Related Parties	5,052	(5,052)	-
	20,739	(2,624)	18,115
<b>Company</b>			
Other receivables	15,687	2,428	18,115
Amounts Due from Related Parties	5,052	(5,052)	-
	20,739	(2,624)	18,115

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		Company	
	Carrying Amount as at		Carrying Amount as at	
	2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
Domestic (Rs'000)	83,848	115,082	83,513	90,465
US \$	-	-	-	-
	83,848	115,082	83,513	90,465

**Cash and Cash Equivalents**

The Group held cash and cash equivalents of Rs.147,916,000/- as at 31st March 2025 (Rs. 104,376,000/- as at 31st March 2024)

# 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	Total Contractual Cash Flows Rs'000
<b>31st March 2025</b>				
<b>Non-derivative financial liabilities</b>				
Interest bearing borrowings	1,213,295	853,808	550,348	1,404,156
Trade and other payables	1,138,956	1,138,956	-	1,138,956
Amounts due to related companies	349,207	349,207	-	349,207
Lease liability to SLSPC and JEDB	1,236,467	186,893	3,597,689	3,784,582
Bank overdraft	46,341	46,341	-	46,341
	3,984,266	2,575,205	4,148,037	6,723,242
<b>31st March 2024</b>				
<b>Non-derivative financial liabilities</b>				
Interest bearing borrowings	1,546,164	460,939	1,085,225	1,546,164
Trade and other payables	336,102	336,102	-	336,102
Amounts due to related companies	335,439	335,439	-	335,439
Lease liability to SLSPC and JEDB	1,060,924	8,606	1,052,318	1,060,924
Bank overdraft	49,534	49,534	-	49,534
	3,328,163	1,190,620	2,137,543	3,328,163

Company	Carrying amount Rs'000	Less than 1 year Rs'000	More than 1 year Rs'000	Total Contractual Cash Flows Rs'000
<b>31st March 2025</b>				
<b>Non-derivative financial liabilities</b>				
Interest bearing borrowings	1,213,295	853,808	550,348	1,404,156
Trade and other payables	1,126,872	1,126,872	-	1,126,872
Amounts due to related companies	296,372	296,372	-	296,372
Lease liability to SLSPC and JEDB	1,236,467	186,893	3,597,689	3,784,582
Bank overdraft	46,341	46,341	-	46,341
	3,919,347	2,510,286	4,148,037	6,658,323
<b>31st March 2024</b>				
<b>Non-derivative financial liabilities</b>				
Interest bearing borrowings	1,546,164	460,939	1,085,225	1,546,164
Trade and other payables	299,871	299,871	-	299,871
Amounts due to related companies	311,159	311,159	-	311,159
Lease liability to SLSPC and JEDB	1,060,924	8,606	1,052,318	1,060,924
Bank overdraft	49,534	49,534	-	49,534
	3,267,652	1,130,109	2,137,543	3,267,652

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.

# Notes to the Financial Statements

## Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

As at 31st March	2025	2024
	USD	USD
<b>Group</b>		
Cash and Cash Equivalent	163	6,318
Interest bearing loans & borrowings	(350,154)	(371,988)
Trade and other Payables		-
Gross Statement of Financial Position exposure	(349,991)	365,670
<b>Company</b>		
Cash and Cash Equivalent	163	6,318
Interest bearing loans & borrowings	(350,154)	(371,988)
Gross Statement of Financial Position exposure	(349,991)	365,670

As at 31st March	Average Rate		Reporting Date Spot Rate	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
USD	291.81	318.04	292.07	301.18

## Sensitivity Analysis

A strengthening of the LKR, as indicated below, against the USD at 31st March 2025 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.

As at 31st March	Group			
	Strengthening		Weakening	
	Profit/(Loss) Rs`000	Equity Rs`000	Profit/(Loss) Rs`000	Equity Rs`000
<b>As at 31st March 2025</b>				
USD (15% movement)	15,333	15,333	(15,333)	(15,333)
<b>As at 31st March 2024</b>				
USD (15% movement)	16,520	16,520	(16,520)	(16,520)

As at 31st March	Company			
	Strengthening		Weakening	
	Profit/(Loss) Rs`000	Equity Rs`000	Profit/(Loss) Rs`000	Equity Rs`000
<b>As at 31st March 2025</b>				
USD (15% movement)	15,333	15,333	(15,333)	(15,333)
<b>As at 31st March 2024</b>				
USD (15% movement)	16,520	16,520	(16,520)	(16,520)

**(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		Company Carrying Amount	
	2025 Rs`000	2024 Rs`000 Restated	2025 Rs`000	2024 Rs`000 Restated
	<b>Fixed Rate Instruments</b>			
<i>Financial Liabilities</i>				
Interest bearing loans and borrowings	419,817	519,383	419,817	519,383
	419,817	519,383	419,817	519,383
<b>Variable Rate Instruments</b>				
<i>Financial Liabilities</i>				
Interest bearing loans and borrowings	793,478	1,026,781	793,478	1,026,781
Related party interest bearing loans and borrowings	83,852	73,126	149,996	173,020
Bank Overdrafts	46,341	49,534	46,341	49,534
	923,671	1,149,441	989,815	1,249,335

# Notes to the Financial Statements

## 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

As at 31st March	Profit or Loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rs`000	Rs`000	Rs`000	Rs`000
<b>Group</b>				
<b>31st March 2025</b>				
Variable rate instruments	(9,237)	9,237	(9,237)	9,237
	(9,237)	9,237	(9,237)	9,237
<b>31st March 2024</b>				
Variable rate instruments	(11,494)	11,494	(11,494)	11,494
	(11,494)	11,494	(11,494)	11,494

As at 31st March	Profit or Loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rs`000	Rs`000	Rs`000	Rs`000
<b>Company</b>				
<b>31st March 2025</b>				
Variable rate instruments	(9,898)	9,898	(9,898)	9,898
	(9,898)	9,898	(9,898)	9,898
<b>31st March 2024</b>				
Variable rate instruments	(12,493)	12,493	(12,493)	12,493
	(12,493)	12,493	(12,493)	12,493

**(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::

As at 31st March	Group		Company	
	2025	2024	2025	2024
	Rs`000	Rs`000 Restated	Rs`000	Rs`000 Restated
Total Liabilities	7,128,746	6,714,592	7,063,261	6,647,180
Less: Cash and Cash Equivalents	(147,915)	(104,376)	(146,997)	(94,437)
Net Debt	6,980,831	6,610,216	6,916,264	6,552,743
Total Equity	2,483,408	1,891,436	2,369,100	1,900,703
Net Debt to Equity Ratio	281%	349%	292%	345%

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 I: Quoted market price (unadjusted) in an active market for an identical instrument.

Level II: Valuation techniques based on observable inputs, either directly – i.e. as prices or indirectly – i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level III: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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.

# Notes to the Financial Statements

## 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;

	Group 31st March 2025		Company 31st March 2025		Group 31st March 2024		Company 31st March 2024	
	Carrying Amount Rs`000	Fair Value Rs`000	Carrying Amount Rs`000	Fair Value Rs`000	Carrying Amount Rs`000 Restated	Fair Value Rs`000 Restated	Carrying Amount Rs`000 Restated	Fair Value Rs`000 Restated
<b>Assets carried at amortized cost</b>								
Trade and Other Receivable	303,110	303,110	300,618	300,618	353,184	353,184	328,567	328,567
Amounts Due from Related Parties	879	879	1,001	1,001	8,493	8,493	8,493	8,493
Cash and Cash Equivalents	147,916	147,916	146,997	146,997	104,331	104,331	93,917	93,917
	451,905	451,905	448,616	448,616	466,008	466,008	430,977	430,977
<b>Liabilities carried at amortized cost</b>								
Trade and Other Payables	1,138,956	1,138,956	1,126,872	1,126,872	336,102	336,102	299,871	299,871
Interest Bearing Borrowings	1,213,295	1,213,295	1,213,295	1,213,295	1,546,164	1,546,164	1,546,164	1,546,164
Net Obligation to lessor of JEDB/SLSP	1,236,467	1,236,467	1,236,467	1,236,467	1,060,924	1,060,924	1,060,924	1,060,924
Amounts Due to Related Company	349,207	349,207	296,372	296,372	335,439	335,439	311,159	311,159
Bank Overdraft	46,341	46,341	46,341	46,341	49,534	49,534	49,534	49,534
	3,984,266	3,984,266	3,919,347	3,919,347	3,328,163	3,328,163	3,267,652	3,267,652

## 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 2025

	Group / Company			
	Level I Rs`000	Level II Rs`000	Level III Rs`000	Total Rs`000
Fair value through OCI Investments	-	-	-	-
	-	-	-	-

### As at 31st March 2024

	Company			
	Level I Rs`000	Level II Rs`000	Level III Rs`000	Total Rs`000
Fair value through OCI Investments	153,601	153,601	-	153,601
	153,601	153,601	-	153,601

### 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 2025	Group					Company				
	Carrying amount Rs`000	Level 1 Rs`000	Level 2 Rs`000	Level 3 Rs`000	Total Rs`000	Carrying amount Rs`000	Level 1 Rs`000	Level 2 Rs`000	Level 3 Rs`000	Total Rs`000
<b>Financial Assets Carried at amortised Cost</b>										
Trade & Other Receivables	303,110	-	-	303,110	303,110	300,618	-	-	300,618	300,618
Amounts due from Related Parties	879	-	-	879	879	1,001	-	-	1,001	1,001
Cash and cash equivalents	147,916	-	147,916	-	147,916	146,997	-	146,997	-	146,997
	451,905	-	147,916	303,989	451,905	448,616	-	146,997	301,619	448,616
<b>Other Financial Liabilities</b>										
Net obligation to Lessor of JEDB/ SLSPC	1,236,467	-	-	1,236,467	1,236,467	1,236,467	-	-	1,236,467	1,236,467
Interest bearing Borrowings	1,213,295	-	1,213,295	-	1,213,295	1,213,295	-	1,213,295	-	1,213,295
Trade & Other Payables	1,138,956	-	-	1,138,956	1,138,956	1,126,872	-	-	1,126,872	1,126,872
Amounts due to Related Parties	349,207	-	-	349,207	349,207	296,372	-	-	296,372	296,372
Bank Overdraft	46,341	-	46,341	-	46,341	46,341	-	46,341	-	46,341
	3,984,266	-	1,259,636	2,724,630	3,984,266	3,919,347	-	1,259,636	2,659,711	3,919,347
<b>As at 31st March 2024</b>										
As at 31st March 2024	Group					Company				
	Carrying amount Rs.000	Level 1 Rs.000 Restated	Level 2 Rs.000 Restated	Level 3 Rs.000 Restated	Total Rs.000	Carrying amount Rs.000	Level 1 Rs.000 Restated	Level 2 Rs.000 Restated	Level 3 Rs.000 Restated	Total Rs.000
<b>Financial Assets Carried at amortised Cost</b>										
Trade & Other Receivables	353,184	-	-	353,184	353,184	328,567	-	-	328,567	328,567
Amounts due from Related Parties	8,493	-	-	8,493	8,493	8,493	-	-	8,493	8,493
Cash and cash equivalents	104,331	-	104,331	-	104,331	93,917	-	93,917	-	93,917
	466,008	-	104,331	361,677	466,008	430,977	-	93,917	337,060	430,977
<b>Other Financial Liabilities</b>										
Net obligation to Lessor of JEDB/ SLSPC	1,060,924	-	-	1,060,924	1,060,924	1,060,924	-	-	1,060,924	1,060,924
Interest bearing Borrowings	1,546,164	-	1,546,164	-	1,546,164	1,546,164	-	1,546,164	-	1,546,164
Trade & Other Payables	337,678	-	-	337,678	337,678	301,447	-	-	301,447	301,447
Amounts due to Related Parties	335,439	-	-	335,439	335,439	311,159	-	-	311,159	311,159
Bank Overdraft	49,534	-	49,534	-	49,534	49,534	-	49,534	-	49,534
	3,329,739	-	1,595,698	1,734,041	3,329,739	3,269,228	-	1,595,698	1,673,530	3,269,228

# Notes to the Financial Statements

## Cash and Cash Equivalents

The carrying amount of the cash and cash equivalents and balances with banks approximate the fair value as these 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.

## Valuation models

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market 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, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Group believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty where appropriate.

## Valuation models

The Company has an established control framework with respect to the measurement of fair values. This framework which is independent of front office management and reports to the Chief Financial Officer, and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements.

## 35. GOING CONCERN

The Company has recorded a net profit of Rs. 377 Mn during the year ended 31st March 2025 (2024 - Net loss of Rs.134 Mn) and Company has accumulated losses of Rs. 61 Mn (2024 - Rs. 469 Mn). As at 31st March 2025, net current liability is Rs. 1,222 Mn (2024 - LKR 1,061 Mn). The Company has loans and borrowings of Rs.763 Mn (2024 - Rs. 460 Mn) due within 12 months from 31st March 2025.

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.
- Proceeding with the proposed rights issue of Rs. 761 Mn to address and reduce the net liability position.
- Improving quality and profit in tea sector with automation where possible, investment on palm oil sector with the lifting of restrictions on the new plantation of palm oil.

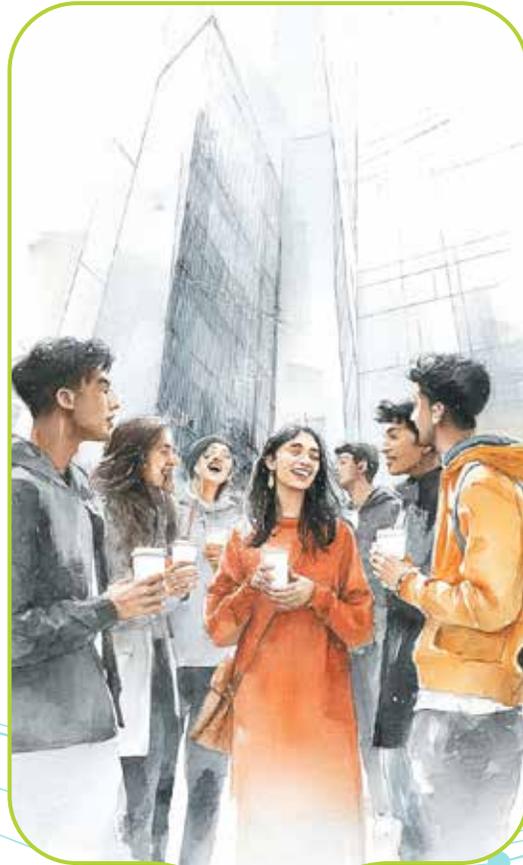
Based on the strategies explained above and the forecasted cash flow, the management of the Company is confident that the Company would remain operational and generate profits in the future.

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.



## SUPPLEMENTARY INFORMATION

# The Agri Auxilium



As we turn the pages of our storied legacy and prepare for a new chapter, we ensure that our every action, every decision and every strategic manoeuvre in the year under review pays off in the years to come. As we fortify our Agri Algorithm to sustain our future, we enhance our present and preserve the wins of our past.

# TEN YEAR SUMMARY

	2024/25 Rs.000	2023/24 Rs.000	2022/23 Rs.000	2021/22 Rs.000	2020/21 Rs.000
Revenue	5,068,576	4,978,624	5,038,854	3,472,020	3,156,490
Gross Profit/(Loss)	903,500	655,418	1,335,002	368,325	198,837
Fair Value Of Biological Assets	176,348	238,554	100,471	35,349	198,130
Other Operating Income	233,769	164,592	80,455	173,855	99,327
Operating Profit/(loss) Before Interest	984,188	692,290	1,150,384	417,874	183,402
Profit/(loss) Before Income Tax	611,308	324,402	770,503	104,159	(190,514)
Total Comprehensive Income(Expense)	468,397	(221,862)	181,047	452,808	(127,306)
<b>STATEMENT OF FINANCIAL POSITION</b>					
Non-Current Assets	8,410,116	7,690,204	7,115,648	7,193,148	7,242,937
Current Assets	1,022,245	857,679	1,179,448	794,537	640,145
	9,432,361	8,547,883	8,295,096	7,987,685	7,883,082
Stated Capital	1,571,362	1,571,362	1,571,362	1,571,362	781,500
Share Application Money		-	-	-	-
Revaluation Gain	858,562	459,656	459,656	594,443	594,443
Fair Value Reserve		99,114	68,394	51,369	46,583
General Reserves		240,000	240,000	240,000	240,000
Retained Earnings	(60,824)	(469,429)	(216,847)	(821,981)	(1,270,002)
Shareholders Funds	2,369,100	1,900,703	2,122,565	1,635,193	392,524
Deferred Income	302,879	308,945	316,081	328,132	323,403
Interest Bearing Borrowings	449,463	1,085,225	1,012,035	954,413	1,045,930
Retirement Benefit Obligations	1,107,105	820,752	597,732	658,471	886,613
Net Liability To Lessor	1,224,838	1,052,318	720,953	672,689	654,595
Deferred Tax	1,733,930	1,460,892	1,053,074	358,102	419,209
Long Term Related Party Balance		-	-	-	-
Current Liabilities	2,245,046	1,919,048	2,472,656	3,380,685	4,160,808
	9,432,361	8,547,883	8,295,096	7,987,685	7,883,082
<b>Net Cash Flow</b>					
From/(Used In) Operating Activities	464,843	510,826	511,523	(340,047)	210,624
From/(Used In) Investing Activities	(31,751)	(213,703)	(188,982)	(130,982)	(80,036)
From/(Used In) Financing Activities	(377,340)	(314,522)	223,210	484,398	(53,931)
Increase/(Decrease) In Cash & Cash Equivalents	55,752	(17,399)	545,751	13,369	76,657
<b>Per Share-Rs</b>					
Earnings/(Loss)	1.11	(0.39)	0.70	0.56	(2.69)
Dividends	-	-	-	-	-
Net Assets (Year End)	7.00	4.71	5.37	4.83	5.22
Market Value (Year End)	9.00	6.30	6.10	4.20	5.30

The Accounting Policies and Notes on pages 149 to 219 form an integral part of these Financial Statements

Figures in brackets indicate deductions.

	2019/20 Rs.000	2018/2019 Rs.000	2017/2018 Rs.000	2016/2017 Rs.000	2015/2016 Rs.000
	2,667,995	3,232,576	3,816,830	3,086,410	3,038,112
	(341,612)	(212,972)	316,830	10,067	(131,258)
	143,064	141,968	139,486	54,375	7,973
	466,875	197,106	202,268	338,342	185,209
	(355,484)	126,102	359,723	158,372	(385,387)
	(827,378)	(1,015,610)	(102,204)	(350,830)	(943,984)
	(221,738)	(1,216,495)	(11,296)	(374,110)	(618,737)
	7,211,606	6,024,991	6,141,152	7,156,987	7,578,061
	463,593	963,856	1,583,207	1,407,330	1,614,107
	7,675,199	6,988,847	7,724,359	8,564,317	9,192,168
	781,500	781,500	781,500	680,000	680,000
	-	-	-	-	-
	594,443	-	-	-	-
	26,509	17,944	79,447	5,663	153,367
	240,000	240,000	240,000	240,000	240,000
	(1,122,622)	(490,113)	664,879	749,959	976,365
	519,830	549,331	1,765,826	1,675,622	2,049,732
	330,309	328,357	333,814	335,031	331,488
	1,186,219	1,194,716	1,582,892	2,165,239	2,361,294
	873,812	757,556	634,712	661,880	693,706
	644,539	348,146	356,072	363,695	371,165
	403,004	303,637	215,320	170,927	189,081
	-	-	-	-	-
	3,717,486	3,507,104	2,835,724	3,191,923	3,195,702
	7,675,199	6,988,847	7,724,360	8,564,318	9,192,168
	281,768	453,087	(576,740)	749,811	282,595
	(85,951)	(191,566)	856,865	217,008	(357,665)
	(318,347)	(314,296)	(455,679)	(744,749)	1,472
	(122,530)	(52,775)	(175,554)	(227,778)	(448,726)
	(11.02)	(14.77)	(3.13)	(7.32)	(20.96)
	6.91	7.30	23.47	(41.89)	51.24
	5.00	7.00	7.90	(10.10)	15.10

# Our Plantations

Estate	Crop	Planting District	Area in Tea (Ha.)		Area in Rubber (Ha.)		Oilpalm (Ha.)	Others (Timber Coconut Nurseries etc) (Ha.)	Total cultivated (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.)	Total (Ha.)
			Mature	Immature	Mature	Immature								
<b>Kotagala Region</b>														
Bogahawatte	Tea	Nuwara Eliya	129.50	-	-	-	26.55	156.05	82.99	239.04	3.96	243		
Chryslers's Farm	Tea	Nuwara Eliya	116.45	-	-	-	44.32	160.77	27.62	188.39	0.55	189		
Craigie Lea	Tea	Nuwara Eliya	229.55	-	-	-	57.78	287.33	74.17	361.50	2.5	364		
Drayton	Tea	Nuwara Eliya	230.95	-	-	-	36.71	267.66	74.84	342.50	0.37	343		
Kellewaite	Tea	Nuwara Eliya	84.18	-	-	-	36.65	120.83	20.73	144.86	1.25	146		
Mayfield	Tea	Nuwara Eliya	280.40	-	-	-	148.52	428.92	107.78	536.70	0.55	537		
Mount Vernon	Tea	Nuwara Eliya	377.42	-	-	-	198.68	576.10	44.13	620.23	21.7	642		
Stonycliff	Tea	Nuwara Eliya	298.00	-	-	-	232.25	530.25	38.50	600.25	0.75	601		
Yullefield	Tea	Nuwara Eliya	283.00	-	-	-	244.84	527.84	2	129.91	659.75	1.25	661	
Derryclare	Tea	Nuwara Eliya	184.83	-	-	-	55.90	240.73	53.27	294.00	2.21	296		
Regional Total			2,214.28	-	-	-	1,082.20	3,296.48	54.23	3,987.22	35.09	4,022		
<b>Horana/Kalutara Region</b>														
Eduragala	Tea/Rubber	Kalutara	17.68	-	125.06	29.25	-	13.17	179.16	180.85	160.95	520.96	13.66	535
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	481
Gikyanakanda	Tea/Rubber/Oil Palm	Kalutara	35.59	1.00	179.90	10.80	52.00	19.59	298.85	353.71	208.82	861.38	16.21	878
Rayigam	Tea/Rubber/Oil Palm	Kalutara	76.26	6.02	163.69	20.87	18.00	26.20	311.04	216.21	136.94	664.19	26.82	691
Vogan	Tea/Rubber/Oil Palm	Kalutara	39.37	3.43	205.08	13.50	15.00	2.65	279.03	242.97	273.03	795.03	51.97	847
Arapolakanda	Rubber/Oil Palm	Kalutara	-	-	160.54	18.66	29.47	2.73	211.40	124.57	279.55	615.52	12.20	628
Dalkeith	Rubber/Oil Palm	Kalutara	-	-	246.45	45.58	159.14	56.21	507.38	373.75	312.17	1,193.30	10.70	1,204
Sorana	Rubber/Oil Palm	Kalutara	-	-	214.11	26.69	63.06	5.32	309.18	140.95	182.51	632.64	111.35	744
Usk Valley	Rubber/Oil Palm	Kalutara	-	-	139.49	8.00	129.50	52.83	329.82	181.78	259.42	771.02	29.53	801
Padukka	Rubber	Colombo	-	-	183.11	47.84	-	7.98	238.84	122.82	52.52	414.18	1.82	416
Payagalla	Rubber	Kalutara	-	-	191.32	41.40	-	28.48	261.20	134.06	71.74	467.00	35.08	502
Millewa	Rubber	Kalutara	-	-	-	-	-	16.81	-	-	-	16.81	376.84	394
Pearth			-	-	-	-	-	-	-	-	-	-	700	700
Regional Total			175.9	10.45	1,896.87	278.51	525.88	250.89	3,138.5	2,263.284	2,030.463	7,432.247	1,387.067	8,819
Company Total			2,390.18	10.45	1,896.87	278.51	525.88	1,333.09	6,434.98	2,317.514	2,666.975	11,419.469	1,422.157	12,842

# Crop and Yield

For the year ended 31st March	Crop (KG '000)					Yield (KG /Ha)						
	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20
<b>TEA</b>												
Western High Grown												
Bogahawatte	199	163	154	192	212	177	1,261	1,253	1,191	1,485	1,639	1,364
Chrysters' Farm	188	222	163	166	212	188	1,615	1,903	1,366	1,425	1,822	1,614
Craigie Lea	304	345	284	348	422	371	1,323	1,452	1,200	1,515	1,833	1,613
Derryclare	221	221	190	258	326	284	1,198	1,195	1,060	1,415	1,787	1,542
Drayton	324	361	318	405	486	426	1,401	1,564	1,379	1,754	2,103	1,845
Keliewatte	89	93	87	118	139	128	1,052	1,109	1,037	1,365	1,652	1,518
Mayfield	406	450	393	484	522	418	1,447	1,503	1,290	1,568	1,715	1,497
Mount Vernon	633	710	430	794	906	832	1,677	1,882	1,140	2,103	2,401	2,210
Stonycliff	414	386	371	528	497	435	1,389	1,296	1,260	1,789	1,685	1,470
Yuillefield	378	276	274	380	435	406	1,042	970	966	1,333	1,510	1,385
Sub Total	3,156	3,228	2,666	3,674	4,157	3,664	1,371	1,438	1,189	1,640	1,860	1,653
<b>Low Grown</b>												
Eduragala	23	25	24	26	25	29	1,322	1,416	1,367	1,491	1,438	1,601
Hedigalle	5	7	7	7	7	9	740	1,018	995	955	1,060	1,288
Gikyanakanda	145	154	36	110	50	165	864	1,101	1,068	1,241	1,152	1,390
Rayigam	261	219	123	200	181	313	1,112	1,212	1,155	1,579	1,198	1,352
Vogan	44	43	40	122	68	84	1,110	989	925	1,323	1,565	1,296
Sub Total	479	448	231	465	331	599	1,068	1,148	1,085	1,416	1,282	1,367
Total-Tea	3,635	3,677	2,897	4,139	4,488	4,263	1,349	1,417	1,181	1,623	1,810	1,628
<b>RUBBER</b>												
Arappolakande	101	92	110	120	181	168	501	565	595	538	795	686
Dalkeith	110	120	150	173	205	195	447	488	571	655	706	670
Eduragala	57	56	65	73	95	79	459	435	462	466	513	444
Gikyanakande	66	79	91	114	102	102	368	422	444	454	733	344
Hedigalla	26	30	28	43	47	41	291	345	250	358	230	293
Millewa				0								
Padukka	112	110	121	131	165	137	614	579	618	665	1,380	594
Paiyagala	122	134	184	198	205	158	636	576	700	713	888	527
Rayigam	91	92	110	102	155	134	554	516	773	715	516	642
Sorana	114	102	126	124	138	144	530	487	590	552	527	609
Uskvalley	50	58	79	92	121	108	357	395	464	483	847	528
Vogan	84	97	103	115	167	137	406	473	438	466	750	473
Total -Rubber	932	970	1,167	1,284	1,581	1,403	480	491	549	571	680	536
<b>OIL PALM</b>												
Arapolakande	548	523	386	468	382	359	18,600	17,749	13,114	15,866	12,958	12,186
Dalkeith	1,091	946	851	843	531	512	6,853	5,947	5,346	5,300	3,993	6,564
Uskvalley	974	982	918	886	552	547	7,522	7,585	7,087	6,839	4,266	4,390
Gikyanakanda	468	508	475	330	231	306	9,003	9,762	9,131	6,338	10,504	13,892
Sorana	880	828	568	636	471	535	13,947	13,126	9,007	10,080	7,910	8,969
Rayigam	139	164	143	127	85	93	7,737	9,136	7,938	7,028	4,727	5,146
Hedigalla	301	287	282	357	189	163	5,040	4,814	4,717	5,981	3,163	3,509
Vogan	108	116	103	86	41	38	7,217	7,739	6,835	5,711	2,713	2,562
Total-Oil Palm	4,509	4,355	3,725	3,731	2,482	2,552	8,574	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 2025			31st March 2024		
	No of Shareholders	Total Holding	% of Total Shares	No of Shareholders	Total Holding	% of Total Shares
1 - 1,000	13,645	2,758,767	0.81	13,688	2,865,359	0.85
1,001 - 10,000	1,547	6,475,145	1.91	1,951	8,257,653	2.44
10,001 - 100,000	664	21,057,408	6.22	985	33,598,575	9.93
100,001 - 1,000,000	128	35,022,139	10.35	196	48,594,561	14.35
Over 1,000,000	15	273,199,041	80.71	26	245,196,352	72.43
	15,999	338,512,500	100.00	16,846	338,512,500	100.00

## CATEGORIES OF SHAREHOLDERS

	31st March 2025			31st March 2024		
	No of Shareholders	Total Holding	% of Total Shares	No of Shareholders	Total Holding	% of Total Shares
Individuals	15,813	70,771,305	20.91	16,608	102,815,816	30.37
Institutions	186	267,741,195	79.09	238	235,696,684	69.63
	15,999	338,512,500	100.00	16,846	338,512,500	100.00

## 3. PUBLIC HOLDING

The Percentage of shares held by the public as at 31st March 2025 was 43.34%. (31st March 2024 - 40.13%.)

The applicable option under Colombo Stock Exchange Rule 7.13.1(i) (a) on minimum public holding is option 5 and the Float Adjusted Market Capitalization as of 31.03.2025 was Rs. 1,320,401,857.50

## 4. PUBLIC SHAREHOLDERS

The number of Public Shareholders as at 31st March 2025 was 15,989 (31st March 2024 - 16,835)

## 5. MARKET VALUE

The market value of the Company's ordinary shares was

	31/03/2025 (Rs.)	31/03/2024 (Rs.)
Highest	10.70	8.20
Lowest	5.30	5.50
Close	9.00	6.20

## 6. MAJOR SHAREHOLDERS

	No. of Shares Held	31st March 2025		31st March 2024	
		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	SAMPATH BANK PLC/SENTHILVERL HOLDINGS (PVT) LTD	54,671,433	16.15	-	-
3	SECRETARY TO THE TREASURY	5,700,834	1.68	5,700,834	1.68
4	LANKEM TEA & RUBBER PLANTATIONS (PVT) LIMITED	5,550,000	1.64	5,550,000	1.64
5	MR. GONALAGODAGHE BUWANeka DINUWAN THILAKARATNE	4,750,000	1.40	461,955	0.14
6	MR. CHRISTY SHAIRMAN NISHANTHA SILVAPULLE	3,460,751	1.02	100,000	0.03
7	MR. NAVANEETHA RAJAH SELVADURAI	2,379,398	0.70	2,379,398	0.70
8	HATTON NATIONAL BANK PLC/ARUNASALAM SITHAMPALAM	1,991,412	0.59	2,500,000	0.74
9	DFCC BANK PLC/B. SUTHARSHAN	1,815,149	0.54	1,050,000	0.31
10	MR. NADESHAN PARAMESWARAN	1,800,000	0.53	445,000	0.13
11	MR. MADAWALA MADDUMAGE SUNIL	1,750,000	0.52	-	-
12	MRS. PATTINIDEVA ASOKA SWARNA KANTHIE BERUWALAGE	1,700,000	0.50	1,700,000	0.50
13	MR. ARUNASALAM SITHAMPALAM	1,372,569	0.41	1,372,569	0.41
14	MR. WELLAPPULI ARACHCHIGE SATHIRA LIMAL PRABHU WELLAPPULIARACHCHI	1,219,264	0.36	-	-
15	MR. KALUARACHCHIGE SUDATH MALCOLM RODRIGO	1,215,000	0.36	1,300,000	0.38
16	HATTON NATIONAL BANK PLC/SRI DHAMAN RAJENDRAM ARUDPRAGASAM	1,000,000	0.30	1,000,000	0.30
17	FINANCIAL TRUST LIMITED	936,000	0.28	936,000	0.28
18	MR. NARAWALA GAMAGE MAHINDA	927,216	0.27	1	0.00
19	MR. HERBERT BERUWALAGE	806,415	0.24	806,415	0.24
20	MR. WISNAKADAWALAGE DON SURANGA NISHANTHA GUNASEKARA	742,104	0.22	100,000	0.03
	TOTAL	277,610,776	82.01	209,225,403	61.81

# 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 Second Annual General Meeting of Kotagala Plantations PLC will be held on 3rd September, 2025, at 10.00 a.m. and conducted as a Virtual Meeting from 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01 for the following purposes, 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 2025 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. Anushman Rajaratnam who retires in accordance with Articles 92 and 93 of the Articles of Association.
3. To re-elect as a Director, Mr. K.G. Punchihewa who was appointed during the year and retires in accordance with Article 98 of the Articles of Association.
4. To re-elect as a Director, Mr. S. B. Perera who was appointed during the year and retires in accordance with Article 98 of the Articles of Association.
5. To re-elect as a Director, Dr. L.S.K. Hettiarachchi who was appointed during the year and retires in accordance with Article 98 of the Articles of Association.
6. To reappoint Mr. S.D.R. Arudpragasam who is over seventy years of age as a Director. Special Notice has been received from a Shareholder of the intention to pass a resolution which is set out below in relation to his reappointment. (see Note No. 6)
7. To authorise the Directors to determine contributions to charities.
8. To re-appoint as Auditors, KPMG, Chartered Accountants and to authorise 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 the manner following;

Special Resolution

**Resolved –**

“That the existing Article 78 (h) be deleted and the following be substituted therefor:

- 78 (h) Notwithstanding anything to the contrary, so long as the shares of the Company are listed on the Colombo Stock Exchange, the Company shall in compliance with the Listing Rules of such Exchange ensure that, of the total number of Directors on the Board of Directors of the Company at any given time one third or two (whichever is greater) shall be Independent Directors in accordance with and subject to the criteria therefor in the Listing Rules of the Colombo Stock Exchange.

Any change occurring to this ratio shall be rectified within ninety (90) days from the date of change.

For the purpose of this Article, the term ‘Independent Director’ shall be as defined and set out in the Listing Rules of the Colombo Stock Exchange above referred to..”

“That the existing Article 79 be deleted and the following be substituted therefor:

- 79 (i). The remuneration of the Directors (excluding any remuneration payable under any other provision of these presents) shall be such sum as the Board shall determine as being fair and reasonable to the Company, and which remuneration shall be divided amongst the Directors in such manner as they shall from time to time determine and shall accrue de die in diem.
- (ii). The Board may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of committees of the Directors or General Meetings or which he may otherwise incur in or about the business of the Company, or may pay to any Director such allowances as the Board thinks proper in respect of such expenses”

“That the existing Article 82 be deleted and the following be substituted therefor:

- 82 (A).The Directors may exercise all the powers of the Company to borrow money, and may mortgage or charge its undertaking, property and uncalled capital, and issue debentures, debenture –stock, convertible loan stock and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party; Provided that the aggregate amount at any one time outstanding of moneys borrowed by the Company exclusive of
- i. Any temporary borrowing secured or unsecured from bankers or others in the ordinary course of business to meet temporary requirements;
  - ii. Moneys borrowed with or without security for the purpose of conversion, redemption, renewal or payment off of previously existing debentures, debenture stock or other loan capital;

shall not without the previous sanction of a Special Resolution of the Company exceed half the value of the assets of the Company as at the date of the last available audited Balance Sheet of the Company.

But nevertheless no person dealing with the Company shall be concerned to see or inquire whether these limits are observed, and no debt incurred or security given in excess of such limit shall be invalid or ineffectual unless the lender or the recipient of the security had, at the time when the debt was incurred or security given, express notice that the limit hereby imposed had been or would thereby be exceeded.”

- 82 (B) (i) Any bonds, debentures, debenture-stock, convertible loan stock or other securities issued or to be issued by the Company shall be under the control of the Board, who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.
- (ii) Bonds, debentures, debenture-stock, convertible loan stock or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
- (iii) Any bonds, debentures, debenture-stock, convertible loan stock or other securities may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of directors and otherwise.
- (iv) All certificates for debentures, debenture-stock, loan stock or other securities issued in terms of these presents shall be issued under the seal of the Company."

By Order of the Board,

**CORPORATE MANAGERS & SECRETARIES (PRIVATE) LTD.**

Secretaries

Colombo  
31st July, 2025

**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 at 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 31st July, 2025 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. S.D.R. Arudpragasam who as at the date of the Annual General Meeting would have reached the age of seventy four 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. S.D.R. Arudpragasam."

# Form of Proxy

I/We .....  
of .....  
being a member/ members\* of Kotagala Plantations PLC, hereby appoint .....  
..... of .....  
..... or failing him

- |    |  |                           |
|----|--|---------------------------|
| 1. | Sri Dhaman Rajendram Arudpragasam      | of Colombo or failing him |
| 2. | Sunil Somindranath Poholiyadde         | of Colombo or failing him |
| 3. | Anushman Rajaratnam                    | of Colombo or failing him |
| 4. | Kowdu Mohideen                         | of Colombo or failing him |
| 5. | Kamal Gardiye Punchihewa               | of Colombo or failing him |
| 6. | Shrihan Blaise Perera                  | of Colombo or failing him |
| 7. | Dr. Laksman Saman Kumara Hettiarachchi | 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 Second Annual General Meeting of the Company to be held on 3rd September 2025 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 2025 with the Report of the Auditors thereon	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. Anushman Rajaratnam as a Director	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. K.G. Punchihewa as a Director	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr. S.B. Perera as a Director	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect Dr. L.S.K. Hettiarachchi as a Director	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint Mr. S.D.R. Arudpragasam as a Director	<input type="checkbox"/>	<input type="checkbox"/>
7. To authorise the Directors to determine contributions to charities.	<input type="checkbox"/>	<input type="checkbox"/>
8. To re-appoint as Auditors, KPMG, Chartered Accountants and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
9. Special Business: To amend the Articles of Association of the Company as set out in the Notice of Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of ..... Two Thousand and Twenty Five.

.....

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 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 name, address and date, and sign in the space provided.
2. The completed Form of Proxy should be received at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Pvt) Ltd at 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, not less than 48 hours before the time appointed for the holding of the meeting.
3. In the case of a Company/Corporation, this Form of Proxy shall be executed either under its Common Seal or by its Attorney or by an Officer on behalf of such Company/ Corporation duly authorised in writing.
4. In the case of Proxy signed by an Attorney, the relevant Power of Attorney must be deposited at the Registered Office of the Company's Secretaries for registration.

# Corporate Information

Name of the Company	:	Kotagala Plantations PLC
Legal Form	:	A Quoted Public Company with Limited Liability
Date of Incorporation	:	22nd June 1992
Company Registration No.	:	PQ 174
Principal Activities	:	Cultivation, Manufacture and Sale of Tea, Rubber and Cultivation and Sale of Oil Palm
Stock Exchange Listing	:	The Ordinary Shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka
Registered Office	:	53-1/1, Sir Baron Jayatilaka Mawatha, Colombo 1.
E-mail	:	info@lankemplantations.lk
Web	:	<a href="https://lankemplantations.lk/kotagala-plantations/">https://lankemplantations.lk/kotagala-plantations/</a>
Directors	:	Mr. S.D.R. Arudpragasam - Non - Executive (Chairman) Mr. C.P.R. Perera - Independent Non – Executive (Resigned w.e.f. 31.12.2024) Mr. S.S. Poholiyadde - Executive (Managing Director) Mr. Anushman Rajaratnam - Non – Executive Mr. P.M.A. Sirimane - Independent Non Executive (Resigned w.e.f. 31.12.2024) Mr. G.K.B. Dasanayaka - Independent Non-Executive (Resigned w.e.f. 31.12.2024) Mr. K. Mohideen - Executive (Director Finance) Mr. A.M. De S. Jayaratne - Independent Non-Executive (Resigned w.e.f. 31.12.2024) (Deceased – 10.07.2025) Mr. K.G. Punchihewa - Independent Non-Executive (Appointed w.e.f. 01.11.2024) Mr. S.B. Perera - Independent Non-Executive (Appointed w.e.f. 31.12.2024) Dr. L.S.K. Hettiarachchi - Executive (Appointed w.e.f. 01.04.2025)
Chief Executive Officer	:	C.J. De Costa - Up Country
Senior Management	:	S.S. Poholiyadde - Managing Director - F.I.P.M K. Mohideen - Finance Director - FCMA/FCA L S K Hettiarachchi - Director, Technological Innovations-BSc Hons LK, PhD UK, C.Chem., F.I.P.M) C.J. De Costa - CEO - Up Country Nissanka Seneviratne - Director Operations Low Country - N.I.P.M/ N.IB.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 D Iddamalgoda - General Manager-Legal MHRM(Kelaniya), LLB (Sri Lanka), B Sc. (Marine Science) Attorney-at-Law, Notary Public Commissioner for Oaths & Company Secretary
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.



**KOTAGALA PLANTATIONS PLC**  
**53 1/1, Sir Baron Jayatilaka Mawatha, Colombo 01,**  
**Sri Lanka.**  
**[www.lankemplantations.lk](http://www.lankemplantations.lk)**